



The Need for Short-Term Migration
of Skilled Workers
in Key Industries. May 2022

ChristchurchNZ

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| To: | New Zealand Government, Officials and Elected Representatives Local and Regional Government in Canterbury, Planning and Policy Officials |
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| Subject: | Need for short-term migration of skilled workers in selected industries |

Purpose

The primary purpose of this report is to highlight statistical evidence, real-life case studies and actionable solutions related to the severe short-term shortages affecting strategically important Canterbury industry. Prompt implementation of those solutions will enable those industries to realise significant global growth opportunities and further contribute to regional/national prosperity.

The secondary purpose of this report is to provide information on the current and future skills shortfalls in the Canterbury economy, and detail what impact that is having on exports, trade and regional prosperity.

Summary

- Canterbury's labour market has a severe shortage of skilled workers which is hampering the sustainable growth of businesses and industries of strategic importance to our region and nation.
- Initiatives by industry and support agencies to grow skills and pathways for local workers are at or near capacity (cadetships, apprenticeships, training programs, etc).
- Significant short-term migration is required, potentially on a regional basis, in order to realise current and future economic opportunities.
- This can be followed by a phased transition away from such a significant reliance on migration in the Medium and Long Term.
- The Reform of Vocational Education is in its infancy and acknowledges a 10-year cycle to upskill Aotearoa.
- The skills shortage won't be rectified when the borders open under the Accredited Employer Work Visa (AEWV)¹ – and parts need to be suspended as they are irrelevant at present (labour market testing).
- Visa Waiver Countries should be broadened to include Ukraine and the Philippines and Other Critical Workers should be broadened to include manufacturing specialists.

¹ [New employer accreditation and work visa | Immigration New Zealand](#)

- Canterbury is more exposed than the rest of the country in Manufacturing and seeks a short term and significant regional visa allocation.
- Aotearoa is severely short in ICT workers, and we advocate for a short term and significant national visa allocation.
- Businesses are reporting not being able to accept millions of dollars in orders as a result of not having the workforce to process and produce them.
- When AEWV is introduced based on high national rates of pay, our lower wage / better quality of living economy will be more constrained than elsewhere.
- Trans-Tasman businesses are reporting moving new hires and departments to Australia
- When Aotearoa is moving immigration from being a service to industry to being a gateway, Australia is now targeting high-skilled individuals using their version of NZTE. Government should consider its approach given trans-Tasman businesses are now taking up the Australian service.

Background

Due to an ageing population and consistent economic growth, Canterbury has been dealing with a workforce shortfall since the workforce rebalanced in the wake of the 2011 earthquake. The shortfall was always predicted to become more significant leading to 2030 and 2040 as detailed later in this document.

Canterbury has been at least as reliant on migration as other regions to mitigate this shortfall, and Immigration New Zealand approved over 50,000 Canterbury work visas in the decade to 2020.

Given that reliance on migration, the Covid-19 border closures and strong economic growth have created both a reduction of skilled workers and significant demand representing a two-year deficit in labour. We are also moving into a new immigration framework in Aotearoa that will restrict migration from July 1, 2022, AEWV.

AEWV is based on high national salary minimums and bands. Canterbury's highly affordable housing offsets our low levels of income² by OECD wellbeing monitor standards³. Therefore, while our income levels are lower, the ratio of housing costs to income is similar to Auckland and Wellington according to Stats NZ. The problem with that in a region reliant on 50,000 work visas over 10 years is that the new settings will disadvantage Canterbury, and particularly its manufacturers.

While all industry is affected by the skills shortage, two specific industries are highlighted: Manufacturing and the Tech Sector are both significantly short of staff now. These two sectors are strategically important to Canterbury and New Zealand due to their significant number of high-value employees/jobs, export revenue, growth potential and contribution to regional prosperity.

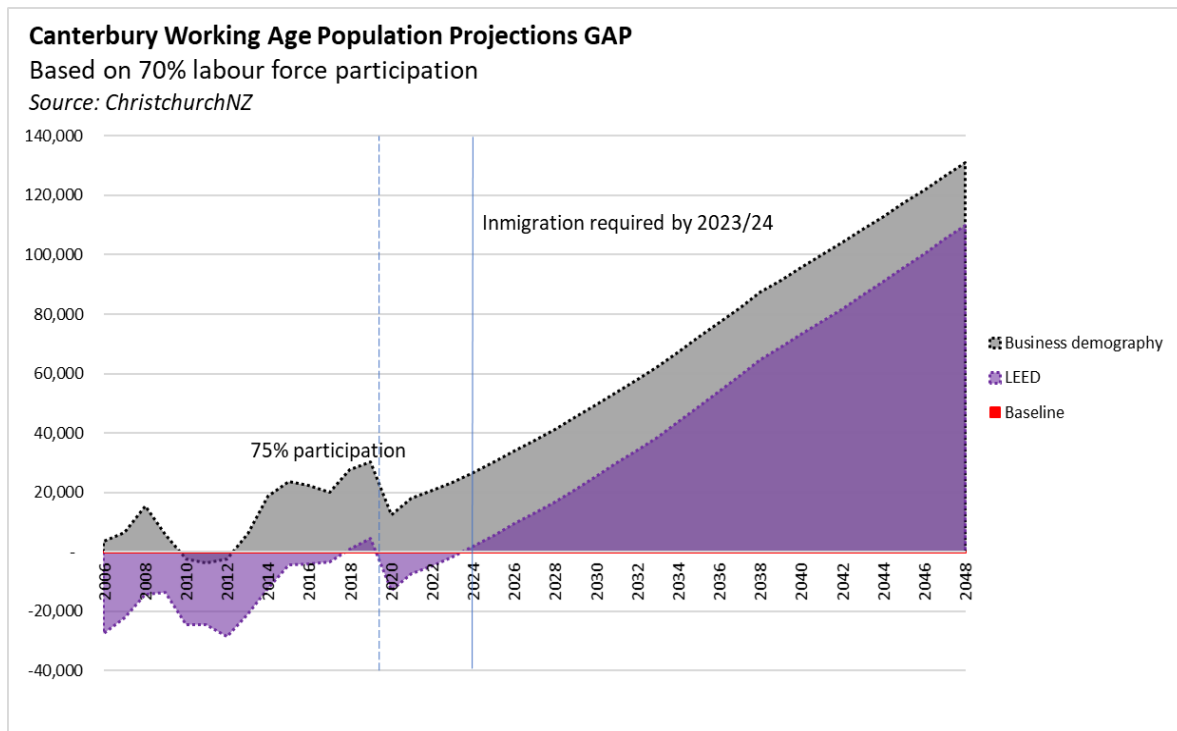
Problem

ChristchurchNZ has long predicted a workforce shortfall of between 50,000 and 73,500 at 2030. The most recent estimate in ChristchurchNZ's 2020 *Canterbury Skills and Workforce Advisory Report* (Addendum F), predicts a shortage of 50,000 skilled workers. This shortage assumes both significant numbers of 65+ year olds continuing to work part time and lower economic growth than present. Similar numbers are outlined in Addendum H, *Assessing the labour market response due to COVID-19 border restrictions: A case study of Canterbury, New Zealand*, David Dyason.

Figure 1: Working Age Population Gap.

² [Household income and housing-cost statistics: Year ended June 2019 | Stats NZ](#)

³ [Canterbury | OECD Regional Well-Being \(oecdregionalwellbeing.org\)](#)



A limited number of workers have come across our border through the government's quarantine system, Managed Isolation and Quarantine (MIQ).

With two years of relatively closed borders and an economy now growing at 4.9%, it is crunch time for industry. There is strong local and international demand for their products and services, but they are not able to produce what they did prior to the pandemic, let alone additional orders and growth.

Future Environment

Immigration New Zealand's Accredited Employer Work Visa (AEWV) system starts July 1, which marks a significant change in migration policy and settings. Modelled on Australia's system, first the employer has to be approved as both appropriate and in need of migration, secondly the specific role to be filled needs to be approved in the absence of local applicants – and finally the individual needs to be approved as fit for both the role and NZ society. This 3-step system changes Aotearoa's migration system from one serving industry to one where the responsibility falls on industry to prove they need migrants. This will restrict the level of migration New Zealand has relied on to only those we absolutely need – at very high wage thresholds.

In the 2010's, Aotearoa's migration was the 2nd highest in the OECD (only behind Luxembourg per capita) during a decade of slow wage growth, limited productivity growth and low levels of vocational education. The authors support the long-term necessity to ensure migration is based on need.

The Reform of Vocational Education (RoVE) seeks to mitigate the effect of reduced migration through greater vocational upskilling of the population. This will increase productivity in our workplaces and include many of those historically excluded from the education system. However, this will not alleviate the skills shortage in the short term due to the scale and complexity of the reform, which will take 10 years to be fully operational.

Industry needs workers now at a reasonable wage level (at least the NZ average wage). That includes an appropriate level of skilled migration to ensure business can continue to function at a reasonable wage in the short term, phased down as demand reduces and productivity increases through RoVE.

Allowing skilled workers for the average wage level at a time of severe skills shortage will not put migrants in competition with Kiwis in the labour market.

What is occurring at present within the migration system?

Border

At present our borders are all but closed other than limited places through MIQ. Assuming there is no new variant of concern, the border will be open from July to accredited workers. This paper assumes that this will occur and does not therefore discuss or advocate for MIQ placements and border exemptions. That could change dependant on future Covid-19 variants.

Visas

- Most visa processing for applicants other than those with border exemptions (many listed above) is on hold due to Covid-19. It was placed on hold due to the restrictions on places in MIQ. This will change between March and July, in anticipation of accredited workers being able to self-isolate from July.
- MBIE are currently undertaking the “Immigration Reset” and consulting on the implementation. A key part of this is the AEWV system, prior to Implementation from July 1, 2022.
- MBIE are currently consulting on International Student work visas, with a view to a change settings from September 2022 when more significant numbers are set to return to Aotearoa.
- No policy work has yet been finalised to link the output from Regional Skills’ Leadership Groups to the AEWV system. This was the original basis for forming RSLGs within MBIE.
- Our local industry applauds the NZ Tech / Immigration New Zealand visa system for 600 tech workers.

Data

Data indicates Canterbury is past full employment

Canterbury Unemployment is now down to 3.2% at end January 2022 according to Stats NZ.

Job-ready beneficiaries at end December 2021 are down to 2.3% of the population according to MSD.

Labour force participation within the region is already at levels above the historical average, a sign that the economy is performing well. However, it also points to a labour market at capacity, potentially affecting productivity and unintentionally leading to wage inflation. A published article by Dyason et al. (2021) reveals how recent events related to the pandemic have led to an emerging labour force gap in the coming decades for Canterbury. The Canterbury labour market has previously shown resilience by adjusting to demands and difficulties associated with disasters. During that time, the ability to attract labour from outside the region has provided the required skill. The study reveals that the region is nearing its workforce peak and urgently needs intervention in the labour market to support the economy (see Dyason et al. 2021). As a result, we have started to see gaps emerging in the labour supply pipeline in specific industries for our region.

Most economists would consider our unemployment and participation rates meaning we are past full employment, considering Frictional, Structural and Cyclical Unemployment.

The one opportunity of supply within data is underemployment.

Canterbury has a high underutilisation rate, representing 12.2% of the population. Approximately 1/3 (31.6%) of workforce underutilisation in Canterbury is from underemployment. Male underemployment rose from 2.2 to 3.6%, and female from 5.8% to 6.6% in the past year.

While underemployment is an opportunity, this number is small compared to the 50,000 additional workers we will need by 2030. Total underutilisation is 47,700 – so the only way we can continue business without lifted inward migration is by Canterbury having 0% unemployment, 0% underemployment and full participation, which is unrealistic. That includes those who are currently unavailable for work, and the 10,000 people receiving a benefit from MSD who are currently classified as “not work-ready”

Advertising data shows Canterbury has had the strongest job growth of any region

MBIE’s Jobsonline index tracks the increase or decrease in job advertisements over time, as a proxy for new jobs created in the economy. It uses data from the major advertising boards. The baseline number is 100, which was set in June 2010. The latest report is Addendum E.

Jobsonline shows that Canterbury has experienced the most significant growth in job advertising of any region, up 39% in the past 12 months. Job advertising growth grew in all industries and occupations – with the construction industry and machinery operators the most prominent industry and role.

Between 2010 and 2020, Canterbury Jobsonline had drifted slowly up to between 150 and 190 leading up to the start of Covid-19. In the year that followed it normalised after a dip, before growing strongly to between 220 and 240 – with a one off 272 in July. This shows a strong growth in demand since March 2021, the first 220+ month on record.

This follows the national data on Manufacturing, which is a good proxy for Canterbury given our 40,000 manufacturing workers in the region. Bouncing around between 220 and 280 prior to Covid 19, in March it hit at 353.2, and has remained between 320 and 370 ever since, other than a one off 440 in July.

Canterbury Manufacturing advertised jobs have increased 42% in the past two years – as have Tech jobs at 38%.

In summary, job advertising has remained strong since March last year, and has remained high. Construction and Health Care are industries under pressure supported through national initiatives such as MBIE SWEP.

Predictions

In addition to the current workforce, it is predicted we will need approximately 50,000 workers by 2030 as outlined in figure 1 earlier in this document. More information on our future shortages is detailed in Addendum 1 – the *Canterbury Skills and Workforce Advisory Report*

Focus of this report

As outlined in the advertising data, while all sectors are increasing jobs growth, not all are highlighted in this paper.

Excluded are the Primary Sector, Health and Construction. All three are critically short and critical to our economy, however all have significant national work programmes focused on their workforce.

- Construction has a national workforce programme, supported under the MBIE SWEP team. National Critical Infrastructure Programmes such as 3 waters will require importing significant numbers of workers, and residential housing is a key focus of national government at present.
- The Primary Sector has MBIE SWEP programmes for horticulture, viticulture and dairy farming, as well as MPI’s Food and Fibre Skills Action Plan. So while primary is typified by SMEs – due to the importance to the national economy they are well supported for their short-term migration needs through the various SWEP and MPI programmes.

- Health is currently undertaking a national work programme through the dissolution of the District Health Boards – and the remainder of the industry is highlighted by large, national employers.

The authors of this report assert that the two critical sectors of Manufacturing and Tech Sector effectively advocate directly to government for their skills needs. It may be that a future iteration of this paper highlights some or all of them, but for the purposes of prioritisation, they are not focused on at this point.

Focus of this report – sectors

This report seeks to focus on two specific industries crucial to Canterbury's future growth that have severe skills shortages at present.

Manufacturing is one of the most significant industries in Canterbury, with 36,726 workers – over 15% of national employment for 11.2% of the population. Manufacturing is predicted to grow at a faster rate than the overall economy – and has a significant impact to the economy of \$4.1B. GDP from manufacturing in the region is \$111,569 per worker. As mentioned later in relation to the Industry Hui and case studies, Manufacturing is actively refusing work from overseas customers due to a shortage of workers.

In South Canterbury, Timaru District has the widest variety of food processors and manufacturers located in a geographically close location than anywhere else in NZ – all supplied by the wider central South Island primary sector and NZ's second-largest fishing port. Timaru traditionally had one of NZ's lowest unemployment rates pre-covid at c 2.5-2.8% (below what is considered full employment c 3.5%) – like most, the labour market tightened considerably due to Covid and associated immigration settings. At least one (and possibly two more) Timaru Food processors are committing to new manufacturing/processing facilities.

Intrinsically linked to High Tech Manufacturing in the region, the ICT sector in Canterbury also has over 10% of national employment, and over 13.4% of tech exports. ICT in Canterbury is typified by its diversity and low profile, with significant services, software publishing, SAAS, data science and other sub sectors spread across the region. Tech is a high-value employer, with the national average wage \$92,250 (Source Labour market statistics (income) June 2019 quarter. GDP from tech in the region is \$282,173 per worker

It is worth reviewing the ICT sector as related to High-Tech Manufacturing as was done in the Digital Nation Report (Appendix G). Total GDP from Tech in Christchurch including High Tech Manufacturing is \$2.4B – and it is impossible to separate many firms in the High-Tech manufacturing sector and ICT. The strength of Canterbury Tech relies on the backbone of our high-tech manufacturing prowess, from Tait in the 20th century to the emerging Aerospace firms such as Dawn Aerospace today.

Focus – Region

Given the focus of this paper is Manufacturing and Tech, the metropolitan sectors of Greater Christchurch and Timaru are the regions of focus for this paper. Future iterations may grow to other regions – particularly Ashburton given their significant agricultural manufacturing footprint.

Focus – Skills

For manufacturing, related skill classifications including Machine Operators, Industrial Engineers, Production roles and Assembly and Process. For Tech, all related software and networking skills.

Insights – Industry Hui

ChristchurchNZ held an Industry Hui on the skills shortage in December 2021. This was held in two parts – first a presentation by CNZ's economist, and then a panel discussion including Leeann Watson from the Canterbury Chamber of Commerce, and speakers from KPMG and Westpac.

Over 60 industry representatives attended including senior executives from manufacturing and tech businesses Hamilton Jet, Fabrum, Taska Prosthetics, Enatel and Incisive Software, among others.

The five key takeaways were:

- 1) Regional economic activity has been robust and net exports in Canterbury remained strong despite Covid-19 pandemic environment and global supply chain issues.
- 2) Global growth opportunities for local businesses abound but there are not enough skilled workers to realise these opportunities. Employers are desperate to find and retain staff, but they're simply not able to find people to fill their vacancies. This is across the board – both in lower skilled jobs through to very specialised roles.
- 3) We can't rely on migration settings to change in the short term. Employers need to refocus on upskilling or reskilling their own staff – both in terms of practical skills and soft skills (such as change management and leadership); but ultimately, we will need to bring in more workers to fill the short and mid-term shortage
- 4) We're all facing the same problem. Employers – both public and private, are facing the same problem in trying to find and retain staff. We need to work together to help solve the labour market challenge.
- 5) We need to think creatively about how we solve the problem – increasing participation and looking “beyond the pay packet” by offering social or wellbeing benefits to employees or exploring employee share schemes to help retain talent.

Tertiary pipeline

The tertiary pipeline for Manufacturing and Tech graduates from Canterbury institutions for the related fields of study is insufficient, except for diploma level tech graduates.

Tertiary education and training completions per 1000 job openings

| Broad field of study | Certificate (level 1-3) | Certificate (level 4) | Diploma (level 5-7) | Degree (level 7+) | Total |
|--|-------------------------|-----------------------|---------------------|-------------------|------------|
| Agriculture, Environmental and Related Studies | 1597 | 1067 | 654 | 1300 | 1333 |
| Architecture and Building | 508 | 1444 | 969 | 180 | 844 |
| Creative Arts | 147 | 1465 | 1080 | 758 | 558 |
| Education | 87 | 418 | 811 | 904 | 637 |
| Engineering and Related Technologies | 801 | 684 | 377 | 595 | 676 |
| Food, Hospitality and Personal Services | 1249 | 872 | 538 | | 979 |
| Health | 1034 | 895 | 935 | 618 | 784 |
| Information Technology | 7 | 746 | 1311 | 462 | 369 |
| Management and Commerce | 426 | 2242 | 699 | 372 | 604 |
| Natural and Physical Sciences | 66 | 2394 | 234 | 672 | 524 |
| Society and Culture | 1803 | 2909 | 1165 | 764 | 1387 |
| Total | 820 | 1290 | 763 | 622 | 819 |

Over the long-term, work is being done through the Reform of Vocational Education and other initiatives such as the IT Professionals (ITP) Digital Skills and Talent Industry Plan (addendum c) and the work of The Manufacturers' Network. In ten years, it is envisaged that Aotearoa's industry will be fuelled with high-value local talent, supporting prosperity for the people working in these high-wage industries.

The problem is that this redesign of the system will take 10 years to be fully operational, and tertiary study takes time to complete. The tertiary pipeline is not a quick fix to the current shortages in industry.

Insights – Case Studies

Manufacturing

- 1) A large High Tech Engineering firm is one of Aotearoa's largest exporting Agritech firms, with a market cap of \$60M. They employ 170 staff and "cannot find skilled design engineers or automation engineers for design and project management work. Ditto for technical sales and marketing roles". They "are turning down work as we cannot resource at a design and project management level to deal with it. We could be doing more here in NZ now, as we are resourced at a factory level but without more skilled designers and engineers, we can't get things through the system for manufacture". Those staff they have been able to hire in the \$75k-\$150k wage bracket have a starting salary 15% higher than 12 months ago. They are finding that "staff shortages and logistic issues are costing us sales, pushing up costs and forcing us to move more design and manufacture offshore, which in all likelihood will be a permanent shift".
- 2) A large exporting High Tech Manufacturing firm are short 20 staff in roles from project management, mechanical design, electrical design, controls and skilled tradespeople. They are about to turn down a \$5m order from Australia, as they are unable to fulfil it with their current workforce.
- 3) A medium sized exporting parts manufacturing engineering firm are currently utilising agency staff to complete orders. They are finding skills shortages are so severe, other "Businesses are actively targeting and poaching staff which brings the whole manufacturing culture into disarray, people don't want to work together anymore". They "would benefit from the ability to bring in suitably qualified people from overseas" and believe that "Long term maybe everyone should have to train apprentices to get access to the overseas market, ensuring that everyone also shares in the cost and time of training up young people". The problem for them now is that "we are talking 5 plus years to get anywhere near the level of expertise or experience required to carry out work of any sort of complexity"
- 4) A large exporting metal manufacturer are "using external contractors at over double rates for FTE when we can source, also passing work on to other businesses as we simply cannot undertake workload through no skilled staffing, this combined with higher running costs, significant increases in raw materials and freight makes the current climate a gloomy road". Their summary of the state of Manufacturing at present was given in bullet points:
 - a. Increased overtime
 - b. Stress to staff
 - c. Difficult to coordinate
 - d. On job training required
 - e. Loss profit
 - f. Higher running costs
 - g. High movement with staff
 - h. Demand is creating a false and unaffordable model
 - i. Customer delays and frustration
 - j. Outsourcing work
 - k. Turning work down
 - l. No applicants applying

While it doesn't help the immediate predicament they are in, they have stepped up their internal training, with "trainees being a new way to operate, this will take 1-2 years to offer any result, but we feel this offers a level of control, albeit at a cost."

- 5) A medium sized exporting manufacturer have a goal of "25% growth in capacity (needed now) and we are really struggling to find candidates to realise this growth strategy. We have committed to new facilities to help expand our output and reach our goal but the labour shortage is a constant

nightmare. If NZ manufacturing is to survive and flourish then we need the suitable candidates ready to go.” They are currently looking at “importing product to meet rising demands. This isn’t good for the 70 odd families the business supports but may be the only option.” As with the others, while it isn’t an immediate fix, they “have to look at ways to produce these skills ourselves and have entered into a successful apprenticeship program with Ara.”

- 6) A medium sized manufacturer supplying the local population have found “the lack of access to skilled labour has been biting. For this month of November, manufacturing hours by way of temps has increased 9.8%, but productivity has dropped massively, with output of bars per day dropping - 11.8% and labour costs per bar has increased 21.2%”.
- 7) A medium sized exporting metal manufacturer are currently short:
 - a. Mechanical fitters
 - b. ASME welders
 - c. Project Managers with heavy industrial experience
 - d. Project Engineers (mechanical)
 - e. Design Engineers (mechanical)
 - f. Site Supervisors
 - g. Quantity Surveyor

They are finding the market is so short, to “employ someone requires that you attract them from someone else – so no net benefit to NZ beyond higher productivity (which is uncertain)”.

Their “only constraining resource is labour, and we cannot relax that constraint via additional training or automation. We will be more selective in our job acceptance in an attempt to manage workload. To further manage workload, some fabrication will be contracted to Australian manufacturers instead of employing our own workshops”.

They also highlighted the skills mismatch in the economy, noted in the Canterbury Skills and Workforce Advisory Report (Appendix f). They “recently advertised for an Accounts Administrator. We had around 40 applications within 5 days and closed the advert. Of those, there were a few who were “under-employed”, wanting more hours. There were a few between jobs, but most were in employment. Wage rate didn’t seem to be the motivation for a change; it was other factors such as convenience, change of role, etc. Many had Bachelor degrees. At a granular level there is some mismatch of skills within the economy between supply and demand.”

Like others they are investing more in locals, and “are training graduate engineers, but they do not have the experience necessary to manage our larger jobs or those with a high-risk component. The experienced/inexperienced ratio is at its maximum. For a large project commencing in the New Year we will be contracting a consultant Project Engineer with the appropriate experience and partnering him with an inexperienced engineer with the intent that some knowledge is shared. That is a very expensive approach. We are also promoting internally within the Group, but this does not expand our workforce or skillset.”

Tech

A \$60m multinational Tech firm has created 85 jobs in Canterbury since the first Covid lockdown. They have grown significantly through growing a tertiary graduate pipeline. Unfortunately, further growth is at risk without a pipeline to mentor and support these graduates, as “it has been more difficult hiring senior technologists. We anticipate significant growth in the product development teams over the next three years, with current plans having us adding an additional 300 product development staff. We would like to hire these roles in NZ. But if we can’t complement our strong local talent with senior technologists from overseas, then we will need to start a second product development office in another country. We are currently investigating options for this second location.”

Impact on wider community prosperity

Both Manufacturing and the Tech Industry add significant GDP to the economy.

Canterbury Manufacturing GDP was \$111,569 in 2021. While this is lower than the regional average, it is a critical labour market actor with the sheer heft with over 36,000 workers who generally earn the living wage or higher.

Canterbury tech and manufacturing are significant exporters. Canterbury Tech exports are over \$1.1B (Source, NZ Tech), and Manufacturing at \$4.1B

When our major exporters are unable to accept large sales due to staffing shortages, it impacts government revenue through reduced company tax, income tax and associated GST.

Skills Shortage current impact on GDP – Manufacturing.

Businesses such as those mentioned are currently turning down orders in excess of \$5m. If those two businesses have approx. 450 of the 36,000 manufacturing workers in Canterbury, we can assume they are 1:50th of the industry, albeit at the High-Tech Manufacturing end.

That equates to greater than \$250m in orders turned down in the 2023 financial year.

Future Impact on GDP?

With an ageing population (highlighted in Addendum f) and the resulting decline in local working age population, the growth of our high-value exporters such as manufacturing and Tech will be essential to support our economy (and ageing community). The authors advocate that when prioritising migration and skills in the next two years, exports and high-value industries need to be a key factor.

As well as exporting, many of our manufacturers also supply the local market. Restricting their ability to trade will increase inflation as demand outstrips their ability to supply. This will also reduce our trade surplus further increasing inflation, as people turn to overseas supply in an age where shipping containers cost in excess of \$11,000 USD to move from Shanghai to Lyttleton.

Solution / Recommendations

Short / Medium Term (impact July - December 2023)

In the Short Term – industry needs migration relief in select industries. We need to support the industries with significant external (export) GDP identified above. The effects of RoVE won't start to phase in until 2024. Significant impact on upskilling is not a short-term intervention in the current climate and there is already a funded tool. MSD have a product called Flexi-Wage covered in the medium-term section below.

This migration relief could be through:

- A regional quota for workers in CC (manufacturing) Industry Classifications where the evidence of need bar under AEWV is temporarily lowered. We know there is need and that there is a skills shortage, so 12 months with 1,500 **regional** visas approved without extensive labour market testing is warranted. Full compliance with the first and last steps of the new migration system are required – that the employer is fit, and that the employee is suitable for NZ and for the designated role.
 - a. If unworkable in the short term, local industry proposes 10,000 **national** visas
 - b. Limited to 15 per employer
- A national quota for workers in JJ (Tech) Industry Classifications where the evidence of need bar under AEWV is temporarily lowered. We know there is need and that there is a skills shortage, so 12

months with up to 4,000 visas **nationally** approved without extensive labour market testing is warranted. Full compliance with the first and last steps of the new migration system are required – that the employer is fit and that the employee is suitable for NZ and for the designated role. These visas need to include the ability to bring their family, to access the best talent available.

- Utilising Immigration New Zealand to create a visa for manufacturing and tech similar to the RSE visa that brings in cohorts of workers. There is precedent, in tech we have run a similar scheme in the past with LookSee run by Haines Attract. Haines already have a significant list of international tech workers who are interested in moving to New Zealand for work, off the back of them running LookSee for NZ Tech in 2019 – and LookSee Wellington in 2017. As a system previously trusted by government, this could add an additional layer of filtering and compliance – albeit at a significant cost to industry.

In terms of remuneration for this support:

- For Manufacturing, these additional regional visas should be at a minimum of the new median NZ wage (\$57,740.80). Suspend the job-advertising requirement under AEWV until June 2023. There will be no unemployment crisis between now and then.
- The Tech industry (software publishing etc) should have job-advertising suspended under AEWV nationally until June 2023 if paying 1.5 times the NZ median wage of \$86,611.20 per year. The Canterbury Tech sector is the workhorse in Aotearoa, and the \$120,000 nominated under the 600-worker border exemption scheme – or 2x median wage — is unaffordable. As already mentioned, requiring very high salary thresholds will only benefit Auckland and Wellington with \$1m+ average homes, and not be to the benefit to NZ industry or the wellbeing of potential migrants.

In terms of manufacturing numbers in this period for **Canterbury**:

- Historically Aotearoa brought in over 80,000 migrants per year. Given Canterbury has 11.3% of the population, that should equate to approximately 9,000 migrants per year – or 7,500 workers. We now have growth that is stronger than pre-Covid, with a two-year deficit of at least 15,000 workers over the two years of closed borders – and another 7,500 this year. As manufacturing constitutes 11.8% of the national workforce – we advocate for an allocation of at least **1,500 additional manufacturing workers in the region**, on top of what will occur naturally under AEWV.

In terms of tech worker numbers in this period **nationally**:

- Historically Aotearoa brought in over 80,000 migrants per year. Given the ICT workforce constitutes approximately 2% of the national workforce – we advocate for an allocation of at least **4,000 additional workers to Aotearoa**, on top of what will occur naturally under AEWV. While Canterbury's tech sector is critical in powering our High-Tech Manufacturers working in the Jet Engine, Aerospace and other sectors, our need for tech workers is just as critical as Wellington and Auckland. We all need them in significant numbers.

A consideration in relation to migrant source countries for this initiative:

- Allow the Philippines to be a Visa Waiver Country. Philipino workers have become the backbone of skilled migration to Waitaha in recent years in Construction, Dairy and Manufacturing – which should continue until we phase down migration over the long term.
- Many Waitaha Tech companies have previously recruited Ukrainian software developers. LookSee's database includes at least 40 Ukrainians. The EU has provided automatic work visas to Ukrainian refugees, and it is worth considering Ukrainian refugees as not just a refugee intake but a potential labour market supply.

What will the employers do in return for short term migration relief?

- Local employers are prepared to show their own commitment to upskilling, retention and training in exchange for short term relief. Many appreciate that they have been too reliant on migration for too long and have been investing heavily in the last 12 months.
- Canterbury proposes that employers make a commitment to onboarding apprentices and trainees in exchange for a short-term regional allocation, as well as support women in work and other initiatives with Hanga Aro Rau.

What else?

- Under the Immigration Reset, a Green List is being developed. We strongly recommend government consider adding ICT supporting roles to that list, alongside Healthcare professionals and other critical workers.
- Industry have significant concern about the capacity of NZ Immigration to handle the influx of applications, with teething issues on both sides. They and we advocate this is another reason to stage the implementation of labour market testing – and recommend resources are added to cope.

Medium Term (impact January - December 2023)

Aotearoa has a significant upskilling tool to upskill and reskill staff over the medium term which can support upskilling from traditional (NZQA accredited TEC funded) providers, independent providers or even funding employers to upskill their own staff. This is MSD's Flexi-Wage – which has several iterations noted here [Flexi-wage subsidy - employer information - Work and Income](#). While Flexi-Wage will have some impact on skills needs in 2022, the distraction of being severely short of workers reduces the ability of businesses to engage.

In relation to migration and tech, the New Zealand Government must look to the work of Australia with their Global Talent Visa [Global Talent Independent program \(GTI\) \(homeaffairs.gov.au\)](#). Already, New Zealand tech firms are expanding in Australia in the knowledge that their version of NZTE will go out and hunt for top tech workers in global cities. This should be part of the review into NZTE currently underway.

Manufacturers typically have a large investment in fixed assets so need to utilise them as much as possible. Ideally, immigration settings should address the particular problem of recruiting NZ residents to carry out shift work – as migrants are typically more willing to do so. Industry suggests another category of border exemption under which the initial visas would specify occupation, employer and shift pattern.

Long Term

From June 2022, the Canterbury Regional Skills Leadership Group will start publishing its Regional Workforce Plan. Consultation will start in March.

The Regional Workforce Plan includes both Tech and Manufacturing and will provide advice to our education providers that they must take into account under legislation. The reason for the advice is to upskill the populace, to maximise productivity in the economy, and support higher wages for all New Zealanders. The advice itself will be specific around the required educational interventions and graduate flows required for industry and the community.

Businesses have relied on migration rather than onshore – and are prepared to give a wider commitment to training as you can read in some of the manufacturing case studies.

Industry recommend clarity around a pathway to long-term residence.

Industry advocate that the shortfall in labour “is expected to be with us for a long time. The people we employ also require extensive training before they are fully productive and efficient, and there are

substantial costs in recruiting and relocating from overseas. To avoid costly turnover, we need the ability / option for medium- or long-term employment from overseas”.

Risks to acting

Political

Despite our ageing population, in 2022, no political party in Aotearoa has a mandate to bring in unmetered numbers of migrants. It is clear that any action in this space will need to be needs-based and explained to the public – or we risk being seen as not following their wishes. There is a window where the public will likely understand the pressures industry are under and tolerate a bump in migration in the Covid recovery while unemployment is still severely low.

Societal

Many of our regions rate poorly on the OECD regional wellbeing monitor in relation to education and income – not least of all Christchurch. So, the long-term risk is migrants taking the smart jobs of Kiwis – although with the current unemployment rate this is not a current issue. As Kiwis move up the prosperity scale in a country with economic growth and population contraction, it begs the question “who does the manual work?” The authors contend that this is a good problem to have, and one that can be addressed in the future.

Industry

Short term relief needs to be phased out as industry and government invest in the local population through RoVE. The risk is of industry continuing their reliance and not undertaking structural change – so it is important to continue signalling to them.

Risks of inaction

Political

Restricting labour to the current extreme risks pressure on cost of living, a public priority due to Covid inflation, global events and supply chain disruption.

Industry

Restricting labour supply to our key export industries risks the benefits to the taxpayer, as businesses look to expand or relocate into Australia and further afield.

Addendum

Addendum c) IT Professionals Digital Tech Skills and Talent Plan

<https://itp.nz/upload/files/2021%20Digital%20Tech%20Skills%20and%20Talent%20Plan.pdf>

Addendum e) MBIE Jobsonline 4Q 2021

<https://www.mbie.govt.nz/assets/jobs-online-quarterly-data-release-december-2021.pdf>

Addendum f) Canterbury Regional Skills and Workforce Advisory Report



Canterbury Skills and
Workforce advisory re

Addendum g) Digital Nation Report

<https://nztech.org.nz/wp-content/uploads/sites/8/2019/02/from-tech-sector-to-digital-nation-2nd-edition-ebook.compressed.pdf?msclkid=90d93999b13011ecb7575fc1ce463090>

Addendum h) Assessing the labour market response due to COVID-19 border restrictions: A case study of Canterbury, New Zealand – David Dyason

https://www.researchgate.net/publication/359504889_Assessing_The_Labour_Market_Response_Due_to_COVID-19_Border_Restrictions_A_Case_Study_of_Canterbury_New_Zealand