

Submission to Productivity Commission – Migration as a Public Good

Introduction

I am a recently retired academic (see my website - <https://peterdavisnz.com/>). My specialisation in academia was population and social science, not migration, but I have always retained an interest in public policy broadly defined, both as an academic and as an informed citizen, and migration is of relevance because of the pressure it has recently put on key social and economic infrastructure.

I have kept myself informed on most policy issues by scrutinising the media here and overseas, including publications by policy think tanks. I also look at professional sources in the health area. Therefore, any comments I make on migration are those of an informed layperson with a background in the academic discipline of public policy. I don't have any particular inside information. My approach is informed by what I hope is a disciplined and self-conscious "academic" approach to new issues.

In this short submission I just highlight some key issues that I think need to be addressed, including what I call a couple of case studies, one being the growth over a short period of time in New Zealand's population by a million, which must surely be unprecedented growth proportionately for any developed country, and the other being the special programme fashioned for/used by non-University international tertiary students seeking a path to residency.

Terminology

I realise that INZ is bound by an international lexicon on correct, official terminology, but it does seem odd that international students and those coming to NZ for working holidays are grouped as migrants along with others who have made a determined choice to move to NZ for long-term work and settlement purposes. Analytically it seems confusing because the key thing from a migration impact point of view is a commitment to a longer-term settlement option, and that only comes up with students and those on working holidays when they decide to apply for longer-term visa status.

This came home to me when I saw the graph on "migration" arrivals showing that one of the early peaks was in the early 2000s – because of a growth in international students. As I understand it, a high proportion of international university students end up returning to their homes. So, the key statistics would not be the number of international tertiary students, but the number wishing to change their status to gain long-term residence and work status. Similarly for those on working holidays.

I realise that INZ is stuck with this terminology and that there may be very good analytical and bureaucratic reasons for sticking with it, but it does rather muddy the waters when much of the debate about migration is the impact on infrastructure and the potential contribution to workforce development. In the first instance international tertiary education is a valuable export industry, and those on working holidays are a tourism export and a contribution to the economy while they are here – but for long-term impacts and consideration we need to look at the point when their status changes. If the overwhelming proportion of international tertiary students and those working holidays leave the country, then, from the point of view of long-term migration policy as a **public good** for New Zealand, only those who stay behind should be factored in any major way into policy consideration.

Competence/Performance of Immigration NZ (INZ)

Judging by media coverage, there would be questions about the competence and performance of INZ.

Firstly, the fact that INZ has a paper-based application system, and that applications could not be processed through Covid lockdowns because INZ staff could not go into their offices. It is almost beyond belief that INZ had not embarked on a full-scale IT overhaul a long time ago. Recently the evidence is in on an IT refurbishment at IRD, and that looks as though it has paid for itself with a better tax take, more and more effective refunds, and a reduction in the number of staff.

Secondly, there must be questions about the analytical capabilities at INZ. From what one hears/reads, some of the tools – such as the occupational grading system for allowing people in – are clunky. But also there is the question as to how INZ got to allow a million growth in population without pointing out the downsides to this massive injection of humans into our cities. It could well be that this was a political decision fuelled by a desire to please business and stimulate GDP growth, but it is surprising that cautionary INZ advice has never made it into the public arena, at least that I am aware of, for example by way of an annual or other kind of research report provided for public release.

Management of the Sector

A major immigration industry has grown up. There always was one, but not this size. Now it has advocates, lawyers, agents, and employers. For a time recently barely a day went by without an advocate or an agent or a lawyer or an employer gaining publicity via sympathetic journalists for the case of some deserving migrant case. There is nothing that can be done about this, other than possibly reducing the size of the annual migrant take to more manageable proportions so that so many people are not dependent on the sector for their living and so have a vested interest in growing it.

Among a number of cases reaching the media have been migrant cases where the person fails to meet health criteria and needs to be deported. I can think of at least two South African families where one or other or both adults were overweight, and in neither case was it evident that their occupations were particularly skillful or scarce. Another case of a young English woman with multiple sclerosis who, by contrast, has won the right to stay, despite going to require major support from the NZ health system and probably unable to sustain a job. All these are painful cases. My question is: how did they get into the country when it would be obvious that their condition would rule them out for long-term residency?

Another health-related matter is the number of people without residency status in NZ who have no health insurance. The DHBs end up carrying and writing off the debt (which can amount to millions), and they are not reimbursed by the Ministry of Health. Take international students. My understanding is that they are required to have health insurance when they enter the country, but then many if not all can go on to terminate that insurance without sanction. Other instances are of visitors who require, say, dialysis and cannot ethically be returned to their home because there are no such facilities there. Would it not be worth INZ suggesting to NZ Overseas Aid authorities that it would be worth them assisting these countries to establish dialysis units, particularly given that they are people most likely to fall victim to diabetes?

How functional and effective are the various tribunals? This is brought to mind by the Sri Lankan who stabbed several people in a shop. Judging from media reports, apparently the authorities had

tried to deport him back to Sri Lanka, in part on the grounds that his case for asylum in NZ had been either partly or wholly fraudulent. In Australia the authorities have gone to the other extreme where New Zealanders who have spent all their life in the country can be deported on character grounds with little due process. Obviously, we do not want to go to that extreme, but one wonders if our tribunals, legal support, levels of appeal, are in a sense too lenient, particularly with the sheer numbers coming before the courts now?

Case study – the unexpected million

The extra million in population added in a space of 15 years up to 2017 – that is an increase of either a quarter or a fifth depending on which starting point you use – came as a surprise to me, and I suspect to most people who did not have a policy perspective on demography, population, migration. It is astonishing to me that this policy decision to grow New Zealand at this speed and with almost no adequate preparation was never debated. That reflects badly on the political class, but also on the relevant public service, and on the universities. I remember no public report or briefing paper from INZ, and the impact of this new million has hardly been mentioned in the debate on rising house prices.

Professor Paul Spoonley is almost the only academic I know who speaks publicly on demographic and migration issues, but I never remember him referring to the sheer numbers or the potential impact on infrastructure until recently. His main theme has been how stimulating it is to have so much diversity in New Zealand, and maybe how it may help us overcome workforce deficits and a decline in birth rate.

This raises the question to me as to whether INZ has the relevant analytical and research capability to inform debates of this kind. As far as I can see, there was almost a complete vacuum and the sheer size and speed of the shift was never made obvious to the public, and perhaps not decision-makers either. Does INZ have the research capability to get on top of these issues, and, once achieved, could it not produce reports and briefings? If Treasury can provide forecasts on the economy, why not something similar for the population and workforce via migration and other flows?

Case study – the unexpected “tertiary” students

I am familiar with international students at the University. Many courses in the sciences and business would be unviable without them, and the best of them go on to conduct worthwhile postgraduate work. Some continue on to jobs in the workforce that actually are not being capably filled by New Zealanders, and some even stay in the country long term, although a sizeable fraction of those go on to Australia.

Imagine my surprise when there emerged another strand of so-called “tertiary” students who bypassed the university to the technical institutes and private providers and who gained dubious qualifications (in my view anyway) and went on to jobs that seemed to serve little useful purpose and whose main function seemed to be as a path to residency.

It is puzzling to me as to what policy goals this particular entry strand is meeting. But more than that has been the weaknesses shown up in our regulatory systems, weaknesses bordering on corruption. In many other countries money would be changing hands. Because that does not happen in New Zealand it has not been classified as corruption, but it very close.

First, students in their home country – mainly India – were sold opportunities that were misleading, by advisers who were not qualified and who did not have to meet any sanctioned accreditation or

quality standards. Second, a good number had documentation that was later shown to be fraudulent, resulting in deportation. Thirdly, the courses attended were often in private institutions of questionable standing with courses of dubious value and assessments that would not stand up to any rigorous examination. Unfortunately, NZQA has utterly failed to enforce standards in the private tertiary sector, and the only reason we know of the dubious practices is by students and whistle-blowers going to the media. And this is not just the private providers. I have seen advertisements for Wananga featuring foreign students. Again, a suggestion that all is not well with the integrity of this particular migration stream.

Finally, with worthless qualifications and still set on residency, many of these students have ended up being exploited by utterly shameless employers, usually drawn from their own ethnic community. They have been given salaries that meet the migration requirements on the understanding that they hand back a good portion of it, they have worked extreme hours for little pay – and in almost all cases we only know about such practices because a few brave souls have gone public. The New Zealand regulatory authorities, whether that be the Labour Inspectorate or the licensing authorities, have been almost completely ineffectual.

I have gone into this strand of migration entry in some detail because it demonstrates that a programme was established or allowed to emerge that not only sold a dud bill of goods to the migrants, it also failed to meet any demonstrable workforce need, but, more than that, it fostered a pipeline of corruption and exploitation – for no good reason. If New Zealand gained, for example, technicians to assist the broadband roll-out (as it did), or health professionals from overseas (as in the past and likely the future), or CEOs of start-ups and tech giants as is the case for almost all the large entities in Silicon valley, we would judge this stream a success. But it has achieved none of these. Instead, it has damaged our institutions with corrupting practices, it has served no obvious useful workforce niche, and it has led a significant group of young people on a wild goose chase for a better life that is simply not there.

Conclusion – Migration as a Public Good

New Zealand is a country built by migration, right from the arrival of the Maori in canoes centuries ago. Furthermore, we are blessed with a sea border and a distance from illegal migration which allows us to make decisions that can be policy-based rather than prompted by political events, such as refugees gaining entry from Turkey into Europe, or from Mexico into the United States. There was a time when asylum seekers could gain entry to New Zealand via illegal means, but no longer since the introduction of advanced passenger processing.

In other countries poorly regulated migrant flows have generated violent pushback from certain groups in host nations. Arguably the rise of right-wing populist leaders such as Trump in the US, Boris Johnson in the UK, and a host of similar figures in the EU, could not have occurred without large, visible, seemingly poorly controlled migrant flows.

New Zealand has been lucky that the only downside to date of adding a million in a fit of absence of mind over little over a decade has *only* resulted in an infrastructure crisis and not accompanying political one of rampant xenophobia and hostile populism. Let's not tempt fate next time and start to treat migration as a public good that helps build our nation, its culture and its economy.

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