

20 December 2021

Productivity Commission
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WELLINGTON 6143

Submission on Immigration, productivity and wellbeing issues paper and draft report

1. The Canterbury Mayoral Forum (CMF) thanks the Productivity Commission for the opportunity to submit on its issues paper and draft report on New Zealand's immigration settings.
2. In this submission the CMF provides comments on the key issues for Canterbury in these documents.

Background and context

3. The CMF comprises the Mayors of the ten territorial local authorities in Canterbury and the Chair of the Canterbury Regional Council (Environment Canterbury), supported by our Chief Executives. The purpose of the Forum is to promote collaboration across the region and increase the effectiveness of local government in meeting the needs of Canterbury's communities.
4. All Canterbury councils actively participate in the Forum: the Kaikōura, Hurunui, Waimakariri, Selwyn, Ashburton, Timaru, Mackenzie, Waimate and Waitaki District Councils, the Christchurch City Council and the Canterbury Regional Council (Environment Canterbury).
5. The following submission has been developed with input from across Canterbury councils. Our submission focuses on matters of general agreement between the members of the CMF.

Mayoral Forum's Plan for Canterbury 2020-22

6. The Mayoral Forum published its Plan for Canterbury in September 2020. The Plan sets out the Forum's vision for the region and identifies five priorities for 2020 to 2022.
7. One of these priorities is shared economic prosperity – through sustainable, value-added primary production, high-value manufacturing, high-value tourism, growing attracting and retaining a skilled workforce and attracting new businesses.
8. During this local government term, the Mayoral Forum's advocacy on this priority area has been focused around advocating to Government for education and immigration policies that deliver a

Mayors standing together for Canterbury.

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skilled workforce now and into the future, and advocating for the safe return of international students post-COVID-19.

Submission comments

Introduction

9. Immigration has a critical role in promoting the economic and cultural well-being of our region. Given increasing global competitiveness for labour and skills, New Zealand's need for well-balanced immigration policies that enable employers and firms to maintain economic competitiveness has never been greater.
10. COVID-19 has particularly disrupted the flow of skilled migrants to New Zealand, and international students to our universities and tertiary institutes. This has had ongoing impacts for business and communities which will continue to be felt into the future. Immigration policy is therefore of particular importance to Canterbury given the large migrant population that contribute to the workforce, and the primary industries labour shortage currently faced in the region.
11. The Mayoral Forum is supportive of any initiative that ensures New Zealand's immigration system is fit for a post-COVID-19 world and appreciates the thorough work of the Productivity Commission in considering what this system should look like.
12. Broadly, we consider the Commission's draft findings and recommendations report to be a step in the right direction. We do urge, however, that as the next iteration of the report develops, the Commission give careful consideration to designing immigration settings that result in a more flexible system, rather than a one size fits all approach. For example, the needs of rural and urban communities are different, as are needs between regions. Immigration policy needs to be able to better support rural and regional New Zealand, as well as the larger urban areas. We also strongly support changes to the system that allow better support for migrants during the application process and to help them and their families settle well in New Zealand.
13. Our comments below are structured in line with the main topics for feedback outlined in the issues paper, referencing the findings and recommendations in the draft report as appropriate.

The Treaty of Waitangi and Te Ao Māori

14. The Treaty is effectively this nation's first immigration policy document. There are clear references in its preamble acknowledging more immigrants would be making their way to this country from the United Kingdom, Europe and Australia¹. We therefore agree with finding 12 of the Commission's draft report that the Treaty should be reflected in immigration policy and institutions.
15. Te Ao Māori perspectives must be appropriately reflected in immigration policy. To achieve this, tangata whenua need to be a key part of the development and application of policy – the Government needs to adopt a co-design approach rather than simply consulting iwi after the bulk of the work has been done. As noted in the findings paper, this could be achieved through the Crown and Māori jointly agreeing upon priorities and objectives for the overall design of the immigration system.

¹ <https://teara.govt.nz/en/document/1364/immigration-and-the-treaty-of-waitangi>

16. The draft report asks submitters how Treaty interests can be reflected in policy. We suggest a valuable first step would be to ask tangata whenua how they believe this should and could be reflected.

Immigration, productivity and wellbeing

Objectives of the immigration system

17. The CMF believes that the immigration system should be focused on:

- supporting economic growth and access for employers to skilled workforce
- supporting international connectivity
- responding to migrants' needs, providing clear and achievable pathways, and be easily navigable
- working in partnership across the country with employers, employees, government, and industry groups, enabling industry to provide solutions that are supported by Government.

18. We also consider a key objective should be a specific focus on promoting higher productivity in regional and rural areas of New Zealand to support economic wellbeing in these areas. Encouraging migration to the regions will relieve some of the pressure migrants place on urban areas (such as infrastructure pressure and demand for social services), while providing regional communities with skills needed to boost economic performance and resilience. It is crucial rural and regional communities are equipped to provide support to migrants through settlement (for example, through providing funding for the Welcoming Communities programme).

19. It is also imperative that the immigration system reflects the need for 'low' and 'medium' skilled labour. Immigration policy should acknowledge the reality that there are jobs that New Zealanders are not able, skilled, or willing to do at every level. A concern for us is that the issues paper and draft report appear to underestimate the contribution that 'low skilled' labour makes to the economy in favour of a focus on 'high skilled' labour. For instance, a reduction in productivity from labour shortages can impact a business's ability to operate and/or focus on future innovation. It also puts additional strain on business owners and workers. The CMF strongly urges that the immigration system needs to value all skill levels of immigration for the varied range of benefits that each provide.

20. We agree with comments made by submitters on the issues paper advocating for flexibility in the immigration system, and the importance of working in partnership with industry. For immigration to support the labour market, the policy and operational aspects of the system need to be cohesive and flexible, based on the shifting requirements of the business community.

21. Further, we note that changes to immigration policy settings impact on New Zealand's perceived openness (or otherwise) to prospective migrants and this can have unintended consequences for the international education market. The narrative we suggest the Commission's final report makes clear is that New Zealand is open for business, and it is easy to engage with us.

Immigration's contribution to productivity and wellbeing

22. We agree with the Commission's finding that immigration's main contributions to productivity and wellbeing come through raising long-term levels and diversity of human capabilities and

supporting the achievement of other social and economic policy objectives (such as furthering international relations, strengthening innovation ecosystems and expanding public services).

23. In Canterbury, immigration plays an absolutely crucial role in filling critical skills shortages, particularly in the primary industries. The current labour constraints due to the pandemic have demonstrated just how crucial, with anecdotal evidence² showing that in some businesses, there is extreme stress on existing employees and reports of increased use of Employee Assistance Programmes, burnout and retention issues. There has also been a loss of productivity because work has been physically unable to be completed, and more time being spent trying to recruit new staff. These labour constraints have particularly affected the wellbeing of rural communities. In many rural areas, prior to the pandemic, immigrants have revived areas that were actually in decline, meaning that those areas were able to attract and/or retain businesses or services they would not have had otherwise.
24. More generally, migrants contribute to productivity growth in a variety of ways. This is through the different sets of skills they bring to the workplace, boosting economic growth by filling gaps and niches in the labour market. Immigration also contributes to productivity and innovation through global connections that attract trade and foreign direct investment from their home countries. Migration has also had positive impacts for New Zealand through entrepreneurship and innovation.

Raising levels of human capability

25. The draft report discusses a number of findings about how the current immigration system raises levels of human capabilities. The CMF would like to make particular comment on the finding that there are no consistent feedback mechanisms to link skill shortages evident in the system to potential responses in the education and training system.
26. We would hope that the responsiveness of the training system will improve once the vocational education reform process is complete, although we acknowledge there is likely to be a period of disruption during the establishment of Workforce Development Councils and the implementation of the Regional Skill Leadership Groups (RSLGs).
27. We note that one of the purposes of the RSLGs is to “inform, coordinate and create links with local initiatives that impact their region’s workforce supply:
- schools and careers advisors will get clearer information about current and future skills that will be in demand, to support school leavers to make good career decisions
 - employers and schools will get support to connect to attract school leavers into local training and jobs that will be needed
 - employers can act on the groups’ advice to tackle barriers to employment and productivity growth, by pooling resources and offering attractive job opportunities
 - training providers, skills hubs and local economic development initiatives will have the right information to tailor their programmes to meet their region’s labour force and skills needs³.”

² <https://www.productivity.govt.nz/assets/Submission-Documents/immigration-settings/Sub-067-Canterbury-Employers-Chamber-of-Commerce.pdf>

³ <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/regional-skills-leadership-groups/>

28. We look forward to engaging with the Canterbury RSLG and supporting its work in this regard⁴.
29. We do however wish to caution that although the vocational reform process is well-advanced, and RSLGs up and running, it will take a number of years to actually see these reforms result in an appropriately skilled workforce. Until then, migration will clearly continue to be needed to bridge the current gaps.
30. On a related note, we concur with ChristchurchNZ's view that international education needs to be a key consideration in migration settings. As their submission to the Commission on the issues paper notes, the current system is focused on degrees, providing a high-tech needs-based focus for skills development. This ignores the fact that New Zealand has a skills shortage in many areas that do not require such a high level of educational attainment (for instance, dairy and forestry workers).
31. The Commission therefore needs to consider a system with a broader focus incorporating sub-degree level education that trains potential migrants through the education system as international students with the ability to pathway to employment in areas where industry cannot source the talent they need from the resident population. This links back to our comments in the previous section about ensuring the system reflects the need for low or medium skilled labour, and not just high skilled.

Addressing skill shortages

32. In Canterbury, ChristchurchNZ has forecast an annual shortage of approximately 5000 skilled and semi-skilled workers, reaching a shortfall of 50,000 workers by 2030 without intervention⁵. These alarming figures are based on historic growth and pre-covid employment and population data, and do not take into account the effect the pandemic has had on the significant reduction in skilled migration since early 2020.
33. The impact of skills shortages has been felt across the region in the last 2 years, and particularly by primary industries, tourism and the regional communities that support them. We are aware of many recent instances in the rural sector of Ashburton where advertisement for on-farm positions, which would normally elicit a significant number of applications, have received less than ten. The number of people on the jobseeker benefit in Ashburton is also increasing – which shows there is a mismatch between positions available and willingness to work. It also shows there is a clear skills shortage which is unable to be filled locally.
34. To help government agencies identify skills gaps and shortages, we suggest there be better engagement systems with stakeholders and interest groups with industry specific knowledge, including local authorities. These groups and organisations are the closest to their communities and industries and have valuable insights and approaches to offer. We support the Commission's recommendation 7 in its draft report, on the condition that improved engagement systems with stakeholders and interest groups form part of this work to develop more data-informed and dynamic skills shortage lists.

⁴ For context, the Waitaki District is located within both Canterbury and Otago regional boundaries. However, while partly being located within the Canterbury region, Waitaki is not part of the Canterbury Regional Skills Leadership Group, but rather the Otago Regional Skills Leadership Group.

⁵ <https://www.productivity.govt.nz/assets/Submission-Documents/immigration-settings/Sub-066-ChristchurchNZ.pdf>

35. From a Canterbury perspective, the CMF believes there is value in considering the development of regional skills and labour shortage lists. In a region as large as Canterbury, we also need sub-regional skills shortage lists – e.g. Mid-Canterbury, North Canterbury, South Canterbury, and Greater Christchurch, for example. This is because the employment environment in the provincial and rural hinterland is quite different to that of Christchurch. Because well over half of the region's population lives in Christchurch, this can distort the picture of labour and skills shortages across the region. This further emphasises the need for a flexible approach to the immigration system.
36. We also wish to reiterate our earlier point about the need for the immigration system to value not just high skilled labour but also low and medium skilled. Skills shortages are skills shortages, regardless of whether the roles are of high or low skill requirements. Not all skills shortages in low(er) skilled roles can be remedied with investment in capital equipment or automation or in recruitment of local residents as seems to be assumed. The system should value all migrants, and the focus should be on filling jobs that the New Zealand labour market is not able to fill. Although from an administrative perspective the CMF appreciates it is useful for Immigration New Zealand to differentiate between skill levels and set policies accordingly, ideally industries and sectors would be able to formulate definitions and levels specific to their needs, and simply adjust these when needed in consultation with Immigration New Zealand. We think that recommendation 4 in the Commission's draft report could be widened to reflect this rethink about how New Zealand can value all labour skill levels.
37. The CMF is broadly supportive of the current policy that prioritises New Zealanders into jobs before looking to migrants. However, often migrants are more likely to be interested in some types of work than New Zealanders. In many parts of Canterbury, for example, this is particularly evident in the dairy sector. Because most of the work is seasonal, the ability to obtain a temporary visa for work is mutually beneficial for migrants and agricultural (dairy and arable) employers. We suggest the Commission carefully considers acknowledging the temporary nature of some agricultural work through immigration policy, in the same way that horticulture is, as this would support the industry to hire some staff on a temporary basis.
38. We also urge the Commission to consider regional visas. The CMF understands these are used in Canada and Australia, and of course were used successfully in our region following the Canterbury earthquakes. We believe regional visas should be included in the Commission's work as they give the system flexibility and have the potential to support targeted industry needs-based migration without affecting the livelihoods of New Zealanders.
39. Immigration policy is currently directed at a national level, and this fails to identify unique local level factors. Different regions and different industries face different pressures and offer different working conditions. In addition, increasing employment in rural and regional areas is not always possible as geographical location, connectivity issues and transport access as well as family and community commitments can impede the ability to hire domestically. A regional approach is needed in New Zealand, so that both place-based and industry specific needs can be better met.
40. To implement such a regional approach, there must be active and ongoing engagement with regional industry groups and professional associations. Central government must work with the regions on a planned approach to population policy, labour market strategy, and migrant settlement.
41. Finally, the CMF acknowledges that the 2021 Resident Visa announced by the Minister in October will make a positive impact on addressing some skills shortages in New Zealand, while also giving affected migrants some much-needed certainty. However, the announcement was a surprise - the

fact that it was a surprise, rather than an expected part of a long-term strategy, is a good example of why the immigration system needs reviewing.

Immigration policy design

Amendments to the Immigration Act

42. We support the Commission's draft report recommendations 1, 2 and 3.
43. We agree with finding 11 that the disconnection of immigration policy from other policy areas has meant that rapid growth in net migration and population in the years directly before the pandemic exceeded New Zealand's ability to successfully accommodate and settle new arrivals.
44. Amending the Immigration Act to require the Government to consider New Zealand's "absorptive capacity" when defining the national interest would go some way to address these significant issues in the future. Ensuring consideration of the absorptive capacity is also captured as part of the development of a Government Policy Statement (GPS) is a sensible and helpful approach.
45. We also note that announcing policy objectives through a GPS for immigration would mean there is some accountability for policies made. It would also give employers and industry significant clarity on policy direction, allowing good forward planning accordingly.
46. In developing a GPS for immigration, we would expect there to be appropriate engagement with iwi, employers, industry and a range of stakeholders (including local government) before a statement is drafted. Following that, we expect there to be meaningful consultation with the wider public. We urge the Commission to consider recommending the Immigration Act be amended to ensure there is appropriate engagement and consultation on the GPS as it develops.

New Zealand's immigration relationship with the Pacific Islands

47. The Commission's issues paper asked some questions about New Zealand's special relationship with the Pacific Islands, and how this might be reflected in policy design. This is not covered in great detail in the Commission's draft report, but we wish to highlight it nonetheless in our submission.
48. Pacific migrants contribute to our nation's diverse communities in many ways, though this contribution is usually only measured in economic terms. We refer to a report released by the Ministry for Pacific Peoples in July 2021, *Pacific Economy Research Report on Unpaid Work and Volunteering in Aotearoa*, which is helpful in telling the story of the role Pacific people play in unpaid and volunteer work. This contribution often impacts their employment outcomes. For instance, the logistical support provided by Pacific peoples to other Pacific migrants arriving in New Zealand can include visa support, organising housing and applying for social services. The design of immigration policy needs to recognise the non-monetary value of Pacific migrants, and the CMF believes measures of success beyond just economic productivity should be considered.
49. There are a number of ways the special relationship between New Zealand and the Pacific region could be reflected in current policy, while balancing this with government priorities and relationships with other countries. For example, current programmes (such as the Samoan Quota and Pacific Access Category) could be strengthened, or new residency pathways for Pacific migrants could be created – particularly given Pacific migrants currently have few pathways to residence available to them, as many come to New Zealand on temporary visas.

Migrants and settlement

50. Well-supported migrants settle faster, stay longer in New Zealand, help create strong and vibrant communities, help boost regional growth and wellbeing, and find it easier to contribute to economic, civil and social life here⁶. The CMF has a strong view that many migrants require better support than they currently receive - both during the visa application process and once they arrive and begin to settle in. We agree with recommendations 8 and 9 in the Commission's draft report but consider this support could go much further if the Commission is serious about improving migrant wellbeing.
51. Expanding the Welcoming Communities programme (recommendation 9) is essential to ensuring adequate settlement mechanisms are in place. This programme must be supported not only through facilitation from central government but also through funding. As a pilot to the programme and now as an accredited Welcoming Community, Ashburton District has seen notable success. Welcoming Communities is helping Ashburton build upon its welcoming and inclusive reputation and is already seeing positive outcomes that benefit the whole community:
- there is now a Settlement Steering Group chaired by an elected member of Council to coordinate the cross-sector delivery of migrant and refugee resettlement
 - stronger links are forming within the communities participating in the programme
 - Ashburton District Council is starting to take a more visible leadership role in promoting diversity and inclusion.
 - there has been an explicit shift to locals taking a 'welcoming' role
 - there is a positive change in community awareness of diversity and inclusion.
52. The Welcoming Communities programme shows the benefit of central and local government working together for communities. We urge the Commission to consider recommending a partnership approach between central and local government to provide migrant settlement programmes. Given the review into the future for local government is currently under way, we believe this is an opportune time to consider how a partnership approach can be embedded into new immigration settings.
53. Migrants need improved certainty of the immigration process and pathways to residency. Delays and confusion have only increased since the pandemic and the migrant freeze. We urge the Commission to consider how an applicant could show commitment to New Zealand at a time when residency applications are paused (as in recent times), and give careful consideration to recommending visa lengths that align with training programmes to avoid difficulties with visas expiring time part way through training. This is particularly true in the health sector.
54. Access for migrants to more realistic information sources before they arrive would also be beneficial. A good example of this is the Waimakariri Migrant Stories: www.waimakariri.govt.nz/community/working-withthe-community/migrants/storytelling/storytelling-accordion/migrants-stories. More short online videos explaining how to understand New Zealand's work culture would also be useful, so that migrants are not under any illusions about how different New Zealand can be to 'similar' countries like Australia and Canada, for example.

⁶ <https://www.immigration.govt.nz/about-us/what-we-do/our-strategies-and-projects/how-we-support-migrants>

55. Once migrants arrive, they need to be actively supported to access services that allow them to feel they belong to society, rather than feel they're on the outside looking in. Access to employment, business opportunities, community services, health, literacy services, housing and education are all important factors for measuring migrants' wellbeing. A sense of belonging is also created by understanding more about Te Ao Māori – visiting marae and taking te reo lessons, for example, would be a useful part of settling migrants and their families.
56. A holistic approach needs to be taken to ensure a migrant's whole family is settled. Settlement can often be left to the employer and existing migrant communities – both of which have limited capability or capacity to support settlement. If not properly settled, there can be productivity and wellbeing concerns. In addition, if one family member settles well, but other family members do not, this can create disillusionment, family tension and affect employment outcomes. To better support migrants, support services should consider their family goals and how they might all achieve those goals in New Zealand. Ensuring that all members of the family are settled into education, employment and able to achieve other important goals will also mean a greater likelihood that migrants are able to contribute more to New Zealand's productivity decisions.
57. Support for migrants also needs to recognise the range of significant barriers migrants come up against. These include overt or subtle racism, a lack of tolerance from New Zealanders about English language proficiency, isolation and loneliness (particularly in terms of connectivity and access to transport for those who have migrated to remote and rural areas), and partner or family discontent – inability of children to settle at school or the partner to find work appropriate to skills, qualifications and experience. Differences in cultural norms can also be a significant issue to overcome.
58. We believe that the successful settlement of migrants needs a formal migrant orientation programme, akin to what is available for refugees settling in New Zealand. While we acknowledge there is a migrant settlement strategy, there is no orientation programme, meaning orientation falls to employers, or existing members of the migrant community – which adds additional strain on them. Such a programme could help local agencies take the lead in ensuring every migrant family is well orientated and that businesses and services are appropriate for migrants.
59. Recognised seasonal employer (RSE) schemes would also benefit from greater oversight and enforcement practices to ensure these workers, who in the past have been more vulnerable than other groups to exploitation, are treated fairly. This could take the form of greater capacity for the labour inspectorate to monitor employers enrolled in the RSE scheme, or greater emphasis on community engagement with RSE workers as a critical channel by which workers may seek advice and support with redress for workplace issues.
60. We note also that underemployment can be a major barrier to successful migrant settlement and subsequent contribution to productivity. There are many migrants in Canterbury who are working in low skilled work yet are fully qualified high skilled workers in their home country. While there are clear skill translation issues, there is an opportunity for immigration policy to maximise the ability of migrants to use their skills optimally.

Conclusion

61. On behalf of the CMF, thank you again for the opportunity to submit on the issues paper and draft report.
62. The CMF has a keen and ongoing interest in the Productivity Commission's work in this area, particularly in regard to opportunities for local government to partner with central government on

immigration matters and would be pleased to continue to engage with the Commission in any way that would be valuable to you.

63. Should you wish to discuss this submission with us, please contact our secretariat through Maree McNeilly by email at secretariat@canterburymayors.org.nz or phone 027 381 8924.

Ngā mihi

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Sam Broughton
Chair, Canterbury Mayoral Forum