NZ CHAMBERS OF COMMERCE
QUEENSTOWN
Business Vitality

FEEDBACK ON THE DRAFT AOTEAROA NEW ZEALAND TOURISM STRATEGY FOR GOVERNMENT

To: **MBIE Tourism Policy**

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Attention: Anna Mickell

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This is feedback on the Draft Aotearoa New Zealand Government Tourism Strategy.

The Queenstown Chamber of Commerce (Chamber) welcomes the opportunity to provide feedback on the Draft Aotearoa Government Tourism Strategy (The Strategy).

The Chamber communicates with local and central government to achieve effective outcomes for its members. Its key services include the provision of current and relevant information to the membership, advocacy on behalf of the members, recognising and rewarding achievement, and contributing to the function and vibrancy of the business community.

The Chamber is motivated by the best long-term outcomes for the business community and is an independent voice with no vested interest. Therefore, the Chamber is pleased to be able to present this feedback on behalf of the 625 financial members it represents and would like to make the following comments:

Introduction

The Queenstown business community welcomes MBIE and DOC's detailed planning and engagement with regard to recognizing the importance of tourism to our community and New Zealand.

Our response has been prepared using the consultation question framework provided by MBIE.

What do you think about the government's proposal to take a more active and deliberate role in the tourism system?

The Chamber is supportive of the proposed approach of a value, rather than volume, led approach to tourism strategic planning, however as acknowledged, on page 19, it is long-term and aspirational in nature.

It is essential that the government supplements this document with a tourism action plan, with support for established tourism regions, outlining short-term objectives to sustain the current volume-based business growth, as well as preparing for the proposed longer-term value-based business.

The strategy's priority work areas in regard to productivity growth are worthwhile, especially the focus on ensuring that government's levers are used in a joined-up way. The Chamber considers working in a joined-up way with local government, and other key tourism sectors stakeholders to also be a worthwhile additional objective.

What are the areas you think should be a particular focus?

The focus should be on the development and implementation of a clearly articulated national-level strategic direction, with short and long term implementation goals, and an associated investment framework.

The Chamber considers the following factors of priority:

- Investment prioritisation for established tourism regions under infrastructure and environmental pressures, with high visitor-to-ratepayer ratios. Tourism funding should be spent proportionally based on where the visitors are
- Optimise the supply of labour to established tourism markets by using national immigration, transport and education policy and investment levers
- Optimise the supply of labour to established tourism markets by using legislative levers that affect housing supply and affordability,

especially where market failure has occurred as a result of factors external to the tourism sector
- Empowering local government initiatives to address infrastructure and transport deficits, including the alignment of roading priorities, investment and timelines, as well as local taxation initiatives, where appropriate, to support exceptional visitor experiences as well as ensuring New Zealander's lives are improved by tourism.

The draft strategy proposes five tourism outcomes for government. Do you support these outcomes and are these the right outcomes to focus on?'

The Chamber supports the five outcomes proposed in The Strategy and believe that our members who operate tourism businesses already aim to deliver to these five principles. However our members believe that they are struggling to deliver to these objectives because of the infrastructure and social constraints that are present in our local environment.

Our members are supportive, in principle, of value-based growth objectives however believe that volume will, for the foreseeable future, continue to be a driver of tourism sector growth. This has important implications for the scale of infrastructure development.

The Chamber supports expansion of productivity initiatives within the sector including the collection and distribution of improved market data (and information).

Increased support for research and development of IT productivity initiatives for small and medium sized businesses with aligned business drivers or product offer could be considered. Introduction of new technology may help SMEs improve productivity, and ensure that the diversity of product offer that these business often offer the market can be sustained.

Consideration on how the non-customer facing support sector (for example laundry, logistics, wholesalers and pre-packaged foods) could be supported to optimise their product and service offer to the sector should be included in any productivity analysis.

What are the areas in this draft strategy that you think could be strengthened?

Labour is the key tourism productivity driver.

In order to achieve the productivity aims aspired to in The Strategy, alignment with other government strategies and work programmes should be strengthened to recognize factors that affect the attraction and retention of appropriately skilled labour, a key productivity driver in the tourism sector currently, and for the foreseeable future.

Government work programmes that are additional, and significant, to those cited in Annex 2 and 3 are those focusing on housing, immigration and education.

Between 2016 and 2018 the Queenstown Lakes Labour Market Summary identifies a marked drop-off in productivity in the Queenstown-Lakes District driven by increasing labour rates (mean income growth 4.6% compared to national growth of 3.7%) and rising business and labour occupancy costs (Infometrics, 2019).

A survey of 221 business owners, commissioned by Chamber and Queenstown-Lakes District Council (QLDC) in the Queenstown-Lakes District undertaken in October 2018 suggest that 68% of members agree that their businesses are experiencing labour and skills shortages, with 67% agreeing that these shortages will continue for the next twelve months. (Consumer Insights Limited, 2018)

Housing
When asked what barriers are present to improving labour supply in the region the following reasons were cited:

New Zealanders
- Lack of applicants from New Zealand (62% always an issue, 21% often an issue)
- Shortage of affordable housing for staff (52% identified always an issue, 34% often an issue)
- Shortage of suitable housing options for staff (42% identified always an issue, 39% often an issue
- Lack of applicants with required skills or qualifications (34% identified always an issue, 45% as often an issue).

Non-New Zealanders
- Shortage of affordable housing for staff (39% identified always an issue, 35% often an issue)
- Shortage of suitable housing options for staff (35% identified always an issue, 36% often an issue.

Immigration
In addition, business owners surveyed considered barriers to improved labour supply are also immigration-related with the following three barriers identified:

- Short term nature of visa (23% identified this as always an issues, 35% often an issue)
- Delays or difficulties in extending work visas (19% identified this as an issue, and 39% often an issue)
- Delays or difficulties in obtaining visas (15% identified this as always an issue and 36% always an issue).

The recently released consultation document from the Ministry of Immigration *A New Approach to Employer-Assisted Work Visas and Regional Workforce Planning* goes some way to addressing these concerns, however proposes a cost-shift to employers (from employees) and an increasing compliance burden. This may further disincentivise small and medium sized businesses (SMEs) from participating meaningfully in the sector and increase the likelihood of a more commoditized, volume-based product offer from larger companies which is contrary to one of the aims of The Strategy.

Education

Employers surveyed also cited applicants with the required skills and qualifications were a barrier to recruitment (18% identified this as always an issue, 39% as often as issue). (Consumer Insights Limited, 2018)

Given the size of the tourism sector and its contribution to GDP, workforce development funding should be highly targeted to support tourism skill development for migrant and non-migrant labour.

Target support for companies with proven expertise

The 5As taxonomy should be amended to 6As with the addition of an additional A for aptitude.

The Strategy does not adequately explore the potential for achieving the five outcomes by exploiting the expertise already present in the tourism business community.

Experienced business tourism owners/operators working in established markets are already expanding their product and service offer into emerging regional markets where a sustainable business case can be identified.

Exploration on how to optimize the performance of existing, high-performing, tourism companies to encourage expansion into emerging or embryonic tourism *markets* (described incorrectly though out the documents as *regions*) could be improved within The Strategy. This analysis could include, but not be limited to, the quality of tourism-support suppliers within the targeted regional markets e.g. marketing, IT, health, laundry and food and beverage suppliers and how this market could be optimised to support tourism growth into emerging regions.

The use of national levers to address the immigration, housing and education barriers to labour productivity would be advantageous to established tourism businesses and reduce barriers to their growth.

The strategy identifies an ambitious work programme for government. What are the highest priority actions from your perspective?

Immediate support for established tourism markets by:

- Reducing barriers to labour supply (housing, immigration, education and roading)
- Assist local government with regional initiatives to fund the improvement of infrastructure, roading and environment
- Focusing on aligning national and regional government investment plans and priorities and timelines on housing, roading and transport.

END

The Queenstown Chamber of Commerce

Anna Mickell
Chief Executive Officer
Date 01/02/19

References

Consumer Insights Limited. (2018). *Labour and skills supply research report.* Queenstown-Lakes District Chamber of Commerce Incorporated.

Infometrics. (2019, Feb 1). *Queenstown-Lakes District Economic Profile*. Retrieved from https://ecoprofile.infometrics.co.nz/queenstown-lakes%2bdistrict/StandardOfLiving