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NZ Productivity Commission
Te Kōmihana Whai Hua a Aotearoa

E: info@productivitycommission.govt.nz

Tēnā koe

IMPROVING ECONOMIC RESILIENCE

Unison Group (Unison) includes:

- an electricity distribution business (Unison Networks Ltd) with networks in Hawke's Bay, Taupō and Rotorua;
- Unison Contracting Services Limited, its contracting arm; and
- other subsidiaries which provide goods and services to the electricity industry.

The purpose of this submission is to raise high-level labour supply issues that Unison face; and highlight how integrated policy changes are required to attract, train, and retain its labour force.

The Productivity Commission (Commission) will be acutely aware of the critical role of electrification on Aotearoa's path to net-zero. The Boston Consulting Group *Future is Electric*¹ report quantifies the massive spend on infrastructure required by electricity distributors to play their dominant role in decarbonisation. Much of New Zealand's decarbonisation success therefore requires electricity distributors to be able to resource and fund a workforce to maintain, upgrade and construct increasingly crucial electricity infrastructure.

Training, international recruitment and retention

Unison takes a responsible and long-term approach to its training and recruitment of international labour. To meet health and safety supervision requirements, experienced skilled labour is required and cannot be found in New Zealand. Training is essential to its future, and there is a significant training programme that has increased in the past few years.

Cost and benefits of education

Unison significantly invests in its training programmes and on international recruitment, including re-qualification (for electrical engineers, project managers, line mechanics and cable jointers).

Unison suggests the Commission review how costs can be shared between distributors and central Government, to reflect the multi-faceted benefits both training programmes and skilled internationals hold for New Zealand. A secondary, but crucial consideration, is how retention can be improved, such that higher salaries in Australia are not singularly pulling labour away, following the completion of paid training programmes.

For example, recent significant policy changes for distribution businesses have been the ceasing of subsidies for:

- line mechanic and cable jointer qualifications, which will cost approximately an additional \$600,000 in 2023/24 than previous years; and

¹ BCG, *The Future is Electric A Decarbonisation Roadmap for New Zealand's Electricity Sector, 2022*, <https://web-assets.bcg.com/25/b3/fe0d22e04a6aaaa8e2aec92257ea/the-future-is-electric-full-report-2022.pdf>.

- international requalification costs, which will cost Unison approximately an additional \$400,000 in 2023/24 than previous years.

There are broad positive impacts of incentivising critical infrastructure providers to domestically train their future workforce, especially in trades qualifications; and to bring in skilled labour, robustly justified where there are health and safety benefits. Another benefit of international high-skilled labour for the electricity industry is the learning and subsequent innovation that can be gleaned from overseas experiences.

Attracting people to New Zealand and meeting their expectations when here

Aotearoa attracts skilled people predominately based on higher salaries (than their home country), lifestyle benefits, and, as experience shows, the potential to provide a pathway to even higher salaries in Australia.

In the current immigration environment, the inability for potential international candidates to access a Partner's Visa is proving challenging. This constraint limits families' to being a one-income household, a prohibitive factor for many given high costs of living.

An additional challenge is housing, with potential international candidates struggling to find long-term accommodation (in particular, in Hawke's Bay following Cyclone Gabrielle).

To both attract more skilled people, but also meet their expectations when here, Unison suggests the Commission review integrated policy settings that will provide an attractive lifestyle for skilled candidates. Climate change will create ongoing issues for infrastructure industries, including those relied on to reduce national emissions. The impacts of Cyclone Gabrielle and other significant events on labour supply should be considered.

Conclusion

While Unison is conscious its labour supply issues are not unique, the role of the electricity system on the path to net zero is. Given global labour shortages and the impacts of the Covid-19 pandemic, there is an increasing need to address systemic issues. Critical infrastructure providers need balanced integrated policy settings to meet their labour needs, both domestic and internationally.

Unison would be happy to provide more information, or to discuss these issues directly with the Commission.

Ngā mihi

Rachael Balasingam
Regulatory Manager

Rachael.balasingam@unison.govt.nz