

## **Tourism Futures Taskforce**

### **TIA Position Paper 7: Rebuilding the Tourism Workforce**

**15 September 2020**

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#### **Purpose**

To set out for the Tourism Futures Taskforce the thinking of Tourism Industry Aotearoa on the future tourism industry workforce with some proposals that, if adopted, would improve the standing of tourism as an industry of choice for New Zealanders to work in.

#### **Strategic Context**

Prior to COVID there were 230,000 people directly employed in the industry, with another 164,000 indirectly employed, accounting for 14.4% of the workforce<sup>1</sup>. The tourism workforce has been decimated as a result of COVID-19. Thousands of jobs were lost initially and more are following as the wage subsidy ends. TIA, along with various economists and forecasters, has warned that total tourism job losses could exceed 100,000. But many of these roles will need to be refilled when the borders reopen and international tourism returns, as it surely will.

Workforce skill and labour shortages is an enduring issue for tourism. A combination of industry structural factors contribute to a challenging employment environment - 7 days a week, shift work, geographically dispersed, seasonal employment and low skilled/repetitive jobs, not necessarily well-paid, combined with a highly competitive business environment. This often means skilled labour is difficult to get, particularly in hospitality jobs.

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 last year 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 Government was very active in the area of labour market reforms pre-COVID. Early in 2019 it consulted on the paper 'A new approach to employer-assisted work visas and regional workforce planning' which proposed a package of changes including employer-assisted visas, employer accreditation and sector agreements. While some of the significant changes are currently paused, some changes have been implemented such as visa conditions now linked to median wage and establishment of 15 Regional Skills Leadership Groups.

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<sup>1</sup> Tourism Satellite Account YE March 2019

The Government is also progressing significant changes to the vocational education sector, introducing new Workforce Development Councils and amalgamating regional polytechnics under one institution, NZ Institute of Skills and Technology.

In a government-industry partnership, the 'Go With Tourism' programme received \$5.2m in funding from the International Visitor Levy to be implemented nationally over three years, aimed at attracting New Zealanders to work in tourism. While it has refocused in 2020 to assist displaced workers the plan is to return to its original focus for 2021/22.

TIA is currently working with MBIE on funding to develop a Workforce Development Strategy. The aim of this work is to undertake a demand and supply analysis of medium-long term labour and skill needs at an occupational and regional level and consider how these will be met.

### **Main Issues**

Business demand remains uncertain in a COVID environment, with an ongoing risk of regional shutdowns and closed borders. Domestic visitor demand is 'lumpy', focused around school holidays and weekends. There will be an increase in casual and part-time contracts to manage labour needs in the fluctuating demand. Fewer overseas workers will be available and the willingness of New Zealanders to accept part-time or casual work will be tested.

There may be a continuation of labour and skill shortages post-COVID due to employees having been displaced and finding employment in other industries which provide greater certainty in employment. Migrants are being encouraged to return home. Renewal periods for work visas are shorter and new visa applications are on hold, with any approvals being made on an exception-only basis. There is a greater expectation from Government that employers hire New Zealanders.

The unfortunate outcome could be thousands of permanent jobs lost across the industry and difficulties attracting staff for the jobs that are available.

While New Zealanders view tourism and hospitality as a fun industry to work in, they also see it as providing only average pay and there is little knowledge of career paths or job opportunities. While good work has been done on changing those perceptions pre-COVID including initiatives such as Go With Tourism, the industry has been set back 10+ years in terms of perceptions. Many parents and young people will be reluctant to support jobs in tourism until the industry can demonstrate a strong recovery and stable employment.

More flexibility is required in immigration policy to support employment of overseas workers when New Zealanders are not available e.g. work visa requirements include a minimum 30 hours employment each week with the same employer, when more flexibility in the current environment would benefit all parties. When borders do open, we need to consider carefully what overseas workers we need to welcome back.

The vocational education sector moves into a period of significant change. New Workforce Development Councils (WDC) come into effect in 2021 to provide skills leadership, Industry Training Organisations will be disestablished, and ITPs (Institutes of Technology & Polytechnics) come under the new umbrella organisation NZ Institute of Skills and Technology. Now more than ever we need a vocational training sector that is responsive to the changing needs of the industry.

## **Opportunity for the Future Tourism System**

The rebuild of the tourism workforce presents an opportunity to be better than we were. Following are four actions for the Taskforce to embed in the tourism system now for the long-term benefit of New Zealand.

### ***Proposal 1 - Support the call for a Workforce Development Strategy for the tourism and hospitality workforce***

There has long been a need to undertake detailed research into understanding how government, industry and educators can meet the tourism workforce and skills requirements to 2025 and beyond. As a 'high-touch' industry heavily reliant on interactions between people, we need to ensure that the tourism industry can provide a high-quality workforce and experience for our visitors. We need to make sure that this is across the tourism system – from hospitality to transport and tour operators, and in roles from frontline customer service teams to managers.

The barriers to attracting and retaining employees are considerable, exacerbated by the impacts of COVID-19. They range from a lack of affordable accommodation in some centres to sometimes extreme seasonality of employment. New Zealanders' perceptions about tourism as a career is also a factor: the wide range of career opportunities in tourism is not well-understood and the current thinking of young people and key influencers (such as parents, teachers and careers advisors) centres on roles that are seen as low-value, low-pay and inherently short-term in nature.

Government, with industry and other stakeholders, are already addressing some of these issues through nationally expanding Go with Tourism over three years. However, some of the more complex issues require greater understanding before committing to a plan of action. A Workforce Development Strategy will identify the short, medium and long-term priority areas and actions required to ensure we have a workforce with the right skills in the right places at the right times.

### ***Proposal 2 – Ensure Government policy settings support workforce needs***

Too often we see government policy settings that lack recognition of the workforce needs of tourism. Recently the Tertiary Education Commission in its indicative funding allocations for 2021 advised tertiary providers of significant decreases in funding for tourism enrolments. This was a premature and ill-informed decision, lacking recognition that in a recessionary environment more people will take up tertiary training and tourism remains a valid career option. Government immigration policy is becoming more restrictive on access to migrant workers when there are potential shortages of suitable New Zealanders to work in some regions in New Zealand.

We also seek government support for the reset of tourism within the education funnel from our schools including the reinstatement of tourism as an approved-UE subject. A driver of the poor perceptions is that tourism is no longer a UE subject, deterring many students from taking it up for their NCEA studies. The complexities of the tourism system lend themselves well to higher-level NCEA studies. However, considerable investment is required in time and resources to develop a coherent suite of NCEA achievement standards for tourism. Government support is required and it is timely to prioritise this with the government's Review of Achievement Standards (RAS) programme currently in progress.

We would also like government to support the industry call for tertiary education initiatives to provide fees-free training and qualifications to current and displaced tourism employees.

***Proposal 3 - Endorse the Tourism Sustainability Commitment (TSC) goal for employers to become Employers of Choice***

One of the TSC goals is that the tourism industry attracts and retains the workforce it needs to prosper in the long term by providing attractive, well-paid, high quality jobs that develop people and add value for businesses. Employers give effect to this through a commitment to be an Employer of Choice – businesses attract and support the workforce they need to flourish and succeed.

Businesses making this commitment agree to:

- Meet or exceed the market for pay and conditions so they attract and retain the talent they need, including paying a fair wage or salary to staff at all levels of the business
- Employ suitable New Zealanders where they are available
- Celebrate diversity and inclusion
- Have training and development plans in place for all staff to support growth within their roles and raise skills and capabilities within the business
- Be recognised as an Employer of Choice.

To date, over 1400 employers have signed up to the TSC. Progress is measured annually via a survey of their progress against the TSC goals.

***Proposal 4 - Ensure that the Go With Tourism (GWT) programme has a sustainable funding stream through to at least 2025 to support the recovery of the tourism and hospitality workforce***

In 2018 TIA, following perceptions research into how young people view the tourism industry, developed a business case to attract more young New Zealanders into the tourism industry. The business case identified a package of initiatives to attract young people and in partnership with ATEED we successfully applied to government for \$5.2m of IVL funding over three years (2020-22) for the Go With Tourism (GWT) programme.

GWT is a national framework for attracting New Zealanders to our industry. It includes a technology platform where people can learn about careers and opportunities in tourism and be matched with suitable employers. The programme also has a series of regional initiatives including a school ambassador programme, industry famils, and mentoring/networking opportunities. GWT is important to our future success and we seek ongoing government funding after 2022 if a sustainable funding stream has not yet been sourced.

**Summary**

TIA requests that the Taskforce makes workforce needs a tourism priority. Doing so will enhance the lives of many New Zealanders. A successful tourism future for Aotearoa can only be delivered by a skilled and motivated workforce. The above opportunities, if adopted, will help to provide long-term assistance in both addressing perceptions about working in tourism and improving employment opportunities at the business level.

## **Solutions for the Taskforce**

- Recognise the tourism workforce as an important aspect of destination New Zealand and that the industry must be seen as an employer of choice with training support that creates clear career pathways. Four proposals for consideration:
  - Support the development of a Workforce Development Strategy for the tourism and hospitality workforce
  - Ensure Government policy settings support workforce needs, including educational and immigration policy
  - Endorse the Tourism Sustainability Commitment (TSC) goal for employers to become Employers of Choice
  - Ensure that the Go With Tourism (GWT) programme has a sustainable funding stream through to at least 2025 to support the recovery of the tourism and hospitality workforce.

## Appendix One – Approved Work Visa<sup>2</sup> 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
<b>Grand Total</b>	<b>15320</b>

<sup>2</sup> Essential Skills, Variation of Conditions, Approved in Principle, Skilled Migrant, Long Term Skill shortage (chefs)