



Submission to Ministry of Business Innovation and Employment

**A new approach to employer-assisted work visas and
regional workforce planning**

Date: 18 March 2019

TOURISM INDUSTRY AOTEAROA

Level 2, 125 Featherston Street, PO Box 1697, Wellington 6140, New Zealand
P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz

Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on MBIE's Consultation discussion paper 'A new approach to employer-assisted work visas and regional workforce planning'.

This submission represents the views of Tourism Industry Aotearoa as a collective whole and may not necessarily represent the views of individual members.

INTRODUCTION

1. TIA is the peak body for the tourism industry in New Zealand. With around 1,600 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and other activities, attractions and retail, airports and airlines, transport, as well as related tourism services.
2. 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.
3. Any enquiries relating to this paper should in the first instance be referred to Steve Hanrahan, TIA Advocacy Manager at steve.hanrahan@tia.org.nz or by phone on 027 912 2624.

EXECUTIVE SUMMARY

4. TIA welcomes many aspects of the proposals set out in MBIE's Consultation document "*A new approach to employer-assisted work visa and regional workforce planning*" (the consultation document). This includes the move to a more regionalised skill shortage list, tailoring labour market tests to types of skills shortages, sectors and regions, and ensuring that our welfare, immigration and education systems are more aligned with each other to improve labour market outcomes for New Zealanders.
5. We also support Immigration New Zealand (INZ) tackling any migrant labour exploitation. Temporary migrant workers are entitled to the same wages and conditions as New Zealanders. However, we caution that INZ must be careful not to be overly punitive on the vast majority of businesses and workers doing the right thing, in trying to catch the small minority acting illegally.
6. Many employers in the tourism and hospitality industry are small businesses and we have concerns about the additional costs the gateway framework imposes on employers. Additional compliance and financial costs imposed on employers through compulsory accreditation and sector agreements may result in them being 'locked out' from using migrant workers, with an unintended result that they may need to scale back their business activity. That benefits no one.
7. Our members constantly remind us of the difficulty they have finding suitable New Zealanders to fill positions in the tourism and hospitality industry. There are a number of reasons for this. Specialised skills required to work in tourism and hospitality are in short supply in many regions throughout New Zealand and there are simply no New Zealanders available to fill vacant positions. Second, New Zealand is one of the most educated countries in the world, with 46% of the population having a post-

TOURISM INDUSTRY AOTEAROA

Level 2, 125 Featherston Street, PO Box 1697, Wellington 6140, New Zealand
P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz

school qualification in 2013¹. As a result, there are growing shortages for lower-skilled jobs that New Zealanders do not want to do. Finally, our members often find that individuals who are not currently in work are, for a variety of reasons, unwilling or not capable of taking available jobs.

8. The demand for workers in the tourism and hospitality industry is only going to increase. So while TIA supports policy that places more New Zealanders into the workforce, policy settings must recognise that New Zealand's tourism and hospitality industry has, and will continue to, rely on migrant workers to thrive. Migration policy that imposes unreasonable constraints on migration would put New Zealand's tourism industry at risk.
9. Businesses need certainty of long-term labour supply in planning for growth and creating economic value for New Zealand. There will be poor economic outcomes for New Zealand if employers are trapped in a short-term focus on sourcing enough staff simply to keep current operations going.
10. We do not agree that migrant workers displace New Zealand workers. The evidence provided in the consultation document is not persuasive. Moreover, other studies and reports have found that fears of negative labour market impacts from high migration have been overstated. Employers in the tourism and hospitality industry repeatedly tell us that their preference is to employ New Zealanders and they only use migrant workers when there are no suitable New Zealanders available. Accordingly, reforms should recognise that most employers only employ migrant workers when there is no suitable New Zealander.
11. The proposals have a stated intention of putting upwards pressure on wages and conditions. TIA sees this as a major concern. Immigration settings should be used to address labour supply shortages, and not as an artificial – and almost certainly unsuccessful – means to put upward pressure on wage rates.
12. Although we welcome the review of temporary work visas and the stated intention to streamline visa applications and simplify the system, the proposals have the opposite effect. Some proposals, particularly sector agreements, are over-engineered resulting in complex changes that are inconsistent with the original intentions of the proposals.
13. We have numerous concerns with the proposals which we highlight in this submission.

¹ <http://archive.stats.govt.nz/Census/2013-census/profile-and-summary-reports/qstats-education-training/post-school.aspx>

STAKEHOLDER CONSULTATION

14. This submission has been compiled following a period of research and stakeholder engagement by TIA including convening of industry advisory groups², a survey of TIA hotel members, attendance at Business NZ and law firm workshops, meeting with MBIE officials, and one-on-one interviews.

GATE 1 - THE EMPLOYER FRAMEWORK

Accreditation criteria requires clarification

15. The consultation document proposes that any employer seeking to recruit employer-assisted migrant workers must be accredited. The consultation document sets out three different levels of accreditation: standard accreditation, premium accreditation and labour hire company accreditation³. The consultation document then provides that accreditation requires an employer to meet specified accreditation criteria.
16. TIA has concerns with the accreditation criteria as follows:
17. It is unclear who the employer is for the purpose of accreditation. Some TIA members have workplaces in multiple locations, for example hotels, and it is unclear whether the parent organisation can be accredited or each site requires accreditation. Requiring multiple accreditations would add significant cost and complexity to the regime. We consider that where an employer has multiple workplaces they should require only one accreditation that covers all of these.
18. It is unclear how new employers would be assessed under the criteria, some of which requires a "history of actions" such as being able to demonstrate that an employer has previously worked with migrants. INZ needs to clarify such matters in the accreditation criteria.
19. The criteria requires employers to show they have increased hourly rates of pay by at least the dollar value of increase in median wages upon visa renewal. Employers in the tourism industry have told us that they cannot always afford pay increases. Mandatory increases will also have implications for wages paid to other employees. They cannot increase wages for a low-skilled role without increasing wages of supervisors and managers, otherwise those jobs become unappealing. A raise in wage rates can force a business to employ fewer staff. We consider mandatory wage increases should be removed from the accreditation criteria.
20. Some of the criteria is subjective and therefore open to different interpretations by immigration officials. For example, "actively training and upskilling New Zealanders". Where appropriate INZ should amend the criteria to make it capable of objective assessment.

² Industry Advisory Groups include representatives from TIA, TIA Hotels Sector, Holiday Parks Association NZ, Tourism Export Council, Regional Tourism NZ, Hospitality NZ, Restaurant Association NZ, Ski Areas Association NZ/Cardrona, Whalewatch Kaikoura, Hobbiton

³ This submission does not consider any matters relating to Labour Hire Company Accreditation

TOURISM INDUSTRY AOTEAROA

Level 2, 125 Featherston Street, PO Box 1697, Wellington 6140, New Zealand
P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz

21. Due to the lack of detail on what is actually required under 'broader support' of the pastoral care policy, employers have expressed concerns about the impact on them of the requirements such as finding accommodation, and employment for partners.
22. There is no appeal process when accreditation is declined. This needs to be included in the accreditation criteria.
23. Some of the disqualifying criteria is unclear and should be clarified. For example, it is unclear whether any breach of the Holidays Act 2003 would prohibit accreditation.

Accreditation thresholds should be increased

24. The consultation document proposes that standard accreditation will only be available to an employer who has five or fewer temporary employer-assisted migrant workers. Premium accreditation would be compulsory for high-volume employers, which the consultation document defines as an employer who has six or more employer-assisted migrant workers. A standard accredited employer could elect to be a premium accredited employer.
25. A feature of tourism is the dominance of small-to-medium enterprises (SMEs) who have limited resources. TIA is concerned that the level of compliance placed on employers under the premium accreditation is beyond the resources and capability of many smaller businesses. As employers can elect to become premium accredited even if they have five or fewer temporary employer-assisted migrant workers TIA considers the threshold for requiring premium accreditation should be increased to more than 10 to make compliance manageable for more small businesses.
26. A higher threshold also provides a degree of flexibility for those employers who generally employ five or less migrants but on occasion may need to increase this temporarily during the season.

INZ should extend the period of accreditation

27. The consultation document proposes that standard accreditation would be for one year. Premium accreditation would initially be for one year and renewed every two years thereafter.
28. Given the rigorous process for initial accreditation we consider that standard accreditation should be for two years and premium accreditation should be for four years.

It is unclear whether INZ has the capacity to process the increase in accreditation applications in a timely manner

29. The cabinet paper⁴ says there were around 16,000 employers who supported visa applications under the Essential Skills category in 2017/18 and therefore may be required to become accredited, or be re-accredited, under the proposals. We are concerned about possible delays and bottlenecks in processing applications. We

⁴ [file:///C:/Users/steve.hanrahan/Downloads/cabinet-paper-new-approach-employer-assisted-work-visas%20\(1\).pdf](file:///C:/Users/steve.hanrahan/Downloads/cabinet-paper-new-approach-employer-assisted-work-visas%20(1).pdf)

believe that INZ should consider mechanisms to smooth the initial accreditation process.

30. For example, existing accredited employers via the Approval in Principle process could be deemed to be accredited for the first twelve 12 months and then required to go through the new accreditation process. There could also be a fast-track accreditation process for employers willing to pay for it, or who have otherwise been subject to some form of regulatory oversight.

TIA does not support the increased threshold for skilled migrant workers

31. The consultation document proposes that premium accredited employers will be able to offer skilled migrant workers a pathway to residency, with no labour test, if the migrant worker is paid 150% of the New Zealand medium income i.e. \$37.50/hr, \$78,000 p.a. or more.
32. TIA does not support the proposed increase in threshold. We consider this would impose additional costs on business. Also, the majority of hospitality workers who are critical to service delivery in many locations, earn less than \$78,000 so would effectively be excluded from a pathway to residency.
33. If the threshold was increased, we consider there should be a phased increase over, for example, five years. TIA considers this pathway to residency should be available also to standard accredited employers.

TIA supports the proposal to extend the visa period for some lower-skilled visas to three years

34. Currently, lower-skilled migrants can be granted a visa for a maximum of 12 months with a maximum of two annual renewals. The visa holder must then leave New Zealand for 12 months.
35. The consultation document proposes that the visa duration for lower-skilled workers be extended from one to three years for migrants employed by premium accredited employers in regions that are identified as having tight labour markets and no significant infrastructure constraints.
36. TIA strongly supports the extension to three year visas. The current annual renewal process imposes unnecessary compliance costs on tourism industry employers. We also understand that INZ declines few applications as labour market conditions do not drastically change in the space of a year.
37. The proposal only applies in regions identified as having tight labour markets and no significant infrastructure constraints. Many, if not most, New Zealand regions currently have "significant infrastructure constraints" and we consider this requirement may significantly undermine the proposal, and should therefore be removed.

GATE 2 - THE JOB GATEWAY

38. The consultation document proposes that there will be four job pathways available to employers to recruit employer-assisted migrant workers: the highly-paid threshold; the regional skills shortage list; sector agreements; and the regional labour market test.

TOURISM INDUSTRY AOTEAROA

Level 2, 125 Featherston Street, PO Box 1697, Wellington 6140, New Zealand
P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz

The proposed increase to the highly-paid threshold would make that pathway unavailable to the tourism industry and INZ should consider a more moderate increase

39. The consultation document proposes that no labour market test would be needed for skilled migrant workers paid a sufficiently high remuneration. The current national median income is \$25.00/hour, or \$52,000 p.a. It is proposed that the highly-paid threshold be increased to 150 per cent of the national median income for premium accredited employers i.e. \$78,000 p.a. or 200 per cent for all other employers i.e. \$104,000 per annum.
40. TIA does not agree with these increases. Employers in the tourism industry have told us the revised threshold would effectively mean this pathway was unavailable to them as amounts paid to migrant employees would rarely meet the new thresholds.
41. TIA considers that INZ should consider a more moderate increase, for example 125 per cent of the national medium income for premium accredited employers and 150 per cent for all other employers.
42. Alternatively, INZ should consider having industry or sector thresholds that take into account variances in wage levels across sectors. Potentially, these could be included in sector agreements.

TIA supports the concept of a regional skills shortage list but it must reflect actual skills shortages, be updated regularly, and include a broader range of ANZSCO bands

43. The consultation document proposes the current skill shortage lists (Essential Skills in Demand) will be recast by region. It is intended that this will better reflect the skill shortages that exist in the regions and provide a stronger signal to temporary migrants of opportunities in regional areas.
44. TIA supports the concept and publication of regional skills shortage list as regional variation is very evident. It is important that the list accurately reflects regional shortages. In our survey of hotel members, Queenstown respondents had an average of seven applications for their most recent room attendant vacancy while the average for five other main centres ranged between 20-54 applications. Local groups such as chambers' of commerce, employer groups, union representatives and the proposed regional hubs should also be involved in developing the list to ensure that any data compiled from government data reflects what those on the ground are experiencing.
45. We also consider the list should include ANZSCO skill levels 4-5. Employers in the tourism industry often experience shortages in positions in these skill bands which can, despite being ANZSCO 4-5 positions, require significant skill, knowledge and judgement. This is particularly true for the adventure tourism sector.
46. TIA considers the regional skills shortage list needs to be reviewed regularly (at least quarterly), and have a straightforward process to add or remove positions.

TOURISM INDUSTRY AOTEAROA

Level 2, 125 Featherston Street, PO Box 1697, Wellington 6140, New Zealand
P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz

The consultation document provides very little detail on sector agreements

47. There is very little detail provided on how sector agreements will work so our ability to comment is limited. However, TIA considers that given the innovative nature of sector agreements and their potential significant implications for employers they should commence on a trial basis. Inclusion should be voluntary for employers for the first three years during the trial. Employers opting-out of the trial will still be covered under the standard/premium accreditation gate.

Tourism and hospitality is a broad sector and INZ should consider having multiple agreements for the sector

48. TIA was surprised that the consultation document identified that tourism and hospitality is to be one of the first industries to have a sector agreement.
49. It is unclear who would negotiate sector agreements on the industry's behalf and finding one organisation to represent all sectors will be difficult.
50. The tourism and hospitality industry has more than 15 employer-representative organisations representing their particular sector. These include airlines, airports, backpackers, bed and breakfast, bus and coach, chartered clubs, fishing guides, holiday parks, hospitality (cafes, bars, restaurants), hotels, hunting guides, inbound tours, jet boats, rental vehicles, retail, ski areas, taxis, and travel agents.
51. In addition, there are other sectors where it is unclear who the representative might be, some with significant employee numbers. These include quick service restaurants⁵ (27,894 employees), commercial catering (20,496 employees), and adventure activities.
52. During this consultation process we asked MBIE to provide information on the number of tourism employers impacted by the proposals, noting the cabinet paper says approximately 16,000 employers employ staff under the Essential Skills category. MBIE's response was 'At this stage it is not possible to easily segment the employer data by sector. Existing applications can segment the data by specific occupations, but we don't currently ask employers what sector they are in, so the data is not collected. It is also difficult to accurately obtain sectors by linking the occupations to specific employers, (for example an Office Manager not a sector specific role, but some may be employed in the tourism/hospitality sector)'. The response indicates the complexity in identifying sectors and the roles that will come under those sectors.
53. Given the diverse nature of the tourism and hospitality industry, we believe that INZ may need to consider having multiple sector agreements. The possibility for these should be included in final policy decisions.

It is unclear how sector agreements will interact with the Fair Pay Agreement initiative and INZ should clarify this

54. The consultation document proposes that sector agreements are negotiated with unions and industry bodies and made compulsory for employers seeking to recruit migrants in their sector. TIA also understands agreements would set out specific

⁵ <http://www.serviceiq.org.nz/about-us/wfd/#sp>

occupations covered, required wages and conditions and employer training obligations.

55. TIA is aware of the Government's initiative relating to a new Fair Pay Agreement system and the recent report of the Fair Pay Agreements Working Group (December 2018). Broadly, the group has made recommendations on a system of sector-wide bargaining to set minimum terms and conditions of employment and how to achieve this.
56. TIA is unclear about the relationship between the proposed Fair Pay Agreement system and sector agreements as both appear to cover similar ground, for example bargaining, employee wages and conditions and dispute resolution. We consider that the relationship between sector agreements and the Fair Pay Agreement system should be clarified before INZ finalises its sector agreement proposals.

It is unclear how a cap on the total number of employer-assisted migrant workers will work

57. The consultation document proposes that sector agreements will include a cap on the total number of employer-assisted migrant workers. Until we have seen more detail about the structure of a cap, we are unable to take a firm view on this.
58. However, we are concerned that a cap could undermine the immigration reforms achieving their intended outcomes. For example, it could result in labour shortfalls (if the cap is too low) or labour shortages in specific regions (if there were regional caps).
59. In addition, there are a range of positions in the tourism and hospitality industry where migrant workers are employed, in contrast with other industries where shortages may exist for only 1-2 positions. An industry that has a large range of specialised roles does not lend itself to the one-size fits all approach of a capped system.

TIA supports the introduction of a regional labour market test but it should include sub-regions having specific labour dynamics

60. TIA supports the move to a more nuanced approach to the labour market test to reflect regional market dynamics. We consider there is merit in being able to adjust the labour market test to take into account the regional employment market.
61. TIA understands that INZ intends to define regions by the 16 differentiated regions used for local government purposes. We consider those regions would not provide the granularity required for the policy objectives to be achieved. It could result in some smaller regions, or sectors, being subject to a harder labour market test while still subject to significant labour supply issues. For example Queenstown and Dunedin are included within the Otago region but would have significantly different employment market dynamics.
62. TIA considers it is important for any regional based market test to take into account local conditions. This could be achieved by INZ complementing any regional list with a sub-region, or specific location list that had labour dynamics peculiar to it.

TOURISM INDUSTRY AOTEAROA

Level 2, 125 Featherston Street, PO Box 1697, Wellington 6140, New Zealand
P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz

GATE 3 – THE MIGRANT GATE

INZ should continue to undertake migrant checks

63. TIA considers that migrant checks (with the exception of capability checks) should remain largely as they are, with INZ. It is appropriate that INZ rather than private citizens or organisations manage the risks associated with temporary migrant workers and that it has responsibility for ensuring migrants meet the required identity, health and character requirements.

Employers should have responsibility for undertaking capability checks of employer-assisted migrant workers

64. TIA considers that employers should become responsible for undertaking capability checks for employer-assisted migrant workers. Employers are best placed to assess whether a potential employee has the skills required to do a job.
65. Any risks associated with an employer undertaking capability checks could be managed through the employer accreditation process.

THE DOMESTIC LABOUR MARKET SYSTEM

TIA agrees the immigration system should trigger a response from the labour market system but notes the vocational education sector reforms may adversely affect the supply of employees to the tourism industry

66. TIA strongly supports improved feedback loops between all parts of the immigration and labour system to improve employment outcomes for New Zealanders and migrants and to also ensure there is an adequate domestic labour supply. This is particularly so for some tourism and hospitality industries that are often regarded as a short-term job option rather than a long-term career choice.
67. However, there is a considerable lag between the employment market signalling a particular labour shortage and the response provided through the labour supply system e.g. increasing training numbers at polytechnics and the graduation of these individuals into workforce will take several years. This lag needs to be factored into any change to the current labour market system.
68. TIA is aware of the Government's proposed vocational education reforms by which it proposes to establish a unified, coordinated, national system of vocational education and training. Specific proposals include redefining roles for the current Industry Training Organisations, bringing together the 16 existing polytechnics as one entity, and introducing a unified vocational education funding system.
69. TIA is concerned the proposed vocational education reforms may significantly disrupt the supply of employees to the tourism industry. It is crucial that both the immigration and vocational education sector reforms "inform each other" to ensure that any disruption is minimised.

TOURISM INDUSTRY AOTEAROA

TIA supports the regionalised approach including the establishment of regional skills bodies, regional hubs but each must be informed by local knowledge

70. TIA agrees with the focus of a regionalised approach to managing labour supply and skill development. We note that there will also be common issues across regions and therefore encourage regions to work together rather than act independently of each other.
71. We support the establishment of regional skills bodies. These could be either a stand-alone body or a collection of local organisations. They would be useful vehicles for undertaking local workforce planning, coordinating training and development in areas where there are local skill shortages, and providing advice to central government agencies on local and potential issues. Their success would depend on them having appropriate local membership.
72. TIA also supports the concept of regional hubs. However, it is important they are located in the right regions and have relevant decision making authority. TIA also consider that business and industry must have an active role in them, for example, governance.

OTHER ARRANGEMENTS

The mid-skilled remuneration threshold should not be increased to 100 per cent of the national median wage and any increase should be phased

73. The consultation document proposes to increase the remuneration threshold for mid-skilled workers at ANZSCO Level 1-3 from 85% to 100% of the national median wage (from \$21.25 to \$25.00 per hour). This effectively moves 10,000 migrant workers down from the mid-skilled classification to the low-level classification, making them subject to the stand-down period and only having secure visas for a maximum period of 12 months, up to three consecutive years.
74. TIA does not support the proposed change and considers the threshold for mid-skilled workers should remain at 85% of the median wage (\$21.25). We are concerned about the implications the change may have on the ability of employers to recruit migrant workers. This will push mid-skilled middle management positions down to low-skill, meaning employers would have a higher turnover of these staff.
75. If INZ decides to increase the mid-skilled remuneration, TIA considers any increase should be phased. This would help lessen its impact.

INZ should remove the stand-down period for lower-skilled migrants

76. Changes made in August 2017 mean that lower-skilled migrants who have worked in New Zealand for three years are subject to a stand-down period requiring them to leave the country for 12 months. The stand down period is intended to prevent a pool of lower-skilled, lower-paid migrants building up in New Zealand that are well-settled but have no pathway to residence. Prior to this, these migrants could roll over their visas indefinitely provided their jobs continued to pass a labour market test.
77. TIA supports removing the mandatory one-year stand-down period for lower-skilled migrants where the particular migrant satisfies one of the new job gateway pathways.

TOURISM INDUSTRY AOTEAROA

78. With the introduction of the stand-down period in 2017, there is considerable concern that next year in 2020 when the first stand-down periods become effective it will result in many employers losing valuable and productive employees, and potentially creating the ironical situation of replacing them with another migrant. It can also result in increased costs (e.g. recruitment and training costs) and loss of productivity.

IMPLEMENTATION

TIA has concerns with INZ's timeframes for implementing the new gateway framework and considers timeframes should be revisited once INZ has considered submissions

79. Implementation timeframes for the gateway framework are aggressive, with final decisions to be announced by Government in mid-2019. The consultation document considers that some proposals will be implemented as early as August 2019.
80. TIA has concerns about the tight implementation timeframes proposed, in particular:
81. Whether MBIE has the infrastructure and capacity to implement the changes, for example processing an estimated 16,000 accreditation applications in reasonable timeframes. TIA considers that current visa application process times (up to three months for a single application) are already too long. We are concerned that INZ will be unable to process the additional accreditation applications in a timely manner that does not disrupt business continuity;
82. The short timeframes for MBIE to consider sector feedback and develop final policy proposals. Given the significant changes proposed, we consider sector groups should be given a further opportunity to provide input into final policy proposals;
83. As noted earlier TIA was surprised that the consultation document identified that tourism and hospitality is to be one of the first industry's to have a sector agreement. The consultation document provides very little detail about what sector agreements will include. Accordingly, we have concerns about the readiness of sector representative groups to negotiate and implement sector agreements within the prescribed timeframes; and
84. The Government is proposing significant changes to the vocational education sector and is also introducing a new Fair Pay Agreement system. It is unclear how these reforms will affect the proposed immigration reforms.
85. The proposed timeframes have considerable risks attached to them. TIA considers that MBIE should re-consider them once it has considered submissions and also the implications of the Government's vocational educational and Fair Pay Agreement reforms on the gateway framework.

COSTS

Additional costs imposed on employers may result in them being 'locked out' from using migrant workers and forcing them to scale back their business activity

86. If the gateway framework is approved, then some of the costs of the visa application will be transferred from the migrant to the employer. The consultation document indicates these to be \$600 for standard accreditation (yearly) and \$2,000 for premium accreditation (two-yearly). In addition, employers will face additional in-

TOURISM INDUSTRY AOTEAROA

house costs associated with meeting the accreditation requirements, for example, pastoral care and workforce development.

87. Employers will also offset the proposed decrease in migrant application fees – an indicative cost of \$140-\$280 per migrant application. An employer on premium accreditation employing six migrants on the new single visa could potentially face increased costs of over \$3,500 in year one.
88. Some of our members have also expressed concern that the increased obligations placed on them combined with their inability to provide “immigration advice” (as they are not usually accredited immigration advisors) may either open them up to fines or having to employ accredited immigration advisors, incurring further additional costs.
89. These costs come on the back of a range of increased costs on operators and visitors from government agencies over the past 12 months. These include:
 - Introduction of the International Visitor Levy (2019) - \$35 per international visitor⁶
 - Introduction of Electronic Travel Authority (2019) - \$9-\$12 per international visitor
 - Significantly increased immigration fees and levies to reduce a \$50m deficit in Immigration NZ’s Memorandum Account
 - Increase in AVSEC fees for international passengers of 51% between 2019/20 and 2021/22
 - Minimum wage increases of 7% in 2019 (Increasing \$1.20 to \$17.70/hour)
 - Increases in Maritime Levy of over 200%
90. Many employers in the tourism industry are small business and we have concerns about the additional costs the gateway framework imposes on employers. TIA is concerned that additional costs imposed on employers may result in them being ‘locked out’ from using migrant workers forcing them to scale back their business activity or in a worst-case scenario, close.

FOLLOW UP PROCESS

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

ABOUT TOURISM

92. Tourism for New Zealand is big business as the country’s 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 and pure offering that is synonymous with New Zealand

⁶ Some exemptions apply to IVL and ETA

TOURISM INDUSTRY AOTEAROA

Level 2, 125 Featherston Street, PO Box 1697, Wellington 6140, New Zealand
 P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz

tourism has been widely adopted and used to promote New Zealand exports in a range of other industries as well.

93. Tourism 2025, 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.
94. The Tourism 2025 Growth Framework is based around five key themes of Insight, Connectivity, Productivity, Visitor Experience and Target for Value. This growth framework was recently reset in 2019, with a shift to integrating sustainable tourism, in particular the Tourism Sustainability Commitment; articulating a longer-term view of tourism in alignment with Central Government; and identifying new priority actions to be addressed over the next 1-3 years.

Tourism industry key facts:

KEY FACTS
<p>Tourism in New Zealand is a \$107 million per day industry. Tourism delivers around \$44 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$63 million in economic activity every day.</p>
<p>Tourism is New Zealand's biggest export earner, contributing \$16.2 billion or 20.6% of New Zealand's foreign exchange earnings (year ended March 2018).</p>
<p>13.5% of the total number of people employed in New Zealand work directly or indirectly in tourism. That means 365,316 people are working in the visitor economy.</p>
<p>The <u>Tourism 2025</u> growth framework has a goal of growing total tourism revenue to \$41 billion a year by 2025.</p>
<p>Visit www.tia.org.nz for more information</p>

End.

TOURISM INDUSTRY AOTEAROA

Level 2, 125 Featherston Street, PO Box 1697, Wellington 6140, New Zealand
 P +64 4 499 0104 www.tia.org.nz E info@tia.org.nz