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Kia ora Nicholas

Thank-you for the opportunity to meet in July to discuss the Immigration, Productivity and Wellbeing inquiry and related Issues Paper (the Paper).

Our understanding of the process is that alongside the Paper the Commission has also invited input before the end of September into the Preliminary Findings and Recommendations, from which a Draft Report with proposed recommendations will be released in October 2021. Submissions on both documents close on 24 December and a final report will be presented to the Government in April 2022.

We wanted to take up the invitation to provide feedback on the Paper which hopefully will be of use to you as the Draft Report is developed. Our approach to this has been to identify and respond to those questions within the Paper that resonate strongly for the tourism and hospitality context. Note our response may go wider than the initial question might imply.

Q3: What should the overall objectives for the immigration system be?

Immigration plays a key part in the success of many industries in New Zealand, including tourism. It's fair to say skill and labour shortages is an enduring issue for tourism businesses. A combination of industry structural factors contributes to this challenging employment environment - 7 days a week, shift work, businesses widely geographically dispersed, seasonal employment and low skilled/repetitive jobs, not necessarily well-paid, combined with a highly competitive business environment. This often means skilled workers are difficult to get, particularly in hospitality jobs.

Prior to COVID there were 230,000 people directly employed in tourism, with another 164,000 indirectly employed, accounting for 14.4% of the New Zealand workforce. Migrant staff play a significant role in the tourism and hospitality workforce, though data on the number of migrant staff employed is patchy. In 2016 MBIE commissioned BERL to undertake research into tourism

labour and skills flows. The report identified that New Zealanders were the clear majority, but that migrant workers made up approximately 12% of the tourism workforce in 2015. We know this reliance is much higher in some regions such as Queenstown. In more recent data, there were 15,320 work visas approved in 2019 for tourism and hospitality jobs (refer Appendix One) plus 59,806 Working Holiday Visas (WHV) approved in the YTD November 2019. While there is no system to track which industry WHV workers are employed in, we know tourism and hospitality employers often rely on them to fill vacancies.

The impact of skill shortages on productivity in the tourism industry has never been starker than in 2021. The tourism industry changed dramatically in 2020 due to the pandemic. The industry lost an estimated 40% of its workforce. Many workers went to employment in other industries and many on temporary work visas left the country. The employment environment then again changed dramatically in 2021. Prior to the current Delta lockdown skill shortages was the second biggest issue facing employers, after lack of international visitors. We are constantly hearing of businesses that are closing accommodation wings, reducing daily opening hours or closing for days as a direct result of these shortages. Business profitability, already under significant pressure is being further eroded as a result of these worker shortages.

In our view the overall objectives for the immigration system should include:

- A high-trust model between employers and government enabling employers to efficiently recruit and retain migrant workers when no suitable New Zealanders are available.
- A system that does not undermine wages and conditions for New Zealanders.
- A model that enables industry to provide solutions to attracting skilled migrants, supported by government. The RSE scheme for horticulture is a good example of this and a similar philosophy should be available to other industries including tourism.

Q17: Previously, ANZSCO has been used to define "high" and "low"-skilled jobs. Should immigration policy differentiate between "high" and "low"-skilled jobs? Is there a better way of defining skill levels?

The ANZSCO framework has been a flawed model when it comes to determining skills levels for tourism roles. ANZSCO is set as a one-size-fits-all approach but this did not reflect the reality of the industry and led to confusion and frustration from employers when required to use the ANZSCO system to job-match roles for immigration purposes. The shift to a remuneration-driven model via median wage while not perfect has addressed some of the angst created by the previous ANZSCO model.

In the tourism context there doesn't seem to be any benefit in immigration policy attempting to define jobs as high or low-skilled. The focus should instead be on filling jobs that the New Zealand labour market is not able to fill. The process of labour market checks identifies if a

worker shortage exists. If market remuneration levels are maintained when recruiting migrants then any need to grade roles as high or low skill is perfunctory.

Q18: What is the best way to identify workforce or skills shortages?

It would be useful for the Paper to articulate that greater capability and maturity is required within government in regard to workforce policy and planning. We have been frustrated with the poor quality of policy development in this area. Two examples follow. The first is MSD's introduction of Oversupply Lists in 2020. These Lists were supposedly informed by regional offices recognising the unique needs of their region. If so, it is rather perplexing that the same six tourism roles were listed as being in oversupply across all but two of the 67 Territorial Local Authorities. This supposed oversupply of New Zealanders was difficult to accept when tourism operators were telling us the opposite – that shortage of these workers was common. This raises questions on how individualised the approach to regional labour market planning and analysis is. Our view is this was poor policy and should never have been implemented.

In another example, employers are regularly required to undertake labour market checks even when it is known that there is no local supply of suitable workers. It's an unnecessary, costly and time-consuming process that could be alleviated with more empathetic policy makers and improved labour market data. Employers accept that the availability of people in a labour market regularly changes and frequent checking is necessary. However, there is some middle ground that can be achieved to satisfy officials, improve efficiency, while reducing unnecessary compliance costs for operators.

Workforce Development Strategies are also important when it comes to identifying workforce shortages. Some industries are well progressed with these. TIA has been an advocate for the development of a national tourism workforce strategy and are pleased to see that a hui, led by Go With Tourism and support by government will be held in November 2021 to develop such a strategy. A Workforce Development Strategy should articulate the skill and labour force needs for an industry over at least a five-year period, and identify the supply-side requirements, including migrant workers. The Paper is silent on the importance of these strategies. We recommend a stronger focus is included in the draft report on their role in informing future migrant worker needs.

Q36: How responsive to skills gaps is the education and training system? Are there policy changes that could improve its responsiveness?

The relationship between the vocational education and training (VET) sector and workforce needs is a continual work-on. There are two key points to be made here. Firstly, tourism is generally well served by providers in the VET sector. Access to quality training programmes for many skills is available throughout the country. There are issues around numbers of people being trained in

some roles. While a lack of government funding is a key reason for this there is also opportunity for the industry to be better at attracting people into training.


Secondly there is an insight gap on how many people the sector trains annually and where they go. I suspect the VET sector is responsible for only a small part of the funnel that provides skilled people to the industry. Many people enter the industry directly and are trained fully on-job.

There are areas where the VET sector could be more responsive and it's up to government and the industry to lead that. For example, with the absence of a workforce strategy there is no estimate of how many people the industry needs in the future e.g. how many chefs the industry requires over the next decade. If that could be forecast that then we could work with government and the VET sector on addressing supply issues.

We would expect the responsiveness of the training system to improve once the changes being wrought through the ROVE (Review of Vocational Education) process are in place. We anticipate however a prolonged period of disruption with the removal of Industry Training Organisations, creation of Workforce Development Councils and Te Pukenga, and embedding of the Regional Skill Leadership Groups.

We look forward seeing the Draft Paper next month and making our final submission before year-end. Please do not hesitate to contact us if you have any queries about our feedback.

Ngā mihi,

A handwritten signature in dark ink, appearing to read 'S. M. Hanrahan', with a stylized, flowing script.

Steve Hanrahan

Advocacy and Engagement Manager

Tourism Industry Aotearoa

TIA is the peak body for the tourism industry in New Zealand. With nearly 1,300 members TIA represents a range of tourism-related activities including hospitality, accommodation, adventure & other activities, attractions, retail, airports & airlines, transport, as well as related tourism services.

Appendix One – Approved Work Visa¹ YE Dec 2019

Occupation	Total
Accommodation and Hospitality Managers	74
Aeroplane Pilot	5
Bar Attendant	157
Barista	169
Bungy Jump Master	4
Cafe or Restaurant Manager	1344
Cafe Worker	56
Charter and Tour Bus Driver	10
Chef	3841
Commercial Housekeeper	651
Cook	1497
Fast Food Cook	145
Hospitality Workers	118
Hospitality, Retail and Service Managers	186
Hotel or Motel Manager	145
Hotel or Motel Receptionist	244
Hotel Service Manager	369
Kitchenhand	334
Mountain or Glacier Guide	54
Outdoor Adventure Guides	174
Outdoor Adventure Instructor	33
Retail Manager (General)	1201
Retail Supervisor	3202
Snowsport Instructor	387
Tour Guide	75
Tourist Information Officer	9
Travel Agency Manager	40
Travel Consultant	97
Trekking Guide	7
Waiter	650
Whitewater Rafting Guide	42
Grand Total	15320

¹ Essential Skills, Variation of Conditions, Approved in Principle, Skilled Migrant, Long Term Skill shortage (chefs)