



tourism
INDUSTRY
ASSOCIATION NEW ZEALAND



**Submission to Immigration New Zealand (INZ)
on the
Essential Skills in Demand Review**

16 May 2014

EXECUTIVE SUMMARY

1. The Tourism Industry Association New Zealand (TIA) and the Tourism Export Council New Zealand (TECNZ) have outlined in this submission the key issues affecting the skills needs of the industry. Before listing specific areas of concern, we have outlined the strategic issues affecting the industry with regard to skills and employment requirements.
2. Immigration New Zealand (INZ) is likely to receive individual submissions from our (TIA and TECNZ) member businesses that outline specific skills shortages in their sectors. We ask that you consider those submissions alongside the overarching submission that is presented here by TIA and TECNZ.

RECOMMENDATIONS

3. In the first instance, Immigration New Zealand (INZ) meet with TIA and TECNZ to discuss the contents of this submission as there are particular aspects of this paper where we would like to emphasise the range of tourism occupations where skills shortages are acute.
4. Specifically, we propose
 - a. An occupation category titled Recreation, Tourism & Hospitality multi-language speaker with criteria to include:
 - b. Fluency in two languages, one being English
 - c. Relevant qualifications and/or proven work experience in the sought position
Support from either current or past employer as evidence of suitability for the position applied for
 - d. Preference given to those able to work in regional areas of New Zealand where demand for tourism staff with the above skills and expertise are needed.

This new category that we are proposing would require exclusion from the current labour market testing process.

5. Extend the working holiday visa scheme from 12 months to 24 months with the right to work from nine to 12 months rather than three months. For China, we would like to see the working holiday visa made available to more applicants as currently the 1000 positions available are filled within a month of being advertised.
6. Review the FTA China special work category /tour guide category name (100 people per year) to Tour Guide and Tourism Sales Staff with the same criteria. Our insight shows that few in the tourism industry were aware of this category visa which allows employees to work for up to three years without having to meet the labour market test. If this name change is made possible, we believe there will be an improved take-up of this visa category.
7. Extend the SSE (supplementary seasonal employment) scheme to include tourism and hospitality related positions for six to nine months.

8. To promote the Silver Fern Job Search visa where a skilled tourism and hospitality candidate can search for employment in New Zealand for up to nine months and then apply for the two year working Silver Fern Practical Experience visa programme.
9. Review the criteria for the Skill Migrant Category to recognise the skills and labour needs of the tourism industry, acknowledging in particular language, regional and specialist skills. This includes recognising tourism as a future growth area - it is currently excluded.
10. Explore options to make it easier for international students studying in New Zealand and who receive a tertiary qualification, to be able to seek full-time employment.

INDUSTRY OVERVIEW

11. As a service sector, tourism is a people business. The right people are the sector's major asset and interactions between visitors and their hosts (manaaki) are arguably what visitors' value and remember the most. The ability to grow the value of the sector and its contribution to the economy is dependent on the skills of the industry's workforce.
12. In spite of comparatively high unemployment levels (6% in May 2014), the industry still faces shortages of skilled, semi-skilled and even unskilled workers. With economic growth forecast to improve over the next few years, these shortages will become acute. If the aspirational goals of *Tourism 2025* www.tourism2025.org.nz (an industry led growth framework) are to be realised then the industry and government must move quickly to tackle the skills deficit and labour shortage.
13. While making wages more competitive is a critical part of attracting and retaining qualified and skilled workers, on its own, it is not enough. It is also important to provide career options for employees that mean a job in the tourism industry can provide a rewarding and long term career.
14. To be internationally competitive, tourism needs top quality staff to deliver world class visitor experiences profitably each day. Behind the front line customer service teams, the sector needs well qualified people such as accountants, analysts, business development managers, communications experts, engineers, events specialists, human resource and training people, IT professionals, lawyers, marketers, operations managers, strategists and yield managers.
15. To achieve its growth targets and build international competitiveness, tourism needs to reposition itself and elevate its status as a valuable and valued sector of the economy. In this context, TIA has sought recommendations on educating and informing about careers in tourism. The reality is that career paths in tourism are not obvious; in the absence of a sector strategy, tourism's goals are not clear and there is no coherent public promotion of jobs or careers in tourism.
16. With '*Tourism as a Fantastic Career*', TIA has initiated a project aimed at profiling tourism as a viable career option for school leavers and those currently in the workforce. This project will work to coordinate training pathways, promote discussion amongst employers and influence those who are in a position to support candidates with the skills, aptitude and attitude that makes them vital to the future of the tourism industry.
17. The tourism industry has some advantages that other industries don't have. It can provide flexible options including part-time work, jobs for young and mature workers alike and

employment in many of the smallest communities in New Zealand where work may not be readily available. This provides the sector with opportunities to find and employ the right people.

18. It is true that the skills and labour needs of the industry are not uniform either by region or sector and this will necessitate local solutions. We know, however, that unless we plan for the future labour requirements of our industry and invest in the skills that owners, operators and staff will need to deliver outstanding visitor experiences, the aspirational goals set in *Tourism 2025* of 6% year on year value growth will be that much harder to achieve.
19. With the government committing more investment in Vote Tourism to Tourism New Zealand for increased marketing into China, India, Indonesia and Latin America, this will result in more visitor arrivals from these markets which the industry will need the right people and skills to deliver world class visitor experiences.
20. While the industry is embarking on strategies to employ New Zealanders to do the job, we are going to continue to need temporary workers from offshore to help meet our labour needs. This situation is starting to become more acute as the tourism industry now re-enters a growth phase. New Zealand has active working holiday schemes in place with a number of countries, but there needs to be more promotion of these programmes. Australia, for instance, actively markets its working holiday visas to support longer stays that drive economic value.

ANALYSIS

21. Skilled shortages exist across a number of occupations in the tourism industry, but the most pressing need is for workers across a range of tourism and hospitality occupations that have multi-lingual abilities, in particular Mandarin and European languages. In addition, there are skills shortages in regions and specific sectors, such as adventure tourism and hospitality.
22. The most recent tourism forecasts produced by MBIE and the New Zealand Institute of Economic Research (NZIER) point to significant growth from the Asian and Pacific Rim, especially China. Already we have seen a year on year increase in Chinese visitors of 30% with arrival numbers now close to 250,000 annually. MBIE and NZIER are predicting that New Zealand will receive in excess of 400,000 Chinese visitors by 2019. With a return to growth in some European markets, for example, Germany which has grown 14.5%.
23. Because the customer-facing experience is personal with our international visitors, many of whom are well travelled and from diverse backgrounds, we need to deliver the best pastoral care possible. This care needs to be culturally sensitive and means being able to communicate appropriately with language, religious and cultural considerations, reinforcing the need to employ foreign workers who have the skills that local New Zealanders don't have.
24. TECNZ conducted an immigration survey in November 2013 with its members the results revealed:
 - a. 63% of employers had trouble renewing or extending foreign employees work visas
 - b. 90% agreed that staff with multi language skills and a proven stable work record with a current employer should be exempt from having to meet the 'labour market test' to continue employment

- c. 81% expected the need to employ more multi language staff in the immediate, near future to meet the demands of international visitor arrivals and expectations
 - d. 95% supported TIA and TECNZ submitting to Immigration New Zealand an inclusion on the skills shortage list for “multi language tourism and hospitality” positions
25. Both TIA and TECNZ are aware of the chronic shortage of multiple language speakers across tourism and hospitality employers, particularly those outside the Auckland region. The following are examples of tourism employers not being able to secure the right person for the right job in the past six months while adhering to the due processes that Immigration New Zealand has.
- a. **Company A (inbound tour operator, Wellington)** - this firm has a constant scenario where they cannot recruit a suitable German/French speaking tour/travel consultant. This staff member needs to be able to talk fluently with European wholesalers, travel agents and customers by email or phone. They can generally recruit someone for twelve months but have not been able to renew or retain the staff member and so have to start the process over every year. To combat the frustration in not being able to employ a staff member with European language speaking ability, the operators shifted its focus to the China/South East Asia markets, but it has struck similar problems in being able to employ local New Zealand staff with multi-lingual abilities.
 - b. **Company B (inbound tour operator, Auckland)** - this firm has employed an inbound tour consultant, fluent in French/German on a working visa for one year. All 'labour market test' criteria were adhered to but INZ declined to renew or extend this visa being told that there were four New Zealanders who could do the job, however while they had language criteria, they did not have the tourism or travel industry background to be suitable. This company is still short of staff to work with European speaking markets and visitors.
 - c. **Company C (adventure tour operator, Queenstown)** - this firm has perennial difficulties in obtaining and renewing work visas for foreign staff with specialist technical skills to work in adventure tourism. The company employs 40 FTEs and this rises to 80 FTEs during the ski season. Each year, a significant amount of company time is spent engaged in cumbersome INZ processes to gain work visas for these highly specialist staff despite the company being an AIP provider.
 - d. **Company D (attraction tour operator, Rotorua)** - this firm cannot get enough Mandarin speaking staff to accommodate the growth they are experiencing from China. While there is a significant Chinese based population in New Zealand, it is difficult to attract them to the regions. This operator believes the government's international efforts will be fruitless if we continue to put up employment barriers to foreign staff the industry needs to deliver world class visitor experiences.
 - e. **Company E (attraction tour operator, Mt Cook region)** - this firm has a number of employment opportunities available including specialised spa treatments for visitors. Like other operators, this company finds the AIP process cumbersome.
 - f. **Company F (attraction tour operator, Central North Island)** - this firm experiences on-going frustration in not being able to employ Chinese speaking staff for guiding and ticketing services.

- g. **Company G (youth accommodation operator, nationwide)** - this firm has on-going challenges in employing local New Zealand staff in guest facing roles because they lack not only basic hostel receptionist skills but also multi-lingual abilities which are becoming crucial because of the company's growing number of Asian visitors.
26. Both TIA and TECNZ appreciate the government's focus on the employment of New Zealander first, but this policy position needs more degree of flexibility to allow for regional variations, the seasonal employment patterns of the tourism industry and the fact that we are now on a growth curve after more than five years of flat or declining performance. We have now entered a stage where we know failure to address these language and skills shortages will make us anti-competitive in the global visitor market place.
27. Key service roles that need identifying in the skills shortages list include, but are not limited to:
- Hospitality supervisors with appropriate trade or tertiary qualifications, standard of English and multi-language ability
 - Adventure/outdoor tour operators with appropriate trade or tertiary qualifications, standard of English and multi-language ability
 - Sales & marketing staff for tour operators including inbound companies with appropriate trade or tertiary qualifications, standard of English and multi-language ability
28. We believe that most of the positions above would require a Level 1 or 2 qualification according to the ANZSCO criteria e.g. Level 1 sales and marketing manager, (131112), a public relations manager, (131114), at Level 2, a café and restaurant manager, (141111), a hotel or motel manager, (141311) and a travel agency manager (142116). If people in positions such as these continue to meet the labour market criteria, they should be eligible for automatic renewal of their visa.
29. The tourism industry is committed to training New Zealanders in occupations where there are skill shortages and fully utilising the domestic labour force before considering employing overseas workers. For the most part, employers have been following due process and are able to produce evidence, including language skills, of the difficulty they face when employing staff.

BACKGROUND

About TIA and TECNZ

30. The Tourism Industry Association (TIA) is the lead association that represents the interests of about 1,500 tourism businesses in New Zealand. The Association was first established in 1955 and the businesses TIA represent cover a range of tourism-related activities - hospitality, transport, accommodation, adventure and activities, attractions and retail as well as related tourism services.
31. The primary role of TIA is to be the voice of the tourism industry. This includes working for members on advocacy, policy, communication, events and membership and business services. The TIA team is based in Wellington and led by chief executive Martin Snedden.

32. The Tourism Export Council of New Zealand (TECNZ) is a trade association that has represented the interests of inbound tourism since 1971. TECNZ's focus is to build long term business relationships with distribution networks in New Zealand and offshore. The relationship with product suppliers in New Zealand and offshore wholesalers is integral to the country's continued growth as a visitor destination.
33. Enquiries regarding this submission from TIA and TECNZ, should in the first instance be made to Simon Wallace, TIA Policy and Research Manager, on 04 494 1842 or 0272 489 375, or by e-mail to simon.wallace@tanz.org.nz

or to Lesley Immink, Chief Executive, Tourism Export Council New Zealand, on 04-495 0810 or 027 6644 836, or by e-mail to lesley@tourismexportcouncil.org.nz.

A bed-rock of New Zealand's economy

34. Tourism for New Zealand is big business as the country's second largest export sector. It is a major contributor to the New Zealand economy that will always be here – and won't easily go offshore. Tourism takes the lead in promoting New Zealand to the world. 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, green, 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.
35. The tourism industry delivers the following value to New Zealand's economy:
- Tourism in New Zealand is a \$66 million per day and \$23.9 billion a year industry.
 - The tourism industry directly and indirectly supports more than 185,000 full-time jobs, or about one in ten people in the workforce.
 - Domestic tourism contributes \$39 million in economic activity every day or \$14 billion per annum.
 - International tourism contributes \$27 million in economic activity every day or \$10 billion per annum.
 - International tourism represents 8.7% of GDP as New Zealand's second largest export industry.