



## **Response to the Migration Advisory Committee**

### **Call for evidence on salary threshold and points based system commission**

#### **Submitted by the Northern Ireland Tourism Alliance**

**5<sup>th</sup> November 2019**

We welcome the opportunity to contribute to the call for evidence from the Migration Advisory Committee.

#### **Who are Northern Ireland Tourism Alliance (NITA)**

The Alliance was launched in August 2018 to provide a united and independent voice of the Tourism Industry in Northern Ireland. NITA currently has members in the following categories:

- Accommodation Providers
- Food & Drink Industry Associations
- Regional organisations - Visit Belfast, Visit Derry and Visit West Belfast
- Major Tourist Attractions
- Tour Guides
- Passenger Transport
- Airports
- Ports
- Airlines

NITA also has associate memberships including 10 local councils, ABTA, Tourism NI, Tourism Ireland and education and skills providers.

NITA's role, as the single representative body for the tourism and hospitality industry in Northern Ireland, is to represent our members and ensure the voice of industry is listened to, to shape the future growth of tourism and lobbying at all levels of government and beyond to raise awareness of and contributing to the solution of major strategic issues affecting the industry, which include everything from the UK's exit from the European Union, the impact of APD, VAT, access to talent and skills development and the ongoing uncertainty of the economic climate to the industry's overall competitiveness.

#### **Economic Impact of Tourism - Today**

Tourism is one of the success stories in Northern Ireland. In the last 5 years Tourism has grown by 35% in 2018<sup>1</sup> Tourism generated £1bn in revenues and employed almost 65,000 people (8.7% of total jobs in NI). Over 70% of revenue was generated from visitors from outside of NI, meaning that

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<sup>1</sup> <https://www.nisra.gov.uk/sites/nisra.gov.uk/files/publications/Annual-Tourism-Statistics-Publication-2018%281%29.pdf>

Tourism is one of the most export led sectors of the economy contributing to the growth of the overall economy.

The hotels sector in Northern Ireland has undergone unprecedented growth over the last three years. Room numbers have increased from just under 8,000 to 9,548. Private sector investment has exceeded £500M. The economic metrics deployed, which take into account the service levels required to meet current classification standards, indicate that on average each new room creates one new job.

75% of jobs in the tourism economy are in the accommodation and hospitality sectors and attracting skilled workers has been an issue for these sectors specifically but attracting talent into other sectors such as tourist attractions and the growing business tourism sector is challenging and will also be significantly impacted by the potential reforms to immigration policy.

NITA supported the recent research<sup>2</sup> by UK Inbound and Canterbury Christ Church University, which for Northern Ireland showed that nine out of ten tourism businesses fear the immigration reforms may cause closures. 80% of businesses have found recruitment more difficult since the Referendum and have seen increasing numbers of workers from the rest of the EU leave. Other findings include:

- 88% said that the proposals would impact negatively on their ability to continue to operate
- 83% believe that the proposals would impact negatively on their ability to expand
- 92% believe that the proposals would impact negatively on their ability to remain competitive
- 79% of tourism businesses cited the limited domestic labour market as the key reason for the continued need for EU workers.

Northern Ireland has a land border with the Republic of Ireland and it is critical that any immigration reforms do not negatively impact on the ability for workers to travel across the border.

### **Ambition for Growth**

Tourism is an exciting and dynamic industry and Tourism NI have set an ambitious vision to double the economic impact of the industry by 2030 to an industry that will generate £2bn in revenues and create at least another 25,000 jobs. High on the agenda for our members is the availability of the skills required within the industry. This has been a continual challenge, which has been mitigated in part by people working in the industry that are from outside NI.

#### **1. Salary Threshold**

The £30,000 salary threshold for Tier 2 employees does not reflect salary levels in Northern Ireland. According to the latest Annual Survey of Hours & Earnings (ASHE) published on 29<sup>th</sup> October 2019 by NISRA<sup>3</sup>, the average Private sector salary is currently £24,908. This is the equivalent of 84% of the average salary levels in the rest of the UK. It is important to note that Northern Ireland has a disproportional level of public sector employment, 27% of total jobs, where the average salary is £32,500, 31% higher than the private sector.

The introduction of a UK-wide minimum salary level of £30,000 across all sectors does not support the tourism and hospitality sector in Northern Ireland. In addition to its prohibitive salary threshold, the current system is cumbersome, time consuming and restrictive especially for SME businesses,

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<sup>2</sup> <https://www.nitourismalliance.com/assets/downloads/A-Perfect-Storm-Executive-Summary-FINAL.pdf>

<sup>3</sup> <https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/annual-survey-hours-and-earnings>

which are the dominant business type within tourism and hospitality. The level of skill, time and legal knowledge required to complete the process presents a real challenge for any prospective SME employer.

According to research carried out by People 1<sup>st</sup> in 2016, 20% of the tourism workforce were born outside of the UK, of which 46% have come from other EU countries. This is even more stark in the accommodation sector with 27% of the overall workforce being non-national. Analysis by the Ulster University Economic Policy Centre indicates that 55% of this migrant figure is from the EEA with 45% being non-EEA workers.

This reliance on migrant workers from other EU countries is likely to have a negative impact if the UK's proposed plans for immigration restrictions are implemented. The industry is already experiencing difficulty attracting people from outside of NI and retaining those already working in the workforce due to the uncertainty arising from Brexit.

This is a challenge for a number of sectors which creates an increased level of competition within the local labour market. In the latest Labour Force Survey<sup>4</sup>, the NI unemployment rate was 2.9%. This is below the UK rate of 3.9%, ROI rate of 5.3% and the European Union of 6.3%. This underlines the fact that we do not have capacity within the local labour market to meet our needs.

Within Tourism, it is estimated that 2,500 people per year will need to be employed to fill existing jobs that will become vacant each year over and above the new jobs that will be created as the Tourism economy grows. Therefore, immigration is critical to our economic growth and the salary threshold must be set at a level that enables our businesses to access much needed labour.

NITA would ask that the following actions are considered:

- Given the particular circumstances within Northern Ireland and the unique geographic location having a shared border with the Republic of Ireland, a flexible, regional approach with weighting for specific region and roles should be included within the reforms. This could include the creation of a separate regional salary framework.
- Minimum wage level to be linked to sector and candidate shortage, not a blanket UK approach.
- A streamlining of the entire process to reflect the fast-moving nature of employment requirements in tourism. A process which can take up to six months is simply unworkable in a business that requires skilled staff on an urgent basis.
- Language skills should be added to the occupation shortage list and be exempt from immigration restrictions
- A regular and independent review implemented to ensure the tourism industry is not being adversely impacted as the reforms are implemented

## **2. Points System**

In relation to the question of an Australian based points system, in principle NITA believes that this might work in tandem with other immigration solutions. However, the following concerns would require attention:

1. Occupation list would need to be reviewed on a regular basis with additions and amendments being a simple process.

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<sup>4</sup> <https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/labour-force-survey>

2. Points would be given for experience & knowledge of role and not simply based on academic achievement and qualifications.
3. Due to the different overseas destinations that visitors to Northern Ireland originate from, prospective employees with an understanding of culture and fluency of language should have the opportunity to reflect this in their scoring.
4. The system should be simple & relatively swift. If prospective immigrants are already in the UK they should be able to fast track into this scheme.

## **Conclusion**

The tourism and hospitality industry in Northern Ireland has an ambition double in size in the next ten years which will mean at least an additional 25,000 new jobs will be created. In addition, each year an estimated 2,500 jobs per year will need to be filled to deal with attrition giving a total of 50,000 positions to be filled. This volume of prospective employees is not available from the local employment pool, where we are competing with other sectors and current skills levels available do not meet the industry needs.

Employers in the tourism economy are working hard to find solutions, for example; raising awareness of the opportunities and careers available within the tourism economy as well as initiatives to make tourism more attractive to people of all ages and backgrounds. Tourism businesses are also working with organisations to provide opportunities to help people in long term unemployment back into employment.

However, these initiatives are not enough and immigration is a critical element to enable the tourism economy to grow. It should be noted that the labour market in Northern Ireland represents about 2% of the total UK labour market and therefore any regional reforms will have minimal impact on the total UK immigration figures. Conversely, if no regional weighting is included this will have a detrimental impact on the Northern Ireland economy, stunting growth and impeding future development and growth.

NITA would be happy to provide any further assistance and information to the Migration Advisory Committee.

For further information, please contact

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