

SUBMISSION

# Issues Paper: Immigration, productivity and wellbeing

November | Whiringa-ā-rangi 2021

Restaurant Association of New Zealand submission to the New Zealand Productivity  
Commission | Te Kōmihana Whai Hua o Aotearoa

# Submission: Productivity Commission Issues Paper

## Immigration, productivity and wellbeing

### OVERVIEW

The Restaurant Association of New Zealand (the Association) welcomes the opportunity to submit on the Productivity Commission Issues Paper: *Immigration, productivity and wellbeing* (Issues Paper). This submission has been compiled following a period of stakeholder engagement with Association Members and the Association's COVID-19 Hospitality Taskforce.

The Association has not provided feedback on all parts of the issue paper, rather focusing on those parts that affect the hospitality sector specifically and the perception of the industry more broadly.

### RECOMMENDATIONS

The Association supports efforts to ensure that New Zealand's immigration system promotes long term economic growth and the wellbeing of all New Zealanders. Despite immigration being a pivotal element of New Zealand's hospitality story, it remains operating at suboptimal levels.

The Association recommends the Government:

1. ensure equal status is given to an employer's voice alongside the views of the employee and the Crown
2. introduce an Immigration Statement of Intent, to be delivered every two years
3. explore greater skills sharing and workforce sharing arrangements between New Zealand and Pacific Island nations;
4. increase the number of countries that have a 23 month working holiday visa period
5. clearly articulates what specialist "high-impact" workers look like across the entire spectrum of the economy
6. continues to reward those employers who can demonstrate they are committed to hiring New Zealanders first
7. engage with business organisations on policy review, utilising their connections with industry to provide key insights on business needs.

## INTRODUCTION

The Restaurant Association welcomes the opportunity to provide feedback on the Immigration, productivity and wellbeing Issues Paper (Issues Paper) on New Zealand’s “working-age” immigration system and how we should develop the system in order to appropriately balance ongoing economic growth with wellbeing.

The hospitality sector is a vibrant industry full of interesting, talented and entrepreneurial people. Up until 2020, the sector was growing: generating annual sales in excess of \$12 billion and employing more than 136,000 people, across more than 17,000 businesses. However, COVID-19 has caused both national and global disruption to our sector.

Led by the Association, the sector came together in late 2020 to begin planning for the future of hospitality. The disruption - while severely debilitating - became an opportunity for the industry to take stock and plan how to:

- rebuild for the better
- replenish the way we operate and grow
- promote more sustainable activity.

The result was the *Future of Hospitality Roadmap*, supported by 7 industry bodies, unions, and representative organisations. The Roadmap sets out how the sector proposes to attract more Kiwis to a career in hospitality and pave the way for the sector to be seen as a national leader. Immigration and the immigration system remains a significant feature of the Roadmap, both in terms of ongoing access to labour supply and areas where Government engagement can be improved to better assist business.

As part of our submission, we are providing survey data from our Member employers collected in 2021, in an effort to help the Productivity Commission better understand:

- how effectively the current immigration system is working for hospitality, with regard to both employers and employees
- cost pressures within hospitality
- the existence of skills gaps within the education and training system
- novel areas for collaboration and skills sharing
- opportunities for improvement.

Not all parts of the Issues Paper are relevant to our submission. As a result we have focused our response around those questions we consider most relevant to our sector and those which will contribute to improved understanding of the hospitality landscape as a whole.

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## TE TIRITI O WAITANGI AND TE AO MĀORI

### *1. In what ways should the Crown honour the Treaty of Waitangi in developing and applying immigration policy? What changes are needed to policy or implementation?*

The Association submits a modern New Zealand immigration system can only be considered truly modern if the Crown acknowledges its obligation to honour Te Tiriti o Waitangi | The Treaty of Waitangi (Te Tiriti) in developing and applying immigration policy. In Aotearoa, tangata whenua should play an integral role in formulating immigration policy.

As it stands, Te Tiriti is not mentioned in immigration legislation, suggesting an ongoing reluctance by successive Governments to begin charting a course in this contentious discussion. However, workforce needs across the country are diverse. Consultation with local iwi and hapū should be fundamental to these decisions, to ensure immigration settings best reflect the needs of each rohe (region).

For the Association, this means all Government partnered programmes - such as *HospoStart* - are made accessible to iwi as a matter of priority. We continue to focus on developing relationships with iwi rūnanga at the senior leadership level, to ensure we can be responsive to local needs as our programmes expand, as well as support iwi employment aspirations. The hospitality sector cannot thrive without both local and migrant knowledge: both contribute to the wealth and range of experiences our sector prides itself on.

## IMMIGRATION, PRODUCTIVITY AND WELLBEING

### *2. Is the Commission's proposed framework a useful way of thinking about the immigration system for this inquiry? What changes would you make?*

The primary focus for the Association is ensuring that the voice of the employer is heard. From past experiences, the system has not been as responsive to employers as it could be. Members tell us that when navigating the current immigration system it does not:

- adequately take their (employers) views into consideration
- take their (employers) views seriously
- move fast enough
- provide simple, clear guidance
- have streamlined application processes, making dealing with Immigration NZ unnecessarily time consuming.

Rectifying these systemic, operational pain points within the system would go some way in ensuring the system is not only efficient and cost effective for migrant workers, but also the countless businesses who employ and sponsor those workers.

When reflecting on the Commission's proposed framework, it appears to be predominantly focused on the Government and the migrant worker. There does not appear to be adequate weighting given to the 'voice' from the third arm of this triangular relationship: the business and employer. The Association submits that for the framework to be effective it must give equal weighting to all parties involved in the immigration relationship.

### ***3. What should the overall objectives for the immigration system be?***

As there is currently no single Government statement on the objectives and priorities for immigration, the Association supports the view that there could be the introduction of an immigration statement of intent every two years.

Much like the yearly minimum wage review conducted by the Ministry of Business, Innovation and Employment (MBIE), a biennial (every two years) immigration priority statement would give greater transparency around the Government's intentions for immigration and policy development.

When considering the overall objectives of an immigration system, the Association believes it should be driven by genuine need: that is the needs signalled by communities, as well as the needs signalled by business.

We need to ensure that the people we are welcoming to our shores - who help to fill skill shortages and assist economic growth - are acknowledged for their contribution and have a clear path to residency, if they so choose. Many migrants uproot their entire lives and families in search of better opportunities. The Association believes that highly skilled migrant workers, who serve the needs of our country, deserve to be received in a way that recognises them as valuable contributors to the nation's growth. This should, as a matter of principle, be a bottomline for New Zealand's immigration system.

Since the Government's *Immigration Reset* announcement in May, the Association has been calling on policy makers to work in greater partnership to ensure immigration settings remain practicable. While we support the Government's view that immigration management is a careful balancing act, recent Association surveying indicates that 92 percent of members are still finding it is difficult to recruit for mid to senior skill-level positions. More must be done to ensure we are attracting the right mix of people and skills, and support the sector to be as effective and efficient as possible with its workforce.

### ***4. How should the Commission consider trade-offs between the different factors that contribute to wellbeing? Should there be some bottom-lines that cannot be traded off at all?***

It is pertinent to acknowledge that the word and concept of ‘wellbeing’ carries different meanings for different people, and holds different meanings for different sectors. From a hospitality lens, employees and employers alike tell us that wellbeing is expansive, including:

- kinship (whakawhanaungatanga)
- family
- positive work culture
- facilitating opportunities for learning and sharing of skills (mātauranga and mōhiotanga)
- unity and teamwork (kotahitanga)
- support (tautoko)
- kindness and generosity (manaakitanga)
- belonging and connection.

Post shift socialising is an example of fostering whakawhanaungatanga among teams often adopted in hospitality. This is more commonly known to the general public as Hospo Night. We would not consider it a helpful exercise for the Government to shape and scope the concept of wellbeing in the broader immigration sense: the interpretation of wellbeing varies greatly.

The Association submits that defining wellbeing bottom lines could be a futile exercise when we look at the cross section of industries that employ migrant labour.

## IMMIGRATION POLICY DESIGN

### ***13. Would there be benefit in requiring the Government to publicly announce its policy objectives for the immigration system? How often should the Government be required to make such a statement?***

As mentioned in response to Q.3 (page 5) the Association supports the idea of a single Government statement on the objectives and priorities for immigration produced every two years. A biennial immigration priority statement would give greater transparency around the Government’s intentions for immigration and provide industry the opportunity to understand the reasoning behind policy development.

Despite being an industry that generates in excess of \$12 billion to the New Zealand economy annually, hospitality remains an industry without a sole Minister nor a dedicated policy shop. This means that policy for our sector is often made from the voices of wider tourism, with little direct regard to hospitality. When settings do not appropriately canvas sector needs, there is greater likelihood of exacerbating legacy issues. Accordingly, any engagement and advance signalling from the Government is always welcomed.

The Association submits the optimal duration for Government announcements regarding their immigration policy intentions and objectives is 24 months. This would provide members stability and assist in workforce planning, but not leave it too long for unworkable objectives to be identified and resolved.

**12. How should New Zealand’s special relationship with Pacific Island nations be reflected in immigration policy?**

The Association is in support of greater workforce development and sharing between New Zealand and the Pacific. We see this special relationship reflected in immigration policy through the Recognised Seasonal Employer (RSE) scheme, and believe that New Zealand’s immigration settings could go further to honour the unique tuakana/teina relationship we hold with the Pacific. Common goals that support regional integration and improve skill sharing, will better support economic development across all nations involved.

When we look to our Pacific neighbours, many rely heavily on hospitality and tourism. Naturally, this transpires into a large Pacific workforce skilled in the area of hospitality and tourism. The Association submits that on this point alone there is well-founded reason to explore a skills sharing arrangement between New Zealand and the Pacific. We submit it would be mutually beneficial to pursue, not only as it would create a pipeline of skilled workers for hospitality businesses in New Zealand, but will support Pacific Island nations grow their workforce and bring their experiences, learnings and earnings back home once they return.

The table below outlines average hospitality wage in our neighbouring Pacific countries, against its New Zealand Dollar (NZD) equivalent.

Country	Minimum wage	Industry average	Wage in NZD	Source
New Zealand	\$20.00	\$22.58	-	Restaurant Association
Fiji	FJD \$2.32	FJD \$4.00	NZD \$2.67/hour	<a href="#">Fiji Sun</a>
Cook Islands	NZD \$8.00	NZD \$10.99	NZD \$10.99/hour	<a href="#">Paylab</a>
Samoa	WST \$3.00	WST \$10.18	NZD \$5.58/hour	<a href="#">SalaryExplorer</a>

Expanding immigration policy to improve workforce sharing between New Zealand and the Pacific would see citizens and their families across the Pacific improve their earning potential, as workers will benefit from earning while learning.

In partnership with the Ministry of Social Development, the Association delivers the *Springboard* programme, which provides wellbeing support, wage supplements and wrap-around training for employees. The programme ranges from 13 to 26 weeks across a range of courses - from short entry-level courses such as Licence Controller Qualification (LCQ) to NZQA Level Four modules, such as chef training. With support from both MSD and the Ministry of Pacific Peoples (MPP), this mode of training support could be tweaked and duplicated specifically for Pacific migrant workers, to ensure both they and the employer are well supported.

## OBLIGATIONS ON EMPLOYERS

***14. Currently, most employers have an obligation to prioritise the New Zealand labour force before recruiting temporary migrants. Do you agree with this obligation? Why or why not?***

The Association supports all efforts to improve the career pathway into hospitality. Our members pride themselves on providing meaningful job opportunities, however the stark reality is that there is a severe shortage of New Zealanders able and willing to work in hospitality.

Around 15 percent of hospitality's current workforce is made up of workers on temporary work visas; pre-COVID this was closer to 30 percent. While these workers play an integral role in maintaining New Zealand's renowned hospitality scene, part of prioritising the New Zealand labour force is to ensure the industry is attractive for workers in the domestic market. The *Future of Hospitality* Roadmap is part of industry-led work to improve perception issues and improve the national narrative around hospitality.

A high priority puzzle piece remains improving the quality of training to close the skills gap. Members tell us that those coming out of tertiary education currently often have the expectation they can move straight into a management role. However, through their education they have only developed theoretical skills, not the practical skills and work experience that are an important criteria for advancement.

*"There were many applications from people without the relevant skills or experience. It seems there is a misconception that a diploma or degree in hospitality will automatically get you a job as a manager."*  
Auckland restaurateur

*"Work experience is important - qualifications are not always relevant as we have had extremely qualified staff but completely unsuitable in the workplace."* Wellington restaurateur

It is common for hospitality to be referred to as a 'low-skilled' industry that should just 'make an effort to employ more Kiwis'. The Association has long been advocating for the need to improve the feedback loops across all parts of the labour system, in order to improve employment outcomes for

New Zealanders and migrants alike. The current job pathways lack flexibility and do not have the right incentives in place to encourage the resolution of underlying issues that are leading to the demand for temporary migrant workers. Members are not shy in expressing their frustration with the talent pipeline we have locally and the severe shortage of New Zealanders able and willing to work in hospitality.

***16. What evidence, if any, should employers have to provide to prove they have made sufficient efforts to recruit New Zealanders?***

The Association believes it is fair to ask employers to provide evidence that they have made sufficient efforts to recruit New Zealanders, and the vast majority of members agree with this requirement. However, value should be given to recruitment tools beyond traditional job platforms such as Seek and TradeMe, for example industry specific job boards. As part of *Tautoko Hāpai Ō* – the Association’s Hospitality Workers Support Initiative supported through the Ministry of Business, Innovation and Employment (MBIE) – 12 region specific hospitality boards are available for both job and C.V. postings specifically related to hospitality.

When it comes to verifying the efforts undertaken by businesses, there needs to be clear guidance. The business must provide information to Immigration New Zealand on each person that applies for a role and if they are not suitable, the reasons why. However, Members advise us the evidence they provide is often called into question. The Association submits that common sense should always be Immigration NZ’s prevailing indicator: if a business is seeking a Head Chef, and the sole applicant is a New Zealander who has only ever worked as a kitchen hand, then it shouldn't be the role of officials to question why the applicant was not deemed suitable - common sense should prevail. Moving someone into a role they are not qualified for is not a suitable outcome for the business nor the candidate.

We also submit that there is a case to be answered around the role that industry bodies and associations can have in verifying the actions of employers. Currently, the immigration system consults with union delegates around the reputation and employment history of employers seeking to employ migrant workers. However, this same opportunity is not afforded to business organisations, who can often provide key insights and information on the business. We pride ourselves on being an active industry association that knows its membership base closely. We proactively review the undertakings of our members to ensure that they are meeting their employment obligations. Our teams often work closely with members and provide a range of tools to ensure they operate to best practice standards - including legal guidance, resources and adaptable business templates. We would welcome the opportunity to work with Immigration New Zealand in the same way unions are consulted.

## SKILL SHORTAGES

*17. Previously, ANZSCO has been used to define “high” and “low”-skilled jobs. Should immigration policy differentiate between “high” and “low”-skilled jobs? Is there a better way of defining skill levels?*

The Association submits that the use of “high” and “low” skilled is contentious within immigration, and alternatives should be explored. Experience has shown us that various parts of the public service have a narrow interpretation of highly skilled.

The Government’s *Immigration Reset* speech in May outlined highly skilled workers as CEOs, engineers, financiers, research and development practitioners, digital and IT specialists, agricultural workers and those in the film industry. In hospitality, highly skilled refers to a wide range of workers, all of whom have devoted years to perfecting their craft:

- a Specialist Chef or a Head Chef who has crafted their skill over several years of training and experience
- a Restaurant Manager who delivers exceptional customer service experiences
- a Pastry Chef who has worked in Michelin starred restaurants spanning the globe
- the Sommelier who pulls from their extensive knowledge to match you the finest wine from regions unknown to most.

We support ANZSCO to assess the skill level of most occupations, as this system better reflects the skills of migrants, including a middle tier, “skilled” (Level 3). The ANZSCO assessment is more reflective of qualifications, experience and required training rather than attributing one’s skill level to their level of remuneration. It is our view that the recent shift from ANZSCO to a median remuneration threshold is an oversimplified, disadvantageous way of defining one’s skill level or pay. Different industries have different levels of remuneration and salary baselines and this system allows no nuance to reflect one’s level of experience, skill, or qualifications between different occupations.

While many of our Members would welcome the return to ANZSCO as a measurement for different roles, it should only be done if there is an opportunity to modernise the assessment at the same time, so it is fit for purpose. Under the current assessment, roles are often re-categorised inadequately due to a mis-match in ANZSCO role description versus industry role description. For example ‘Restaurant Manager’ is often re-categorised to the lower ANZSCO level ‘Retail Supervisor,’ as that is seen as a better fit within the ANZSCO limitations.

If, instead, the Government wishes to maintain its current remuneration approach to skills assessment, we recommend an extension to the current system that acknowledges a range of skill levels and includes a new mid-level tier.

This system currently excludes middle-tier skill levels, which means these roles often get lumped as low skill. The table below outlines how this could be used in practice:

Tier	Wages	Skill level
Highly paid	> 150% median wage	High skill
Mid-level	90 - 150% median wage	Mid skill
Low-paid	< 90% median wage	Low skill

While the table above could be used as a main benchmark, certain industries experiencing severe skills shortages, or that require migrants to bolster growth, could be exempt from this assessment. These industries could then be reviewed as needed. We see this approach in other jurisdictions, such as the United Kingdom: nurses, paramedics, midwives, and teachers are all exempt from the high skill versus low skill £30,000 benchmark.

### 18. What is the best way to identify workforce or skills shortages?

The best way to identify workforce or skill shortages is to undertake consultation with all parts of the equation: Government, workers and employers. For the latter, one of the most effective avenues of engagement is with sector leaders and industry representatives who have a direct line with those operating at the coalface.

The following commentary is a small snapshot of the feedback we receive from members on a regular basis. It demonstrates the critical skills shortage faced by the industry, nationwide:

- *“We have actively tried to get staff with limited success, and it's making it very difficult to manage day-to-day and reinvent my business. Productivity has declined. My Sous Chef is leaving Auckland because he cannot get enough points to work towards residency after four years with me. This is crazy, not an even playing field, and many of my colleagues are in the same boat - going through what is a bad time to be in Auckland Hospo as an Owner.”* Auckland Restaurateur
- *“We are facing huge challenges recruiting skilled staff in both Front and Back of House. We have advertised through Work and Income - both locally and nationally. We were advised there were 1500 people on their books and there was not one match. It is extremely upsetting and stressful; not only for our staff but also when trying to recruit (it puts a huge amount of pressure on the existing staff when you do not have enough employees to cover) - the anxiety and cost to all parties is high, when our business is only trying to do the right thing.”* Queenstown Restaurateur

- *“We are finding that it is the most difficult time to find staff out of the 11 years that we have been in business. There are not many applicants from job advertisements (e.g. Facebook, various online community job sites, TradeMe). We recently advertised on TradeMe and received only two applicants. A lot of my business-owner friends are also feeling the same - we advertise positions but either there are very few applicants or they are unsuitable or both. Most people are saying that they feel forced to take on staff that may not be suitable just to keep staffing numbers.”*  
Wellington Casual Eatery Owner
- *“If it continues the way it is there will be an influx of tourists when the borders open and no staff in hospitality - crippling one of New Zealand’s largest industries.”* Hospitality Group Owner
- *“Immigration has a different idea of what a ‘Chef’ is. They classify everyone as kitchen hands unless they are the head chef who is planning and creating the menu. Our chefs can’t get, or struggle to get visas because immigration has no idea how the kitchen works.”* Christchurch Café Owner

We pride ourselves on advocating for the interests of good business owners and provide a number of recruitment and retention programmes to assist the industry, such as the *HospoStart* and *Springboard* employee training programmes, supported by the Ministry of Social Development, a comprehensive professional development programme of live webinars and recordings and leadership development training and support.

We remain of the view that wherever an industry is able to use migrant workers, there remains a risk of migrant worker exploitation. While it is only a small percentage of business owners that conduct themselves in this manner, every effort should be made to shut them down and restrict their ability to trade again.

One way to improve reporting, is to make it easier for entities to ‘whistle blow’ to the Labour Inspectorate. This is in the best interests of all sectors who want access to migrant labour and would help industry bodies, such as our Association, improve perceptions around worker conditions.

***19. Prior to the pandemic, was the current system working effectively to address skills shortages while prioritising the employment of New Zealanders and ensuring the wages and conditions of New Zealand workers were not undermined? What evidence can you provide?***

While the industry was growing prior to the pandemic, it is fair to say it was not working as effectively as it could. Access to people has been an ongoing issue for hospitality and the border closures and operational restrictions only exacerbated this.

Since the introduction of the Government's Alert Level system in March 2020, hospitality businesses have been subject to very lumpy periods of cash flow given the restrictions to trade they face at every level, except Alert Level 1. The majority of members tell us their establishments go from indefinitely closed during Alert Level 4, where there is no revenue generated, to significant reductions in trade at Level 3 (and often into Level 2), then being forced to make operational adjustments at Alert Level 1, given overwhelming demand and their responsibility to manage the health and wellbeing of busy staff.

With every Alert Level change hospitality remains one of the most impacted sectors.

**Case study:** Sid and Chand Sahrawat

**Location:** Auckland

**Restaurants:** Cassia, Sidart and the French Café

**Source:** [Newstalk ZB](#)The Spinoff

“We can't find staff to fill roles that we would've been able to pre-COVID,” Chand highlighted. The couple were forced to close their restaurants over the school holiday period and forfeit \$300,000 in takings to allow their staff a break, who had been working one-and-a-half times more to keep the business afloat, or risk facing a burnt-out workforce and permanent closure. “Our industry was impacted severely by COVID, and everyone agrees with that, and now we have demand, but we can't meet it. We're going backwards,” Chand said, adding that her staff are “physically and mentally drained.” While the couple would love to employ Kiwis as much as possible, they need the Government to listen and understand the current situation and support ways in which skills shortages and lack of Kiwis in hospitality can be addressed.

Similar sentiment is felt across our Member network for those that can operate:

- *“Like many others in the industry, we have made the decision to reduce opening hours, close on certain days of the week and limit product offerings to cope with the pressures of lack of staff. This is limiting our ability to make revenue but the rationale for these decisions is down to the wellbeing of our staff.”*
- *“I am working over 100 hours a week, filling in for chefs that come and go and other staff who seem very unsettled. So it's great to be busy but staffing remains very difficult. Waited 5 weeks for a new head chef to start only to be texted the day before he was due to start saying that he wasn't coming. It's pretty disgraceful that employers are acting like vultures to secure staff.”*

## STUDENTS

**24. Are the current criteria for obtaining post-study work rights satisfactory? What criteria should be added or removed (and on what basis)?**

While the criteria is satisfactory, we have long been concerned by reports that students of hospitality may not go on to become workers of hospitality. The Association believes current criteria could be improved for all students, to ensure post-study visas are more closely linked to the industry in which they have studied.

***25. To what extent should international students have rights to work in New Zealand?***

The Association submits that all international students should have the right to work in New Zealand. For many hospitality businesses, student visa holders are a crucial source of support, offering entry-level employment opportunities, where they are often able to hit the ground running.

However, it should be noted that maintaining the balance between working and studying is important. For hospitality students, one of the best ways to learn is through on-the-job training and experience. We submit that so long as employers are able to ensure accurate record keeping, if the work experience relates to their field of study, there should be minimal limitations on the number of hours students choose to work. Similarly, their employment should be recognised as part of their training and work experience.

***26. Should visa applicants who have gained a New Zealand qualification receive a special preference for residence?***

While the Association welcomes all those who choose to study hospitality in New Zealand, we are not convinced that this should constitute special preference for residence. We support a New Zealand qualification being one of many considerations.

***27. Should there be any restrictions on the kinds of sectors or occupations students can work in during or after study? Why, or why not?***

As mentioned in response to Q.24 and Q.25, we would support closer investigation of how we can ensure student work experience relates to their field of study, and for those who have graduated, requiring their post-study visas be closely linked to the industry in which they have studied.

***28. Should the level or nature of qualifications that students are studying affect work rights during or after study? Why, or why not?***

The Association submits that as with remuneration rates not being a suitable measurement of skill level, the level or length of a qualification should not be utilised as the sole measurement to award more, or better, work rights. This doesn't allow for distinction between the level of study needed by

different industries. For instance a trained chef won't attain the same level of education in comparison to a vet, yet both are of high value within their respective industries.

If the student is undertaking or has undertaken study in a field or region the Government has identified as having a labour shortage, or is a specified area of growth and development, it would be appropriate to consider this measurement to bolster their ability to work or intern during/post-study.

## WORKING HOLIDAYS

*29. What should the objectives of working holidays schemes be (eg, fill temporary labour shortages, enhance international connections, encourage reciprocal overseas work opportunities for New Zealanders, attract longer-term migrants)? How well are the current schemes delivering on these objectives?*

The Association views the main objective of working holidays schemes as filling temporary labour shortages where seasonal demand outstrips labour supply. Industries such as horticulture and viticulture experience distinct seasonality, with demand for labour peaking during the harvest seasons. While the seasonality experienced by hospitality is not as pronounced, we do still have stark peak and trough periods across a number of regions during a normal trading year. The peak period is generally during the summer season, lasting from November through to February and in some cases, March.

**Case study:** Café

**Location:** Hahei, Coromandel Peninsula

Hahei is a popular tourist destination during the summer holiday period. One member café operates with minimal staff daytime only, or closes completely, during the off-peak season, before seeing business requiring 20+ workers, operating day and night shifts over 7 days for the busy summer period.

This is a prime example of seasonality impacting hospitality, and how temporary labour shortages can be anticipated within our sector.

However, there remains a lack of flexibility and willingness in the current immigration model to look at applications on a case-by-case basis. Members continue to report that where a temporary worker learns the ropes quickly and demonstrates themselves as a good fit in the businesses, it is difficult to transition them to another visa. Regardless of whether the temporary worker would like to stay on, these cases are often required - as per their visa - to move on to their next job. We submit that Immigration NZ should be taking a more proactive approach, working with both employers and employees where a mutually beneficial fit has been identified.

In addition, as outlined in our responses to Q.12 (page 7), we would like to see enhanced workforce sharing opportunities with Pacific Island nations.

***30. Do you think the number and set of countries New Zealand has agreed working holiday schemes with is set at the right level?***

While the number of countries in which New Zealand has agreed working holiday schemes is satisfactory, the Association would like to see more countries where a 23 month working holiday visa is permitted. Currently, this longer working period is only available to those coming from the United Kingdom and Canada, with all other countries limited to 12 months. This would afford more working holiday visa holders the opportunity to stay longer and provide more certainty to businesses that are utilising these workforces. This measure could then be reviewed as part of the biennial immigration priority statement.

## **OTHER WAYS FOR NEW ZEALAND TO SOURCE SKILLS AND TALENT**

***34. What more can immigration policy do to attract specialist “high-impact” people? What other complementary policy changes might be needed?***

The first step is for the Government to clearly articulate what specialist “high-impact” people look like across the spectrum of the economy. As mentioned in response to Q.17 (page 10), highly skilled workers - those who have a high impact on a business - in hospitality range from Specialist Cooks or Head Chefs to Restaurant Managers.

It is not appropriate for one sector to make sweeping commentary about who is highly skilled or not. We often see this happen to hospitality, when those passing judgment are outside our industry and have no experience working on a pass or turning over tables.

One way for the Government to better identify how this could look across a range of different sectors, who are all competing to maintain their case for attracting ‘high-impact’ workers, is to improve engagement with industry bodies and sector associations. Organisations such as the Association are connected into the industry at all levels and have an in-depth understanding of what parameters will be reasonable. Sweeping statements made about what is highly skilled and what isn’t, are often based on a lack of sound knowledge of particular industries and the skills needed to run those businesses.

We also remain concerned that there is a growing perception that skilled migrant hospitality workers in hospitality aren’t welcomed - New Zealand immigration policy announcing a “Reset” of the system, or, policy adjusting maximum visa length, adding stand down periods and shutting down pathways to residency for lower skill level ANZSCO roles are examples. (This pathway adjustment is additionally a problem due to the aforementioned frequent reallocation of roles to lower skilled ANZSCO matches,

due to a mismatch in ANZSCO descriptions with modern hospitality environments.) We remain a small player in an increasingly competitive global market for skilled workers. We would like the Government to be ambitious for our workforce and create more attractive settings to entice skilled workers, so we remain competitive with other jurisdictions.

***36. How responsive to skills gaps is the education and training system? Are there policy changes that could improve its responsiveness?***

It is fair to say that the education system has not kept pace with needs across a number of sectors, hospitality included. However we are confident that the Reform of Vocational Education (RoVE) will go some way to address this. With employers cemented in the process, we are optimistic that the necessary changes will materialise.

Hospitality is under no illusion that there remains work to be done to attract school leavers to our industry. One of the priority outcomes for the Association's *Future of Hospitality* Roadmap is to attract New Zealanders to the industry. This involves improving the pathways available through the education framework, providing different types of industry-led training and leading a redesign of hospitality apprenticeships with the sector. At secondary school level, we believe one simple way to begin this work is by changing hospitality from a unit standard to an achievement standard, so that the level of credits available better reflects the level of work and skill.

## **POPULATION GROWTH AND MIGRATION VOLUMES**

***40. Could or should the Government use immigration policy (eg, visa conditions to settle in specific places) to ease pressures in some regions? If so, what would be the best way?***

A 2021 survey conducted by the Association showed that worker shortages were consistently high across the country. 92 per cent of members indicated they are having difficulty sourcing senior staff despite significant efforts. While worker shortages were significant around the country, recruitment issues can be exacerbated in smaller regions where the pool of potential candidates is smaller.

The Association submits that while immigration policy could be used to ease the pressures facing some regions and help address the human capital deficit facing others, more research needs to be done. Australia is an example of a jurisdiction taking this kind of approach, that we could learn from.

In 2019, the Australian Government unveiled a suite of population policies, including two new visa categories that would see new migrants funnelled into areas outside Sydney and Melbourne, to address and curb the cities' infrastructure deficits. The policy was formulated in an attempt to ease congestion in the country's most dense cities while stimulating regional economies and matching jobs

to migrant talent. The effects of this policy are yet to be determined. We would welcome the Government taking a cautious approach to policy changes of this kind.

***41. Should the Government regulate the numbers of people given permanent residence? How and why?***

While not an area which the Association claims to have any expertise, our view is that care must be given to the number of those who come to our shores seeking permanent residency, given the pressures on housing and infrastructure New Zealand is already experiencing.

***42. Should the Government regulate the total number of people with temporary work rights? How and why?***

Although the Association has work underway to attract New Zealanders to the hospitality sector and improve the industry's perception, through both the *Future of Hospitality* Roadmap and other initiatives, the reality remains that our sector faces critical skills shortages due to the lack of local talent able and willing to work. It will take some time to address training and education deficits and make up the shortfall. In the meantime, temporary migrant workers remain key to filling gaps in the workforce, without destroying entire businesses.

***43. If the Government does regulate volumes of permanent residents or temporary migrants, what should it be trying to achieve (eg, stabilising population, managing pressures on housing and infrastructure demand)? How feasibly can the Government achieve these goals through immigration policy?***

Should the Government choose to regulate volumes of permanent residents or temporary migrants, we believe this should only be done in order to better manage pressures on housing supply and infrastructure. While population growth can have its consequences, we do not see this as the core problem. It is well known that population growth brings with it many benefits, including increased economic growth and job creation. Rather, the core problem is the failure of both Central and Local Governments to deliver long term plans that keep up with the pressures of population growth.

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## ABOUT THE ASSOCIATION

The Restaurant Association is the link between good food, and good business. It supports New Zealand's diverse and creative hospitality businesses to deliver first class experiences to diners. Since its humble beginnings in 1972, it has worked to offer advice, help and assistance in every facet of the vibrant and diverse hospitality industry.

The organisation now represents, advocates and cheerleads for more than 2500 hospitality businesses

within New Zealand. It offers 24/7 advice and assistance on key industry issues, from property lease advice to wellness in the workplace. The Association also works in partnership with the Ministry of Social Development to deliver the HospoStart and Springboard training programmes around the country.

## CONTACT

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