

Submission by



to the

New Zealand Productivity Commission

on the

Immigration – Fit for the Future

22 December 2021

CONTACT:

Graeme Muller

Chief Executive

NZTech

E | Graeme.muller@nztech.org.nz **M** | +64 21 0252 0767

22 December 2021

NZTECH SUBMISSION ON THE *Immigration – Fit for the Future*

SUMMARY

1. NZTech wishes to thank the New Zealand Productivity Commission for the opportunity to submit on the Immigration – Fit for the Future (Preliminary findings and recommendations (the report)).
2. NZTech is pleased that the Productivity Commission has recognised the significant economic and social contributions that immigration has made to New Zealand, and the opportunity for it to make economic and social contributions in the future.
3. NZTech notes that immigration is only one element of the labour market. NZTech considers that the Government's immigration policy should be better integrated and coordinated with the Government's education and industry workforce planning policies to ensure that the Government is taking a holistic approach to the supply of labour in the future.
4. NZTech recommends that immigration policy should be simple, clearly signalled, permissive, progressive and designed to support the attraction of talent. This is particularly important for businesses in the digital, tech and entrepreneurial sectors given the pace of change and the difficulty in finding the supply of labour domestically.
5. With global talent shortages across many industries, NZTech recommends that New Zealand's immigration policy should signal that New Zealand is open for business and wishing to attract the world's best talent, in particular globally scarce digital, tech and entrepreneurial talent.

BACKGROUND

6. NZTech is a member funded, not-for-profit, non-governmental organisation that represents 20 tech associations with over 1600 members who collectively employ more than 100,000 New Zealanders: over 10 percent of the New Zealand workforce.
7. Our purpose is to help create a more sustainable, equitable and prosperous New Zealand underpinned by technology. We do this by helping our members work together to connect the tech ecosystem, promote the importance of technology for New Zealand and New Zealand technology for the world, and help advance the growth of the tech ecosystem and the New Zealand economy.
8. Our members include New Zealand tech exporters, local and multinational IT firms, startups, universities, government agencies, financial service providers and large corporate users of technology.
9. The Tech Sector is now New Zealand's second largest export contributor, with exports growing 10.8% per annum and sector revenues growing 11.5% per annum. The tech sector employs over 111,000 people and is creating 4,500-5,500 new jobs each year. However, only approximately 2,000 domestic students enter into training for tech careers each year creating a reliance on immigration. Additionally, the skills shortage in digital roles is for senior experience people in advanced technologies which takes 7+ years to develop post education.

COMMENT

10. As outlined in the BusinessNZ submission, NZTech agrees that the scope of the Productivity Commission's immigration inquiry is limited. Immigration sits within a broader context of economic, social and humanitarian drivers for migration. New Zealand's immigration policy should be considered more fully given the Productivity Commission's items of concern, such as infrastructure and the Government's broader policy priorities, such as climate change.
11. However, NZTech agrees that a detailed review of immigration policy settings and their impact on business is warranted, especially given the current context of mixed and changing messages by Government, skills shortages, poor experiences for migrants, and a general lack of transparency around immigration policy.
12. NZTech does not support changing the law to require the Government to give explicit consideration to how well New Zealand can successfully accommodate migrants. This assumes that if we do not have enough infrastructure, we should not bring in more migrants when we need the migrants for the building of the infrastructure. Therefore, NZTech strongly recommends that the Government should focus on developing flexible and simple immigration policy rather than adding new layers of complexity, which will create further uncertainty.

Comments with respect to Question 1

13. In an ideal world, New Zealand should be training people in areas that are disproportionately supplied by migrant labour. However, as we have seen with Covid-19 border restrictions, it is significantly more complicated than substituting migrant labour for domestic labour. For example, for a decade New Zealand has relied on migrant workers to fuel the growth of the tech sector rather than just local graduates. There are multiple reasons including difficulties in attracting students into tech career pathways and the growth in jobs far out pacing the ability to train and upskill enough locally to satisfy demand. Additionally, the education system struggles to adapt fast enough to market needs, which creates a time delay in the supply of domestic labour, meaning businesses need to access experienced talent via the immigration system.
14. NZTech recommends that the Government's immigration policy should be better developed and integrated with the Government's industry workforce planning and education systems to ensure that the Government is taking a holistic approach to the supply of labour in the future.
15. Discussions about skills shortages often focus on technical skills that businesses may require. However, there is often a great demand for so called soft skills that can be hard to define from an immigration and standard industry code perspective. For example, in the tech sector, New Zealand software firms that are exporting or selling via the cloud into global markets are critically short of management talent with experience in building and scaling software firms internationally and rapidly. Current immigration settings have difficulty in understanding what skills are scarce and cannot be developed in New Zealand by training.

16. NZTech recommends that the Government, through Immigration New Zealand, introduce sector expertise so that both policy officials and immigration application assessors have a better and consistent understanding of the intricacies of different sector needs.

Comments with respect to Question 2

17. Te Ao Māori values, such as manaakitanga and whanaungatanga, should be included in the Government Policy Statement on Immigration because they welcome international talent and set an expectation of reciprocal relationships.

18. Export growth is critical for the prosperity of New Zealand. Therefore, the Government Policy Statement should reflect the importance for immigration in creating global networks and bringing in critical experience and talent for driving export growth.

Comments with respect to Question 4

19. Residence visas are one of the few factors that help attract some of the best talent in the world to New Zealand's highly skilled technical and managerial roles. The tech sector is creating jobs faster than New Zealand's training and education system can create relevant skilled workers. New Zealand's tech sector, especially its exporting businesses, rely on highly skilled and experienced migrants to satisfy their skills needs.

20. As noted in the submission by New Zealand Trade and Enterprise, who has seen in their customer base that the availability of a path to New Zealand residency provides New Zealand employers with a competitive advantage when competing for talent internationally.

21. Rather than simply reduce the number of residency visas, policy should ensure that immigration settings signals that New Zealand is open for business and wishing to attract the world's best talent, in particular globally scarce digital, tech and entrepreneurial talent.

CONCLUSION

22. Thank you for the opportunity to provide feedback on the Immigration – Fit for the Future report.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Graeme Muller".

Graeme Muller

Chief Executive

NZTech

E | Graeme.muller@nztech.org.nz P | +64 21 0252 0767