



Auckland Chamber of Commerce Submission on Immigration Changes

Introduction

1. The Auckland Regional Chamber of Commerce and Industry welcomes the opportunity to make a submission on the Government's proposed changes to immigration policies.
2. **The Auckland Chamber of Commerce confirms that if the opportunity is available, it wishes to be heard in support of this submission.**
3. **Contact details for service:** s 9(2)(g)(i) [REDACTED] Auckland Chamber of Commerce Chief Executive, Michael Barnett; 9(2)(a) [REDACTED] 9(2)(a) [REDACTED]
4. The purpose of the Auckland Chamber is to provide the best possible platform from which business can operate. We achieve this by working with Government agencies to ensure the best policies are in place that enable businesses to succeed and participate with their communities.
5. The Chamber has a significant corporate membership, including many businesses facing skill shortages who expect their views to be represented in this submission.

Overview

6. Under current Government policies Statistics NZ project New Zealand will have a population of 8 million by 2070, with most living in the upper North Island and Auckland alone reaching 4 million by 2060. We would question if New Zealanders are aware of this, approve it as an objective or believe the transition to the objective is being well managed.
7. Our current high level of Immigration is fuelling rapid growth. We would have to ask is that what New Zealanders want? There are clear signs that immigrant numbers are disconnected with and putting pressure on infrastructure, housing and public services, particularly in Auckland.
8. At the same time we are facing a major skills shortage, have an ageing population and some regions are using migration to counter a gradual decline and fill gaps in the local labour force.
9. Overall, our strong migration and tourism is flowing into the demand for goods and services. Tampering with this balance by fine tuning immigration policy as proposed won't solve the problems New Zealand's labour market is facing and could make things worse.

10. **Some fundamental system changes are required.** A good start would be for Government to clearly state the current population growth projections, ask New Zealanders what their expectations are and the kind of society they want New Zealand to be, plus Government needs to clearly state their expectations of Auckland in particular.
11. Clear rules then need to be put in place around how we manage our growth, including immigration and ensure the expectations of New Zealanders are met.
12. The proposed immigration changes are couched under a declaration of support for “a Kiwi first approach to immigration.” But current immigration policy doesn’t back up this approach.
13. First, what a “Kiwi first” approach to immigration comprises is far from clear. The system we have of migrants entering New Zealand with a work visa leading to residency and then family reunification seems to be working against a “Kiwi first” approach and adding to our problems, including social and law and order issues.
14. To help ease infrastructure, housing and other pressures many would agree that we need to trim entry expectations back to a work visa system that is more clearly focused on recruiting migrants for a specific purpose and a set time frame.
15. Second, we need a more linked employment and immigration approach that leads to the recruitment of productive employment in areas vital to sustaining our growth-led economy. We do not need the addition of unproductive residents to our population or those likely to impose costs.
16. Chamber of Commerce surveys consistently confirm 45-50% of businesses are having difficulty finding suitable staff. There is a widespread view that New Zealand’s skill shortage has been gradually worsening over the past 5 years, and for this to change agencies need to get closer to where the employment demand is and become more responsive.
17. A concern we have is that current immigration practice in deciding not to issue a work visa is often not supported by an appropriate local confirmation that the required skills are not available before the immigration recruitment option is denied.
18. The ground work needs to be done to support a structural change in which the key agencies responsible for employment and immigration link and join forces with each region’s business organisations to provide a local demand-driven response to cover skill shortages as required.
19. It needs to be a system that starts with a local data base that defines exactly what the shortages are.
20. Our suggestion is that business organisations like the Chamber of Commerce in each region be contracted to identify the demand for local employment and then seek to satisfy that demand step-by-step. Decisions on whether to recruit locally or from outside the region, offshore or by a training-for-employment component would be made in the region where the demand is logged.

21. Each region's business organisation could become the local registration centre for job vacancies, and have staffing and accountability arrangements with relevant government agencies for satisfying each employment request.
22. With the 'Kiwi first' objective in mind, part of the mandate would include each regional business centre establishing direct links to secondary schools and training organisations as appropriate with the aim to ensure that every practical step is taken to match local people seeking or about to seek work (i.e. school leavers) to jobs in demand.
23. The Chamber believes that it is incumbent on business to be proactive to solve the skills shortage situation and not sit back and lament Government's failure to fully address the problem. Ultimately, it is the business community that undertakes the recruitment of staff – whether local or from offshore. However, it is Government that sets the environment in which business must operate.
24. We suggest that part of the attractiveness of this proposal for Government is that the key relationship for employers seeking staff would not be through the multiple Government agency maze (employment, immigration and others) but directly to a local (but suitably skilled and motivated) one-stop shop business organisation.
25. The accountability for success or otherwise in satisfying local employment demand wouldn't sit alone with Government agencies and policy but be shared with business organisations.

Proposed fine-tuning changes – Chamber concerns

26. A number of the proposed fine-tuning changes need strengthening and/or clarification as follows:

Visa entitling migrant for rural work

27. We note and support that migrants get 30 extra points for working and living in rural areas. We suggest that the provision be clarified making it mandatory that migrants qualifying under the extra points classification must stay in rural employment for the full length of their 3-year visa entitlement.
28. The Chamber **recommends** that the issuing of a visa entitling a migrant to work in rural areas applies throughout the term of their stay in New Zealand. It should be made clear that if a migrant who qualifies and agrees to work in a rural area and needs to change jobs during their NZ stay (for whatever reason) it must be to somewhere in a rural area, and not a transfer to an urban centre.

Three-year limit for lower skilled visa holders

29. We note that lower skilled visa holders earning less than \$49,000 will be limited to a period of three years maximum, after which a stand-down period will apply before another visa can be approved.
30. The requirement to stand-down low paid migrant workers after three years is designed to encourage employers to recruit from the local workforce.
31. As discussed above, we envisage difficulties with this not least because while local people currently have the opportunity to undertake these jobs many have shown reluctance to take up available job opportunities.

32. In some areas there are more job opportunities than local people available to fill them. There is also a pool of local unemployed who noticeably lack the motivation and/or skills required for jobs on offer. In other situations encouraging New Zealanders available for work to relocate between regions to where the jobs are is not straightforward.
33. A further factor is that while the change to limit a low paid visa holder to 3-years is designed to reinforce a 'Kiwi-first' policy (which the Chamber supports in principle); in practice there is no training boost evident to support replacing a migrant with a local person.
34. In the current strong economy and tourism-boasted market demand for goods and services, there are numerous sectors that are currently dependent on migrant workers with average salaries below the \$49,000 minimum – hospitality, retail, farming/dairy, housekeeping, kitchen staff, tour guides, waiting staff, and travel consultants. They are jobs vital to New Zealand's growth-led economy.
35. Employers in many sectors are currently faced with a recurring recruitment issue, and which we contend will become tougher and more costly, especially for those in rural areas if they are expected to replace a reliable, well-trained and motivated migrant with someone from a small and limited pool of locals.
36. Pending the introduction of a demand-driven employment recruitment reform as set out above, rather than the proposed 'blanket approach' requiring low paid visa holders to 'go' after three years, we suggest consideration to some flexibility.
37. We strongly **recommend** that the 3-year stand-down policy proposal be strengthened to give employers some discretion to continue to employ a low paid migrant worker beyond the initial three years. Specific circumstances for this would be where there is no clear and suitably trained local recruitment succession immediately available.

Concluding comment

38. Our suggestions to the Government's immigration changes are put forward in the positive spirit of continuous improvement of New Zealand's business environment, and in particular enabling an immigration and employment system that is joined at the hip with business organisations to provide the workforce we want and need.
39. We look forward to the inclusion of the minor but important additions we have suggested to the immigration changes, and will seek an appropriate opportunity to discuss our proposal for strengthening the "Kiwi first" immigration and employment system directly with government at an early opportunity.

Michael Barnett



Chief Executive
17 May 2017