



February 2022

MPI submission on the New Zealand Productivity Commission's inquiry into immigration settings

Purpose

The Ministry for Primary Industries (MPI) welcomes the Productivity Commission's *Immigration: Fit for the future* report. This submission outlines MPI's understanding of, and ambitions for, immigration in the primary sector and responds to the Productivity Commission's preliminary findings and recommendations on the future of immigration settings in New Zealand. We have focused on findings and recommendations most relevant to MPI's remit and have provided thoughts and insights which we hope may be of use to the Commission.

Key points

- The primary sector will continue to grow and, despite technological advances, will need more people, with many different skills, in the future.
- More linkages between the immigration and education and training systems would ensure strengthened consideration of primary sector workforce needs in decision-making.
- Ensuring primary sector workers are valued, safe and secure in their jobs, employer's workforce needs are met, and rural communities are supported is important to MPI.

Migrants are an important part of the primary sector workforce and rural communities

1. The primary sector includes the dairy, red meat, wool, horticulture, seafood, arable, forestry and wood processing, pork, apiculture, and poultry industries, along with those support industries that service these industries in a range of different ways.¹ The primary sector employs around 367,000 people, or approximately one in seven workers in New Zealand.
2. Although New Zealanders form the core of our primary sector workforce across the board, immigration plays an important role. We estimate the number of migrant workers in the primary sector range from around **21,000 people** (approximately 8.5% of the workforce) during the winter months to around **32,000 people** (approximately 12.3% of the workforce) in the summer/autumn harvest period.
3. There is a lot of variation between different primary sectors in their level of reliance on migrant workers, for example -

¹ Support services are roles that cannot be attributed to a specific sector. For example, veterinary services will be provided to all livestock farmers, fertilisers and pesticides can be applied to all land-based activities, and scientific research will have varying degrees of importance to all primary sector activities.

- **Horticulture** – high levels (38%) of migrant workers at peak (picking, packing, pruning). Work is predominantly seasonal. Recognised Seasonal Employer (RSE) and Working Holiday Scheme (WHS) are the most common visa types.
 - **Dairy** – moderate levels (10.8%) of migrant workers at peak (calving). Migrants are predominantly full-time farm managers and workers on Essential Skills visas. Some have partners and dependents.
 - **Seafood** – moderate levels (13.7%) of migrant workers at peak (hoki and mussel processing). Most migrant workers are in deepwater fishing and seafood processing roles. Fishing Crew and WHS are the most common visa types.
 - **Forestry & Wood Processing** – low levels (3.9%) of migrant workers at peak (planting). Those who do enter are usually skilled silviculture workers on Essential Skills visas or highly skilled experts needed to service specialised processing equipment.
4. Additionally, for some specialist roles there is an international labour force that follows the southern and northern hemisphere growing seasons, such as sheep pregnancy scanners, shearers, and agricultural machinery operators.
 5. As observed by the Commission, MPI has also witnessed the increasing reliance on temporary work visa holders in the primary sector, particularly in lower-skilled roles, leading up to the COVID-19 pandemic.
 6. Some primary sectors have been struggling to fill labour shortages exacerbated by the border closure and this has expedited work underway to attract and retain New Zealanders, increase automation and improve our knowledge base about the primary sector workforce.
 7. COVID-19 has brought into sharp focus the contribution of immigration to the primary sector workforce. Meeting the growing and changing skill and labour needs of the primary sector will be an ongoing focus post-pandemic.
 8. Vibrant rural communities are vital for New Zealand's future prosperity. Migrants make a valuable contribution to the vibrancy of our rural communities over and above their contribution to the primary sector workforce. Migrants also make a valuable contribution to the vibrancy of our rural communities over and above their contribution to the primary sector workforce

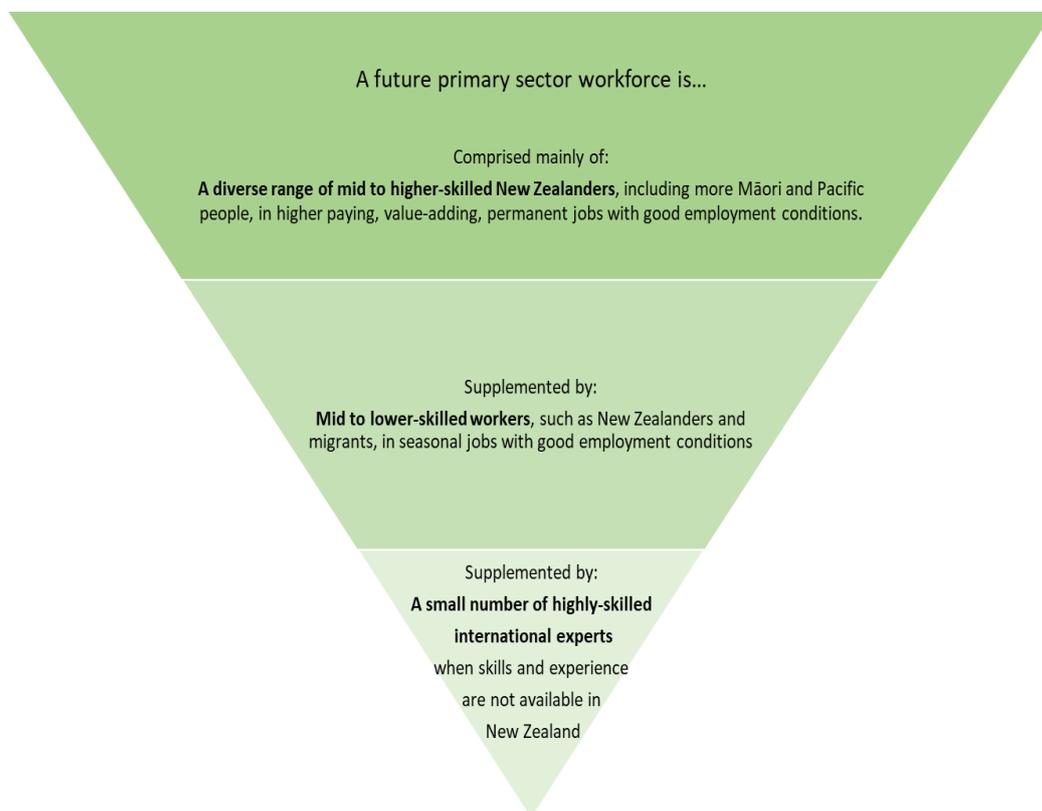
The primary sector is facing many challenges and opportunities, and looks set to change over the coming years...

9. The Government's *Fit for a Better World* roadmap sets ambitious targets for the primary sector's next 10 years and includes initiatives to accelerate productivity, sustainability, and inclusiveness across the sector.
10. In addition to those challenges posed by COVID-19, these ambitions are also set against a complex backdrop of:
 - climate change and broader environmental issues;
 - increased consumer expectations both domestically and in international markets;
 - issues around water ownership and associated rights; and
 - wider land use and resource management issues.

...we're going to need more New Zealanders with the skills to make the most out of this transition...

11. A larger and more highly skilled primary sector workforce is essential if the sector is to meet the targets set out in *Fit for a Better World* while navigating these challenges.
12. What this means is, while there will still be a proportion of the workforce with manual production and processing skills, a greater proportion of the workforce will need professional and specialist skills as primary production and processing becomes more high-tech and greater value is added throughout the supply chain.
13. Some examples of skills we're going to need more of include:
 - Production – whole farm systems, resource and environmental management
 - Product design and intellectual property law
 - Māori agribusiness
 - E-commerce and digital marketing
 - People management and leadership
 - Science and engineering, e.g., in areas of robotics, automation, precision production, and biotech.
14. MPI's aspiration is that the primary sector workforce be made up mainly of New Zealanders. Within this, there are opportunities to employ greater numbers of Māori and Pacific people, particularly, in leadership positions. We want New Zealanders to be working in the higher paying, value-adding, permanent jobs listed above.

...but demand for migrants with specialist skills and people able to work in seasonal roles will keep growing



15. Because of the nature of the primary sector, not all jobs can be permanent; there are seasonal peaks in production and processing for which additional workers are needed to cover the labour gap in the short-term (kiwifruit and apple harvesting are good examples). As such, the core primary sector workforce will always need to be supplemented by seasonal workers. Migrant workers and New Zealanders wanting seasonal work will provide the necessary labour power to support peak periods.
16. And, if the sector is to achieve its *Fit for a Better World* ambition to add \$44 billion in export earnings over the next decade through increased growth and productivity, the peak labour need will continue to grow. This means that demand for seasonal workers will continue to grow over time.
17. The core primary sector workforce will also always need a small number of highly-skilled international experts, including for seasonal peaks, when specific skills and experience are not readily obtainable in sufficient numbers across the motu. For example, specialist agricultural contractors, equipment installation/maintenance technicians and engineers.

MPI agrees that there should be more linkages between the immigration system and other areas of government

18. The Commission has found “there are no consistent feedback mechanisms to link skills shortages evident in the immigration system to potential responses in the education and training system.” MPI agrees with this finding and supports the introduction of new measures that would ensure greater connection between our immigration and education systems.
19. MPI has become heavily involved in immigration needs as a result of the border closure, and through this involvement has developed close working relationships with other government agencies. MPI is keen to continue to strengthen cross-government relationships and collaboration. A more joined up approach will ensure decision-makers in the immigration system are informed about the pressures, nuances and needs of the primary sector.
20. MPI sees strong benefits in a feedback loop between immigration and education systems, that would be able to identify critical New Zealand workforce shortages and respond by increasing domestic training, particularly where there is a global supply issue. The veterinarian workforce is an example where greater linkages could be beneficial. Veterinarians are core for ensuring animal welfare and productivity across the primary sector. It takes five years to achieve a veterinary qualification, and there are not enough graduates to fill the vacancies that exist across the country. New Zealand has historically relied on migrant vets to fill the gaps, however, an international veterinarian shortage is making it more difficult to find qualified and experienced workers.
21. MPI expects there will be demand for a broader range of different types of skills in the primary sector over the coming years. Some of these roles we are able to identify now such as vets, and precision production and resource management experts as well as ancillary services that support the sector (e.g., transport). Others are harder to identify in advance, but our immigration system can offer an insight into the types of skills employers across the country are sourcing from overseas. Ensuring our immigration and education and training systems are able to respond to this information and changing demands is an important focus for MPI so that we can ensure the sector is well equipped for the future.

22. Like the Commission, MPI is following with interest, and is actively engaged in the development of Workforce Development Councils and Regional Skills Leadership Groups. They have the potential to provide the connection between industry labour and skills demands, education provision, and ultimately immigration settings that has been missing in the past.
23. The Commission recommends the introduction of a “Government Policy Statement on Immigration”. While MPI is not in a position to assess the benefit of this to the immigration system, MPI supports measures to assess education and training needs in light of the demands on the immigration system and to ensure immigration objectives align with wider government economic strategy, such as *Fit for a Better World*. MPI also supports providing businesses and communities with more certainty to support investment and planning for the future.

Drawing on richer data will help ensure employer needs are better reflected in immigration settings

24. MPI considers that having “more data-informed and dynamic skills shortage lists” would benefit the primary sector and could be another area for greater connection between the immigration system and other parts of government.
25. The *Food and Fibre Skills*, and *Forestry and Wood Processing Workforce, Action Plans* launched in 2019 and 2020 respectively identify the need for a more comprehensive and consistent primary sector database of workforce and employment information. MPI has subsequently launched the Primary Sector Workforce Dataset and Forecasting Project, which will develop more accessible and richer data on primary sector workforce trends and develop different scenarios for primary sector workforce needs in the future. The Project encompasses a pan-sector working group of representatives from the horticulture, seafood, forestry, dairy, sheep and beef, and winegrowing industries, education providers, relevant government agencies, and the Muka Tangata Workforce Development Council.
26. MPI sees this work as being key to help decision-making to meet current and future workforce needs, and considers this could provide a useful input, alongside data held by other agencies, in the development of more dynamic and evidence-grounded skills shortage lists.

Taking a regional or industry level view of immigration needs could be a good option for the primary sector

27. MPI appreciates the impact that visas being tied to individual employers can have in some instances and is supportive of measures that protect workers.
28. MPI would be interested in exploring regional or industry-level visas to address these risks and to explore the benefits in these types of models. MPI is following with interest the success of the Australian Agriculture Visa, which permits visa holders to work in a broad range of primary sector roles.
29. There are many seasonal roles in the primary sector and greater flexibility in visa conditions could allow workers to move between areas or sectors of highest need, depending on the seasonal peaks throughout the year. This would have the advantage

of providing more secure and predictable employment opportunities than are possible under current settings as workers could be in employment through most of the year. MPI is aware of examples of this model being employed in Southland, with workers moving between roles in meat processing and forestry depending on the seasons. To make this type of model work on a larger scale would likely require increased coordination and cooperation between industry groups compared to what exists today.

30. One aspect of these visa types that would need to be worked through would be how the costs and pastoral care obligations are shared among employers. The current settings that tie migrant workers to a specific employer allow that employer to make investments in visas and additional support for migrant workers, with the certainty of knowing they will work for their business. If this certainty is removed, a different model would need to be in place to ensure all employers provide adequate support and pastoral care to migrant workers, while ensuring risks are proportionately shared.

Strengthening support for primary sector workers and rural communities would benefit migrants and New Zealanders alike

31. MPI's ambition is for all primary sector workers to feel valued and secure in their job. Retaining and developing current employees' skills also benefits employers as the recruitment and training processes, particularly for migrant workers, can be time consuming and expensive.
32. MPI considers that migrant workers in the primary sector need specific support, in particular in rural communities. Integrating workers into rural communities presents unique challenges and many of the things that would support migrants to settle would also make life better for others living in these areas. This includes things like reliable access to internet, childcare, healthcare, and driver training and licensing services.
33. MPI is interested in the support available in rural communities, not just for migrant workers in the primary sector, but migrant workers in a range of occupations, including doctors, nurses, and teachers, and their families. All manner of workers are vital to the prosperity of these communities, but it can be hard to fill roles due to their location. Feelings of isolation may be more apparent in rural areas, so it is important that new arrivals also have good access to mental wellbeing services and community support.
34. The Commission highlights the importance of ensuring immigration settings are tied to decision-making about core infrastructure. Access to housing and transport are frequently raised by industry as significant barriers in attracting workers to the primary sector, in rural and urban areas, and resolving these bigger issues would benefit migrants and New Zealanders alike. For example, improved public transport links could allow migrant workers to live in an area with the support of an existing migrant community, while working in a primary sector job on the other side of a city or in a neighbouring town.

MPI is interested in the Commission's continued work in this area, including the outcomes of this inquiry and associated research

35. MPI notes that the Commission has instigated three research projects to accompany and inform the final inquiry report. MPI is interested in the outcome of these projects, particularly understanding the impact of the border closure on the Recognised Seasonal Employer (RSE) workforce and the productivity implications for firms with more migrant workers.

36. Migrant workers continue to be an important part of the primary sector workforce and rural communities across New Zealand, and MPI looks forward to reading the Commission's final report.