

Immigration Settings – Submission to Productivity Commission – Rob Wardle

Thank you for the opportunity to provide early input into the Productivity Commission Enquiry into immigration settings.

Immigration is a vexed topic in which there is a tendency to ascribe any dissent to policies which result in large net gains in population as xenophobic or racist. The resulting reluctance to have a national discussion about immigration numbers and population targets has meant that debate has occurred in a narrow arena.

While immigration is central to economic and social planning, I suggest a primary focus must be around population. Population density and profile has major implications for the environment and quality of life in Aotearoa New Zealand. I feel privileged to have had the good fortune to be born a New Zealander. Since an early age I have grasped the concept that living in a land with a relatively low population density and an abundance of open space confers immeasurable benefits in terms of quality of life. Furthermore, I understand that in an overcrowded world, a low population density in a temperate landmass confers us with economic advantages in terms of food production and access to natural resources. I temper this comment with the observation that New Zealand is not well endowed with versatile soils.

In the last decade with no political or social mandate, respective governments have presided over the greatest ever influx of immigrants into Aotearoa New Zealand. The unspoken objective appears to have been to follow an unsophisticated policy of achieving economic growth through immigration versus increased productivity and innovation. It is interesting to observe that Japan with its falling population and near stagnant economy is seen as an economic poor performer whilst New Zealand has been heralded as an 'economic rock star'. GDP per capita (admittedly a poor measure of living standards) is rising in Japan (Trading Economics.com) whilst it has stagnated in New Zealand.

A recent RNZ documentary (the Detail 2 March 2021) on our falling birth rate compiled by Emile Donovan provided a refreshing insight into population and immigration. As Professor Paul Spoonley of Massey University points out – immigration has become like a drug to government and to labour intensive industries like tourism and horticulture. These industries are quick to complain at any indication of a lowering of immigration numbers or reducing the number of temporary working visas issued. I am reminded that to this day the American South has not recovered economically from its dependance on slavery which ended 156 years ago. While the South reveled in its virtually free labour supply, the northern states and western Europe invested in technology to reduce reliance on labour. This resulted in the creation of fewer but higher skilled and renumerated jobs.

Another RNZ programme – Country Life visited a horticultural robotics company in the Bay of Plenty (Robotics Plus). Asked why most of their apple machinery is exported to Europe it was explained that wages are too low in Aotearoa to justify the capital investment required to automate picking.

As owners of a small horticultural (nut growing) enterprise my partner and I have invested in harvesting and processing machinery which has allowed us to wean ourselves off the vagaries of seasonal labour, whilst also freeing up time to undertake other income making activities (consultancy work).

I have observed that both the tourism and horticultural industries in Central Otago (especially the cherry industry) are growing their industries in the full knowledge that there is not the local labour supply to fill the abundance of low paying/low skill jobs which are being created. These industries

have no social license to demand that the community wears the housing, environmental and social consequences arising from their thirst for external labour.

Housing and Infrastructure Are the housing and infrastructure crisis really about our inability to ‘free up’ land and build? Or is it mostly due to a poorly planned influx of people? By freeing up more and more land for housing we are consuming our very limited area of versatile soils, eroding our open landscape values and creating social and wider infrastructure challenges. What is the long-term game here? Many Kiwis suffer the delusion that wealth is created by rising real estate prices. Rising house prices are the greatest intergenerational transfer of wealth in our history. Furthermore, many property owners and land developers have a perverse vested interest in maintaining strong net population gains.

Where to from here?

It is all about vision. A falling and sub-replacement birth rate must provide a catalyst to have an intelligent national conversation about immigration. We must be brave enough to have a conversation about what New Zealand’s population should be. In an overcrowded world we should even contemplate that a decline long term population is not necessarily negative. Undoubtedly immigration should play an important role in securing key skill sets and morally New Zealand should continue to accept immigration on a humanitarian basis. That said, attracting highly trained immigrants from poor and war-torn countries is not necessarily doing those countries a favour as they seek to re-build their societies and economies. Immigration has undoubtedly contributed to a cultural richness and diversity not previously present in Aotearoa New Zealand.

There is concern about the burden that an aging population places on a diminishing workforce. Whilst this scenario does present some challenges, it is the sum of the young and old who are supported by workers. A falling birth rate reduces the number of young – hence the overall burden on the tax paying population is not as great as is often claimed. As Professor Paul Spoonly points out, having a reduced child age population is a once in an intergenerational opportunity to invest heavily in their education and health which will undoubtedly yield productivity gains in the future.

While horticultural must reduce its dependance on imported labour, in the case of the tourist sector the answer is to re shape the industry to rely on lower visitor numbers serviced by a well-paid mostly local labour force. This has a downstream benefit of avoiding the pre covid scenario where many of our natural treasures had become overcrowded commoditized.

My plea is that the Productivity Commission digs deeply into this topic and is brave enough to take on board a diversity of ideas. The Commission must not be unduly influenced by those sectors of the economy with a vested interest in retaining a high level of net immigration. Seeking the views of a broader section of society will require a proactive and sophisticated consultation process.

Thank you for this opportunity for early input. If conducted at a convenient venue I wish to be heard if the opportunity arises.