

## Productivity Commission

Online submission

16 December 2021

Productivity Commission: Immigration - Fit for the future - Preliminary findings and recommendations (November 2021)

Transpower offers a submission on the Productivity Commission's recently released report on Immigration settings. Please find our comments below.

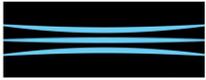
Transpower is a national organisation which owns and operates the National Grid – the high voltage transmission network connecting areas of generation with towns and cities across New Zealand. We keep New Zealand's energy flowing by transporting bulk electricity from generators with smaller lines companies and managing New Zealand's power system 24/7. As a State Owned Enterprise, our Board is appointed by our shareholder – the New Zealand Government.

Transpower welcomes the Commission's inquiry into current immigration policy, how policy is developed and the overall conclusion that immigration policy is in need of some improvement to better support businesses and organisations that look to migrant labour and skills to augment our labour force.

There is a need to improve the feedback mechanisms that inform immigration policies that directly impact New Zealand employers. With a low unemployment rate and the need for highly skilled and technical team members, Transpower requires access to skills that can frequently only be found offshore. COVID-19 has brought into focus our reliance on access to migrant labour to fill critical skills and experience gaps that cannot be readily found in the New Zealand labour market. Our two main priorities are:

1. a clear and straightforward pathway to support temporary work visas for skilled workers to enter New Zealand with efficiency; and
2. once they have joined our business, a pathway to residence to enable certainty and settlement.

Transpower employs just over 830 staff (permanent and fixed term) in New Zealand. Our workforce is employed in New Zealand, we have no staff employed offshore. Over the last three years Transpower has hired approximately 50 migrants on a variety of temporary visas. Of those, 70% (35) were already on shore, working in New Zealand before they joined us. The remainder of our recent migrant hires come from a range of countries with no



clear majority from one part of the globe. The majority of migrants are hired for engineering roles within Transpower.

Of our total workforce, temporary work visa holders and residents make up about 6% of our total population. This is a relatively small number, but they make a significant contribution to our capability and ability to deliver on our mandate to New Zealanders.

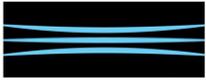
There is a shortage of engineers in NZ, [Occupation Outlook | Engineering Professionals \(mbie.govt.nz\)](http://mbie.govt.nz), compounded by demand globally for the demand for engineers to complete large scale investment in infrastructure and electrification. Electrical Engineers are on immigration NZ's skill shortage list.

Transpower is always looking to the local labour market to fill roles but given the shortage of engineers, migrants are essential to meet the shortfall in labour. Astute migrants are also looking for opportunities in New Zealand and we benefit from their desire to move here and work for us and are in fact critical to

We have supported a significant number of our migrant employees with visas under the Accredited Employer pathway, or as commonly referred to, "Talent Visa". This pathway has been a great recruitment tool for us as a business as it provides a clear temporary work visa process and a pathway to residence for migrants. The recent closure of this pathway for new applicants is disappointing as it was a clear policy that we understood and could navigate with relative ease.

The move to the new Accredited Employer Work Visa (AEWV) scheme will add additional steps and fees to the visa application process and limit the ability of many of our migrants to achieve residence as the new "highly paid" pathway requires an employee to earn at least twice the median wage (compared to \$ 79,560 under the previous Accredited employer scheme). As the Skilled Migrant Category Expression of Interest (EOI) selection process is also on hold (and likely subject to further review) in a tight labour market it is hard to see how an organisation such as Transpower will be able to attract and retain the skilled and experienced migrants we require to augment the already highly skilled team we employ.

For our engineering roles we typically hire at the engineer and intermediate engineer level of skill and experience and pay competitive market salaries for these roles. Approximately 75% of our intermediate engineers are paid less than the threshold of twice the median wage (\$112,300). We invest heavily in on the job training of our engineers at this level and there is a clear career pathway to progression to more highly paid senior engineer roles in Transpower. The new "highly paid" pathway creates pay inequity with our existing engineers who are paid less than the "threshold", does not reflect market rates of pay for these roles and therefore makes it more difficult for us to hire skilled migrants at this level of pay.



Under the old Talent Visa pathway, based on salary, 90% of our migrant employees would be able to take advantage of the Talent Visa pathway. Under the new highly paid pathway under the AEWV this drops to 42%. We invest a great deal of time into training and developing our staff, regardless of their visa status, but without the ability for our visa holders to follow a pathway to residence we risk losing the skills and experience we invest in and cultivate. On a more personal level, the wellbeing of our migrant staff suffers when they cannot see a clear and certain future for themselves and their families in New Zealand.

The impact of COVID-19 on immigration settings and the border (pause in EOI selections, delays in processing residence applications on hand, family separation, changes in pathways to residence) has created a great deal of uncertainty and been felt especially hard by our migrant workforce. Large queues of applicants for residence visas have increased uncertainty and reduced the likelihood of achieving a pathway to residence. This has left many migrants in flux and unable to settle.

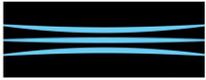
We therefore wholeheartedly agree with Finding 5.

Below is a chart which breaks down our visa holders by visa category type.

<b>Visa Holders by Category</b>	<b>Number</b>
Critical Worker Visa/Talent	2
Essential Skills	1
Post Study Work visa	8
Student Visa	1
Talent Visa	22
Work Visa - Partner	11
Working Holiday Visa	5

The migrants above mostly fill engineering roles (23). Examples of highly skilled roles are:

- Engineer – Lines
- Power Systems Engineer
- Grid Asset Controllers
- Protection & Automation Engineers
- Real-Time Systems Engineers



Migrants with engineering expertise bring a depth of experience from the electricity sector to Transpower. The more senior the engineer the greater their ability to work on complex engineering domain areas, coach and mentor our graduates and junior engineers. The depth of their experience brings enormous value to our business which we value and benefit from across the organisation.

As noted above, Transpower makes this submission with two key priorities in mind and we discuss those within the context of three of the Commission's findings. As a reminder:

- Transpower would like to ensure a clear and easy pathway to employ skilled workers on temporary visas. To date the Talent Visa pathway, and to a lesser extent the Essential skills pathway, met our needs.
- Transpower would like to ensure a clear and fair pathway to residence for skilled workers. Again, the Talent Visa pathway provided just such a solution with the Skilled Migrant category available to those who did not meet the relevant criteria.

## **Placing Transpower's priorities within the context of the Commission's recommendations**

### **Recommendation 2**

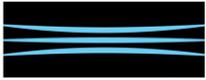
The Immigration Act should be amended to require the Minister to regularly develop and publish an immigration Government Policy Statement (GPS). These amendments should specify that a GPS must include:

- short-term and long-term objectives and relative priorities;
- performance measures or indicators;
- a description of how the demand for temporary and residence visas will be managed over the period of the GPS;
- specification of planning ranges for new residents over the period covered by the GPS and;
- a description of how the planning range will affect other government policy objectives.

Transpower supports this recommendation with the understanding that a GPS will hold the government and INZ to account with regard to delivering immigration solutions that provide clarity for business and migrants.

### **Recommendation 5**

The allowable volume of temporary migrant visas with potential residence pathways should be managed to be compatible with the number of residence visas on offer.



Although we make no comment on the allowable number of temporary or resident visas that should be granted on an annual basis, we agree that clarity in terms of the number of residence visas on offer whether that is signaled at the temporary visa stage or residence is key to helping New Zealand businesses retain skilled migrants and ensure certainty and peace of mind for migrants. Clarity assists with certainty and settlement.

## **Recommendation 8**

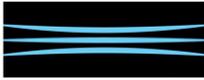
The Government should remove visa conditions that tie temporary migrants to a specific employer. These conditions increase the risk of exploitation and limit the ability of workers to find better job matches, which can promote wellbeing and productivity. Where there are concerns about displacement of New Zealanders, work rights could be limited to specific regions, occupations, industries or accredited employers.

From our perspective as a responsible employer we believe there are benefits to linking work visas to a specific employer. Transpower invests a significant amount of money in paying for the relocation of migrants and their families and in training on our systems and processes. Many of our skilled engineering roles can take between 2-5 years to learn and become fully competent. The visa tied to us as an employer allows us to recoup the investment we have made in the migrant worker. Removing visa conditions that tie temporary migrants to an employer risks penalising employers who act responsibly to address some employers who exploit migrant workers.

Our observation on recommendation 8 is that while open work visas may provide migrants with the ability to leave a bad employment situation it does not assist INZ in capturing data related to specific employers (who they employ, how many migrants they employ and whether they are compliant with employment law legislation). Thus, it may undermine the Commission's 7th recommendation (that MBIE should develop more data-informed dynamic skills shortage lists).

Further, in an open work visa system (which will rely on skill shortages lists) much work will need to be undertaken to coordinate data and insights about the labour market between MSD, the education sector and MBIE. The coordination between these three groups historically has been poor. The mechanisms that allow them to share information and influence policy decisions will need to improve dramatically in order to accurately inform INZ with regard to actual skill shortages. If the problem is employer compliance and migrant exploitation, the best solution is a sharper focus on compliance.

The implementation of an open work visa system (as it relates to the employer condition) raises very practical considerations such as whether, when first applying, these migrants will require a job offer or just have to possess a skill set that is on a shortage list.



Additionally, in order to benefit from such an approach (open work visas) employers will need to be intimately involved with helping INZ develop each and every skill and occupational shortage list which, as noted above, has proven difficult over the years and is relatively complex. Not all employers are involved in sectors that are organised enough to make the relevant submissions and not all roles, at the higher skill level, fit neatly into an ANZSCO code or classification.

The nature of work is changing rapidly as are the required skill sets and experience. Putting employers in the driver's seat with regard to determining the skills they need to run their businesses means a more efficient process and outcome for all involved. To that end, given migrant exploitation is a serious issue, perhaps a sharpened focus (or actual investment) on compliance can help to resolve migrant exploitation rather than removing employer specific work visas which opens the door to drawn out consultations, skills lists and reviews of said lists by MSD, the education sector and MBIE.

## **Employer compliance**

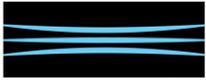
As noted above, Transpower observes that some of the recommendations and findings in the Commission's report highlight that there are employers in New Zealand who do not take their compliance obligations under the Immigration Act and relevant employment legislation seriously. This is problematic for the wellbeing of migrants, the reputation of New Zealand as a destination for skilled migrants and those employers who take great care to create safe, fair and thriving workplaces.

To that end, in terms of deterring and ending migrant exploitation and poor behavior by some (but not all) employers, we believe employer compliance should warrant more than a passing mention in the Commission's report and that MBIE should be doing more to focus on regulating non-compliant employers rather than fixing or altering an entire immigration system to thwart the efforts of a limited number of employers who should not be allowed to hire migrants in the first instance.

## **Employer focus**

The engine of the economy is productive organisations that can employ, train and grow capability. The decision to hire a migrant is not at the forefront of our decision making. Said in another way, we approach the labour market looking for the skills and talent we need. We do not begin the process by looking for migrants. Our first priority is to fill a genuine skill gap in our workforce and look for the right skill set in the market.

In general, we do not set out to recruit migrants, but they find their way into our recruitment process because they are skilled, keen and available. The beginning point of most work visa applications is the necessity of an employer to fill a role, so the employer's experience with the Immigration process and system is important when considering what future policy should and must look like.



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The pathway should be easier for compliant employers who focus on training and developing New Zealand citizens and residents - when a skill set cannot be found in the New Zealand labour market the process to engage with the Immigration system to obtain a work visa for migrants should not be as onerous as it has become. A vacancy represents a need for our business and sometimes a migrant is the right solution and where this is the case the immigration process should be simple and timely to enable this to occur without unnecessary delay.

Brigid Kelly  
**General Manager People**