



Submission on Immigration Temporary Work Policy

1 April 2008

Introduction

1. This submission is from the Tourism Industry Association New Zealand (TIA), located in Wellington. If you wish to contact us regarding this submission, in the first instance, please telephone Simon Wallace, Policy Manager on 04 494 1842 or 0272 489 375 or e-mail him at simon.wallace@tianza.org.nz
2. TIA is grateful for the opportunity from the Department of Labour (Immigration) to make this submission on temporary work policy. The shortage of both skilled and less skilled labour is currently a major constraint on lifting business performance across the whole New Zealand economy and the tourism industry is no exception.
3. As the New Zealand Tourism Strategy 2015 (NZTS2015), p.33 points out-
 - “people are the tourism sector’s greatest asset, and interactions between visitors and hosts are what visitors value, remember and get satisfaction from”.

After environmental concerns, meeting workforce challenges is probably the next most urgent priority facing the tourism sector. Lack of staff – skilled or otherwise - directly impacts on the quality of the visitor product or service.

In consulting the industry on this policy, TIA is pleased that the DOL is giving some focus to the less skilled and lower skilled workforce, who are an essential component to the successful operation of many tourism businesses in New Zealand. Previous immigration policies have tended to focus on the higher skilled end of the economy and ignored the urgent need for lower and less skilled workers for which tourism is dependent.

4. This paper briefly outlines the main workforce challenges facing the tourism sector, which are not dissimilar to challenges facing other service industries, responds to some of the questions raised in the Department’s consultation document and suggests some possible solutions.
5. The Association recommends that this paper be read alongside one you may have received from the Hospitality Association of New Zealand (HANZ) and possibly other tourism and/or hospitality based trade associations.

Background

About the Tourism Industry Association

6. TIA is the umbrella organisation and peak body that represents and advocates for the interests of the tourism industry in New Zealand. The

businesses we represent generate more than 85% of New Zealand's tourism-related revenue. Tourism is an \$18.6 billion industry (\$8.3b from international and \$10.3b from domestic tourism) with international tourist expenditure accounting for 19.2% of New Zealand's total export earnings¹.

7. The tourism sector directly and indirectly, employs one in ten New Zealanders in a diverse range of businesses – the majority of which are small and medium sized enterprises with less than five people. Not only is tourism important because of its size, representing 8.9% of New Zealand's GDP, it is:
 - Highly employment intensive;
 - Regionally disparate; and
 - Very diverse - ranging from large stock exchange listed companies to small cottage businesses.
8. The above businesses cover a range of tourism-related activities – hospitality, transport, adventure and other activities such as cultural tours, attractions and retail as well as related tourism services. In many cases, regional tourism businesses have developed around regional assets divested by other industries and have revitalised those assets and the communities that depend on them.

Comment

9. As mentioned, the tourism industry is a major employer accounting for about one in every ten people in the New Zealand workforce. As a labour intensive industry it is facing major challenges in recruiting staff at all levels, but particularly in the less skilled occupations. Shortages in the workforce are not expected to change in the short to medium term. As the baby boomer generation starts to leave the workforce, there are also fewer people replacing them, so new solutions must be found to meet the challenges of a tight labour market.
10. The NZTS2015 has identified immigration as one possible source of staff with targeted programmes such as working holiday schemes having a role to play in filling critical labour gaps. The industry, however, is aware that in order to preserve authentic “Kiwi” visitor experiences, it cannot rely exclusively on immigration to solve its workforce issues. The industry knows that making wages more competitive is an essential part of attracting and retaining appropriately skilled staff.
11. The Tourism Hospitality Workforce Leadership Group, led by TIA, is now implementing actions set out in the Tourism and Hospitality Workforce

¹ “Key Tourism Statistics – July 2007”, Ministry of Tourism website

Strategy (www.tianz.org.nz) that was published in 2006. Some of these strategies include the:

- provision of better education and training via ITOs
- upskilling of owner/operators to deliver improved workplace and workforce management and conditions
- upskilling of owner/operators to enable increased financial returns and then increased wages and salaries
- establishment of satisfying career pathways
- creating a legislative environment with regard to Immigration that supports the growth of both the tourism and hospitality sector.

12. Attached in Appendix A are details of just one of these strategies to demonstrate the lengths to which the tourism and hospitality and related sectors are going to solve their own problems and address their staff shortages

So how can immigration policy help be more helpful for tourism businesses?

13. In consultation with TIA, the DOL has asked us to consider a number of questions. We have answered these below, but have also added a number of other possible solutions.

How can we better facilitate the needs of New Zealand employers, while managing immigration risks?

- *Does the Department of Labour offer the right mix of products?*
- *Are we responsive enough?*
- *Do we provide enough information?*
- *How could our service be improved?*

14. Considering the above questions collectively, the major concern that employers in the tourism industry have, which may be common across other industries, is:

- the time it takes for applications to be processed
- in particular, the most contentious point is when employers do not know at what stage in the immigration process a potential employee's application is at. This can make it difficult for a business to plan ahead with the certainty that a new employee is coming on board.

15. There is an urgent need to fast-track the application process and improve communication to employers about the status of their cases. In this regard, our Association supports the position of Business NZ, namely that:

- the challenge with current temporary work visa policy is the 'one-size-fits' all approach.

Improving the application process for better facilitation and improved risk management

Temporary migrants can apply for work visa/permits without their employer directly engaging with the Department

- *What advantages and disadvantages for your organisation would an employer led application process have?*
- *Considering the current Approval in Principle process as a potential model, what improvements would you like to see?*
- *Are there other ways of improving the application process that you would like to see?*

16. The Approval in Principle (AIP) process applies the same risk framework to all applicants regardless of whether the firm has responsibly and reliably employed foreign staff in the past. For example, some tourism operators have told us that in a number of situations the same person is returning to the same position each year, yet these applications are still treated each time as if they were new.

17. TIA supports the recommendation made by Business NZ that:

- the DOL and/or the Minister adopt a risk-based approach to processing of AIP applications, especially with employers who have established a proven track record of integrity in dealing with Immigration officials on the issuance of temporary work visas.
- In the tourism industry, there will be many examples of employers who have such a relationship with Immigration staff, for example, hotels, ski companies and adventure tourism operators.

18. The Association would be concerned if Industry Training Organisations (ITOs) were to exclusively provide comment on employment conditions and other relevant information concerning the "need for foreign labour and the availability of New Zealanders for the positions on offer". ITOs are neither employers nor providers of industry training and therefore may not be best placed to comment on individual employment situations.

19. As suggested by participants at the recent Immigration Forum held in Queenstown, the Association thinks that DOL could also be:

- making better use of available technologies to improve the application and approval process in the issuance of temporary work visas.

You will be aware that Business NZ has suggested the idea of a website for employers to be able to check progress on a particular application. The advantage of this would be to lessen the number of phone calls and/or physical visits made by employers and prospective employees to NZIS offices. Such processes would also be more environmentally friendly by reducing paperwork.

Long-Term Skills Shortage List (LTSSL)

20. The main concern the Association has with this list is the continual focus on higher skilled occupations which ignores the critical labour shortages facing service industries such as tourism. The Long-Term Skills Shortage List (LTSSL) tends to focus on technical occupations that are manufacturing based and attract higher salaries.

In the tourism industry there are numerous jobs for which there are long-term shortages that will never reach the cut-off point for skilled employment, which is understood to be ANZSCO level three. For example:

- Cleaners, gardeners, kitchen hands, rental vehicle groomers, baristas, wait staff, front-of-house staff, maintenance people (in a holiday park for instance).
 - A rental vehicle company that has insufficient staff and has to pass its vehicles on to the next customer without cleaning and emptying holding tanks is not providing a 100% pure quality or service.
21. TIA is supportive of Business NZ's recommendation of the DOL giving some thought to including occupations in the LTSSL that fall below minimum base salary and skill requirements, especially if there is evidence of a shortage of workers in a particular occupation. A further point to mention here with regard to minimum income threshold levels is that current policy ignores the overall package that an employee may be receiving. In the tourism (and hospitality) sector, an employee's remuneration package may include a base salary as well as accommodation, meals and a vehicle.

English language proficiency

Increasing numbers of temporary migrants are from non-English speaking backgrounds. Having an English speaking workforce can improve productivity, and health, safety and settlement outcomes

- *What advantages and disadvantages for your organisation would the introduction of an English language requirement have?*

- *If there was an English requirement, who should it apply to? Would there any cases for exemptions?*
 - *What would be an appropriate way to assess temporary migrants' English language ability?*
22. DOL officials who attended the forum in Queenstown will be aware of the discussion that took place concerning English language requirements. The general feeling from tourism operators was that any move to introduce minimum English requirements for a temporary work visa would be detrimental to the industry and just another barrier to employment of temporary foreign workers.
23. At the Queenstown meeting, it was clear that most operators were putting staff with less than adequate English speaking skills on appropriate courses. Meanwhile, employees with less than adequate English speaking abilities were not being placed on the front line. While there was discussion that foreign staff can sometimes detract from the desired Kiwi visitor experience, there was an acknowledgement that a visitor can have an equally poor service experience from a New Zealand worker staffing the front line.
24. The tourism industry believes that no system should be introduced around minimum English language requirements. There is scant evidence to suggest that lack of English language proficiency is compromising the New Zealand visitor experience. As long as operators continue to train their staff in English language skills (and relevant Occupational Health and Safety guidelines), there appears to be no reason to introduce arbitrary International English Language Testing (IELTS) for temporary workers. In the longer term, for example, work to residence applications, then an IELTS qualification may be appropriate.

Supporting family in New Zealand

It is important that temporary migrants with family in New Zealand have adequate income to support them

- *What advantages and disadvantages would a minimum income threshold for temporary migrants to bring dependent children have?*
 - *Would the income measure used by other policies be appropriate for temporary workers? Are there better alternative measures?*
 - *Would there be any cases for exemptions?*
25. This is not a strong consideration for the tourism industry, given that the majority of temporary employees in the sector tend to be younger single persons without dependents. Nevertheless, some circumstances exist where workers do have dependents and in these cases TIA's position would be that:

- minimum income thresholds may be appropriate provided they take into account a worker's total remuneration package (see paragraph 21). The overriding view here is that whatever system is devised, it must not act as a barrier to foreign workers being employed here, provided such workers are able to support their dependents.

Duration of stay in New Zealand

Temporary migrants in lower skilled occupations have no route to residence. This can lead to some families staying a long time, but with the uncertainty and problems of temporary status in New Zealand

- *Do you see any advantages or disadvantages from limiting the time temporary migrants can work in lower skilled occupations?*
- *If there was a limit on the amount of time migrants are allowed to spend working in lower skilled occupations, how long should it be?*
- *If some migrants working in lower skilled occupations are allowed to remain in New Zealand for a long period of time, what would be the most appropriate immigration response before them?*

26. The tourism industry is opposed to:

- the introduction of time limits for migrant workers as potentially this could be a further barrier to the use of migrant workers to alleviate labour and skill shortages.
- only "talented" workers being able to extend their stay in New Zealand, because opportunities should also exist for lower skilled workers to up-skill and also be eligible for longer visas.

27. Many tourism businesses currently rely on temporary work permits for their employees that are normally issued on a one year basis. This means:

- applicants have to reapply each year for work permits which provides no long-term stability for employees, employers and businesses.
- it is also a barrier to employers investing in learning and training.
- compounding the challenge is that less skilled workers do not meet the criteria needed to qualify for residency, so without a guarantee of stability, most workers end up leaving the country and returning home.

28. With the above points in mind, together with feedback received from the meeting in Queenstown, the industry believes due consideration should be given to:

- two year and longer temporary work permits

- work to residence policies that take into consideration the lower skilled and less skilled workforce – in other words the creation of a clear residency pathway together with a career/training pathway
- continued rollover of temporary work permits; and
- recognising tourism as “an identified future growth area” (it currently is not regarded as such by Immigration). As well as the growth in visitors from emerging markets such as India, the Emirates and South America, domestic tourism numbers are also increasing.

Overseas Employers

There are problems with overseas employers wishing to recruit workers for lower skilled jobs through temporary work policy, as there is no New Zealand accountability if things go wrong

- *Should overseas employers be able to use temporary work policy?*
 - *If so, should their New Zealand partners be required to take some responsibility for ensuring that immigration requirements are met?*
 - *Would other measures be preferable? If so, what?*
29. This was an issue also discussed at the Queenstown forum, especially amongst hoteliers. The tourism industry in principle is:
- not opposed to overseas companies being able to use temporary work policy but in doing so immigration law must not create unfair advantages for overseas companies compared to New Zealand companies.
30. The particular concern the tourism industry has in this area is the risk to pay rates if an overseas company is allowed to operate under the jurisdiction of their own country’s laws and their ability to pay rates below the minimum wage or market rate. Overseas companies must meet the same criteria as New Zealand firms with regard to conditions of employment.

Other Issues to Consider

Working holiday schemes

31. New Zealand currently has working holiday schemes with twenty-eight countries. TIA understands that quotas allocated to some of these programmes are not being filled due to a lack of awareness in the countries involved. With greater promotion of these programmes by New Zealand agencies overseas, namely the Ministry of Foreign Affairs and Trade and Tourism NZ, the country could be attracting more temporary workers without any change in current immigration policy settings.

Recognised Seasonal Employment (RSE)

32. The tourism sector believes an initiative like the one currently in operation for the horticulture industry could be replicated for the tourism industry. In areas where seasonal tourism flows are creating an unmet demand for workers, like Queenstown, such a scheme could potentially be workable. TIA believes further discussion between the DOL and the industry on an RSE for tourism would be worthwhile.

Conclusion

33. In sum, TIA believes there is an opportunity for the industry and the DOL to work together on developing immigration policies that are more helpful to tourism businesses. The industry does not see immigration policy as the only solution for workforce issues, but it is one important mechanism that can assist tourism employers with labour shortages in their businesses.
34. The Association believes further work is urgently needed on improving and streamlining the application process, making the duration of stay more flexible with longer temporary work visas and a work to residence pathway and acknowledging the lower and less skilled nature of the tourism sector.
35. Once again, the Association is grateful for the opportunity to provide input into this important policy area and we look forward to a closer working relationship with the DOL in the future.

Simon Wallace

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Tourism Industry Association

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Appendix A

Career Maps and Pathways Project

Problem:

Hospitality and Tourism (and associated sectors Aviation, Travel and Museums/ Galleries):

- Are very diverse
- are one of the largest employment sectors
- are currently experiencing severe skills shortages
- demonstrate poor awareness of career options because of no comprehensive view of career or education and training options
- can't easily find information about career and training options
- are experiencing the consequences of an education and training sector that is misaligned and fragmented.

Therefore it is difficult to make a well informed decision at any stage of a career in tourism and hospitality (and related industries). There is no one place that potential trainees, employees or employers go to or are directed to, to decide what, where and how to study or train before or during appointment. This factor alone acts as a significant barrier to the achievement of the Tourism and Hospitality Workforce Strategy 2006.

The project will deliver / outcomes

1. Career Maps (based on industry agreed job roles) to demonstrate the variety of routes that can be taken across the Aviation, Tourism, Travel, Museum and Hospitality industries and thereby underpins the skills development strategy
2. Documented, comprehensive information about education and training provision for the Aviation, Tourism, Travel, Museum and Hospitality Industries
3. Career Paths correlated with training provision to determine gaps and overlaps in provision
4. An agreed process for maintaining quality information on current and future career options and industry skill and training needs throughout the sectors
5. Clarification of distinctive contributions agreed with Tertiary Education Providers (ITO, Polytechnics, Private Training Establishments and Universities) including roles and responsibilities
6. A cohesive overview strategy for the combined sectors going forward, with the specific purpose of lifting the competency bar on a national level.

The project is well underway and due for completion by late 2008.