



tourism
INDUSTRY

ASSOCIATION NEW ZEALAND

**Submission to the
Ministry of Education
on
Key Roles in Industry Training Systems**

18 January 2012



[Click here to read TIA's Tourism Future 2011-14](http://www.tianz.org.nz)

Introduction

1. The Tourism Industry Association New Zealand (TIA) is grateful for the opportunity to provide input into the Ministry of Education's (MoE or the Ministry) discussion paper on *Key roles in industry training systems*. The Association is also appreciative of the extension it has been granted to lodge this submission.
2. The Association's submission is not a technical one compared to those the Ministry of Education will be receiving from industry training organisations (ITOs). Instead, it provides an overview of tourism's importance to the national economy and how industry training supports the thousands of small to medium sized enterprises (SMEs) that make up the sector.
3. The paper is structured in accordance with the written questions posed by the Ministry in the discussion paper. TIA has attempted to deal with each question as fully as possible, although some questions may have only been answered in brief due to a scarcity of comments provided by members or insufficient knowledge of the subject matter.
4. For any questions relating to this submission, in the first instance, please contact TIA Policy and Research Manager, Simon Wallace on 04 494 1842 or by e-mail to simon.wallace@tianza.org.nz.

Background

A bed-rock of New Zealand's economy

5. Tourism 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. Thanks to our 100% pure positioning, New Zealand is recognised as one of the most beautiful, unspoiled and scenic places on earth. 100% Pure signifies pride in our country, pride in our people and culture, and pride in the unique environment and experiences that New Zealand offers.
6. 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.
7. If New Zealand Inc. is to continue to prosper, to attract investment and to raise its position in OECD rankings, then it is vital the tourism industry, and the positive image it projects, remain strong.

Delivering Value

8. Below is a snapshot of the economic value provided by tourism to the New Zealand economy.
 - Tourism contributes nearly 9% of gross domestic product (GDP) for New Zealand as well as directly and indirectly employing one in ten New Zealanders.

- Tourism in New Zealand is a \$63 million per day industry. The New Zealand tourism industry delivers \$27 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$36 million in economic activity every day.
- Tourism expenditure reached \$23 billion for the year ended March 2010. International visitor expenditure accounted for \$9.7 billion or 16.8% of New Zealand's foreign exchange earnings and is the country's second largest export industry (after dairy).
- Importantly, and despite more challenging times in the past two years, tourism is New Zealand's largest foreign exchange earner and its contribution is felt at national, regional and local levels.

About TIA

9. TIA has been the lead association that represents the interests of about 1,700 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.
10. 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, Tim Cossar.

The Tourism Future Statement

11. In the lead up to the 2011 general election, TIA released the Tourism Future Statement 2011-2014 setting out the tourism industry's priorities for the next three years. The priorities were established following a series of road shows the Association held around the country with more than 700 tourism operators in March and April. The key priorities that industry seeks to partner with the government on are:
 - Delivering value - keeping the industry at the centre of political and public attention will be important in building on the gains achieved in the past three years and delivering value to the New Zealand economy.
 - Improving Infrastructure - while New Zealand's natural environment provides the setting for a range of visitor experiences, quality infrastructure is needed to support the range of activities that visitors enjoy.
 - Making Travel Easier - making travel easier is integral to a great holiday. Creating seamless border experiences and removing barriers for people to travelling to New Zealand will be critical to growing international visitor arrivals.
 - Providing Relevant Information - dynamic changes within the industry and economy mean the delivery of relevant and timely information is critical for business planning.

- Stimulating Domestic Tourism - it is time to make a holiday at home aspirational and help New Zealanders see their country through an international lens.

The Tourism Future Statement also contains a number of actions for industry that will be important to achieve in order to deliver world class experiences for visitors to New Zealand. These include:

- Quality visitor experiences - these are critical to growing visitor numbers and spend.
- Changing market mix - there is a need to adapt products and service standards to cater for the needs and desires from new markets like China.
- Environmental responsibility - the environment underpins the New Zealand visitor offering so it will be important to encourage tourism operators to adopt and retain sustainable business practices.
- Increased Maori participation - the tourism industry supports increased levels of participation by Maori in the visitor industry.
- Industry research - continuing to provide timely and relevant information for tourism businesses will be critical for business planning.
- Local government - the tourism sector will continue to improve its relationship and engagement with local government which is itself a major investor in regional tourism development.

General Comments

12. People are the visitor industry's most valuable asset. Without suitably trained and qualified staff, tourism businesses would not be able to deliver the high quality visitor experiences that visitors come to expect. In a service sector like tourism, there is a real need to focus on vocational based training that is aligned to business and the wider tourism sector needs, while at the same time equipping prospective employees in the industry with good literacy and numeracy skills.
13. A review of the qualifications framework undertaken by the New Zealand Qualifications Authority (NZQA) and Tertiary Education Commission (TEC) in 2011 appears to have "dumbed" down tourism as a career pathway in schools and placed more emphasis on academic based training options, especially at University Entrance (UE) level. These reforms have failed to acknowledge the importance of tourism as a driver of economic development and key foreign exchange earner and one that can provide a long term career option.
14. This industry training review needs to not only acknowledge tourism's importance to the New Zealand economy, but also be responsive to the changing needs of tourism businesses. Industry training tends to lag behind the shifts that are occurring in New Zealand's international visitor markets, sometime by several years. For example, with China, Singapore and Malaysia, now New Zealand's fourth, ninth and tenth largest markets respectively, there is an urgent need for cultural awareness training to help tourism businesses and their staff be better prepared to meet the service needs of these new visitors.
15. In an industry characterised by small to medium size enterprises (SMEs), the tourism industry places a high value on targeted and relevant on-the-job training. Losing an employee to off-the-job training, as well as being costly for a small business, does not provide the opportunity to learn in a customer-facing environment. Industry training organisations, like the Aviation, Tourism and Travel Training Organisation (ATTTO), provide learning support and resources that help make training more accessible, affordable and achievable for people in small businesses.
16. In order to improve New Zealand's overall competitiveness across all industries, not just tourism, the industry training review will need to ensure that skill development is aligned to the future needs of the economy. At the moment, this is not happening to the extent that it should. There is a mismatch occurring between the training offered by education and training providers and the skills and competencies sought by employers.

Answers to Ministry of Education questions in Discussion Paper

1. Determining an industry's skill and training needs

Q1 – In your view, how well does the current system for the development of industry-level skill strategy ensure:

- that the current and future needs of businesses and of industries are taken into account?
- that the strategy takes into account broader economic, labour force, tertiary education and social goals?

Answer

17. There needs to be a much greater focus and recognition of the vocational skills and their importance for industries like tourism. The review of qualifications and University Entrance criteria completed by NZQA in 2011 placed much more emphasis on academic-related subjects and less importance on vocational based training. A broader industry-skills strategy must find the right balance between academic and vocational skills.

Q2 – In your view, what changes should be made to improve the way in which industry skill strategies are developed and implemented?

Answer

18. The recognised industry training organisation (ITO) for the visitor sector, the Aviation, Tourism and Travel Training Organisation (ATTTO) is currently leading the Targeted Review of Qualifications (TRoQ) in the tourism sector. TRoQ is bringing together a range of stakeholders from within the tourism industry, secondary schools, ITOs, polytechnics and private training establishments.

19. This review is considering all the qualifications available in the sector, including their quality and relevance and whether the qualifications are meeting the tourism industry's changing business needs. TIA sees this as a really important project and is involved in TRoQ at a governance level.

20. While the relationship between the industry and the ITOs largely works well, sometimes there is a sense that the training offered does not always best reflect industry needs and that businesses generally need to be more involved in qualification development. As Business New Zealand notes in their submission:

“the workplace must be at the centre of industry strategies, both in their development and implementation and such an approach raises questions about the overall organisational capability of all ITOs to successfully execute this function”.

21. TIA has confidence in the capability of ATTTO. At the same time, the Association endorses industry skill strategies that are capable of building a consensus around skills; will inform whether what is currently being delivered is consistent with the industry's overall direction; and finally, is used as an accountability mechanism to measure the progress of industry skills against objectives.

2. Development of skill standards for industries

Q3 – In your view, how well does the current system ensure that skill standards?

- are relevant and responsive to industry?
- take into account the needs and interests of trainees?
- take into account broader strategic considerations for the labour force and the economy?

Answer

22. For the current system to ensure that skill standards are relevant, responsive and meet the needs of trainees, engagement between the industry and the ITO needs to be regular and ongoing. In an industry like tourism where there are a diverse number of businesses and needs, engagement can be challenging. If anything, the industry must be more involved with its ITO to influence the development of skill standards for industries.

23. ATTTO developed the Skills Connect website www.nzskillsconnect.co.nz as an online information portal to promote career pathways in the tourism industry. Because of the exemplars used, Skills Connect has been an effective tool in helping prospective employees better understand the diversity of jobs available in the sector. TRoQ is also helping to understand whether skill standards are relevant and responsive to the industry as well as meet the needs of trainees.

24. Whist we support ATTTO and their ability to do their job well, from the broader ITO perspective TIA endorses Business New Zealand as quoted below:

“supply driven approaches where the preferences of employers and learners are not adequately taken into account by ITOs and providers is inappropriate. Employers need to be seen as central to standard setting”.

Q4 – What changes could be made to improve the way in which skill standards are developed?

Answer

25. By statute, ITOs are required to consult with industry when reviewing qualifications and skill standards and for the most part, ATTTO has been largely effective in involving industry in their consultation processes. TRoQ is certainly seeing the wider involvement of a diverse range of players within the sector.

26. In a sense, ITOs can only be as good as the input they receive from their industry and if that input is lacking then the skill standards developed will only be as good as the input received.

27. There also needs to be better recognition of and support for limited credit programmes (LCPs), and short modules of learning to address skill shortages which are particularly useful for SMEs that have limited time and money and want a short, focused approach to training. Industry has said that LCP type training is well suited for seasonal based businesses.

Q5 – Do you have any comments on the advantages and disadvantages of the various ways in which skills standards can be developed, or any additional considerations which should be taken into account regarding skill standard development?

28. With respect to this question, TIA largely endorses the answers in the Business New Zealand submission. First and foremost, industry subject matter experts must be involved in the setting of standards. A lack of industry expertise can sometimes result in too much focus on bureaucratic procedures rather workplace skills. There is also a need for basic literacy, language and numeracy skills to be embedded in all industry based training.

29. One of the main disadvantages of skills standard development in the tourism industry is a focus on entry level training and qualifications. There needs to be just as much emphasis on providing appropriate training for those people already in employment as well as development for managers and owners of businesses.

3. Development of qualifications

Q6 – In your view, what changes could be made to the broader industry training system to improve the way in which qualifications are developed?

Answer

30. As noted, the development of qualifications could be much improved with more industry input. At the moment, there is a sense that industry input could be more extensive and this lack of input is reflecting in qualifications that do not always reflect the realities of the workplace. Again, Business New Zealand makes some good points with respect to the development of qualifications. They are:

“effective engagement between ITOs and employers is the key to successful qualifications development. Steps must be taken to ensure that key players, including industry, are involved with qualifications, presented in a language and style that both employers and learners can understand. The qualifications system is far too complex”.

“the proliferation of qualifications continues to be problematic for industry and efforts are required to ensure qualifications clearly signal education and employment value to end users”.

“the dominant assumption that high value qualifications are of more value than lower level, needs rethinking. Learners should have the opportunity to gain Level 2 qualifications through different modes of delivery”.

Q7 – Do you have any comments on the advantages and disadvantages of the ways in which qualifications can be developed, or any additional considerations which should be taken into account regarding the development of qualifications?

Answer

31. While ITO and industry engagement is essential to the way that qualifications in all sectors are developed, there is a belief that a balance needs to be found between shorter and longer qualifications. Shorter duration qualifications and training programmes are more achievable for people in work while better meeting the needs of businesses, especially SMEs looking to rapidly up-skill employees to support a responsive and customer focused tourism sector.

32. On the face of it, the current system does tend to favour longer duration qualifications, with little or no flexibility for ITOs to do just-in-time training which is where LCPs would have some

benefit.

33. The New Zealand qualifications system is also overly complex and can in fact be intimidating. Terms like 'unit standards' and credentialised training have little meaning to industry employers when trying to assess the suitability of a prospective employee.

34. There can also be many delays in qualifications reaching the market because of government bureaucratic processes. By the time qualifications are developed and approved, changes in the market can sometimes make those qualifications irrelevant.

4. Arranging the delivery of training

Q8 – In your view, how well does the current system for arranging industry training ensure that the content and mode of delivery of training is appropriate for industry needs? for businesses? for trainees?

Answer

35. The tourism sector places a high value on on-job training and this is accentuated by the SME nature of the sector that means the loss of an employee to off-the-job training can lead to a loss of productivity for the business concerned. Unlike manufacturing or trade related occupations, employees in the tourism industry deal much more with customers in a service role than they do with tools meaning off-job training does not provide the opportunity to learn in a real work, customer-focused environment. For the tourism industry, learning in the workplace means the training is able to better match the skill sets needed by the employer.

Q9 – How well does the current system for arranging industry training ensure the continuing quality of training?

Answer

36. TIA supports the position of Business New Zealand in saying that industry need to be involved in the moderation process so that a consistent standard is achieved, while more could also be done to help employers, especially SMEs to support their training role.

Q10 – In your view, what changes should be made to improve the way in which training is arranged?

Answer

37. Again, the Association largely supports the position of Business New Zealand on the ways that training is arranged. TIA believes that competition between ITOs, ITPs, PTEs and other providers for trainees is not in the best interests of the industry. Employers in the tourism industry simply want the most appropriate training for employees in their workplace regardless of who is providing that training.

Q11 – Do you have any comments on the advantages and disadvantages of the various ways in which responsibility for arranging training can be assigned, or any additional considerations which should be taken into account in this regard?

Answer

38. The way that training is arranged needs to always have the customer in mind. In the tourism industry, training arrangements should also be mindful of small business realities.

39. There also need to be support for identifying suitable candidates for work in the tourism sector rather than a “bums-on-seats’ funding model that is predominant with some training providers.

5. Quality assurance – monitoring and assessment

Q12 – In your view, what changes could be made to the broader industry training system to improve the way in which training quality is assured?

Answer

40. It is important for employers to play a key role in quality assurance standards for industry.

Q13 – Do you have any comments or any additional considerations that should be taken into account in relation to quality assurance of industry training?

Answer

41. It would be useful to have reliable data and information on the labour market outcomes for each vocational qualification to assess if labour market needs have been adequately met.

6. Overall

Q14– In your view, what other changes should be made to improve the industry training system’s contribution to broader economic, labour force, tertiary education and social development goals?

Answer

42. Refer to Conclusion

Conclusion

43. The industry training review must try and bring industry and training providers much closer together and make sure that training and qualifications offered are better meeting the changing needs of employers in the tourism industry. This requires an effort from industry to take a much more active interest in the activities of their relevant training providers. Because of the SME nature of the tourism sector, shorter duration courses and on job training are held in high value by employers and TIA would welcome greater emphasis from training providers that is more responsive to these needs. An industry training system that matches training and qualifications with the dynamic changes that are occurring for tourism businesses is one that will create a skilled and talent pool of workers to grow the sector and tourism’s contribution to New Zealand’s overall economic growth.

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