So How Did We Get Here? A Historical Case Study of Migrant Employment in the New Zealand Hotel Sector[1]

Keywords: historical employment relations, New Zealand, hotels, migrants

Abstract

Labour issues for the hospitality and tourism sectors have been the subject of intense Government, media, academic and public debate over the past several years, with much of the discourse arguing that the issues are recent, for which the solution is increased levels of migrant labour. This article takes a critical historical employment relations approach to highlight the historical development of migrant labour conditions in the New Zealand hotel industry by focusing on the impacts of employment legislation and ownership during the 1980s and 1990s. Using an employment relations pluralist (employers, employee unions and the State) lens, the article argues that the transition from a corporatist to neo-liberal consensus 'locked in' changes to employment law and hotel ownership structures that have resulted in a sector dependent on migrant workers and dominated by 'race to the bottom' employment conditions.

Introduction

Pre-Covid concerns around labour shortages and a dependency on migrant workers on temporary visas have escalated into full-blown labour shortage crises in the UK, US, Australia and New Zealand.[2] In the New Zealand hospitality and tourism sector, a decade

[1] The authors would like to thank *Labour History*'s two anonymous referees.

[2] BBC News. "Is there a solution to the hospitality staff crisis?" *BBC News*., 20 July 2021, accessed 27 November 2023, https://www.bbc.com/news/business-57817775; Stuff News. "*Hospo 'addiction' to cheap migrant labour could force the closure of businesses unable to afford NZ workers*" Stuff News., 25 July, 2021, accessed 25

long pre-Covid boom has been replaced with major decline, due to border closures and pandemic lockdowns. However, long standing and steadily worsening labour market problems, including a dependency on migrant labour and rapidly increasing reports of migrant exploitation[3], now risk being drowned out by the sector's fight for survival. More than ever, the issues around migrant labour in the tourism and hospitality sector needs to be analysed in a broader, critical and historical employment relations context, away from an excessive focus on the present.

This article will use a critical historical employment relations approach to highlight the historical development of migrant labour conditions in the New Zealand hotel industry. Specifically, the focus is on the history of migrant labour in the New Zealand hotel sector and the impacts of employment legislation and ownership structure during the 1980s and 1990s. We use a traditional employment relations pluralist – employers, employee unions and the State – lens to argue that the transition from a corporatist to neo-liberal consensus 'locked in' radical changes to employment law and hotel ownership structures that have resulted in a hotel sector largely dependent on migrant workers and dominated by 'race to the bottom' employment conditions. These disproportionally affect migrant workers. While migrant labour has always been crucial for the growth of the hotel sector, the changes of 1980s and 1990s mark the point at which weakened labour protections and the associated degradation of conditions became the 'new normal' for the sector and migrant workforce.

November 2023, https://www.stuff.co.nz/business/125810650/hospo-addiction-to-cheap-migrant-labour-could-force-the-closure-of-businesses-unable-to-afford-nz-workers.

[3]Deloitte. *Australian Tourism Labour Force Report: 2015-2020*. (Australian Trade Commission: 2015) https://www.tra.gov.au/Archive-TRA-Old-site/Research/View-all-publications/All-Publications/australian-tourism-labour-force-report-2015-2020; New Zealand Tourism Industry Association. (2015). *People & Skills 2025*.

This article concentrates on the nexus between the Hotel Workers Union (employee representative), the Tourist Hotel Corporation (THC – the employers) and the New Zealand Government. The New Zealand Federated Hotel, Hospital, Restaurant and Related Trades Employees' Industrial Association of Workers (hereafter referred to as the Hotel Workers Union) was the national representative of hotel workers and one of the largest and most powerful industrial unions in New Zealand.

The THC was the largest hotel group in New Zealand, consisting of 10 major tourist resort hotels and employing 1,300 staff by 1981. It remained **the** key employer, trainer and industry voice until its sale to the Southern Pacific Hotel Corporation in 1990. The THC held a unique position, as it was a 'State Owned Enterprise' that was required by the Tourist Hotel Corporation Act to "encourage the development of the tourist hotel industry in New Zealand". Thus, while it was not a monopoly and had to complete with private enterprise, its government backed role in developing the hotel and wider hospitality sector was far reaching; "The THC was the leading trainer of staff in hotels. If you worked in the waiting or bar staff … you were like an A grade if you had worked your time at the THC".[4] "You've got to remember that the THC was unique in that the trainee programme was world class at that time".[5]

The article will initially provide a literature context, including a summary of the critical historical employment relations (CHER) approach underpinning the research. Next is the research design, then a findings section which presents a narrative history of migrant labour in the New Zealand hotel industry. A discussion of the key contributions and a brief conclusion brings the contribution to a close.

[4] Rick Barker, email with the authors, 30 July 2014.
[5] Barker, email.

Migrant Labour Context

Recent international research has clearly established the importance of migrant labour in the hospitality and tourism sectors, particularly highlighting employment in low skill roles.[6] Much of the research has focussed on the types of work migrants perform, the conditions and pay of that work and issues around language, skills and barriers to entry.[7] Treuren and colleagues explain that the hospitality sector provides migrant employees with a wide range of jobs requiring different skill levels and language proficiency, so some with low barriers to entry, such as housekeeping, provide 'refuge' employment for these vulnerable jobseekers.[8] Ndiuini and Baum examine the underemployment of migrants, which despite their qualifications and skills, results in a pathway to career frustration.[9] They state that the "removal of immigration restrictions would permit their flexibility to change occupations often to jobs where they can exploit their transferable skills." In Australia, Farbenblum and Berg draw our attention to the

[6] Tom Baum, "Migrant Workers in the International Hotel Industry," *International Migration Paper* (International Labour Organization), no. 112 (2012), accessed December 2023, http://www.ilo.org/sector/Resources/publications/WCMS_180596/lang--en/index.htm.

[7] Chris Dawson, Michail Veliziotis and Benjamin Hopkins, "Understanding the Perception of the 'Migrant Work Ethic'," *Work, Employment and Society*, 32, no. 5 (2018): 811-30.

[8] Gerrit Treuren, Ashokkumar Manoharan and Vidya Vishnu, "The Hospitality Sector as an Employer of Skill Discounted Migrants. Evidence from Australia," *Journal of Policy Research in Tourism, Leisure and Events*, *13,* no. 1 (2021): 20–35.

[9] Ann Ndiuini and Tom Baum, "Underemployment and Lived Experiences of Migrant Workers in the Hotel Industry: Policy and Industry Implications," *Journal of Policy Research in Tourism, Leisure and Events*, *13,* no. 1 (2021): 36–58.

fact that wage theft is endemic for temporary migrants in several industries including hospitality. [10]

A litany of less than desired employment practices lead Williamson to describe hospitality as the modern 'Cinderella' industry[11], an analogy also used by Harris et al. in their work on representations of hotel housekeeping staff. [12] However, it is important to remember that there is no 'one' hospitality employee experience as the experiences of workers are shaped by complex intersections of gender, class and ethnicity, and associated divisions of labour[13]

Baum argues that the numbers employed in many areas of hospitality continue to decline, creating increased stress for remaining employees - especially as budget models emerge and consumer demand for lower prices exerts further pressure on hospitality service providers.[14] Consider the place of migrants in this situation. With the arrival of COVID-19, service organisations such as hospitality, tourism, restaurants, and airlines saw huge unemployment and layoffs.[15] There are also impacts for migrant workers such

[10] Bassina Farbenblum and Laurie Berg, "International Students and Wage Theft in Australia," *SSRN Electronic Journal*, (30 June 2020).
[11] David Williamson, "Too Close to Servility? Why is Hospitality in New Zealand still a 'Cinderella' Industry?" *Hospitality and Society, 7,* no. 2 (2017b): 203–09.
[12] Candice Harris, Helen Tregidga and David Williamson, "Cinderella in Babylon: The Representation of Housekeeping and Housekeepers in the UK Television Series Hotel Babylon." *Hospitality and Society, 1,* no. 1 (2011): 47-66.
[13] Dimitri Ioannides, Szilvia Gyimóthy and Laura James, "From Liminal Labor to Decent Work: A Human-Centered Perspective on Sustainable Tourism Employment." *Sustainability, 13,* no. 2 (2021): 851; Peter Lugosi, Hania Janta and Barbara Wilczek, "Work(ing) Dynamics of Migrant Networking Among Poles Employed in Hospitality and Food production," *The Sociological Review, 64,* no. 4 (2016): 894–911.
[14] Tom Baum, "Hospitality Employment 2033: A Backcasting Perspective," *International Journal of Hospitality Management, 76,* Part B (2019): 45–52.
[15] Laurie Berg and Bassina Farbenblum, "As If We Weren't Humans: The Abandonment of Temporary Migrants in Australia During COVID-19," (2020) SSRN: https://ssrn.com/abstract=3709527.

as unemployment or reduced salary, which has a flow on effect to their families and countries dependent upon remittance flow from abroad. Baum, et al. ask whether COVID-19's impact on the hospitality workforce is actually a new crisis or just an amplification of the norm? [16]

Within the considerable body of literature on migrants and hospitality employment there is little that considers the employment relationship through an explanation of power relations which includes the voices of multiple stakeholders. There is virtually no hospitality and tourism migrant labour literature that looks at trade unions, employment relations or the historical origins of migrant employment experiences. Two exceptions are the work of Williamson and Harris[17] and Tapia and Alberti.[18] Williamson and Harris present a gendered analysis of (un)sustainable employment practices in the New Zealand tourist hotel sector from 1950 to 2000, specifically concentrating on the role of the Hotel Workers Union and the broader post-war corporatist and neo-liberal economic, political and social policies that affected tourism work during this period. Tapia and Alberti advocate both the importance of an employment relations focus, but also, the use of a multi-party perspective (employers, employees, unions and the state) to

[16] Tom Baum, Shelagh Mooney, Richard Robinson, and David Solnet, "Covid-19's Impact on the Hospitality Workforce – New Crisis or Amplification of the Norm?" *International Journal of Contemporary Hospitality Management*, *32*, no. 9 (2020): 2813-29.

[17] David Williamson and Candice Harris, "From Corporatist Consensus to Neo-Liberal Revolution: A Gendered Analysis of the Hotel Workers Union and its Impact on (Un)Sustainable Employment Practices in the New Zealand Hotel Sector, 1955–2000," *Journal of Sustainable Tourism* (2021): 1–17.

[18] Maite Tapia and Gabriella Alberti, "Unpacking the Category of Migrant Workers in Trade Union Research: A Multi-Level Approach to Migrant Intersectionalities," *Work, Employment and Society*, 0950017018780589, (2018).

unpack previously homogenous views of migrant workers; an approach this article follows.

Migrant exploitation, regional skill shortages and political debates on the ideal level of migrant labour were constant themes in pre-Covid New Zealand media[19]. During this time hospitality and tourism were consistently over-represented in negative migrant labour exploitation media stories and Department of Labour investigations.[20]Despite the growing media, political and social focus on migrant workers in the hospitality and tourism sector, there remains very little research on the history of that migrant labour in New Zealand and beyond.

The Corporatist Context

This paper argues that one of the key drivers of change in post-war tourism employment relations was the movement from a particularly intense form of Keynesian economic policy consensus, with corporatist structures to enact them, to an equally intense neo-liberal approach. While the characterisation of New Zealand in this period as a 'corporatist state' is contested[21] more recent New Zealand literature argues that the

[19] Rachel Smalley, "Immigration is the Issue, Not Immigrants," *New Zealand Herald*, May 7, 2017. https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11851421.

[20]David Williamson, *In Search of Consensus: A History of Employment Relations in the New Zealand Hotel Sector – 1955 to 2000* [Thesis, Auckland University of Technology] 2017a. http://aut.researchgateway.ac.nz/handle/10292/10412.; Other, "Respect Needed for Workers in Biggest Industry," *New Zealand Herald*, 7 January 2016. https://www.nzherald.co.nz/nz/respect-needed-for-workers-in-biggest-industry/XQL6ERNMLGOQWVLQIURSSHFQ64/.

[21] Bray, Mark, and Pat Walsh. "Accord and Discord: The Differing Fates of Corporatism Under Labo (u) r Governments in Australia and New Zealand." *Labour & Industry: A Journal of the Social and Economic Relations of Work* 6, no. 3 (1995): 1-26.

corporatist characterisation is sound.[22] Indeed, Belich describes the pre-1980s period as involving a "systemic" integration of unions into the state, resulting in "sectoral harmony", and an "unholy alliance" of business, unions and the state in a condition of "corporatist" harmony. [23]

This article argues that the corporatist consensus was fully in place when our historical narrative starts in the post-war period and remained firmly in place until the mid-1980s, at which point the consensus began to erode and crumble until the neo-liberal "revolution" of 1984 replaced it.

Corporatism places the New Zealand hospitality employment experience within a local and global framework, focussing on the relationships between employers, unions and the state. The work of Schmitter presented the required components of corporatist groups: compulsory membership, hierarchically ordered in internal structure; recognised and certified by the state; and practising representational monopoly in their areas. [24] Schmitter and Shonfield postulated that the ideal state is one which fosters full employment, promotes economic growth, prevents inflation, smooths out business cycles, regulates work conditions, provides comprehensive welfare security and resolves labour conflicts. [25] Despite New Zealand being a prime example of a classic corporatist state in the post war period, there is almost no literature on corporatism in the New Zealand

[22] Williamson, "In Search of Consensus."; Williamson and Harris, "From Corporatist Consensus to Neo-Liberal Revolution: A Gendered Analysis of the Hotel Workers Union and its Impact on (Un)Sustainable Employment Practices in the New Zealand Hotel Sector, 1955–2000,", 1–17.
[23] James Belich, *Paradise Reforged: A History of the New Zealanders from the 1880s to the Year 2000*. (Auckland: Allen Lane, 2001), 263.
[24] Philippe Schmitter, "Still the Century of Corporatism?," *The Review of Politics, 36,* no. 1 (1974): 85–131.
[25] Andrew Shonfield, *Modern Capitalism: The Changing Balance of Public and Private Power*. (London: Oxford University Press: 1965).

tourism context. An exception can be found in the discussion of corporatism in the tourist context by Williamson.[26]

From the mid-1970s on, frustration with attempts to maintain corporatist control of the economy found expression in the theories of neo-liberal economic thinking, which were gaining international popularity at the time.[27] UK "Thatcherite" and US "Reaganite" policies of neo-liberal, deregulated, free-market economics were promoted by powerful groups within New Zealand, including Treasury, the Reserve Bank, the Business Roundtable (a prominent pro-business lobby group), the Employers Federation and an influential faction within the Labour Party.[28]

Upon winning the 1984 general election, the Fourth Labour Government undertook a radical series of deregulatory reforms based on neo-liberal, free-market philosophies. These reforms included a dramatic restructuring of the public sector, the selling of state assets and comprehensive deregulation of the economy.[29] The pace and scale of these reforms led to this period being commonly described as a neo-liberal revolution.[30] Yet, "despite the controversies generated by Labour's 1984–90 reforms, few of them were reformed by subsequent administrations" In fact, the neo-liberal shift was adopted by the 1990 National Government and embodied in the Employment Contracts

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[26] Williamson, *In Search of Consensus: A History of Employment Relations in the New Zealand Hotel Sector – 1955 to 2000,"* 43.
[27] Colin James, *New Territory: The Transformation of New Zealand, 1984–92* (Wellington: Bridget Williams Books, 1992).
[28] Jane Kelsey, *Rolling Back the State: Privatisation of Power in Aotearoa/New Zealand* (Wellington: Bridget Williams Books, 1993); Erling Rasmussen, *Employment Relations in New Zealand* (Auckland: Pearson, 2009).
[29] King, Michael. *The Penguin History of New Zealand*. Penguin Random House New Zealand Limited, 2003.
[30] Belich, *Paradise Reforged*, 263; Jane Kelsey, The New Zealand Experiment: A World Model for Structural Adjustment? (Wellington: Bridget Williams Books: 1995); Michael King, *The Penguin History of New Zealand*. (New Zealand: Penguin Books, 2003).

Act of 1991, which radically changed employment relations in New Zealand. These changes will be discussed in detail later in the paper.

The Employment Contracts Act (ECA) (1991) represented a significant change from previous legislation governing labour relations, working to strengthen the direct relationship between employees and their employers.[31] The change brought by the ECA (1991) has been posited as establishing a simple contractual regime, with the virtual disappearance of multi-employer bargaining and awards.[32] Furthermore, the Act dismantled the platforms of trade unions or trade unionism[33] in employment relationships. Rather than resulting in improved workplace relationships, the ECA can be argued to have resulted in an increasing gap between employer and employee.[34] In a study of the New Zealand hospitality industry, reporting evidence from 1100 workplaces, Ryan (1996) found from analysis of employment contracts, that following the introduction of the ECA that while contracts generally include a comprehensive range of provisions, these were frequently not much more beneficial than that which is required by legislation.

Research Design

Taking a Critical Historical Employment Relations (CHER) Approach

[31]Andrew Morrison, "The Employments Contracts Act and Its Economic Impact. Parliamentary Library," (1996). https://www.parliament.nz/en/pb/research-papers/document/00PLSocRP96021/the-employment-contracts-act-and-its-economic-impact#RelatedAnchor

[32]Raymond Harbridge, "Bargaining and the Employment Contracts Act: an Overview," *Employment Contracts: New Zealand Experiences* 3 (1993): 1-52.

[33]Kevin Hince and Martin Vranken, "A Controversial Reform of New Zealand Labour Law: The Employment Contracts Act 1991, "*International Labour Review*, 130 (1991): 475.

[34]Rose Ryan, "The Impact of the ECA on Labour Relations in Hotels and Restaurants," *Labour, Employment and Work in New Zealand* (1996), 167-175.

There is great value in taking a historical employment relations approach for hospitality research on migrant labour; concentrating on the relationships and power interests between hotel employers, employee unions and the state, as they develop over time. This article aims to answer calls to liberate hospitality and tourism research from 'presentist', positivist, unitarist paradigms.[35] The findings and discussion explore the dramatic change in the power balance between employers and unions/employees that occurred in the 1980s and 1990s – driving home the critical perspective of this article. Such a focus includes the strategies adopted by these parties and the rules and process used to regulate the employment relationship, as well as the cultural, social, economic and political contexts within which employment occurs.

The data for this article were gathered as part of a larger historical study of employment relations in the New Zealand hotel sector from 1955–2000.[36]**Error! Bookmark not defined.** The hotel sector provides a useful site of employment research as it straddles both the tourism and hospitality sectors, both traditionally important sectors for the New Zealand economy and sites of large scale and problematic employment. Methods included semi-structured interviews and archival research. Participants were recruited using snowball sampling, and the resulting transcripts underwent thematic analysis. The interviews in the original study were provided by 20 participants, including nine managers, seven union representatives, three hotel consultants and one industry advocate in the New Zealand hotel sector. Of these 20 original interviews, 12 are used in this paper. It is important to note that the participants quoted in this paper are the senior

[35]Paul Lynch, Jennie Molz, Alison Mcintosh, Peter Lugosi and Conrad Lashley, "Theorizing Hospitality," *Hospitality and Society*1, no. 1 (2011): 3–24.
[36] Williamson, "In Search of Consensus" 3

leaders of the hotel industry, the unions and the Government of the period covered. For a more detailed discussion of the historical methods used in this research see Williamson and Rasmussen.[37]

In addition to interviews, extensive archival research was undertaken, including: Archives New Zealand; The National Library of New Zealand; The Tourist Industry Association of New Zealand; The Special Collections at The Auckland City Library; The Auckland Star news article clippings collection; a collection of *Flashlight* - the magazine of the Hotel Workers Union; minutes of the National Hotel Workers Union; and a collection of Official Reports on the Tourist Hotel Corporation to the House of Representatives.

Table 1. Descriptions of The Twelve Participants Quoted in The Research Findings.

Julian Bugledich	Regional Manager, New Zealand, of Southern Pacific Hotels (SPHC) from 1990 to 2000. Oversaw the purchase of the THC assets by SPHC in 1990 and was head of the first major multi-national corporate hotel group in New Zealand.
Denis Callesen	Joined the THC in 1970, as a trainee manager, worked his way through many properties before achieving Deputy CEO of the THC by the age of 28. Continued to work for the SPHC after 1990.
Penny Clarke	The first female GM in New Zealand hotels. Started working in NZ hotels in the late 1960s and held General Manager positions in many properties and brands.
Tim DiMattina	Joined the THC as an accountant in 1973 and was Financial Controller of the THC by the age of 25. Oversaw the financial management of the THC until 1982. Later worked for the SPHC on the purchase of the THC.
Gordon Wilson	Arrived as GM at the Hyatt Queenstown in 1988. He has worked for Hyatt Kingsgate for many years and now heads up the Waldorf Managed Apartments Group in Auckland.
Nigel Harper	Arrived in New Zealand in 1968 and worked for the Intercontinental Hotel and THC Wairakei Hotel before becoming General Manager at the

[37] David Williamson and Erling Rasmussen, "The Big Bang: The Birth of Human Resource Management in the New Zealand Hotel Sector," *Journal of Management History* 26, no. 1 (2020), 99-115.

	Hermitage Hotel. Has been area manager for hotels in Asia and Australia and has worked for Accor.
Denise Thornton	Executive Housekeeper at the James Cook Hotel in Wellington. Started working there in 1974 and has worked in housekeeping, in that property, until the 2000's.
John Farrel	John worked for the SPHC from 1983 as a Sales Manager, became CEO of Travelodge Hotels Australia in the 1990s, before joining Accor in 1995 as Regional Sales and Marketing Manager, where he continues to this day.
Darien Fenton	Prominent union activist from the late 1980s until the present day. First elected female Secretary of the Service and Food Workers Union (SFWU). Also a former Labour Party MP.
Annie Newman	Educator and organiser for the SFWU since 1985. Was campaign organiser for the Living Wage Campaign, currently Secretary of the SFWU.
John Ryall	Past Secretary for the SFWU, union activist since joining the Wellington Hotel Workers Union in 1985.
Mark Gosche	Senior organiser in the Northern Hotel Workers Union and SWFU since 1981. Mark was also a former Labour Party MP.
Rick Barker	Joined the Hotel Workers Union in 1976. Past Secretary of the Northern Union. Formed the SFWU. Rick was also a former Labour Party MP.

Note: Permission to use their actual names was given by all above named participants

Historical Narrative/Findings

This section will discuss three aspects of the history of hotel migrant labour. Firstly, to highlight that tourism and hospitality employers in New Zealand have *always been dependent* on migrant labour. This is followed by a summary of the post-war, corporatist employment relations system and its impact on migrant wages and conditions before the neo-liberal revolution of the 1980s and 1990s. Finally, the dramatic changes that occurred in the hotel employment relations environment and employers' organisational structures after the neo-liberal reforms of the 1980s and 1990s will be highlighted, including examples of the impacts these changes had on migrant workers' employment conditions.

Dependency on Migrant Labour

The New Zealand tourism and hotel sectors have *always* struggled to find local workers, hence has been highly dependent on migrant labour. As early as 1950, the fabulously titled "Conference of New Zealand Tourist and Travel Interests and Expand the Dollar-spending Trade"[38] produced a report that established many of the themes that would define the development of the tourism and hotel industry in New Zealand. The report emphasised three main themes: an argument that New Zealanders were culturally averse to service work; the impact of high labour turnover and finally a call for significantly increased migrant labour to keep the hotel sector growing. Thus, from its very inception, the tourism sector has relied on migrant labour to fuel its growth – a fact rarely recognised in the self-congratulatory and 'heroic' histories that dominate the discourse around the achievements of this sector.

The report argued strongly that New Zealanders have neither the skills nor desire to work in service roles, therefore demanding increased levels of migrant workers in the sector. McClure[39] summarises the conclusions of the delegates regarding New Zealanders' attitudes towards service work in the following way: "For many, the concept of service was too close to servility." She adds that local staff had "an off-hand attitude to service and ignorance of the standards expected" and quotes "strong pleas" from the conference for "the entry of more immigrants … who were skilled in the hotel trade" In the reporting of this conference, we see arguments regarding New Zealanders' "disdain" for service work and the resulting need for easier access to immigrant labour that would be repeated in Parliamentary debates, media reports and industry commentary still today.

[38] Margaret McClure, *The Wonder Country: Making New Zealand Tourism. (*Auckland: Auckland University Press, 2004).
[39] McClure, *The Wonder Country: Making New Zealand Tourism.*

The report argued that migrant workers were superior in attitude and skills and thus were crucial to growth in the sector. One of the participant THC managers agreed, commenting that the imported labour of this period was: "very service oriented. It's in their nature to serve"[40] Newspapers of the day reflected this idea. In 1965, the manager of the THC Chateau Hotel claimed, "If we could get New Zealand staff we would prefer them ahead of Australians", adding that 80% of the hotel's domestic hotel staff were from Australia.[41] In 1969, *The Auckland Star* newspaper stated local hotels "can't get enough New Zealand girls to fill the available jobs.[42]

Many of the THC-era managers interviewed saw migrant labour as vastly superior to New Zealand employees: "I picked up quite quickly … the wait staff from Australia had been trained quite well" "In most cases, the [imported staff] were better than the Kiwis [New Zealanders], because … they came from an environment where it was a profession."

Also discussed in the report was the impact of high labour turnover on the need for migrant workers. The interviews with THC hotel managers from that period support the depiction of a low skill workforce prone to high turnover, thus they were dependent on imported labour to survive: "[We had] very, very high staff turnover, because you'd constantly have useless bloody [local] staff so you're constantly getting rid of them."[43] "[Back then] none of them were Kiwis, not one; we couldn't have existed without foreign labour."[44]

[40] Denise Thornton, email with the authors, 28 April 2014
[41] The Evening Post, "Hotel Labour Issues," *The Evening Post*, 8 April 1965.
[42] The Auckland Star, "Workers Needed in Hotels,". *The Auckland Star*, 13 October 1969.
[43] Denis Callesen, interview with author, 14 May 2014.
[44] Gordon Wilson, interview with author 2 July 2014.

The senior THC managers clearly state the hotels were *entirely dependent* on foreign workers: "We used to contract out to Australia, all our house maids and waitresses. Also, we used to bring in cooks, waiters, a chef from Europe."[45]. "THC used to go to Australia. There were English, German, Swiss … chefs. Almost zero New Zealand chefs then."[46] Nigel Harper estimated the THC workforce at 70-80 percent imported.[47] As Penny Clarke summarises it, "I think everybody was imported."[48] Even at the humble beginnings of the hotel and tourism sector in the 1950s, the sector was hugely dependent on migrant labour, yet the poor conditions that typify modern hospitality and tourism work were not common.

Post-war Employment Conditions for Migrant Workers

Prior to the dramatic changes that occurred in New Zealand during the neo-liberal revolution of the 1980s and 1990s, hotel employment relations were deeply corporatist.[49] The pay and conditions of migrant hotels workers were contained within industry-wide collective agreements, enforced by a powerful union that benefited from strong relationships with the State and employers.[50] This corporatist employment relations system was embodied in the Industrial Conciliation and Arbitration Act (1894). Under this Act, compulsory unionisation required that all workers were automatically enrolled in the union. The IC&A Act is remarkable in that the institutions and approaches it

[45] Nigel Harper, personal interview with author, 23 June 2014.
[46] Callesen, interview.
[47] Harper, interview.
[48] Penny Clarke, interview with author, 4 June 2014.
[49] Brian Roper, Prosperity for All? Economic, Social and Political Change in New Zealand since 1935 (New Zealand: Thomson/Dunmore Press, 2005).
[50] Williamson, "In Search of Consensus."

embodied remained mostly in place for almost 100 years, determining employment relations until the Employment Contracts Act of 1991.[51]

The point must be stressed that compulsory unionism ensured that virtually all migrant workers were automatically enrolled in the union, hence came under the collective agreement and enjoyed the protection, training and support of one of the most powerful unions in New Zealand at that time. Thus, inclusion in the industry-wide collective agreements provided migrant workers with comprehensive and concrete minimum pay rates, extensive penalty rates; protection from casualisation and supported decent conditions. By way of example, the 1969 Award stipulated that ordinary hours in a week are a maximum of 40 (any attempt to create part-time or casualised roles required union consent), and any overtime or work on a Saturday or Sunday are to be paid at substantial penalty rates.[52] Furthermore extensive allowances were to be paid, including meals, broken shifts, late shifts, transport, and uniforms.

Often union control of workplaces was near absolute: "Young (union leader) and his team controlled every kitchen in the North Island. You couldn't get a job in a kitchen without his sign off, and a head chef had to make sure he looked after his staff … or that chef lost his goddam job."[53] Union leaders at this time were well aware of the protective nature of compulsory unionism on migrant workers: "Yeah, so in 1981 we are right in the thick of compulsory unionism … They were required to join by law."[54] While it would be impossible to argue that migrant exploitation and poor employment practice did not

[51] Peter Haynes, Glenda Fryer and Yvonne Oldfield *New Zealand Employment Relations* (3rd ed.) (New Jersey: Pearson/Prentice Hall, 2006).

[52] The Hotel Workers Union. (1969). New Zealand Licenced Hotel Employees Award. Special Collections 23/67 D. Auckland Library.
[53] Barker, email.
[54] Mark Gosche, interview with author, 26 March 2014.

occur *at all* under this system, it is certainly the case that any attempt by employers to avoid the conditions of the collective agreement were almost universally and aggressively countered by a very single-minded union, as this message to members shows:

> Observe the conditions of the Award, forget this 'give and take' stuff, …and work to the conditions of the Award, then (you) cannot be imposed upon by the employer. **Hold onto these conditions**.[55]

Most managers during this period accepted the presence of the union and the awards - "You managed them and providing you weren't abusing the rights of your staff, you don't have to worry about them."[56]

If pay is used as a proxy measurement for the effectiveness of this system in promoting good conditions in the sector, research by Williamson[57] shows that both the national wage and the hotel wage steadily grew in real value from the end of World War II to 1974 (+ 57 per cent for national average rate and + 60 per cent for the hotel rate), peaking in the mid-1970s. Both rates gain considerable value compared to the minimum wage during these years, with the hotel wage moving from being a modest 20 per cent higher than the minimum wage in 1957 to double the minimum wage by 1979. The penalty rates imposed by the award made up a considerable part of the overall pay of migrant workers – "54 per cent of [THC] payrolls were made up of penalties and allowances." There was really no room for owners and managers to avoid the conditions

[55] Protect the Award! *Flashlight magazine*, November 1963, Historical Collections F17/276. University of Auckland
[56] Harper, interview.
[57] Williamson, "In Search of Consensus."

guaranteed by the award under the legislative regime of this period: "We were dealing with a unionised employment agreement, so you had an hourly rate, you had a weekend rate, you had a rate to pay after seven o'clock at night, a rate to pay after 11 o'clock at night, you had noise allowance, dirt allowance, you name it allowance."[58] This trend was reversed after the erosion of consensus around corporatism and the gradual weakening of employment legislation protecting unions from the late 1970s.

Thus, during the pre-neo-liberal period, while hotel growth was dependant of ever-increasing numbers of migrant workers, the widespread exploitation, poor pay and poor conditions that have come to define the sector since the 1980s did not widely occur. This was mostly due to the security offered by a strong union that enforced rigorous collective agreements across the sector and a management approach that reflected the pluralist, easy going, protectionist context of the time.

So, What Changed? The Neo-liberal Revolution - Legislation.

Politically and economically, the 1980s saw the "beginning of the end" of New Zealand's highly interventionist, corporatist government policies and the arrival of neo-liberal, free-market philosophies. From the Fourth Labour Government's victory in 1984 to the enactment of the Employment Contracts Act by the National Government in 1991, a neo-liberal consensus drove changes that would negatively affect the working conditions of migrant workers. This movement from collectivist and corporatist approaches to individualist and neo-liberal polices expressed itself in a gradual weakening of employment legislation protection for unions and all workers, including migrant employees.

[58] Clarke, interview.

In 1991 the Employment Contracts Act (1991) replaced the IC&A Act. The ECA fully expressed a neo-liberal philosophy and seriously undermined remaining collectives by strongly encouraging individual contracting and removing compulsory unionism. The outcomes were dramatic – multi-employer collective agreements for all sectors dropped from 59% in 1991 to 8% by 1992,[59] and total union membership fell by half over the same period. However, the hospitality sector hit even harder, with hospitality union membership falling by 81%, collective agreements being rapidly replaced by individual contracts, and a resulting wholesale removal of penalty rates.[60] Without the protections of compulsory unionism and collective agreements, the Hotel Workers Union virtually collapsed.

Union leaders of that time recognised that this collapse had particularly affected migrants, being some of the most vulnerable workers in the sector:

> The hotel, the tearoom and restaurant award expired I think on 5 May, the day the Employment Contracts Act came in, so in effect all those migrant workers were removed from union coverage on that day … It was a very challenging time and it was a massive change in the nature of the whole union and increasingly hospitality became de-unionised and our ability to fight, to retain unionisation in highly casualised areas where there were allot of migrant workers was undermined" (A. Newman, personal communication, May 23, 2014).

[59] Rasmussen, *Employment Relations in New Zealand,* 87-93.
[60] Williamson, "In Search of Consensus."

Another remembered: "We represented the poorest of the frigging poor. We represented those people who are underpaid, who are incredibly poor, and they deserve a decent go. If you undermine this union then you're sending a message … that you're prepared to attack the poor, attack the dispossessed, attack the hardworking migrants."[61]

So, What Changed? The Neo-liberal Revolution - Hotel Management.

In 1990 the Government sold the Tourist Hotel Corporation to Southern Pacific Hotels Corporation, a typical result of the neo-liberal restructuring of New Zealand. The sale of the THC marked a dramatic change in the strategies and employment relations approaches of the hotel group. Employees and managers in THC hotels faced major changes, almost overnight. In particular, previous powerful union enforcement of the collective agreements in the sector disintegrated under sustained attack which saw an undermining of the protections migrant workers enjoyed in terms of wages and conditions. The hotels were now owned by a Chicago-based multi-national hotel corporation, rather than the New Zealand Government. This radical change in ownership occurred just as the ECA (1991) revolutionised the employment relations space. This combination of factors would have long-term consequences for migrant workers.

Interviews with THC managers about the pre-neo-liberal period demonstrate a remarkably easy-going attitude towards employment relations management. Senior managers saw little problem with unions and collective agreements: "We had no issues with the unions in those days";[62] "I can't remember a strike … dealing with the unions [in those days] … they gave you certainty."[63] This easy-going pluralism was to change

[61] Barker, email.
[62] Harper, interview.
[63] Tim DiMattina, interview with author, 27 June 2014.

dramatically with the arrival of a de-regulated employment relations environment, foreign ownership and much more aggressive, 'bottom line' focussed senior managers from overseas.

This period allowed the SPHC management to directly attack the protections offered to migrant workers under the old collectives. Restrictions on part-time work and casualisation, penalty rates and allowances all became targets for removal in the new individual agreements. In addition, the ability of the union to provide migrant workers with advice, information, training and support disintegrated as they lost contact with their members: "thousands of workers who were employed in the hotel industry … permanently lost contact with [the union]."[64]

Following the sale of the THC in 1990, the first order of business for a newly-minted SPHC management team was to replace the old national award with new individual agreements and in the process, remove weekend and overtime penalty pay rates. Senior SPHC managers could see the opportunities to make changes coming with the new National Government in 1990: "It was obvious that there was going to be a change of Government … and that compulsory unionism would go. [Penalty rates] were really a severe impediment on how you ran your business."[65]

Taking advantage of the new ECA, the SPHC went about negotiating a new agreement that got rid of penalty rates and marginalised the union at the same time: "We were the first award to get rid of weekend penalties."[66] The SPHC head Julian Bugledich

[64] Barker, email.
[65] Callesen, interview.
[66] Callesen, interview.

and Regional HR Manager Terry Hiltz engaged in a year-long campaign to replace the old award with the new individual agreements:

> We embarked on a road trip … convincing employees to come into this agreement. We [moved] into individual employment agreements, but we had a lot of convincing [to do], we had about 1,800 union members. The union didn't want a bar of it, so were excluded from the bargaining process, a big shift … it took away a lot of the negotiating ability of the union. We went from 1,800 [union members] to about 120.[67]

The direct impacts on migrant workers from this 'road trip' were profound. The new 'cost focus' of the SPHC management, combined with the flexibility of the individual contracting, resulted in a change in the type of migrant workers entering the sector, and the conditions under which they worked: "This [the old collective conditions] was just a bygone era, we couldn't afford it. The six-month Aussie working holiday people and looking after all their accommodation and staff benefits, I mean it was just a model gone out the door."[68] The previous migrant workers from Australia, who were hired under the 'restrictive' conditions of the collectives were now replaced with migrants from other countries, who were prepared to work under much reduced conditions:

> "Once the flood gate was opened **away you went**, because that was when you could get people to work on Saturday and Sunday. And that's why we've got all these migrant workers because they come rolling in

[67] Julian Bugledich, interview with author, 21 June 2014
[68] Clarke, interview.

> and they don't mind what day of the week they work" (P. Clarke, personal communication, June 4, 2014).

The reliance on young, short-term holiday visa migrant workers from new countries began in this period and has remained to the current day: "We just needed short term staff, i.e. working holiday kids."[69] "There were other cultures that were now employed … Folks from India, but you need to have a bit of a balance so that when you walk into the lobby there are some from Brazil, some folks from India, there's some from Asia and then it works alright."[70] Thus, a new type of migrant worker came into being, one disconnected from the union, under individual contracts that no longer protected them from part-time and casualised conditions and allowed managers to gain the 'flexibility' to roster them on any shifts, as penalty rates no longer applied. This would in turn have a disastrous effect on wages, as we will see below.

The transition of the THC to SPHC heralded similar changes in the wider industry. While most managers viewed the changes as a victorious defeat of unionism and "very good for all employees"[71] some were more circumspect: "It was better for business, it was a huge leap backwards for the workforce."[72] According to Tim DiMattina, the modern hotel industry, with its high staff turnover, low wages and a dependence on short-term visa based migrant labour, was the direct result of a 'double whammy' in the 1990s:

> I thought then the legislative changes had the greatest impact … but then **that** was swamped by the internationalisation of the industry.

[69] Clarke, interview.
[70] John Farrel, interview with author, 7 September 2014.
[71] Bugledich, interview.
[72] Callesen, interview.

> There is no longer such a thing as a New Zealand hotel industry, just the [global] hotel industry operating around the world.[73]

It is in this 'double whammy' of legislative and managerial/ownership change that we clearly see the collapse of corporatist consensus in New Zealand. The resulting legislative and organisational changes dramatically disadvantaged migrant employees. Perhaps the most telling measure of this disadvantage was the result for wages. Wages for migrant hospitality and tourism workers were almost 25 per cent higher (in real terms) in 1970, than in the year 2000.[74] Starting in 1980, the real hourly wage for migrant workers fell continually, with some of the most precipitous falls coming after the collapse of union protected collective agreements during the 1990's. In fact, the average hotel hourly rate in 1955 stood at 81 per cent of the national average hourly rate, but by 2000 the hotel wage had fallen to 66 per cent of the national average wage. Both the national wage and the hotel wage were steadily growing in real value from 1957 to 1979 (+57 per cent for national average rate and +60 per cent for the hotel rate), peaking in 1979. As mentioned above, both rates gained considerable value compared to the minimum wage during these years, with the hotel wage moving from being a modest 20 per cent higher than the minimum wage in 1957 to double the minimum wage by 1979. By 2000, the hotel wage had fallen back to being 40 per cent higher than the minimum rate.[75]

In conclusion, the findings show a significant weakening of the union, the reduction of collective agreements, the removal of penalty rates, rising unemployment

[73] DiMattina, interview.
[74] Williamson, In Search of Consensus: A History of Employment Relations in the New Zealand Hotel Sector – 1955 to 2000, 159.
[75] Williamson, In Search of Consensus: A History of Employment Relations in the New Zealand Hotel Sector – 1955 to 2000, 157.

and changes in management approaches all combined to significantly reduce the conditions of migrant workers in New Zealand during this period. A clear measure of this impact is that real hourly wages (adjusted for inflation) for migrant workers were driven down by 24.5% from 1975 to 2000.[76] Thirty years of steady rises in real hotel wages under the corporatist environment gave way to 25 years of significant reductions in real wages under the neo-liberal consensus.

Discussion and Contribution

While considerable literature has highlighted the *importance* of migrant labourers to these sectors[77], there is a dearth of research that adequately emphasises the fact that the very existence and pre-Covid growth of the New Zealand hospitality and tourism sector was *dependent* on migrant workers. The historical evidence presented in this paper shows that from its inception, any growth in the tourist hotel sector in New Zealand was entirely dependent on increasing numbers of migrant workers. Importantly, the findings show senior managers of this industry have always known this. The debt that hospitality and tourism owe its foreign workers remains almost entirely unrecognised and unrewarded.

By taking a historical and critical employment relations approach, this paper provides an important broadening of focus, moving beyond the 'presentist' emphasis applied by many researchers. While Alberti and Danaj[78] do discuss the impacts of 'employment status' like

[76] Belich, Paradise Reforged: A History of the New Zealanders from the 1880s to the Year 2000.
[77] Manoharan and Singal, "A Systematic Literature Review of Research on Diversity and Diversity Management in the Hospitality Literature," 77–91.
[78] Alberti and Danaj, "Posting and Agency work in British Construction and Hospitality: The Role of Regulation in Differentiating the Experiences of Migrants," 3065–3088.

sub-contracting on migrant workers, most of the research in this area analyses the contemporary, 'deficit-oriented' state of migrant labour, including vulnerability, poor pay and conditions, low unionisation rates, language and qualifications barriers.[79] However, this paper unpacks how that 'state of vulnerability' came into being in New Zealand – highlighting structural changes in politics, economics, legislation and power dynamics between employers and employees.

The neo-liberal policies of the 1980s and 1990s blended weakened employment legislation, dramatically changed ownership structures, and imported managers with a significantly intensified 'bottom-line' and human resource management focus. These changes moved the hospitality and tourism workforce, including migrants, from a position of good pay and conditions, encompassed in collective agreements and enforced by a powerful union, to low pay, poor conditions, and vulnerability.

This paper provides an extension of research which has explored the intersections between ethnicity, gender, class and migrant status in vulnerable workforces.[80] Much of this research is 'presentist', focussing on management practices and business structures, hierarchies and other ways societal prejudices express themselves in the division of labour. The findings presented above argue that it is the fundamental unbalancing of power through the stories of actual characters and events in favour of employers, which has allowed the potentialities of vulnerability (be they based in gender, ethnicity or 'migrantness') to be fully exploited in post-1990 tourism and hospitality workforces. As

[79] Dawson, Veliziotis and Hopkins, "Understanding the Perception of the 'Migrant Work Ethic'," 811-30.

[80] Harris, Tregidga and Williamson, "Cinderella in Babylon: The Representation of Housekeeping and Housekeepers in the UK Television Series Hotel Babylon." 47-66.

union leader Mark Gosche summarised: “The power imbalance was extraordinary under the Employment Contracts Act”[81]

By clearly understanding how ‘we got here,’ this research can contribute to questions around ‘where to from here.’ The impact of Covid would seem to be worsening the plight of migrant workers, with increased unemployment and/or underemployment, wage theft and reduced salaries.[82] Without any fundamental change to the current legislative and political consensus regarding power in the employment relationship, we should not expect any improvement in outcomes, crisis or not. These findings strongly support the contention of Baum, et al.[83] that this is no new crisis, merely an amplification of the norm.

Conclusion

This article has provided a historical context to the discussion of migrant labour conditions in the New Zealand hotel sector. Disclosing the origins of weakened legislative protection, de-unionisation, changing management approaches, contributes to answering the question: how did we get *here*? By applying a multi-party, historical employment relations frame, we can see the impacts of changes in political and economic philosophies on legislation, as well as ownership and management approaches. The narrative shows how 1980s neo-liberal ideas from the UK and US led to the collapse of the corporatist consensus in New Zealand and how that in turn resulted in political, managerial and

[81] Gosche, interview.
[82] Berg and Farbenblum, "As If We Weren’t Humans: The Abandonment of Temporary Migrants in Australia During COVID-19." SSRN: https://ssrn.com/abstract=3709527.
[83] Baum, Mooney, Robinson and Solnet, "Covid-19’s Impact on the Hospitality Workforce – New Crisis or Amplification of the Norm?" 2813-2829.

legislative change that ‘locked in’ a new normal of poor conditions for migrant workers after 1991.

Taking a multi-party analysis to map the changes that occurred in the transition from corporatist to neo-liberal consensus in New Zealand, provides a context to the migrant workers experience that is potentially applicable to other countries. The findings argue that, while some researchers highlight the growing calls for socially responsible tourism employers and ‘decent work’**Error! Bookmark not defined.**, the drive for sustainable employment practices will remain ‘aspirational’ until the power imbalance in New Zealand employment relations is addressed. Rather than focus on the nature of migrant worker vulnerability, which tends to be the key orientation of much of the ‘presentist’ research, this contribution explains how the vulnerability was constructed over time – which is critical for considering a way forward for improvement. We argue that such vulnerability has been manifest in New Zealand over some time through the intersection of various stakeholder interests exercised at multiple levels.

Please insert brief author bios and email addresses here.

David is an Associate Professor in the School of Hospitality and Tourism, Auckland University of Technology. He spent 18 years working in the hospitality industry as a bar and hotel manager and restaurateur. His research interests include employment and labour market issues in hospitality and tourism, restaurant reviews, human resource management and media representations of hospitality and tourism work.

david.williamson@aut.ac.nz

Candice is a Professor of Management in the Faculty of Business, Economics and Law, Auckland University of Technology. Her primary areas of research are careers, employee experiences, and gendered experiences of work (paid and unpaid).

candice.harris@aut.ac.nz