

18 November 2022

**SUBMISSION TO THE MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT ON
THE FUTURE OF THE SKILLED MIGRANT CATEGORY**

Contact: **Alan Pollard**
Chief Executive
Civil Contractors New Zealand
PO Box 12013
Wellington

Thank you for the opportunity to submit on the future of the Skilled Migrant Category.

1. About CCNZ and its members

CCNZ members carry out most of the country's civil infrastructure construction and maintenance work, performing the physical construction of the country's transport, water and other civil infrastructure networks. We estimate the civil construction sector carries out more than \$12 billion of work annually and employs more than 60,000 workers. Typical employees range from labourers to tradespeople to engineers.

We represent more than 460 contracting businesses, ranging from large civil construction and infrastructure companies employing thousands of staff to very small contractors and family businesses. We also represent more than 270 businesses that provide equipment and services to support civil construction, including recruitment. The principal clients our members work for are central and local government agencies.

The civil construction industry is facing a significant shortage of workers and skills. Eighty-two per cent of our members say they would recruit today if there were people with the right skills available.

2. Introduction

In the medium to long term, the civil construction sector expects that future labour needs will primarily be met by developing domestic talent, and through investment in new and emerging technology.

The industry is investing heavily in programmes to attract New Zealanders to the sector, and to develop their skills and career opportunities. This includes:

- Businesses working with regional schools and careers advisers
- CCNZ's [Developing a Skilled Civil Construction Workforce report](#), which details entry points and training and sets the strategy for businesses to support new entrants to the workforce
- Supporting pre-employment programmes through Infrastructure Skills Centres and specialist regional programmes
- Programmes running in partnership with MSD, Corrections and Waihanga Ara Rau Construction and Infrastructure Workforce Development Council
- The CCNZ owned and operated [EPIC Careers in Infrastructure](#) programme, showing people the gateway to working in the industry

New technology is already being adopted that can improve productivity. For example, contractors are exploring powering their own heavy vehicle fleets on biofuels they themselves manufacture; they are introducing new hybrid excavators; and some are using telematics software (which can monitor both driver behaviour and vehicle and equipment performance) significantly improving productivity and reducing emissions. Others are using simulators to train staff. This is tempered by use of high standards in health and safety, as well as environmental protection controls.

A large amount of work is also being done to retain people in the sector, particularly given the intense competition for talent across all sectors. This is challenging when workers are increasingly stressed and burnt out by the labour shortage.

It is the extra capacity overseas workers provide that will enable businesses to free up their supervisor level staff for training new workers from within New Zealand. But in the current tight global labour market, if it is easier for skilled overseas workers to find work overseas, that is where they will go - including skilled workers from New Zealand if people can exit the country for opportunities without the ability for others to enter.

In the short term, we have a critical labour crisis. The Infrastructure Commission projects a massive shortage of construction and infrastructure workers, 118,500 by 2024. Therefore, we need the ability to bring in significant numbers of workers across the full spectrum of skills - from low skilled to highly skilled.

Immigration New Zealand must shift its mindset away from creating barriers that prevent the recruitment of skilled people from overseas to fill vacancies towards a system that enables the targeted recruitment of the capable, passionate people we need to construct and maintain the country's vital infrastructure.

3. Questions specifically posed in the discussion document

Rationale for the Changes

1. Do you agree with what the proposed changes to the Skilled Migrant Category are seeking to achieve? Why/why not?

We partially agree with the intent of the proposed changes – to simplify the system and remove caps to allow the market to respond. However, we disagree with the inflexibility of the system, which risks preventing the very skills we need to construct and maintain the

country's civil infrastructure from entering the country. It is critical in a tight labour market that if people are allowed to be in New Zealand, they should be allowed to work.

We are also concerned these changes will have unforeseen consequences, such as preventing some skilled people from entering the country, because the system is not set up to recognise the skills required for the physical construction of infrastructure.

The discussion paper suggests that having large numbers of migrants with limited training or experience becoming eligible for the Skilled Migrant Category is not consistent with the objective of granting residence to people who can fill long-term skill needs. In our view, this assumption reflects we aren't recognising the valuable skills or experience of these people well enough through our policy settings.

The paper also reflects on repeatedly renewing temporary work visas of migrants who have become well-settled in New Zealand, but do not have a realistic pathway to residence. It is noted that settling without the rights and protections of residence creates a range of risks for the migrant. While we acknowledge that risk, we also believe that the solution should not be to eliminate pathways for these people, or to prevent them from working while they are allowed to be here. We need their contribution and wholehearted dedication.

- ***To align with the Immigration Rebalance***

It is important the immigration system is interconnected and there are working pathways for entry at all levels. However, aligning this with the expressed intent of the Immigration Rebalance to use migration as a lever to drive wages up is not appropriate.

Many of the changes to immigration policy through the Immigration Rebalance have reduced certainty for employers. When finances, projects and construction contracts are depending on labour availability at a certain date, the 'try it and see' approach is never good enough. We need flexibility, but this should not come at the expense of clarity.

In the recent Immigration Rebalance consultation, we submitted a list of more than 20 roles to be added to a critical exceptions list allowing recruitment. The list was based on roles advised to us by members from consultation. Only one was added - albeit an important one 'Drainage, Sewerage and Stormwater Labourer'.

The assertion that businesses have relied on low-skilled migrant labour to suppress wages, avoid upskilling new Zealanders, and avoid capital investment is demonstrably false.

The market can and does respond to labour shortages, so creating artificial skills shortages by preventing those with the skills necessary to do the work required from entering New Zealand as a way to drive wages up is a flawed philosophy. This is especially so in a time of consistent and concerted low unemployment.

Our industry is already working as hard as it can to provide training and certainty for new workers, significantly increasing its investment in this area notwithstanding cost pressures and pipeline uncertainty.

- ***To give more certainty to migrants and employers***

Certainty for both migrants and employers is important, but more common sense should also be applied. A lack of access to the skills we need is having a profound effect on businesses who cannot operate at capacity. That risks the critically important infrastructure projects that our communities and the country are relying on for quality of life.

Markets and candidates still perceive New Zealand as being closed, subject to government restriction, high risk, expensive, and increasingly dangerous. As the borders opened, there was no clear strategy to attract the necessary workers to New Zealand.

CCNZ, Master Builders, ACE Engineering, and Institute of Architects, in partnership with NZ Story, are jointly promoting a global construction recruitment campaign – Destination NZ. We are currently in discussion with the Construction Sector Accord for funding, and Immigration NZ have supported the concept in principle. This will only succeed if the immigration policy settings support rather than hinder the campaign.

The stand down period includes the partners of skilled visa holders, which is a further disincentive. If partners are allowed to be in New Zealand, they should be allowed to work.

- ***To improve processing times***

While Immigration NZ has said visa systems and processing times have improved, that is not the anecdotal feedback that we are hearing from recruiters. Indeed, some recruiters have suggested what was supposed to take six days has instead taken six to eight weeks, and they are contemplating withdrawing from New Zealand due to the time, cost, and inefficiencies with the visa system. Others have advised that their businesses are suffering from the cashflow issues resulting from failure to achieve promised processing times.

Long processing times create costs for businesses, skewing project costs and timeframes as well as rendering businesses unable to plan when they can complete projects.

It is vital that processing times improve, and that unnecessary administrative barriers are also removed. In addition to the backlog of cases, we must reduce the financial and administrative hurdles imposed. Heavy financial and administrative costs for bringing people into the country are not helpful for anyone - migrants, businesses, or communities.

- ***To reduce immigration and labour market risks***

Our workforce is tired and stressed due to labour shortages. With that comes health and safety risk, and critical mental health challenges – the construction sector still loses on average one person each week to suicide, and data from MATES in Construction shows that a very large proportion of workers have had suicidal thoughts in the past year.

The way to mitigate labour market risk is not to add draconian rules and restrictions. Mechanisms already exist via the Labour Inspectorate, and these should be utilised fully. Businesses should not be judged by the lowest common denominator; rather than apply

punitive measures to all, incentivise the vast majority of businesses who are good employers.

The proposal as it stands risks fuelling the emergence of businesses focused solely on the import and management of low-skilled workers, as businesses operating within NZ grapple with the inability to retain staff long term, which in turn compromises their ability to invest in their training and development.

2. Are there any other issues or opportunities that we should consider?

Limiting the ability of workers to remain in New Zealand if their employers want to retain them is a disincentive for employers to enter the visa application process, to provide training for overseas workers or to employ them directly. This risks the negative outcome of an embedded transient overseas workforce that cannot achieve residency.

Proposed changes to the Skilled Migrant Category

Simplified points system

3. Do you agree with the proposed skill threshold, i.e., equivalent to six years formal training and/or skilled experience? Why/why not?

The bar is set at “six points of human capital”, meaning that people must have skills that require at least six years to develop. But it fails to recognise the skills that we do not or cannot currently develop in this country.

Our industry faces a critical labour shortage across all skill levels. It is clear, however, that using the ANZCO codes to define the roles that are most needed is an inadequate and antiquated system and does not reflect today’s labour market.

The ANZCO levels fail to adequately recognise the value of international experience and ignores the broader range of skills that New Zealand needs, and should be reviewed now that we have more detailed ways of measuring data through organisations like Waihanganga Ara Rau Construction and Infrastructure Workforce Development Council.

4. Do you agree that a points system using a range of skills proxies is a clear, fair way to assess Skilled Migrant Category applications? Why/why not?

We agree a simplified points system is preferred. The intent of simplifying the system is good, but the broad-brush approach risks unforeseen consequences, largely in roles which require skills but are not recognised with formal qualifications.

The major issue centres around the lack of recognition for important industry skills, which are developed on the job largely with internal competence testing and experience rather than a qualification. These skills are developed and delivered through company training rather than the NZ education system (which in many cases only assesses skill level rather than providing training).

With the significant outflow of vocational skills, we need long-term migration for skilled tradespeople in addition to vocational pathways. We are significantly short of these people, and they are in demand internationally. We would like to see greater recognition and priority given to these vocational occupations, such as those responsible for bitumen sprayer trucks or graders (which take many years of work to master).

Using a professional registration scheme is appropriate, and CCNZ is positive about the use of professional registrations to simplify the entry requirements under the Skilled Migrant visa.

However, we have significant concerns about the limitations of which programmes will be recognised, and whether this will be limited to *legislated* professional registration programmes, of which there are few (notably there are only four trades roles listed on the green list, none of which directly relate to civil construction).

It would be counterproductive if the new system is limited in this way and would severely limit the opportunities and positive impact possible through the use of professional registration as a criterion for the skilled migrant visa.

The civil construction industry's trade registration, [Civil Trades](#), is set up to recognise current competency for civil infrastructure construction, including road construction and maintenance, water pipeline construction and maintenance, forestry roading and other strands. It would be the appropriate professional registration for master craftspeople working in the civil trades.

We consider significantly more effort is needed from Immigration New Zealand to recognise apprenticeships and professional registrations, lest 'skilled migration' be limited to academics rather than the practical, hands-on people we need who are not currently being developed through the NZ education system.

For the proposed changes to be successful, Immigration New Zealand must take a broad approach to acceptable professional registration system.

Any points system needs to recognise the value of experience gained internationally where there is no associated qualification.

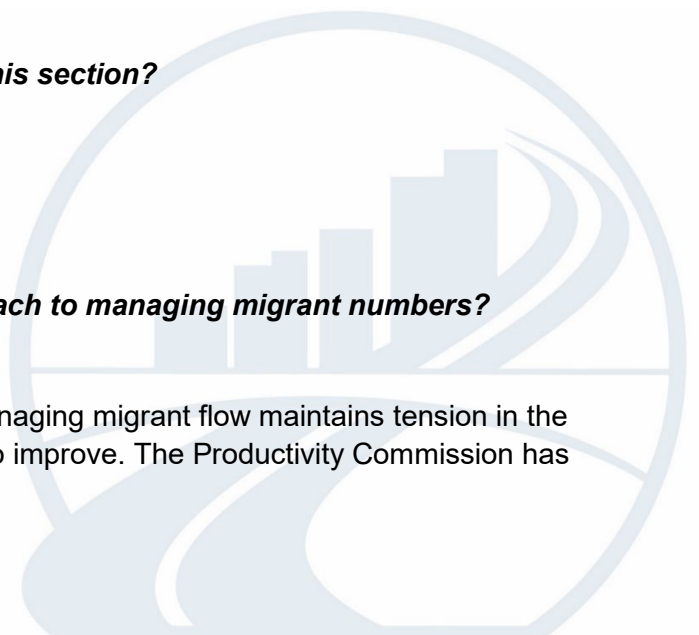
5. Do you have any other comments on this section?

None

Managing the flow of migrants

**6. Do you agree with the proposed approach to managing migrant numbers?
Why/why not?**

We do not agree with the assumption that managing migrant flow maintains tension in the labour market forcing wages and conditions to improve. The Productivity Commission has proven that correlation to be false.



However, we do agree with removing the planning range, with removing the Expression of Interest and Job Search visa, and with properly resourcing Immigration NZ to ensure that those who are eligible for residency have their applications processed in a timely and efficient manner.

7. Do you have any other comments on this section?

None

People who are not eligible for residence

8. Do you agree with the proposal to apply the stand-down period, to reduce the risks associated with migrants becoming well-settled without a realistic pathway to residence? Why/why not?

We oppose the application of the stand down period. With such a critical labour shortage, all disincentives for businesses need to be removed so that they can be confident to fully invest in their overseas workforce. Similarly, all disincentives for migrants to have confidence that New Zealand offers a welcoming and inclusive place to live need to be removed.

Part of the attraction for migrants and the commitment from employers is that migrants can properly integrate into New Zealand society, fully participating in the communities within which they live. It is this welcoming and supportive environment that is most likely to protect the vulnerable and remove the risk of exploitation.

In any event, the period proposed of 3 years appears arbitrary – why not 5 years? The idea that a high performing, highly engaged and significant contributor must leave New Zealand for one year creates an unattractive proposition for both the migrant worker and the employer and is a further barrier to New Zealand being seen as an attractive and welcoming place to go to.

9. Do you have any other comments on this section?

None

Special conditions for people in specified occupations

10. Do you agree with having a higher threshold for people in specified higher-risk occupations? Why/why not?

We oppose the creation of special conditions for some specified occupations. It seems illogical that wage rates in these specified industries should be artificially set outside normal labour market demand and supply conditions. Rather, the Labour Inspectorate should have the teeth and resources to target any employer in any sector who displays poor employment practices.

11. Do you have any other comments on this section?

None

Simplified points system

12. Is the simplified points system easy to understand?

Yes, a simplified points system is an improvement on the current more complex multi-dimensional points categories.

13. Do you think that the number of points allocated for professional registrations is fair?

No. As noted above, the allocation of points for professional registration cannot be considered fair if it excludes a sizeable share of potential migrants and occupations that have years of skills and experience, but do not necessarily require professional registration or where there is no registration body as such. We recommend further work needs to be done to accommodate these in the immigration pathway.

14. Do you think that the number of points allocated for qualifications is fair?

No. The points allocation favours degree qualifications, whereas much of our demand for labour will be at levels 3 to 7. This implies that those lesser qualification levels are not as valued or valuable as the higher levels, which is not the case. The points allocation needs to more accurately reflect the value that each level of qualification brings to the critical labour gaps.

15. Do you think that the number of points allocated for income is fair?

No. The points allocation for income would be enhanced by recognising the value of experience gained internationally where an industry does not rely on qualifications.

16. Do you think that the points are balanced between the three different skill categories?

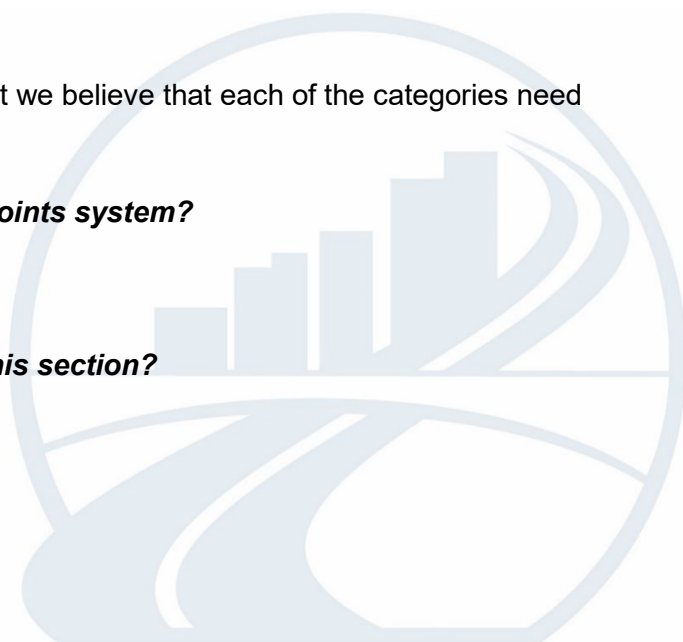
It is not possible to comment on this given that we believe that each of the categories need some refinement as noted above.

17. How could we improve the simplified points system?

Nothing to add.

18. Do you have any other comments on this section?

None



Other comments

19. Do you have any other comments on the proposed changes to the Skilled Migrant Category that are not covered in your responses to the questions above?

CCNZ supports Business NZs submission that the situation where people on work visas are ineligible to access industry training should be removed.

We agree that all applications meeting the eligibility criteria should be processed, with no cap imposed.

We oppose the continuation of job and candidate checks as a visa criteria. Given the costs and risks associated with migrant recruitment, businesses are not going to follow this path unless they have exhausted all domestic options.

Candidate checks are a part of modern recruitment practice, with recruitment professionals well versed in candidate vetting. Businesses already face very stringent skills assessment requirements when people join the workforce, and severe consequences should they abuse the system. There is no need to duplicate this effort and cost. There needs to be greater trust placed in recruiting businesses that they “will do the right thing”.

4. Conclusion

Thank you for the opportunity to make this submission. We cannot stress enough the urgency with which the immigration challenges need to be addressed; this cannot wait until mid-2023.



Alan Pollard
Chief Executive
Civil Contractors NZ

