



Hospitality New Zealand

TO PRODUCTIVITY COMMISSION

SUBMISSION ON

IMMIGRATION – FIT FOR THE FUTURE
PRELIMINARY FINDINGS AND RECOMMENDATIONS

24 DECEMBER 2021

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About Hospitality New Zealand:

1. Hospitality New Zealand (“Hospitality NZ”) is a member-led, not-for-profit organisation representing approximately 3,000 businesses, including cafés, restaurants, bars, nightclubs, commercial accommodation, country hotels and off-licences.
2. Hospitality NZ has a 119-year history of advocating on behalf of the hospitality and tourism sector and is led by Chief Executive Julie White. We have a team of seven Regional Managers located around the country, and a National Office in Wellington to service our members.
3. Hospitality NZ has a Board of Management, made up of elected members from across the sectors of the industry, and an Accommodation Advisory Council, made up of elected members from the accommodation sector.
4. We also have 18 local Branches covering the entire country, representing at a local level all those member businesses which are located within the region. Any current financial member of Hospitality NZ is automatically a member of the local Branch.
5. This submission relates to the Productivity Commission’s “Immigration – Fit for the future: Preliminary Findings and Recommendation” inquiry report.
6. Enquiries relating to this submission should be referred to Sam MacKinnon, Senior Policy Advisor, at sam@hospitality.org.nz [REDACTED].

Overview:

7. Hospitality New Zealand welcomes the opportunity to comment on the draft report.
8. The hospitality industry in Aotearoa is deeply reliant on our migrant workforce. Migrants work across all roles in the sector, and indeed, many have started hospitality businesses as a way to contribute economically to New Zealand’s future, and settle permanently here.
9. Hospitality NZ recently commissioned Infometrics to undertake an economic impact report on the value of hospitality. Infometrics estimates that the hospitality sector has the largest concentration of migrant workers (including temporary migrants and recent residents) across all New Zealand industries.
10. On average for the 12 months to March 2020, 29% of the hospitality sector’s workforce was classed as a recent resident or was a migrant visa holder. The remaining 71% were New Zealand citizens.
11. It is a common perception that hospitality does not pay enough and that is why the sector relies so heavily on working-holiday visa holders or recent migrants who are looking for work. However, in many cases, hospitality employers like hiring migrants because they are willing to work hard, they come with experience and they help lift the standard of work through working with other staff and sharing their knowledge.

12. Employing New Zealanders first is absolutely a priority for our industry. We recognise that shifting perceptions and attracting more New Zealanders into the industry is vital to its future. Recent tightening of immigration settings has not given the sector adequate time to train Kiwis for skilled jobs in the sector. Once borders open again, migrants will continue to play a vital role in the sector's future. We believe the industry will need at least five years to train and upskill Kiwis appropriately to fill the labour market shortage.
13. We also found the scope of the inquiry limited. While we understand the inquiry necessarily needed a tight focus, immigration sits within a much wider workforce system, and shouldn't be viewed strictly in isolation. We are now facing the lowest unemployment rate on record, with demand for staff well outstripping the supply. We are in a global battle for talent. We are in the midst of a Review of Vocational Education. In a broader economic sense, the hospitality industry is fighting for its survival in a pandemic that will have a long tail of impacts. All these factors impact the way our workforces are currently structured, and will be structured in the future.

Specific Comments on Productivity Commission's observations and findings:

14. *Immigrants make a positive contribution to New Zealand's workforce. Immigration has helped raise the overall skill level of the working population.* We strongly support these findings – this is certainly consistent with our own observations within the hospitality industry. For example, European-trained maître-d's improve service levels across the board, chefs pass on their international knowledge and skills to New Zealand-trained professionals.
15. *Overall, immigration has not come at the cost of locals' wages and employment opportunities.* We support this finding. We note BusinessNZ's observation that despite extensive international research, there is no evidence that migrants displace people from work, particularly in countries with regulated and visible labour markets.
16. *There is a disconnect between the immigration system and the education and training system.* Hospitality NZ strongly supports this finding. As we have mentioned above, we recognise there are some misperception issues that the industry needs to overcome in order to ensure strong educational pipelines into our workforce. Difficulties securing enough staff entering the industry has contributed to our reliance on a migrant workforce. However, we would also note with some frustration that individuals within Government have often remarked that the industry needs to shift perceptions and in the same breath reinforcing the perceptions that need to be shifted. Despite our work in this area, we require wider support to help secure our future workforce.
17. *The use of immigrant labour reflects specific industry and labour market conditions.* We endorse BusinessNZ's comments in this area. BusinessNZ considers there are many more factors that contribute to the risks of migrant exploitation than the specific industry. Immigration policy should recognise that migrant exploitation is the consequence of a few bad actors, usually from the migrant's own country. Therefore, there should be strong checks and balances in place so migrants can avail themselves of the employment protection rights available to all New Zealand employees.

18. *Immigrant labour in some circumstances may reduce incentives to adopt new technology.* Hospitality is fundamentally about being hospitable. This means we will always retain a strong people element in our workforce and automation will be limited. We do not believe that our migrant workforce means we are resisting adoption of new technology.
19. *Recent arrivals may have been less highly skilled than earlier cohorts.* Hospitality NZ endorses BusinessNZ's comments and we do not believe the Productivity Commission has taken a balanced view of the drivers for immigration at all skill levels. Temporary migration used to fill vacancies in lower-skilled jobs reflects a growth in jobs that cannot be met with New Zealand's workforce base and a shift in attitude towards certain jobs. This problem is not unique to New Zealand. It is common in all developed countries with rising educational achievement – people seek a return on their education investment in the form of higher paid jobs.
20. *Immigration policy needs transparency, a clear direction and better connections.* We strongly agree with this finding and note that immigration settings and the time for someone to settle in New Zealand and progress from a worker through to permanent residency is approximately ten years. The political cycle sees immigration settings shift every three years resulting in a lack of strategic planning and supporting policy. A well-signalled immigration policy – uninhibited by the political cycle where appropriate – is essential to ensure New Zealand is attractive to the world's best and brightest and is competitive in the global war for skills.

Conclusion:

21. We thank the Productivity Commission for the opportunity to provide input into the consultation.
22. We also note that we support BusinessNZ's submission on this paper.
23. We would be happy to discuss any parts of this submission in more detail, and to provide any assistance that may be required.