

How should immigration policy consider population changes?

Productivity growth, or producing more outputs with fewer inputs, is the key to higher living standards in mature economies. This should not be confused with immigration as a panacea.

The facts are clear, continued high immigration is not supportable and has had an adverse effect on housing, environment, infrastructure and services and can bestow less social cohesion. Population is the catalyst for climate change but people keep deluding themselves that it's OK and technology will somehow save us. Immigration has been used as an artificial stimulus for increasing GDP up to 2.1% during the John Key years.

Competition promotes productivity growth through increased incentives for innovation and through selection. Competition can be increased in a number of ways, including by strengthening antitrust enforcement and by reforming the patent system so that patents are not used to shut out potential competitors while providing enough incentives for firms to invest in developing innovations. R&D tax breaks was and is an excellent instrument to achieve that.

Nonsense trickle down neoliberal economics will tell you large populations increase competition and production at scale. However Finland, Norway, Monaco, Liechtenstein, Luxembourg, Switzerland and Sweden have quite static populations and high GDP per capita which discredits that as an argument. It is high time we ditch flawed ideology for investing in our own country. This we are too small has to stop. NZ wins Olympic medals and well above population numbers. The focus needs to be on sustainability (a new word for most) and developing our own people.

A country's ability to improve its standard of living depends almost entirely on its ability to raise its output per worker and not simply by adding more workers. Increasing capital per worker is sorely needed and this can be done in a number of ways. The real contribution to economic growth made by managerial, technological, strategic, and financial innovations.

We need to invest more in STEM in schools and also by the look of it critical thinking skills. NZ has proved we can develop high end niche products in Science, Agriculture and Technology. This doesn't mean exporting our IP but simply either being innovative with new products and services or adding value to existing one. One strategy is to develop nodes of specialisation i.e Christchurch for electronics, Dunedin for Health, Marlborough for wine and marine farms etc. This amounts to Universities, Govt agencies and private businesses wrapping research and resources around these clustered nodes. Could NZ have its own Silicon Valley? Why on earth not?

NZ has an aging population and needs to fund future superannuation. The right thing to do is make superannuation compulsory. Moreover increase eligibility for new migrants from 10-20 years. To date we have allowed families to gain citizenship with Dad and Grandma, that negates any benefit we may have from adding new immigrants. This has to stop. The onus needs to be on young highly skilled immigrants and those willing to live outside of Auckland for at least 3 years.

What NZ lacks the most is planned education and this can be aligned with planned migration. How is it possible there are too many bakers or not enough nurses? Because there is absolutely no alignment with the tertiary sector, training sectors and the job market. Do that and you increase productivity overnight. We need to minimize entry barriers and make it hard for people to move in and out of occupations. For example NZQA costs an arm and a leg to convert qualifications from one University to the NZ context. Far too many taxi drivers in NZ with PhDs. Rightly or wrongly NZ employers prefer highly qualified immigrants to have local experience - which some immigrants object to as they expect to start at a higher level. Again this shows flooding NZ with highly skilled people wont get us any further ahead and creates a labour pool to drive down wages. How does that increase productivity or living standards? It comes back to skills matching and developing and retraining as many as locals possible. Our current UE rate is 4%. What is acceptable/optimum for us? Because of lack of education, drug addiction, jail records, and other shortcomings, I proffer the idea that 2.5% is optimal and also those on benefits need to do voluntary work as part of their civil duty as a citizen. Beneficiaries get Govt money, so they need to provide some time, with transport and lunch provided, to contribute to the community.

The Government does not control the entry or exit of NZ and Australian citizens, and so net migration has volatility in annual population growth rates. Between January 2013 and October 2016, district health boards spent about \$160 million on overseas patients ineligible for public healthcare. This has to stop. On entry tourists need to have medical insurance. While on the subject tourists numbers need to be capped to 2 million per year high value tourists. Post COVID this is a chance for more local and self reliance and to promote sustainable businesses, circular economy, diversification, organic and regenerative agriculture.

Previously 45,000 during the 1990s net immigration had been planned for which has crept up to 50,000-60,000. This is poor practice and totally deterministic. Number limits need to be set with a focus on highly skilled, highly qualified younger people.

NZ employers don't develop their staff, that's a sad fact. When they cant find the right skills they look for immigrants to fill the gaps. Policies to increase the skills of the workforce are essential to raising productivity. Consider some form of tax relief for approved training.

Investment opportunities need to be developed and so does access to business loans and funding. NZ has made progress but can do a lot more in this space. Investment in an economy is equal to the level of savings because investment has to be financed from savings. Low savings rates can lead to lower investment rates and lower growth rates for labour productivity and real wages. This means our OCR has a direct effect on investment and a move away from the fixation on property investment. I call for an end to GST on rates which is a tax on a tax and will provide relief to the other elephant in the room which is non sustainable rates that have a cost push effect on property capital values – which is not how its funding model is supposed to work but in practice it does.

Adding value to NZ products has been under developed. Primary industry exports favour raw materials/products. One suggestion is to ensure by Govt decree that 10% of exported logs

are available locally and processed for local use at 30% below export prices. This would support our construction industry.

NZ has a very important brand. We need to push our COVID success and false idea of 100% pure more into overseas markets.

Productivity increases can and needs to start within the workplace. Certification for this will bring benefits simple things such as:

1. Time management 101 -Track time for tasks and prioritize...
2. Give yourself micro breaks. ...
3. Set and commit to deadlines. ...
4. Avoid booking unproductive meetings. ...
5. Don't try to multitask. ...
6. Take advantage of your commute time. ...
7. Forget about perfection. ...Use 80/20 rule
8. Work life balance....
9. Standardizing systems for consistent quality...
10. The elimination (not just reduction) of waste...
11. Training and development opportunities
12. Quality management – yikes.

In summary NZ has to regulate the number of permanent residents to ensure we can afford and maintain services and infrastructure. Often people with temporary worker rights use that as a backdoor into residency so this needs to be looked at in terms of policy.

We need to align our training and education to support the demand for skills. Again more planning and given student costs and national debt this will be welcome. We should not conflate immigration with increasing productivity but deliver more drive into the business sector through various means and I have provided just a few examples.

Regulating the number of residents will achieve stability and sustainability of population. It will be a mechanism to manage infrastructure and demand on services and housing. Finally I will use this opportunity as a call to getting more specialist medical Doctors. There is a short fall that hasn't been officially recognised.