



FIRST Union submission

to the

New Zealand Productivity Commission

Regarding

**Immigration – Fit for the future
Preliminary findings and recommendations**

1. Introduction

- 1.1 FIRST Union (hereinafter 'FIRST' or 'the union') is a private sector trade union representing almost thirty thousand workers across the retail, finance, commercial, transport, logistics and manufacturing sectors. In addition, we organise and represent migrant workers through the Union Network of Migrants (hereinafter 'UNEMIG'), and are active in combatting migrant worker exploitation in many different industries, including beyond our Union's standard sectoral coverage.
- 1.2 This submission reflects on some of the key findings, recommendations and questions included in the "Immigration – fit for the future: Preliminary findings and recommendations" document, dealt with together in that order (findings, recommendations, then questions). We have not responded to all of these, however we have maintained the same numbering as in the original document. The findings, recommendations and questions are in italics, while responses and commentary are in standard text.

Feedback on findings

- 2 *Temporary work visas were increasingly being used to fill vacancies in lower-skill occupations in the period before the Covid-19 pandemic.*

We have certainly observed this trend, including in industries like supermarkets and other retail outlets, some hospitality roles and in horticulture. With borders closed, employers in many of these industries have since found it very difficult to fill roles as local workers have higher wage expectations. It should be noted at this point that we see low wage work as fundamentally unproductive – not only does it stifle consumption and attendant investment, it also acts as a barrier to innovation.

Horticulture is a key example of this, where the availability of low-cost RSE scheme labour has prevented the industry from investing in plant that would automate key parts of the labour process. It is for this reason that we believe that while RSE schemes have been the subject of a large number of studies, this needs to continue to ensure the scheme brings real benefits to workers and countries of origin – in terms of income and remittances – and to firms and industries themselves – in terms of productivity and innovation.

- 3 *Immigration has had small and mostly positive effects on the wages and employment of New Zealand-born workers over the last 25 years. Overall, evidence of labour market effects does not, of itself, point to major problems with the level and composition of immigration into New Zealand.*

While the opposite is often claimed, our experience reflects the finding that in most instances immigration has not led to wage restraint for New Zealand-born workers over the last 25 years, and that in some instances immigration has had positive effects for wages. Many migrant workers, including but not limited to those that have come from countries with strong union movements or high union density, have also played active roles in their trade unions in New Zealand, promoting wage growth through collective bargaining.

One clear positive example that we can cite of the positive effects of temporary immigration on wages has been in the certain parts of the horticulture industry. This was mentioned in a September 2021 article written by FIRST Union Strategic Project Co-ordinator Anita Rosentreter:

Late last year, the Government announced employers of RSE workers would have to pay them no less than the living wage at the time, \$22.10 (now \$22.75). While they stopped short of requiring that locals be paid the same, a combination of factors led to it effectively becoming the market rate for this year's kiwifruit picking season from March to June.¹

It should be noted that this positive impact is the result of deliberate Government wage-setting policy and the closure of the border. It is also not universal. Rosentreter's comments were based on communications with workers in the Bay of Plenty, but we have since received evidence that workers in the Taitokerau horticulture industry are being paid below the living wage rate.

- 4 *Currently, there are no consistent feedback mechanisms to link skills shortages evident in the immigration system to potential responses in the education and training system. A lack of feedback mechanisms limits the ability of the education system to meet employer needs and may weaken accountabilities on employers to train and develop local workers. It is not yet clear how new institutions such as Workforce Development Councils and Regional Skills Leadership Groups will work and interact to address this issue.*

We agree that there is a lack of consistent feedback mechanisms linking skills shortages with the education and training system. FIRST Union is an active participant in Workforce Development Councils, Industry Transformation Plans and Regional Skills Leadership Groups, however in our present experience it seems that the RSLGs themselves have not yet been able to really consider how immigration sits within their decision-making because there has been next to no immigration to consider. RSLGs receive regular data updates from their Secretariat support on key labour market indicators as well as other relevant social measures like education, welfare, and housing. Presumably the managed re-opening of borders will insert immigration data into this mix, and it will be important for RSLGs to collectively be able to have some influence over shaping how immigration policy impacts the regional labour market. We are not however convinced that RSLGs alone would be an adequate solution for addressing this, and perhaps are more appropriate as a

¹ Anita Rosentreter "Will the kiwifruit industry abandon living wages?" (22 September 2021) <https://www.stuff.co.nz/business/farming/300412679/will-the-kiwifruit-industry-abandon-living-wages>.

channel for gathering the necessary data to inform the development of policy. We will talk more about this in our response to Question 1.

- 5 *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.*

Prior to the September 2021 announcement of the pathway to residence visa we strongly agreed with this claim. The announcement of that visa was a significant step towards providing a large number of migrants – as well as employers - with certainty about their futures in New Zealand. This brings with it a significant sense of security for workers and translates into increased productivity, as migrant workers are able to settle into their communities and focus on their work much more directly rather than being constantly distracted by insecurity.

Along with other organisations we have supported the call for an amnesty for all migrant workers currently in the country who may be in breach of visa conditions, least of all to assist in addressing the chronic labour shortage currently plaguing many industries.

- 6 *Increases in New Zealand's population from net migration have exacerbated rapid house price increases, reflecting several factors including underlying and persistent constraints on the supply of housing.*

While we agree there are elements of truth in this we suspect that given the substandard nature of housing for many migrants, this point can be blown out of proportion. Regardless, we think this highlights the need for a some sort of 'housing market test' to accompany labour market testing when considering the appropriateness of migration.

Feedback on Recommendations

- 1 *The Immigration Act should be amended to require the Crown to take account of the country's absorptive capacity (our successfully accommodate and settle new arrivals) when determining the "national interest".²*

We agree with the principle that higher immigration carries with it concerns about the country's absorptive capacity. This has been mainly referred to in the research with reference to housing and infrastructure, however we think the same point must be made with reference to the capacity of our public and social services. Like all of us, they pay taxes and these taxes should therefore be devoted towards expanding the

² This response is also applicable to recommendation 2.

capacity of our public services to ensure migrants receive equal treatment. Failure to do so has negative productivity interests and undermines the national interest.

One key point in this regard is around access to protection under the Social Security Act. Throughout the pandemic, UNEMIG has advocated strongly for the Government to trigger Section 64 of that Act, enabling migrant workers to access emergency benefits. This was crucial through the early part of the lockdown. While we later achieved a partial victory in narrow circumstances, it was much later than the crisis period and so poorly advertised that few migrants took up the support (which excluded access to standard supplementary support measures that New Zealand-born workers can access like accommodation support). As a result, in the midst of a growing labour shortage, the Government was financially sponsoring workers to leave the country while refusing to support those that wanted to stay and find other work. Equalising access to social security measures for migrant workers is crucial to boosting national productivity.

We strongly support the Commission's view that visa conditions tying migrant workers to specific employers should be removed.

- 4 *MBIE should develop and publish an evaluation programme for major visa categories to assess their net benefits.*

We support this and think the additional information will be valuable for assessing which categories are bringing net productivity benefits.

- 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.*

We think there is a need to review the idea of and availability temporary migration altogether. It leaves workers feeling extremely insecure, and has negative impacts on productivity. Managing these numbers alongside the number of residence visas has its merits but we should always be leaving workers the option to settle in the country. If they wish to only stay temporarily then that is their decision and one that our education system will ultimately have to respond to.

- 7 *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.*

UNEMIG has long campaigned to end visa conditions that tie temporary migrants to specific employers, and agree that this plays a major role in enabling exploitation. Immigration NZ clearly acknowledges this, given that where a worker has been exploited by an employer they lift these restrictions.

- 9 *The Government should proceed with expanding the Welcoming Communities programme. MBIE should manage the expansion to ensure adequate resourcing, close engagement of participating communities, and strong ownership and involvement from local iwi in the delivery of welcoming plan activities.*

We agree that Welcoming Communities is a valuable programme that has helped give many new migrants a sense of connection and understanding of key components of the culture, as well as social services available. Crucial in this respect for us is to ensure that workers are given access to trade union support that can provide understanding of local labour market rules and institutions and how these affect migrant workers.

Responses to Questions

1. *To what extent does access to migrant labour reduce training and upskilling activity by employers? Do effects on training and development differ by industry? Are there areas of the economy in which New Zealand should be training people that are currently disproportionately supplied by migrant workers? How could policy best respond?*

We wanted to use this question as an opportunity to make some key points to the Commission about how we think that industrial, immigration and education policy should interact. Our union advocates for more active and interventionist industrial policy to promote and establish regional economic development and decent work and achieve social and environmental objectives. Setting these economic policy objectives should fundamentally democratic, but with an eye to existing strengths, comparative advantages and needs. Education policy – particularly tertiary and vocational education – should be structured in line with these objectives, providing people with the skills to work in these industries. Immigration policy should therefore be developed in response to industrial and educational policy and outcomes. It must be flexible and receptive to change, but its fundamental purpose should be to plug immediate needs necessary to satisfy industrial policy objectives.

As noted above, we do see the new institutions like WDCs, RSLGs and ITPs as indicative of a more active labour market policy that could be responsible to regional and industry demands. These institutions are in their infancy and currently exist as much as an experiment in how to construct the beginnings of active labour market policy and data collection. Regardless we are participating in them because this data collection exercise represents the most thorough attempt to date to respond to labour market signals, and our hope is that this translates into industry-based and regional based training plans that forms the basis of a bottom-up national industrial policy.

We make these points on the basis that access to migrant labour does reduce training and upskilling by employers. This differs across industries, but is particularly clear in industries like healthcare, construction and some parts of healthcare and manufacturing. In the construction industry, for example, the cost to firms of

apprenticeship training compares disfavouredly with the cost of engaging already skilled migrant workers. While the closure of borders and the availability of state-funded trades training could alter the current situation, there remains little incentive for construction firms to invest in apprentice training and develop their workforce. It is crucial that industries that profit from workers' labours pay are made to invest in the skills that underwrite those profits. While this may be difficult for smaller firms, it is often larger firms that have shirked the responsibility for training and embraced immigration as the fast road to financial success.

2. *What objectives should be included in an immigration Government Policy Statement? Why?*

As we have mentioned above, we think that immigration policy should plug needs that educational policy cannot presently address to achieve industrial policy. We therefore think that Immigration Government Policy Statements should be short-term statements that reflect these relationship at the current point in time. However at the same time we think there are some things that should remain consistent across all statements. Immigrants need to have access to the same rights – particularly in the workplace - as all New Zealanders. This includes access to public services, healthcare, emergency housing, educational opportunities and so forth.

3. *How could the Treaty of Waitangi interest in immigration policy be best reflected in new policies and institutions?*

Immigration Policy should be the result of direct discussion and negotiation between Iwi Māori and the Crown, and this ought to be devolved on a regional (iwi and hapu) basis as well as industry. In regions that have high levels of Māori unemployment and/or demonstrate Māori skills shortages, decision-making power over questions of immigration should be weighted further towards Māori.

4. *Should the annual number of residence visas on offer be reduced? If so, to what level and why? And if not, why not?*

In most instances, industrial policy and the labour market should determine this.

However humanitarian forms of migration – such as refugees (including climate refugees) and asylum seekers – should be considered separately. We still think that these policies should be the result of interactions between the Crown and Iwi Māori.

6. *Should efforts by migrants to learn te reo be recognised in the residence or permanent residence approval process? If so, how would this best be done?*

Efforts to learn te reo and understand tikanga should and must be encouraged for migrant workers, as for all the country. With the Māori economy rapidly expanding there is likely a good productivity argument for this (although we think it would be rare to encounter a Māori business where English is not equally well understood). However we note that the recognition of these in permanent residence approvals implicitly means that those without language aptitude skills or the time to learn te reo are punished in their applications – it is a double edged sword. Ultimately we do not see this decision as ours to make.

7. *Do particular groups of migrants need additional or targeted support to settle? If they do, what types of support would work best?*

Again, we think it's crucial that migrant workers have access to the same rights, both in the workplace and under the Social Security Act – not just emergency benefits under Section 64, but the full complement of supplementary support available to local workers. We believe all new migrants should be given the opportunity to meet and discuss with the relevant union in their sector to provide basic information on rights in the workplace and how they can seek assistance on employment-related matters.

Additionally, we believe migrants that fall into the humanitarian categories – refugees (including climate refugees) and asylum seekers – are likely to need additional targeted support. This would probably include significant mental health support services and perhaps other forms of healthcare support, as well as language assistance support. Housing support should also be a consideration for some of these migrants. While in general we have argued that migration policy should be determined by the interaction of industrial and education policy, we think these humanitarian categories need to be considered separately. We strongly support ongoing calls for NZ to continue to increase its refugee quota and these increases should be met with increases in state funding to ensure housing, infrastructure and state services can meet the additional need.
