

Submission



Immigration, productivity and wellbeing – Issues paper

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SUBMITTED TO: Productivity Commission

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Introduction

1. Ashburton District Council (Council) welcomes the opportunity to submit on the Productivity Commission's issues paper *Immigration, productivity and wellbeing*.
2. Located an hour's drive south of Christchurch, more than 35,300¹ residents live in the district, with the main town of Ashburton accounting for over 50% of residents. The rest of our residents live rurally or in smaller towns or villages across the district.
3. Ashburton District has experienced moderate and sustained population increase since the mid-1990's, increasing by 23% between 2006 and 2013 (a 3.3% increase per year). This growth, however, is now slowing, with an average growth of 1.3% per year since 2013.
4. Migrants are highly valued and engaged members of our community, through their contribution to the social, cultural and economic well-being of the district.
5. International migration is an important economic driver in Ashburton District. The success of our industries relies on support from migrant workers. We are a district dominated by the primary industries sector, a sector where the future economic success is not guaranteed due to changing conditions, increasing compliance costs and workforce issues (such as the labour shortage).
6. The Council supports an approach to immigration which will enable greater migration to regional/rural New Zealand. However, it is important local communities are supported to ensure migrants are treated with manaakitanga (mutual care and respect²). There is an urgency for the immigration review to be carried out given the labour workforce shortage faced by regional New Zealand.
7. We are aware of many instances where the current immigration policy is impacting on the well-being of our migrants (who may have relatives stranded overseas) and our businesses (who are constrained by labour shortages). The labour shortage is disrupting productivity and hindering

¹ Statistics New Zealand Population Estimates 30 June 2020

² NZ Productivity Commission (2021) Issues Paper: Immigration, productivity and wellbeing, available at: [Issues-paper_Immigration.pdf \(productivity.govt.nz\)](#)

future growth of local businesses. We are also aware that having less migrants in the district has widespread impacts, for example, reduced number of enrolments in local schools.

8. Council notes and supports the inquiry into immigration policy and the submission provided by DairyNZ [An overview of the dairy sector](#).

A snapshot of Ashburton District

9. Population

- a. Our district is culturally and ethnically diverse. In 2018, 18.6% of our population were born overseas, with 3.7% born in the Phillipines ([Statistics New Zealand](#), 2018).
- b. In 2020, our population grew 1.1% (compared with 2.1% for New Zealand as a whole) which was made up of 65.5% net migration and 34.5% natural increase.

10. Productivity

- a. In 2020, productivity in the district was \$130,788 per filled job, compared with \$131,587 in 2019.
- b. Productivity growth has declined from 4.33% in 2019 to -0.61% in 2020.

11. GDP

- a. In 2020, GDP was around \$2.5 billion in Ashburton District. This shows regional growth of 0.5% (compared with 1.6% for New Zealand as a whole).
- b. Primary industries is the major contributor to GDP in the district (27% in 2020).
- c. Dairy cattle farming accounted for 15.9% of GDP in 2020 (compared with 1.9% for New Zealand as a whole).
- d. The table below shows the industries which are solely attributed to primary industries, however many other industries can be indirectly attributed to primary industries. This shows our district is reliant upon primary industries as a sector, and in particular the dairy industry. We estimate approximately 50% of GDP can be attributed to primary industries in some way.

Industry	Value (2020)	Share of total (2020)
Dairy cattle farming	\$398 million	15.9%
Sheep, beef, cattle and grain farming	\$132.1 million	5.3%
Meat & Meat Product Manufacturing	\$103.5 million	4.1%
Agricultural Support Services & Hunting	\$93.4 million	3.7%
Fruit, Cereal & Other Food Product Manufacturing	\$40 million	1.6%
Forestry & Logging	\$13.5 million	0.5%
Poultry, Deer & Other Livestock Farming	\$12.2 million	0.5%

12. Exports

- a. In 2020, meat and meat product manufacturing contributed \$281.2 million in export earnings (50% of total export earnings).

13. Employment

- a. The Agriculture, Forestry and Fishing sector was the dominant industry in 2020 (23.6% of all jobs in the district were filled by this sector).
- b. As at June 2021, 729 people (0.4%) are receiving jobseeker support in the district³. The number of people receiving job seeker support has risen by 33.8% in the past quarter, this is despite local businesses reporting that they have many open vacancies and are struggling to find staff.
- c. Unemployment is around 3.2% for 2021 (compared with 2.7% in 2018 pre-pandemic).
- d. A report produced by NZIER on the labour market in the district shows there is a significant cost as a result of the labour market shortage which is likely to intensify. It is estimated the current labour shortage cost the Ashburton economy at least \$16 million in 2018 in terms of lost output.
- e. A large increase in dairy production in recent years has underpinned strong demand for labour, not just on-farm and in processing, but also in supporting services sectors.

General comments

14. Immigration plays, and will continue to play, a crucial role in promoting economic and cultural well-being of our district, most notably in the agricultural sector as the majority of employees in this sector are migrant workers.
15. Our low unemployment and underemployment rates signify the need for immigration policy which enables migration to Ashburton District.
16. Current immigration delays/freezes are impacting the productivity of businesses in our district and the well-being of migrants. We see this as a 'slow burn' where the true impacts of the labour shortage are yet to be fully realised. We predict the labour shortage will intensify and more businesses will be forced to close if the Government does not change the position on immigration.
17. There is a need to reform immigration policy to better support rural/regional New Zealand. A one-size fits all approach is not appropriate. We suggest:
 - a. The Government determine a clear population policy for New Zealand which identifies the needs of both urban and regional/rural areas. This could include a model similar to that of Canada by working closely with local authorities to determine workforce needs, assessing infrastructure pressures through the Infrastructure Commission, and providing increased local support services for migrants when they arrive in New Zealand.

³ Statistics New Zealand data, August 2021, [Benefit Fact Sheets - Ministry of Social Development \(msd.govt.nz\)](https://www.msd.govt.nz)

- b. Clearing the backlog of applications currently in the system to enable migrant workers to stay and contribute to our communities, and to give migrants certainty over their future.
- c. Providing incentives through immigration policy to settle in regional/rural areas.
- d. If a points based system is the preferred policy approach when processing applications, more points should be awarded for migrating to regional/rural areas, for employment in the primary industries sector, and where it can be shown that the employment creates multiple jobs (e.g. a specialist role may create additional support roles).
- e. Reducing visa costs and barriers for rural/regional locations.
- f. Adopting a performance target to ensure a minimum percentage of migration goes to the regional/rural areas.
- g. Enhancing general immigration programs for regional benefit to ensure manaakitanga. An example of this is the Welcoming Communities programme which has been rolled out to fifteen councils in New Zealand (including Ashburton District which was a pilot Council for the programme).
- h. Publicly acknowledging that regional and rural connectivity must vastly improve for the agricultural sector to successfully transition the workforce. Limited connectivity impacts on well-being through enhancing feelings of isolation for those living rurally (as noted in the submission by Dairy NZ).

Consultation questions

18. This section provides responses to the specific consultation questions. We have not responded to every question.

The Treaty of Waitangi and Te Ao Māori

19. **Q1: In what ways should the Crown honour the Treaty of Waitangi in developing and applying immigration policy? What changes are needed to policy or implementation?**
- a. The approach to immigration should reflect that New Zealand is a country founded on a treaty partnership and thus the approach should embrace Te Ao Māori concepts.
20. **Q9: Which concepts within Te Ao Māori, or Māori perspectives or values, are most applicable to immigration policy and why? What would or should including these concepts, perspectives or values mean for immigration policy?**
- a. Manaakitanga is a value often used in relation to hosting responsibilities of mana whenua and of protecting natural resources. We see manaakitanga as an important value to represent our responsibility for hosting migrants, and their contribution to our communities – the relationship is reciprocal.

Immigration, productivity and wellbeing

21. **Q2: Is the Commission's proposed framework a useful way of thinking about the immigration system for this inquiry? What changes would you make?**
 - a. We support the general approach of the Commission, however, we request specific recommendations are made to support regional immigration. We would also like to see industry specific strategies to address labour shortages.

22. **Q3: What should the overall objectives for the immigration system be?**
 - a. We agree with the Commission's view that the primary objective should be focused on raising productivity to support well-being. There should be a specific focus on promoting higher productivity in regional/rural areas of New Zealand to support economic well-being in these areas. In turn, encouraging migration to the regions will relieve some of the pressure migrants place on urban areas (such as infrastructure pressure and demand for social services).

23. **Q4: How should the Commission consider trade-offs between the different factors that contribute to wellbeing? Should there be some bottom-lines that cannot be traded off at all?**
 - a. Trade-offs are inevitable in any policy decision, however, regional/rural areas face different trade-offs to urban. An example of this in Ashburton District is pressure on infrastructure. The majority of migrant workers are employed in agricultural jobs which are likely to provide onsite living, and thus place minimal extra demand on housing or infrastructure assets. Yet the trade-off is that these migrants do require additional social support, which we see as a crucial bottom-line to ensure their well-being.

24. **Q5: Through which channels has immigration contributed to New Zealand's productivity growth? What evidence is there of this impact?**
 - a. The contribution migrants make to our local workforce enables businesses to grow. Specific correlating evidence is difficult to provide although observing the decline in our productivity growth (from 4.33% in 2019 to -0.61% in 2020) pre and post COVID-19 could be used as indicator to show the positive impact migrants have on our local economy (note – there are clearly many other factors which have led to this decline in productivity).

25. **Q6: Are there other channels for immigration to impact productivity growth that the Commission should consider?**
 - a. The discussion in the Issues Paper does not acknowledge that specialised migrants can improve productivity by creating more jobs. The presence of migrants in the labour market of Ashburton District allows businesses to expand and grow. Many migrants bring additional skills as they are often not able to transfer their specialist skills to the New Zealand workforce. This improves productivity of businesses but the extent is difficult to measure and we have come to this conclusion through discussion with some of our local businesses.
 - b. Our local businesses often require technical experts – many of which cannot be found in New Zealand. A recent example we discussed with one local business is where a factory owner is

looking to buy a new machine commonly used overseas but not in New Zealand. People with experience using this machine live overseas. If the business was able to recruit a migrant for this role, additional low skilled staff would be required to support the expert position. Therefore, if the role is filled by a migrant then migration is helping to increase productivity for the business, and grow the workforce/local economy.

26. Q7: Are there barriers to migrants fully contributing to New Zealand's productivity growth?

- a. Underemployment is a major barrier to migrants' contribution to productivity growth and also impacts on their well-being. There are many migrants in the district who are working in low skilled work yet are fully qualified high skilled workers in their home country. While there are clear skill translation issues, there is an opportunity for immigration policy to maximise the skills of migrants. There are obvious well-being issues if migrants are not fully recognised for their skills as this can lead to psychological stress.

27. Q8: Which factors matter most for assessing the impact of immigration on wellbeing? How can they best be measured?

- a. Migrants should have access to support services which allow them to integrate, be protected from exploitation, and not be treated purely in terms of economic productivity. Access to employment, business opportunities, community services, health, housing and education are all important factors for measuring migrants' well-being.

Immigration policy design

28. Q13: Would there be benefit in requiring the Government to publicly announce its policy objectives for the immigration system? How often should the Government be required to make such a statement?

- a. Yes, announcing the policy objectives would ensure accountability. We note the current strategy (The New Zealand Migrant Settlement and Integration Strategy) was approved by Cabinet in 2014. We suggest an initial three year review period for any new policy.

29. Q12: How should New Zealand's special relationship with Pacific Island nations be reflected in immigration policy?

- a. Pacific migrants contribute to communities in many ways beyond economic means. In July 2021, the Ministry for Pacific Peoples released a report [Pacific Economy Research Report on Unpaid Work and Volunteering in Aotearoa](#) which details the contribution Pacific people make to unpaid and volunteer work. This contribution can affect their employment outcomes due to time commitments. An example of this work is the logistical support provided by Pacific peoples to other Pacific migrants arriving in New Zealand which can include visa support, organising housing and applying for social services. The non-monetary value of Pacific migrants should therefore be acknowledged through immigration policy and measures of success beyond economic productivity should be considered.

Migrants and settlement

30. Q10: What does the “successful settlement” of migrants mean to you, and what are the barriers to achieving it?

- a. The entire family must be ‘settled’ not just the individual. Often settlement is left to the employer and existing migrant communities – both of which have limited capability or capacity to support settlement. If not properly settled, there can be productivity and well-being concerns. Another issue is when one family member settles well, but other family members do not. This can cause disillusionment with settlement, family tension and effect employment outcomes.
- b. When considering refugee resettlement, the Ministry of Business, Innovation and Employment (MBIE) put out contracts to agencies to orientate refugees based on the refugee resettlement strategy. Whilst there is a migrant settlement strategy there is no orientation programme for migrants and it falls to employers, or existing members of the migrant community – which also puts a strain on them. Migrant settlement contracts could help local agencies take the lead in ensuring every migrant family is well orientated and that businesses and services are appropriate for migrants.

31. Q11: Do you think prospective migrants are given enough information to make long-term decisions and settle successfully? What other information could help, and how could their access to this information be improved?

- a. Other information that could help migrants settle successfully is looking at what their family goals are and how they might all achieve those goals when they get to New Zealand. Ensuring that all members of the family are settled into education, employment and able to achieve other important goals will help them make good long-term decisions.

Obligations on employers

32. Q14: Currently, most employers have an obligation to prioritise the New Zealand labour force before recruiting temporary migrants. Do you agree with this obligation? Why or why not?

- a. We do not agree with this requirement. When discussing this matter with our agricultural population the consensus is that often migrants are more likely to be interested in this type of work than New Zealanders. This is most prominent in the dairy sector which employs the majority of migrant workers, and particularly evident in Ashburton District where the unemployment rate remains low.
- b. The ability to obtain a temporary visa for work is mutually beneficial for migrants and agricultural (dairy and arable) employers as much of the work is seasonal. Farmers have had difficulty this year employing staff for the calving season and many have had to offer longer term contracts to meet visa requirements.
- c. Acknowledging the temporary nature of some agricultural work through immigration policy, as horticulture is acknowledged, would support the industry to hire staff on a temporary basis as required.

Skills shortages

33. **Q18: What is the best way to identify workforce or skills shortages?**

- a. Working with local authorities and key stakeholders/interest groups who have industry specific knowledge (such as Dairy NZ and Federated Farmers).

Partners, parents and families of migrants

34. **Q31: What are the barriers that partners of migrants face in finding work?**

- a. With the majority of our migrants living rurally, driving is a major barrier which impacts not only on the ability to work but also causes feelings of isolation.
- b. Differences in cultural expectations – for example there may be a cultural expectation that the partner is solely responsible for childcare or housekeeping therefore will not seek employment.
- c. Lack of belonging and social inclusion – social isolation can have psychological social impacts which leads to poor employment outcomes.

35. **Q33: Do immigration settings for family visas (eg, parents, dependent children) have a material impact on a migrant's decisions to come to and stay in New Zealand?**

- d. Yes – migrants will be more likely to stay if their families reside with them and are supported. If living in fear of deportation they may choose to return to their home country.
- e. We are aware of many instances where migrant school leavers are facing financial barriers to attending university. Given the temporary nature of their visas, they are subject to international fees which means university or further education is not possible.

Other ways for New Zealand to source skills and talent

36. **Q34: What more can immigration policy do to attract specialist “high-impact” people? What other complementary policy changes might be needed?**

- a. Measures to recognise transferable skills could be implemented (i.e. we are aware of many migrants working in agricultural positions which are highly skilled in professional positions but unable to work in those roles due to skill/qualification translation issues).

Population growth and migration volumes

37. **Q40: Could or should the Government use immigration policy (eg, visa conditions to settle in specific places) to ease pressures in some regions? If so, what would be the best way?**

- a. The Council supports policy which enables regional settlement. Immigration policy is currently directed at a national level and this fails to identify unique local level factors. Different regions and different industries face different pressures, and offer different working conditions. The pressure faced by the agricultural industry due to a labour workforce shortage threatens productivity.

- b. In Australia and Canada immigration policies are tailored to specific regions or states. We suggest a similar approach is used in New Zealand which accounts for both place based and industry specific needs. The current emphasis on horticulture workers must be extended to include agriculture as well.

Ngā mihi



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