

14 September 2022

ITP Workforce Leadership Group
Ministry of Business, Industry and Employment
PO Box 1473
Wellington 6140
WELLINGTON

By email only: TourismITP@mbie.govt.nz

Dear Gráinne, John and Heather,

Hotel Council Aotearoa submission on He Mahere Tiaki Kaimahi - Draft Better Work Action Plan

Hotel Council Aotearoa (**HCA**) is New Zealand's dedicated industry body for hotels and hoteliers. We represent over 140 hotels (15,600 guest rooms). We are pleased to provide this submission in response to the [Draft Better Work Action Plan](#) (the **Plan**).

HCA's responses to the consultation queries in the Plan are set out in the attachment to this letter. In addition, we make the following general comments:

- **New Zealand's Tourism sector is one of our country's great economic success stories.** Once our country's entire economic output was based on mining, logging and intensively farming the landscape. In addition, we commercially and recreationally hunted our birds, whales and other sea creatures, often well beyond sustainable levels. While acknowledging conservation and social license concerns, Tourism has allowed us to transition away from what are now understood to be much more environmentally destructive prior activities. Tourism is a progressive, life-affirming and environmentally-aligned sector that connects New Zealand – small and isolated – with the wider world. Tourism also makes a very meaningful contribution to New Zealand's tax base, since no other exporter collects GST on its product. Tourism substantially subsidises non-tourism, general expenditure made by central government for the benefit of all New Zealanders, while providing employment opportunities in geographically dispersed and isolated communities, rather than just our main cities. In HCA's opinion, the preamble to the Plan fails to put New Zealand's Tourism sector properly in context, both domestically and internationally.
- **The Plan fails to address or acknowledge the fundamental issues of growth, infrastructure investment and funding.** Without growth, no industry can attract new ideas, new capital and new workers. The criteria for selecting "better work" as the first (and by implication, most important) issue for Tourism to tackle has not been made public by MBIE or the Minister. The justification as set out on p.9 of the Plan – that people are "the foundation of the system" – seems more a statement of aspiration than a factual basis for setting priorities. In HCA's opinion, the most important issue that Tourism in New Zealand must face up to is how we plan to grow visitation levels, while at the same time ensuring the sector has the support of our wider communities, not just tourism sector workers and others who derive a direct economic return from Tourism. This question leads inevitably to issues of infrastructure investment and sector funding. Without resolving these issues, everything else is window-dressing.

- **The Plan is light on actionable datapoints and international best practice.** Tourism exists in an internationally competitive market. While there are unique aspects of New Zealand’s landscape and whenua that cannot be replicated overseas, other parts of our tourist offering – such as service levels, infrastructure standards and pricing – are constantly being compared with what’s available in other destinations. Even New Zealanders make these comparisons when deciding where to travel. The challenges faced by New Zealand’s tourism sector in a post-COVID world – including workforce issues – are not unique or unusual. HCA is surprised that the Plan contains so little comparative data from our competitor destinations or examples of what success looks like overseas. It is also a surprise that none of the Tirohanga Hou contain numerical targets or outcomes against which future success might be measured. In the experience of HCA’s members, the most successful plans drive towards achievement of specific, measurable, achievable, relevant and time-based (or “SMART”) goals. It seems to us that the Plan takes a more philosophical or aspirational approach to goal-setting that might not result in real change.

HCA is available to the Tourism ITP Leadership Group to provide whatever assistance you may require in this important piece of work. Thank you for the mahi that each of you personally has put into this – it is recognised and appreciated.

Yours Sincerely
Hotel Council Aotearoa



James Doolan, Strategic Director
james@hotelcouncilaotearoa.com

Attachment 1: Consultation Questions and Responses

Consultation Question	HCA Response
Overall questions	
Do you think each of the Tirohanga Hou will lead to better work outcomes in tourism? Why?	<p>For this purpose, we assume “better work outcomes” means achieving substantially all of the outcomes listed on p.10 of the Plan. If “better work outcomes” means something else, then that should be clarified in the final Plan.</p> <p>While some of the Tirohanga Hou may lead to better work outcomes, others appear too broadly-conceived to result in sector-wide change.</p> <p>We query whether some of the Tirohanga Hou will be ignored by industry participants that are already “bad actors”. It is hard to achieve industry transformation if the worst behaviours continue. Similarly, it appears to us that other Tirohanga Hou are already willingly and actively pursued by the best and most successful tourism operators in New Zealand.</p>
How can we improve each Tirohanga Hou?	See specific comments below.
What do you think are the most important Tirohanga Hou?	<p>The most important Tirohanga Hou is “5. Embracing the peaks and troughs of tourism demand”. Dealing with seasonal and locational variations in labour demand is the key issue for tourist operators to resolve if New Zealand aspires to achieving better work outcomes. However, we do not consider this Tirohanga Hou adequately addresses the challenge.</p> <p>We cannot “wish away” the weather, school holidays, guest preferences, physical isolation or other external factors that result in fluctuating consumer demand for tourism product across time and location. By the very nature of our product, we require a workforce that’s available early in the morning, late at night and while everyone else is holidaying.</p> <p>Ultimately, for any sector to be successful and sustainable in the long term, it must build up an engaged and effective workforce that meets customer preferences.</p> <p>The seasonality of tourism is <u>the</u> overriding characteristic of our industry that creates challenges and opportunities for tourism businesses and workers.</p>
Are there any other Tirohanga Hou we are missing that you think should be considered for development?	Yes. The Plan avoids all consideration of Tourism sector <u>growth</u> . Any sector that is stagnant, or in decline, will struggle to attract new investment and create opportunities for its workers.

Consultation Question	HCA Response
	<p>Growth is the “elephant in the room” when it comes to discussing Tourism’s future in New Zealand. Would any of us recommend our own children build careers in declining sectors?</p> <p>The growth discussion leads inevitably towards related issues including: (a) infrastructure investment to accommodate the growth. and (b) funding models to pay for the growth. New infrastructure and increased visitation results in new businesses, jobs and opportunities.</p> <p>Of course, these topics appear to justify their own ITP chapters. However, if the decision has been taken to prioritise “Better Work” and “Environmental Issues” over growth considerations, then growth assumptions should at least be addressed as part of the first Tourism ITPs, including this one.</p> <p>Additionally, the Plan appears to miss or avoid consideration of where central government policy changes might help the Tourism sector achieve better work goals. For example, there is little discussion around tourism-specific immigration settings, secondary tax codes, employer incentives or other policy levers that might be rightfully adjusted.</p> <p>Finally, as an overall comment, there is inadequate analysis of international best practice. Through having the resources of MBIE available to it, we would have anticipated greater levels of research to help put New Zealand’s tourism offering in context. Our tourism businesses compete internationally against other destinations that also struggle with some of the same problems we face. The Plan would be a much more compelling document if it contained comparisons showing, for example, wage levels and/or immigration reliance in these other destinations. What countries are “doing tourism well”? What countries have made mistakes that New Zealand should avoid? It appears to us that the Tirohanga Hou for better work in New Zealand might have looked somewhat different if informed by stronger analysis of the winners and losers in international tourism.</p>
Do you have any other comments?	
1. Tourism and Hospitality Accord	
Do you think this Tirohanga Hou will lead to better work outcomes in tourism? Why?	<p>Whether a Tourism and Hospitality Accord (Accord) leads to better work outcomes is uncertain. It will depend on the content of any Accord and the level of uptake, particularly amongst existing “bad actors”.</p> <p>It is possible that an industry-specific Accord will simply create another layer of administrative complexity that is largely ignored by the worst employers, particularly if other initiatives such as Fair Pay Agreements are introduced as well. If that’s the case, the</p>

Consultation Question	HCA Response
	<p>Accord might not do much to improve things for the worst-treated employees in Tourism.</p> <p>Since MBIE is presumably closely involved in work around Fair Pay Agreements, should the Plan clearly point out how the Accord and Fair Pay Agreements would work together? Are we confident that there is no unnecessary replication in these proposed initiatives? Specifically, what matters not already covered in legislation, employment contracts or anticipated Fair Pay Agreements would be governed by the Accord, instead?</p> <p>Without clarity on the incremental coverage of the Accord, it's hard to anticipate what impact it may have on driving better work outcomes.</p>
<p>How can we improve this Tirohanga Hou?</p>	<p>This Tirohanga Hou would be improved if the claimed benefits were demonstrated empirically or through case studies from overseas. As drafted, it seems that the benefits listed on p. 22 are simply assumed to flow from the introduction of an Accord in New Zealand.</p> <p>Is the justification for an Accord supported by underlying research or case studies from overseas? Do workers in locations with similar industry accords report greater levels of satisfaction in their jobs? Do Accord-endorsed employers in such jurisdictions obtain measurable advantages from fully participating in an Accord programme? Do industry Accords help elevate employment practices amongst smaller, independent operators who might not directly participate in designing or overseeing the Accord itself?</p> <p>Much more detail is required as to how an Accord would work and what matters it would cover. Again, is it based on overseas precedent?</p>
<p>What else do you think can be included in the Accord?</p>	
<p>2. Promoting a Purpose-Driven Intergenerational Mindset</p>	
<p>Do you think this Tirohanga Hou will lead to better work outcomes in tourism? Why?</p>	<p>No. It's hard to see how a "purpose-driven intergenerational mindset" helps achieve many of the indicators of "better work" as set out on p.10.</p> <p>The Tirohanga Hou needs much more detail as to how and why it would work to achieve better work outcomes, including at small businesses that might be operating under significant financial strain. The example given – sharing the stories of operators taking a Te Ao Maori values approach – seems far removed from the workforce issues facing both employers and employees on a</p>

Consultation Question	HCA Response
	<p>day-to-day basis. Does this particular example fall within “4. Building Cultural Competency” as well?</p> <p>We are not dismissing the importance and positive impact of purpose-driven, intergenerational business models. In a thriving sector, many businesses will adopt such a mindset either because it helps create a competitive advantage or it delivers other benefits to the business owners and employees. We do question whether investing in “promoting” these concepts would help drive industry-wide improvements in the short and medium-term.</p>
How can we improve this Tirohanga Hou?	It should be discarded. It weakens the more actionable Tirohanga Hou.
3. Enabling Better Work Through Innovation and Technology	
Do you think this Tirohanga Hou will lead to better work outcomes in tourism? Why?	<p>Timely adoption of innovation and technology is vitally important for the survival and success of any consumer-led business. If New Zealand is slow to adopt innovation and technologies demanded by guests, then we will be competitively disadvantaged in comparison with other destinations.</p> <p>The link between “better work” and innovation/technology as set out in the Tirohanga Hou seems a little forced. Technological improvements do not always lead to “better work” for employees. Indeed, technological improvements are often driven by a stated goal of <i>reducing</i> workforce. This is demonstrably the case with comparatively recent innovations such as self check-in at airports and hotels.</p> <p>Is this Tirohanga Hou recommending a <u>wholesale and broad-ranging</u> adoption of more innovation and technology, or only innovations/technology that do not displace workers, make work more mundane, or limit worker self-determination? It is not immediately clear.</p> <p>Innovation and technology <i>is</i> a point of competitive advantage as between New Zealand’s tourism businesses. Having said that, there appears to be some circumstances where technology that has become common overseas is slow to be adopted in New Zealand, due to New Zealand’s geographical isolation, low population and relatively shallow pools of investment capital. In our opinion, there is a role for government and industry (acting collectively) to identify and take action in response to these specific cases. There may be a business case for central government to invest in the importation of some technologies from overseas.</p>
How can we improve this Tirohanga Hou?	The vast majority of technological gains in New Zealand tourism will be overseas technologies/innovations that are imported here,

Consultation Question	HCA Response
	<p>rather than developed domestically from scratch. This Tirohanga Hou would be improved by clarifying the “international best practice” component and establishing a role for Government and/or industry groups in researching and disseminating these ideas.</p> <p>Any "showcasing" of the best tourism technologies and innovations much include identifying and facilitating the introduction into New Zealand of successful initiatives from overseas.</p> <p>Innovation in Tourism may well require timely consenting of new tourism infrastructure. Skyline Luge and AJ Hackett Bungy are excellent examples of New Zealand innovation in Tourism, requiring the construction of physical infrastructure alongside or adjacent to our rivers, lakes and mountains. It is questionable whether these tourism innovations might get out of the ground today.</p> <p>Nothing in the Tirohanga Hou speaks to regulatory approval of, or support for, new tourism ventures that “push the envelope” of past practice. At times, commercialising our tourism offering requires compromise that might cut across other national goals, such as our approach to conservation.</p> <p>In our opinion, this interplay between innovation and “conservation” (of the landscape and of the <i>status quo</i> or past practice) is something worth exploring further if we wish to transform Tourism in New Zealand.</p>
4. Building Cultural Competency	
<p>Do you think this Tirohanga Hou will lead to better work outcomes in tourism? Why?</p>	<p>Not necessarily. Cultural competency and “representing Aotearoa’s rich culture” is just one aspect of “good service”. For some tourism industry workers, cultural competency (as described in the Plan) is a vitally important component of their job. For others, it is only minimally relevant.</p> <p>In our opinion, a broader focus on <u>improving overall service standards</u> and creating a customer needs-driven attitude amongst Tourism businesses and workers is likely to have much greater upside. The opportunity here is to focus on delivering manaakitanga. What does excellent service look like in New Zealand (as opposed to “Kiwis don’t do fancy service – that’s not what we’re about, mate!”). How can we foster an environment where tourism industry workers take pride in delivering exceptional service that surprises and delights the guest?</p> <p>Particularly in relation to high value international travellers, we should be driving greater cultural competency in understanding <u>the rich history and culture of our guests</u>. Including aspects of Te</p>

Consultation Question	HCA Response
	<p>Ao Maori in our tourism offerings is more impactful when we explain the areas of commonality (or conflict) with different cultures and help place things into context for our guests. We cannot “teach” our own background without understanding theirs.</p> <p>There is always upside – for both workers and businesses – in delivering better service. <i>Broad-ranging</i> cultural competency (as opposed to competency in New Zealand/Aotearoa culture only), would help create opportunities and pathways for tourism sector workers, including career pathways leading to work overseas.</p>
<p>How can we improve this Tirohanga Hou?</p>	<p>See above. The focus should be on improving service standards generally and ensuring tourism industry workers embrace and aspire to the highest service standards possible. Teasing out the concept of manaakitanga and what it means in the context of Tourism would provide a strong foundation for a workstream that could genuinely improve the tourism offering and day-to-day satisfaction of tourism sector workers.</p>
<p>5. Embracing the Peaks and Troughs of Tourism Demand.</p>	
<p>Do you think this Tirohanga Hou will lead to better work outcomes in tourism? Why?</p>	<p>No, not as currently conceived. This is the weakest part of the Plan, which is disappointing given it is one of the major issues for Tourism to resolve.</p> <p>Use of the word “embracing” gives a sense of us all hoping that the problem might somehow fade away if we don’t make such a big deal of it...!</p> <p>Peaks and troughs in demand exist across the day (breakfast, lunch, dinner), the week, the year and in different locations depending on the weather/seasons and external shocks. There are wide variances in tourism product demand that vary from business to business, location to location, and week to week. Most Tourism businesses simply do not operate on “normal” 9-5 hours, with 4 weeks plus public holiday hours.</p> <p>Fluctuating demand is a key issue faced by all tourism and hospitality businesses and, with rising labour costs, it will not go away. Just as workloads rise and fall for those involved in the horticulture or dairy sectors, the same is true of tourism.</p> <p>It is simply not credible to suggest that tourism demand peaks and troughs might be “embraced” by (a) employee-sharing; and (b) using the off-season for more staff training.</p> <p>We need to be bolder and more intellectually robust if we wish to transform this aspect of New Zealand Tourism.</p>

Consultation Question	HCA Response
How can we improve this Tirohanga Hou?	<p>It should be completely reworked. As a starting point, solving the issues created by seasonality and physical isolation of resort locations requires detailed empirical analysis, both of the problem as it exists in New Zealand today, and of the solutions successfully implemented elsewhere around the world.</p> <p>We should not pretend that immigration/visa settings are unimportant. It is possible to design effective immigration settings that support Tourism without adversely affecting the livelihoods of domestic workers. We have to discuss and debate “Who loses out?” if foreign workers <i>willingly and enthusiastically</i> fill entry-level roles in geographically isolated parts of our country during peak season.</p> <p>Nor should we pretend that pay/conditions and training/career pathways are the only possible barriers to attracting sufficient domestic workers.</p> <p>Finally, we must openly acknowledge that Tourism labour demand fluctuations affect not just skilled labour, but also entry-level and unskilled positions (sometimes more so than for skilled positions).</p> <p>If the challenges of seasonality once led to the creation of a specific and tailored immigration scheme for the horticulture sector, then why not Tourism (or at least sub-sectors of Tourism) as well?</p> <p>The labour demand challenges inherent in Tourism should be much more fully identified and described before stakeholders coalesce around proposed solutions.</p>
6. Fit for Purpose Education and Training	
Do you think this Tirohanga Hou will lead to better work outcomes in tourism? Why?	<p>Yes, but note comments above about whether or not Tourism will be a growth sector.</p> <p>We note that overhauling training and education will take time to flow through to the workforce. Tourism is only being taught as an NCEA Level 2 & 3 achievement standard from 2023. It will take time for attitudes towards tourism to evolve amongst education professionals, students and teachers. While vocational and industry-led training is very important, the status of Tourism at secondary schools is also critical.</p>
How can we improve this Tirohanga Hou?	

Consultation Question	HCA Response
7. Tools and Resources	
Do you think this Tirohanga Hou will lead to better work outcomes in tourism? Why?	Potentially, but it seems that this Tirohanga Hou is something of a placeholder, given statements such as “If research shows that awareness can be improved...” It seems premature to suggest, or seek comment on, proposed solutions where the problem itself has not yet been made out.
How can we improve this Tirohanga Hou?	Complete the preliminary research to determine whether this is indeed a problem, and whether the problem merits actions in priority to other matters that could be addressed.
8. Public Campaign	
Do you think this Tirohanga Hou will lead to better work outcomes in tourism? Why?	<p>Potentially, but we agree that “such a campaign will only be successful if other aspects of [the] draft Action Plan are implemented”.</p> <p>In addition, we consider such a campaign would only be successful if the sector as a whole is in the ascendancy, with clear room for growth/expansion and consistent support from regulators and political leaders. For too long, Tourism has been something of a political punching bag. It would be pointless for industry and government to collectively invest in positivity campaigns if the messaging is undermined in other ways. We note the significant investment being made into Go With Tourism recently, even during the period of international border closures, mass redundancies and industry retrenchment.</p> <p>In summary, it appears premature for the sector to initiate more public campaigns before attempting to respond to many of the other big problems in Tourism, including industry growth and social license concerns.</p>
How can we improve this Tirohanga Hou?	<p>Clear acknowledgment of the role played by government/regulators generally in “championing” or “trashing” certain industries, and the impact that this political messaging can have on overall attractiveness of a sector in the long term.</p> <p>It is possible to call out bad actors without maligning all industry participants. Greater attention is needed on getting this balance right with the Tourism and Hospitality sectors in New Zealand, or else well-meaning campaigns to change industry perceptions are sure to fail.</p>