

The Opportunities Party Immigration Reform

Description



OUR PERSPECTIVE ON IMMIGRATION

Immigration is a vital ingredient of New Zealand's development – the fact that around 25% of our workforce wasn't born here is testimony to that. If used properly immigration will help underwrite our economic growth and prosperity.

We are strongly pro-immigration as another tool in the box to improve the prosperity of New Zealanders.

But the Government's criteria for selecting economic immigrants has slipped and slipped really badly, allowing too many people in who simply do not add value to New Zealanders' lives. While the Government deserves credit for development of some of the temporary immigrant categories (seasonal workers), other temporary worker schemes (working holiday visas and the study-to-work pathway) are a mess. In addition, the path to Permanent Residence (PR) urgently needs tightening. More stringent criteria and a longer probation period is one way to effectively recognise the increasing value of New Zealand residency.

The Government's craven desire for economic growth at any cost – even if incomes of New Zealanders aren't rising – has seen it make Permanent Residency far too easy for migrants who add nothing.

TOP would do a lot more to capitalise on the highly skilled people that are looking for a safe haven in the wake of Brexit, Trump and the ugly march of nationalism moving across Europe. There is a huge opportunity to upgrade the quality of our immigration but right now, public angst over the sheer numbers of migrants sees the Government not seizing that option. Like a possum in the headlights, its initiative is limited to curbing the excesses that attract bad press and trumpeting such responses as "success".

Tinkering will not do, fundamental reform of immigration is overdue.

While supportive of immigration as a tool, TOP does not accept the long term aim of migration policy should be about lifting the population density in New Zealand to anything like that of Europe or Asia. Rather, we should be continually reappraising why we're facilitating a population growth rate above our natural (births less deaths) rate and check that such a rate is benefiting the livelihoods of New Zealanders. As we will show, that simple, commonsense approach is not always pursued.

In our view maintaining our low population density and enhancing the quality of our natural capital is the key to raising the well-being and incomes of New Zealanders.

Currently population growth is 2%; 1.5% of which comes from immigration. As with past periods of high immigration we are seeing this put a strain on our infrastructure, particularly in Auckland. Population growth is very difficult to control because residents have the freedom to come and go from the country. With this proviso TOP would aim for net permanent migration to contribute 1% pa to our population growth.

Even with 2% pa population growth it would take another 40 years for us to reach 10 million. The UK, which is of similar land mass has 64 million. That would take us 130 years or more to reach – so a high population country is not reasonably in prospect anyway.

The issue is why are we accommodating net migration at all, what's our purpose, what does success look like and how does that compare with what we're doing, what defines a policy that keeps us on or gets us on the successful road? The evidence is that the Government just wants to generate growth – even if there's no growth in per capita incomes. In other words it's pursuing expansion of the economy through bringing in more people but not a rise in the incomes of New Zealanders necessarily.

There is a rationale for that; as the former PM pointed out immigration has staved off recession. But it is weak, of temporary legitimacy at best, and it brings huge risks – as we will show have arrived.

SITUATION REPORT

During any year there may be as many as 200,000 working foreign nationals arriving in New Zealand¹. But only 45,000 of these will be people who might be able to apply for Permanent Resident status – the right to live here indefinitely. When government ministers talk about 'migration' they often refer only to this group of 45,000, not the full suite of foreign nationals present, studying and/or working in New Zealand.

The remaining 150,000 are primarily working holidaymakers and working foreign students who can remain here for up to 3 years. And just like those who have recently received PR visas, temporary foreign workers can live and work here. These visitors therefore have a similar impact on the demand for housing and infrastructure, and local labour market conditions, as those who have recently received residency status as a step to PR.

At up to 3% of the workforce, the scale of temporary foreign workers in New Zealand is unprecedented anywhere in the OECD. Their presence here reflects our current permissive approach to selling "education" courses to foreigners as well as the surge in bilateral arrangements with other countries whereby their youth and ours can work in each other's countries on similar terms. The longest standing agreements are with the UK and other European countries and there is no cap on the number of applicants from these countries so we have to accept any who apply. Given the considerable differences in the size of the population and the economy, New Zealand is in big demand from these travellers.

With unemployment around 5% it's natural to ask whether these working visitors are locking locals out of work.

BENEFITS AND RISKS OF IMMIGRATION

Migration enlarges the economy and has a small, but real positive impact on our living standards. Highly skilled migrants can bring benefits far greater than themselves – they can create jobs and new companies or social enterprises. We have also found that migrants are a good labour pool to provide goods and services for an ageing population such as aged care.

However, the value-add from migrants is variable, cyclical and depends on whether infrastructure can cope at that time (all of which makes its contribution hard for us to isolate and verify). There are some migrants whose impact is marginal at best, and we do have to recognise the downside (congestion, housing costs, more boats when we go out fishing etc).

Modestly skilled migrants pose a high risk long-term (as do all low-skilled workers) as our economy changes and the demand for routine and low skilled jobs falls. Backlashes against such migrants are very real as we've seen in the US and UK, and there it has actually hampered their ability to bring in quality migrants.

New Zealand is now on this path. What happened? When did we change from high-skilled migration?

Why are we so keen to encourage foreign students from poor countries who we sell courses to, to stay on and become Permanent Residents? The answers to all these questions reveal a government strategy that has compromised New Zealand's long term immigration policy. It needs to stop.

IMMIGRATION POLICY – HOW DID IT COME TO THIS?

Back in the 1980's the contribution to population growth from migration averaged around zero and our population was growing about 0.6% pa. My, haven't things changed? Over the latest year population is up 2% with 1.5% of that coming from migration. This phenomenon began in earnest in the mid-1990s when the National government took an altogether more welcoming attitude to the contribution that immigrants could make. For a while that was hidden by the droves of Kiwis leaving as the Rogernomics fallout continued. But by the first half of the Naughties that was well over and the next surge in foreign immigration was not offset by Kiwis leaving. For the first time since the early 1970's population growth got back up to 2% pa (just a reminder, back then we were more keen on breeding so natural increase and net migration contributed 1% each to the population growth, as well, Brits could come in as they liked).

The big change in immigration policy was brought in during the Rogernomics era when in 1987, it was decided to change the criteria from nationality and ethnic origin to education, age, business skills and assets irrespective of nationality. Then, in 1991 points were introduced for employability, funds, age etc. Immediately the number of arrivals from non-traditional countries rose. In 1995 with the influx of foreigners up to 1.5% of population, quotas came in to cap numbers. In 2003, with foreign inflows back up to 1.5% of the population and the collapse of the Modern Age English language school due to fraud, again change was necessary. The burgeoning foreign education system, was on the one hand a goldmine, but on the other caused all sorts of conflicts for education providers, particularly State-funded ones.

Our immigration sector these days cannot be studied without paying attention to the rise in the foreign student business. In 1999 there were 14,000 such students here and it was our 15th largest export earner. Now there are 100,000 and it's our 5th largest exporter. The growth has been stellar – and so are the problems as we will discuss. The sector has attracted its share of attention from crime fighters, particularly the SFO as bad behavior has been present right through its supply chain, not just by foreigners but by New Zealanders including State owned education institutions.

THE RECENT STORY

The rate of population growth last peaked in 2003 at around 2% pa, driven by a 1.5% pa contribution from migration. After that boom population growth settled back to around 1% pa. But for the last two years net migration has lifted back to a 1.5% pa contribution and together with natural increase the population has been rising again at a rate of 2% pa. As we've seen in the past, this rate is fast and causes the infrastructure to creak.

So at the macro level it's déjà vu with 2003. However, the most interesting change is in the type of foreign immigrants who are entering this time around. Nowadays India has joined China as the biggest sources. The reasons the migrants have for coming to New Zealand are totally different to those of the skilled workers that used to be the centerpiece of our policy – it is to escape poverty. They are economic refugees.

WHAT HAS ENABLED THIS CHANGE?

On one level the driver has been the policy change that holds that migrants who have had work experience in New Zealand have better longer-term employment outcomes.

“Research shows migrants have better employment outcomes if they have New Zealand work experience”.³

So immigration nowadays gives strong preference to temporary migrants (students and visitors) who have seized the opportunity to work while here – and work doing any job.

But the real driver is a conscious decision by government to change and compromise our immigration policy in order to provide customers for our foreign education sector. That's resulted in:

- i. **a boom in foreign students** (mainly from China, India and South Korea respectively) desperate for a better country to live in and who stay on after study to get work experience (at anything) and then apply for residency (26% of students become residents within 3 years of finishing study and the proportion from India has soared).⁴
- ii. **the plethora of visitor working visas** that backpackers, those on their OE and even others that satisfy tests to establish they can finance themselves if need be, are able to obtain. At the end of their visa period if they can demonstrate work experience and organise a job offer with a certain title they can then apply for residency.
- iii. **a corresponding reduction in the migrant flow of proven skilled labour**, already with work experience that is supposed to be the hallmark of our long term immigration strategy.

CONSEQUENCES

As the drama in the foreign education unfolds, it confirms the sector's already chequered history is getting worse. There have been numerous instances of dishonest behaviour by NZ providers and their foreign and local agents. There are many stories about conflicts all along the supply chain from the finders in India, right through to shonky qualifications being granted in New Zealand. The real issue is that too many involved in the supply chain don't care much about the education anymore, it's become an Underground Railroad for aspiring but modestly skilled folk of modest means to gain permanent residency in New Zealand.

The Government, with its obsession in seeing foreign education as a winning growth sector has sold the integrity of our immigration policy down the river. It's all about the money and the jobs being generated in the education sector. Despite the troubles, its mind is on the pot of gold at the end of the rainbow.



International education is New Zealand's fifth largest export earner, contributing \$2.75 billion to New Zealand's economy every year and supporting 30,000 jobs. Furthermore, international education is a means for New Zealand to strengthen its education system, contribute to research, innovation, trade and tourism, and help to grow links with major trading partners. From 2011 to 2026, New Zealand aims to double the annual economic value of export education to \$5 billion by increasing international enrolments in its tertiary institutions, private providers and schools.⁵

And as for the "tweak" to immigration that has given so many eligibility points to foreigners already on visas in New Zealand the government will argue that the "evidence" points to such migrants having far higher success rates. But that research is shoddy to be kind – based on data derived from an altogether different class of international student that came, worked and studied and then entered our workforce. These were proper graduates – not the bought but bogus degrees or diplomas that are all too common now in New Zealand.

The latest round of cooks and 'retail managers' will simply not provide the same "evidence" of a long term contribution to New Zealanders' lives.

The government needs to be given a total “Fail” on the switch in its immigration policy and its craven commitment to bringing in feedstock to fund an increasingly dodgy New Zealand education sector.

WAIT THERE’S MORE – VISITOR WORKING VISAS

The education sector route to residency is one problem area. The burgeoning supply of motivated, energetic working holiday visa visitors willing to work temporarily for low wages is another, albeit not so pernicious.

There is some evidence that these folk are crowding out low-skilled (often young) Kiwis from work.

Anecdotally, the employer response is that by being more flexible and capable in general, the foreigners are better quality employees than the locals available. Although unemployment is under 5% for the first time since 2008, in many tourist regions (Northland, Waikato, Bay of Plenty, Gisborne, Tasman/ Nelson/ Marlborough/ West Coast, Otago) there are rising numbers of young people not in education, employment or training. So the evidence that young people are disproportionately excluded by our rockstar economy is particularly acute in these areas – tourism is booming, visitors with working visas inundate those destinations, happy to take low wages temporarily and enjoy the surfing.

Now it’s a matter of degree – some of this visitor working visa phenomenon provides a discipline on the local market but too much can lock locals out. Over-reliance on migrant labour to fill low skilled jobs ‘temporarily’ but on a rolling basis and at low wages could also potentially be a breach of the Treaty if it can be shown that letting in migrants harms the prospects of Maori workers. Maori are over-represented in the low-skilled echelon so it wouldn’t be surprising to see if this phenomenon is discriminating against Maori.

THE VULNERABILITY OF LOW-SKILLED NON-PERMANENT RESIDENCY LABOUR

We do not want New Zealand to become a place where migrant workers are exploited. Exploitation is illegal, is a source of tax fraud and represents an unfair form of competition amongst businesses. But put enough pressure on the system and all those will happen.

Anecdotal evidence abounds of temporary migrants being paid below the minimum wage, and otherwise exploited. The migrant can’t complain because often they’re working hours beyond what’s permissible. As the risk of these kinds of practices rises, the more reliance businesses have on temporary labour to maintain their competitiveness. This is the type of pressure the political obsession with immigration is generating and it is economically and socially damaging. Seven migrants to a house working as 4th-removed subcontractors to a major infrastructure company installing fibre is not our idea of clever immigration policy.

There is nothing wrong with low skilled labour per se. The seasonal temporary migrant scheme is an example of best practice. However, employers should not be able to rotate unlimited quantities of foreign temporary labour to low skilled jobs to satisfy their needs on a permanent basis.

TOWARDS A SENSIBLE IMMIGRATION POLICY FIX

All of the above seems a long way from the Richard Dawkins’ call, in the light of Brexit and Trump for NZ to be the Athens of the modern world by inviting the world’s top academics to settle here.⁶

To exploit this however New Zealand needs a far more proactive international campaign to attract these premium migrants. Increasingly drawing from the pool of working visa visitors is not a substitute.

Let’s face it, the demand to come and live in New Zealand is for all intents and purposes, infinite. This is paradise and increasingly everyone wants to come here.

Now we don’t want them all. In fact we don’t want any do we – unless their presence increases our well-being? Otherwise why would we?

So that's the test surely. Who do we need, what criteria should we use to take our pick of the crop? The refugee and compassionate quota aside, we have to come up with a rationale. Currently the government uses all kinds of points systems that are vulnerable to failure – as the student-to-resident debacle is telling us.

To illustrate let's just take the skilled category of migrant. Even if – as we have in October 2016 – lifted the eligibility points from 100 (if they had a job offer or 140 if not) to 160 we will still end up with way too many applicants who "qualify". The only constraint on supply is whether we've done our marketing to potential applicants around the world properly. And this is a message those who have designed this system need to understand. The only reason they don't get enough high value applicants is they haven't done their marketing sufficiently – the demand to come here is infinite. That is what we should always assume.

It follows then that a points system cannot ever be the be-all and end-all of selection. All it can do is determine via its various eligibility criteria (including age, character, health, English language, skill, job offer, family numbers and eligibility scores) is exclude wannabes that we don't want. From the pool of eligible candidates it cannot possibly decide who we should choose.

What isn't huge or infinite is our demand for these people. Sure, from time to time we have skill shortages, but globally there are heaps of people out there who can and would like to fill these positions. So the only relevant question is how do we decide? Successive governments have never designed a selection system to solve this, the unavoidable question.

And at the heart of this question is – who should decide? Some bureaucrat adding up eligibility points in a dark room at the back of an earthquake prone building in Wellington? Or the market? Obviously the market needs to. There needs to be either a job offer at a wage that reflects the skill shortage, or a track record of the employee having what it takes to add value.

The lessons to be learnt are;

- a. We need to design our regime on the premise that the demand to come to New Zealand is enormous and rising, in all but the most super-skilled, successful categories of migrant. Like our exports, the right to live in New Zealand should be a premium product, not a low value commodity.
- b. We need to be marketing our country to Prospects so awareness across all types of desired migrant is maximised. Aside from humanitarian obligations and aspirations, we only desire people who make us more prosperous.
- c. Ultimately, where supply exceeds demand, it is the market that must select who wins, not some dull and programmed immigration compliance official. That can occur either via a job offer or the presence of a centralized exchange (as is common overseas) for migrant labour where vacancies and employee offers are exchanged.

NO SIGN OF POLICY REFORM

Even with the strong evidence now of our immigration regime not having served New Zealand well because of the extent of corruption and abuse there still is no sign at all of fundamental reform. We continue to get immigrants we just don't need and just don't want.

For example, the Ministry of Business, Innovation and Employment has a consultation document doing the rounds at the moment, in which they have a proposal for change and which they invite comment on. Sadly the proposal shows just how challenged the conventional thinking is. MBIE proposes to use salary levels to define whether a job is skilled or not.

It proposes a salary around \$50k. Are they joking – the median wage of \$50k reflects "skill"? Either the Ministry hasn't a clue as to what the principle of immigration policy is, or more likely it is just the conductor of a charade, manipulating immigration to ensure we funnel as many as possible through our education sector and clip their ticket.

In summary we have two outcomes from the post-2003 immigration policy that have proved disastrous:

- a. giving people already in New Zealand precedence for residency; and
- b. encouraging the education sector to pull out all the stops to build a business on sand – in so doing, ruining the hard won reputation of taxpayer funded education providers
 - SFO investigations, 30% of our education providers, including 10 of our 16 polytechs, submitting false student visa applications, corrupt bank branch managers, 5 of 10 largest immigration agents in trouble.

GETTING IMMIGRATION POLICY BACK ON TRACK

Let's step back and ask ourselves what is the "skilled" migrant category really for? To begin we only want migrants who improve the lives of us, the New Zealanders. So there is a presumption on the part of those running migrant policy, that a "skilled" person is one needed to produce products or services that will better New Zealanders' lives either because we wish to purchase them or overseas customers do.

But since the disastrous changes of 2003 a retail manager for example got 60 of the immigrant eligibility 160 points they need to be eligible to apply for residency. How hard is it to train someone to detect which shelves in the store are empty and need filling? If this is "skill", I deserve a Nobel Prize.

We don't just want any skills. The demand for skilled blacksmiths nowadays is quite small. What we want is whatever the market says it hasn't got and what our own labour market cannot supply. So rather than officials running round with lists and awarding points for shortages they imagine, and trying to match demand and supply how about we simply let the market speak? In other words employers put their vacancies online and applicants from both here and overseas apply. Of course the foreign applicants have to have the requisite sanitation points from the Immigration Department. Then the employer selects their preference.

It all seems so simple really doesn't it?

TOP POLICY

Our immigration policy then, is all about improving the levers. A 1% contribution to annual population growth from net immigration is a good ceiling, and given who turns up each year is impossible to predetermine, all we can focus on is immigration of foreigners and getting the quality and numbers of that within range.

1. Bringing in more highly skilled migrants

- a. Remove the need for highly skilled migrants to have a job to come to. Skilled migrants would be allowed to come on a trial basis but they could only stay if they find skilled work and can demonstrate their benefit to the country.
- b. Reform the study-to-work-to-residency regime for foreign students so only jobs that meet a genuine skill criteria are recognised for residency points. Programmers fine, glorified dishwashers not.
- c. Market New Zealand in key source markets such as the UK, Europe, Asia and US (taking advantage of Brexit, nationalism & Trump) as a tech savvy nation with an attractive lifestyle.
- d. Develop reciprocal business/high skilled visas – these allow someone to show up and do business for a greater length of time than a visitor visa. At the end of a probation period apply a test of their contribution to NZ before approving residency.
- e. Deploy a Technology advisor to the PM's office (much like the position of Science Advisor) whose role would be to promote opportunities for increasing the rate of technology transfer to New Zealand. The options would include a special immigrant category for those skilled applicants whose expertise can demonstrably enhance New Zealand's technological progress.

2. Reform the points system

To reflect the importance of salary level, English language skills, and the ability of migrants to contribute to the economy. Ensure the market rather than the bureaucrats makes the final selection from those eligible.

3. Reform the path to Permanent Residency (PR)

Make it harder and longer, easier only for those with proof of contribution to New Zealander's lives. We will review the criteria for 'skilled workers' to ensure that residency will not be available to those using it as no more than a liferaft. PR applicants will need to demonstrate a contribution of at least 5 years paid work in New Zealand (current qualification is 2 years residency only). This will cut off the loopholes used by student and working holiday visa holders to gain residency.

4. Tests for Permanent Residents

Applicants for Permanent Residency must demonstrate an understanding of our Constitution and the status of the Treaty of Waitangi.

5. Refugees

Ensure our quota is near that of other developed nations on a per capita basis, recognising that it is better for refugees to remain in the vicinity of their home country (they mainly want to go home).

6. Exploitation of Migrant Workers

Any immigrant who is exploited and is found to have grounds will get an amnesty for a limited time to find other work. Penalties for the employer must be tough.

7. Review Working Holiday Visas

Refine the reciprocal agreements, ensure a close balance in the number of working visas between New Zealand and each of the countries we have working visa arrangements with.

8. Giving jobs to Kiwis first

Introduce a public nation-wide register of vacancies and job-seekers so the labour market works more effectively (standard practice in the OECD). The skill shortage list should actually be based on some information about the job market rather than just pressure and lobbying from employers. Then facilitate access to suitable migrants through this facility.

9. Longer Qualifying period for NZ Super

Increase the qualifying period for New Zealand Superannuation from 10 years to the OECD average (25 years) and relax the age limits on residency commensurately (so we don't turn away highly skilled people that are self sufficient because of their age).

1 <http://www.mbie.govt.nz/publications-research/research/migrants---economic-impacts/rise-of-temporary-migration-in-NZ-and-its-Impact-on-the-Labour-Market2013.pdf>

2 http://www.keepeek.com/Digital-Asset-Management/oced/social-issues-migration-health/recruiting-immigrant-workers-new-zealand-2014_9789264215658-en#.WCVJseF95E4%23page14

3 Migration Trends and Outlook 2014/15, MBIE

4 <http://www.mbie.govt.nz/publications-research/research/migrants---monitoring/migration-trends-and-outlook-2015-16.pdf>

5 <http://www.mbie.govt.nz/publications-research/research/migrants---monitoring/migration-trends-and-outlook-2014-15.pdf>

6 https://www.google.co.nz/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwiW-onzt-rQAhUBMJQKHYSuAU0QFggaMAA&url=http%3A%2F%2Fwww.nzherald.co.nz%2Fnews%2Farticle.cfm%3Fid%3D1%26objectid%3D11746387&usq=AFQjCNE17p8IqqlwgzYgaUj0yYs6E8vV_A