

TOURISM SKILLS SHORTAGE REPORT

Overview of the tourism industry

- 1 New Zealand Tourism is a service industry that includes all those activities that are directed towards meeting the demands of domestic and international visitors throughout the country.
- 2 It comprises a small number of publicly listed companies and an estimated 13 500 to 18 000 small and medium enterprises (SME's). Most SMEs are in the accommodation sector, followed by food, transport and attractions and activities (Source: Tourism Industry Association of New Zealand).

Key Tourism Industry Statistics

- a tourism expenditure has increased by 5% annually since 1997 (international tourism growing at 7.4% and domestic at 3.2%)
- b total tourism expenditure for the year ended March 2002 was \$14.6 billion (9% of GDP)
- c 57% of that expenditure was by domestic tourists and 43% by international tourists.
- d the tourism industry earned 14.3% of total exports – 2nd largest behind the dairy industry
- e the industry supports 150 000 FTE jobs – 1 in 11 jobs
- f it provides GST revenue of \$1 billion
Source: Tourism Research Council New Zealand (TRCNZ)

Forecast Future Growth of the Tourism Industry

- 3 The tourism industry is growing at a rapid rate.
 - a the volume of international visitors is forecast to increase at an annual rate of 5.7%
 - b the annual spending of international tourists is forecast to double from 2002 levels by 2009 when it is expected to reach 6 billion (an annual growth rate of 9.6%)
 - c the growth of the domestic tourism industry is expected to be more modest with visitor night growth of 1.4% over the next 5 years
 - d the average stay period is forecast to increase from 21.3 nights to 22.5 nights by 2009.
Source: TRCNZ

- 4 If New Zealand is to sustain and capitalise on the predicted growth then the number of people who can contribute to the tourism industry will need to increase.

Shortages Issues

- 5 The Tourism Industry Association (TIA) has advised that currently there is only anecdotal evidence of current or potential skill shortages. The TIA is currently working with the Ministry of Tourism and relevant training organisations on a report that will address the future skill needs of the Tourism sector.
- 6 The report will forecast how many jobs there will need to be in the tourism sector in 3 and 5 years in order to accommodate the projected annual growth in visitor numbers and expenditure forecast by the TRCNZ. More importantly, it will predict the types of skills, qualifications, experience and job tenure tourism related employers will seek.
- 7 Identification of these skills is crucial to the future direction of industry training programmes.
- 8 The TIA also expects that there is likely to be a gap for SMEs, necessitating the building of a comprehensive understanding of these tourism providers.
- 9 The report is also likely to recommend that better alignment with the Tourism Satellite Accounts (which provides an official measure of the economic contribution of the tourism industry) to determine current base demand (i.e. identify what areas are currently experiencing skill and labour shortages).

Barriers to quantity and quality growth

- 10 The seasonal nature of tourist visits has been a barrier to attracting and retaining labour to tourism related jobs. Employers' staffing needs oscillate throughout the year with most operators needing more staff for their 'peak seasons' and less during off-peak periods. Because operators need to have flexible employment arrangements many employees do not have, or at least cannot be guaranteed, permanent full-time work. This leads many of those workers to exit the industry.
- 11 The TIA has already introduced some initiatives to alleviate the problems caused by seasonality but because of the workforce instability tourism firms are reluctant or unable (for financial reasons) to invest in upskilling their employees. It is possible that this is limiting the effectiveness of some of the quality assurance schemes outlined below.

Current programmes aimed at enhancing quality and quantity of tourism industry workers

- 12 Despite the current lack of precise information relating to potential or current skill shortages in the tourism industry, the industry itself and the government have already established schemes to increase the quantity and quality of tourism workers.

Industry Initiatives

- 13 *Qualmark*: This scheme provides visitors with information about visitor products and services against recognisable standards. The objective is to encourage operators to ensure the quality of their products and services is in line with accepted industry standards.
- 14 *The Quality Tourism Standards Process*: These are being developed for adventure tourism operators and the standards vary significantly due to the wide variety of activities that fall into the category of adventure tourism. Each standard is developed by a core reference group of 4-10 people who are involved in the provision of the product or service that the standard relates to.

Tertiary Education Commission Initiatives and Programmes

The Tertiary Education Commission (TEC) funds a wide range of tourism training programmes and qualifications through various education and training interventions, including: Industry Training, Modern Apprenticeships, Youth Training, Training Opportunities, Skill Enhancement and the Student Component (EFTS) system. These programmes are delivered by a wide range of providers, using both on-job and off-job training methods.

Industry Training

- 15 Industry training is a partnership between industry, government and employees to provide and enhance skills for New Zealand's sustainable development. As at 31 December 2003, TEC was funding 1,987 industry training enrolments in the tourism industry.

Modern Apprenticeships

- 16 Modern Apprenticeships provide opportunities for young people to access high quality, supported, work-based education. Modern Apprenticeships in tourism were established in June 2002. As at 31 December 2003, there were 46 tourism Modern Apprentices throughout New Zealand.

Future generic schemes that will help the tourism industry

- 17 A range of generic programmes that aim to raise skill levels across many different industries are already being applied to the tourism industry.

Training Opportunities and Youth Training

- 18 Youth Training provides a bridge for school leavers who lack foundation skills towards further education or training, and employment. Training Opportunities provides education and training for adults who lack foundation skills to prepare them for further education and training, and employment.

Programme	Funded Places in 2003
Training Opportunities	244
Youth Training	240
Skill Enhancement	12

Gateway

- 19 Gateway offers opportunities for young people to access structured workplace learning that is integrated with school-based learning. In 2003, TEC provided funding for 100 placements in 20 schools for the Gateway programme in the tourism industry. TEC is currently negotiating with schools and intends to expand the Gateway programme to 126 decile 1-5 schools in the 2004 calendar year. This will offer Gateway opportunities to 4,000 students throughout New Zealand.
- 20 As at 31 August 2003, the TEC was also funding 3,079 Equivalent Full Time Students (EFTS) in tourism programmes¹. Forty-three Tertiary Education Organisations delivered the 3,079 EFTS in sites throughout New Zealand.

Ministry of Social Development Initiatives

- 21 This information is also contained in the Meeting Skill Needs – A Work and Income Response report. This report provides an overview of skill shortages identified by Work and Income regions and describes initiatives the regions are undertaking to address skill shortages.

Queenstown Initiative

- 22 The Work and Income Southern Regional Commissioner established the Queenstown Workforce Solutions Forum to address labour shortages and barriers to working in the Queenstown Tourism industry.
- 23 Barriers identified included childcare, accommodation and transport. The forum also included a series of public workshops to identify possible solutions.
- 24 This initiative links in with the Lumsden Hostel and Bus project and the Bridge to Queenstown initiative, which aims to provide transport and accommodation for Job Seekers who want to work in hospitality in Queenstown.

¹ Courses that prepare or develop further the abilities of individuals to understand tourism management, tourism policy and planning, impacts of tourism, tourist behaviour, tourism economics, tourism forecasting, tourism marketing and tourism resource appraisal).

Hospitality/tourism Initiative in Dunedin

- 25 Work and Income Southern have run recruitment seminars to raise awareness of work and careers available in the hospitality industry. The seminars also provided job interview opportunities, which resulted in 51 Job Seekers attending. The General Manager of the Scenic Circle Southern Cross Hotel and the Hospitality Industry Training Advisor attended and discussed industry requirements.
- 26 Work and Income Southern have established a positive relationship with senior hotel management, and now have an opportunity to recruit for the new Dunedin City Scenic Circle Hotel, due to open in March 2004. Over the December 2003 quarter, 15 Job Seekers were placed into employment in a variety of positions at the Scenic Circle Southern Cross Hotel.

Ministry of Economic Development Initiative

Northland Employment Initiative:

- 27 A working group comprising MED, MSD, TEC, TPK and Enterprise Northland was established to assist in closing the gaps between labour supply and skilled labour shortage and labour demand from employers.
- 28 The main focus of the working group is to facilitate relationships between three main stakeholder groups - employers, unemployed people from Northland and central government agencies who have capability to effect change in the labour market.
- 29 The aim of the group's work is to identify solid job vacancies through discussions with employers and then to find suitable applicants amongst the unemployed who, with training and motivation, would meet the skill requirements of the employer. For the unemployed person, the promise is that, if they complete the training required to meet the employer's requirements, they are guaranteed a job.
- 30 Tourism employers have identified a potential for 20 people to be included in the first group of project participants. This number is consistent with initial estimates from tourism employers about their capacity to absorb project participants.

Future Actions

- 31 More will be known about the tourism industry's future skill needs once the TIA (in conjunction with the Ministry of Tourism) have completed their research report on the future skill needs of tourism industry. Once this report is released in late August government agencies will review its findings and decide on an appropriate response.

- 32 Much work is already being done by government and industry to address the rapid growth of the tourism industry, and following the release and review of the TIA research report Government agencies will be able to refocus their work in this area to better meet the skill and growth needs of the tourism industry.