

Consultation on Immigration Settings and Sector Agreements

Introduction

Thank you for the opportunity to provide feedback on the immigration setting and sector agreement proposals. We note our disappointment at the incredibly short timeframe placed on industries to respond to the proposals. Having the right immigration settings will be a critical component of ensuring that the construction sector can access the workers that it needs across all roles and skill levels to deliver the required capital and maintenance programmes. A two-week timeframe for feedback on such an important issue has denied us the opportunity to appropriately consult with our members and to more fully engage in the policy development.

About Civil Contractors New Zealand (CCNZ)

CCNZ represents the horizontal construction sector. Our members carry out most of the country's civil infrastructure construction and maintenance work, estimated at more than \$10¹ billion of work annually. The sector employs more than 40,000 workers. Typical employees range from labourers to tradespeople to engineers.

Our membership comprises more than 450 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 260 businesses that provide equipment and services to support civil construction. The principal clients our members work for are primarily central and local government agencies.

The work conducted involves the physical construction of New Zealand's transport, water, communications, energy, flood protection and other works.

Context

The civil construction industry is facing an unprecedented 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.

The scale of the shortage across construction and infrastructure is well described in the recently released Infrastructure Commission 30-year strategy, where it is estimated that there will be a 118,500-worker shortfall for the wider infrastructure construction sector in 2024 (only two years away).

The situation is exacerbated by:

- Very low unemployment – nationally just over 3% but in some regions less than 2%
- With the border opening, the outflow of both young New Zealanders taking the opportunity to undertake their delayed “OE”, and foreign workers returning home to their families

¹ Ministry of Business, Innovation and Employment, [National Construction Pipeline Report 2021](#), p3

- Workers who moved across to construction from sectors severely impacted by the border closures and national and regional lockdowns (i.e., tourism, retail), now returning to those sectors as the country opens.

On the other hand, New Zealand currently has a \$210b infrastructure capital and maintenance deficit. The country is relying on our sector to continue to deliver on the programmes, which fundamentally affect the health, wealth and wellbeing of our people and our communities.

To that end, the critical role of government policy settings such as immigration should not be underestimated, and the catastrophic impact of getting it wrong cannot be ignored.

Sector agreements

There appears to be an assumption from government that industries have agreed to sector agreements. Until 23 May 2022 (despite several requests), we were not able to obtain any information about what is contemplated in such an agreement. Confusion remains – CCNZ was told by Immigration officials that they would be voluntary; at a meeting on 25 May we were told that they would not be binding.

Given this confusion and inconsistency, members are rightly sceptical about their purpose and their merits.

Rather than develop some formal and as yet abstract sector agreement, CCNZ proposes a statement of commitment on behalf of our membership (similar to the Biosecurity Business Pledge, for example, where businesses sign up to take a proactive approach to their biosecurity practices).

The statement of commitment would:

- Demonstrate continuing sector commitment to creating opportunities for New Zealanders to enter the sector, have access to training and development programmes, and identify long term and rewarding career pathways (the civil construction sector already has numerous programmes in place to support this, which are easily measured and reported on)
- Include a commitment that all workers, New Zealanders and migrants, are paid fairly recognising their skills, experience and output.
- Include a recognition that the programmes committed to may differ depending on whether the business is small, medium, or large. The use of templated, personalised workforce plans will accommodate these differences.
- Set out a pathway to innovation and the adoption of new and emerging technologies
- Through workforce planning, articulate what is a fair balance between domestic sourced and migrant labour which may result in a reduction in the proportion of migrant labour in the long term, but is most likely to mean an increase in that proportion in the short to medium term as New Zealand grapples with the critical labour shortage.

The civil construction industry is evenly split on whether or not they could support sector agreements. However, there is a strong view that if there was to be some form of agreement it should be sector specific as the horizontal construction sector is very different to the vertical construction sector, for example.

There can be no “one size fits all” in this situation. The work undertaken, sector characteristics, business models, roles, training and development programmes and investments, technology plans and investment, etc are very different. It is not possible, for example, for any other part of the construction sector to make commitments on behalf of civil construction in the same way that civil construction can’t do so outside our own member businesses.

Therefore, we propose the above Statement of Commitment administered by CCNZ on behalf of our civil construction members, with measurable outcomes and regular reporting. We are happy to provide for a review and renewal process to ensure that what is included in the commitment adds value and increases efficiency or are having the opposite impact.

Specified occupations

CCNZ agrees there is need for a wider pool of migrants to be able to enter the country to fill the many vacancies. However, the specified occupations are completely unsuitable for civil construction, which requires skilled field workers able to operate specific machinery, as well as people who have good general skillsets around field work and machine operation.

While most companies are looking to hire skilled labour, an absence of entry level workers in any scale means that there is also a need for lower skilled workers to take up those entry level roles. The consultation document indicates that labouring roles have been excluded on the basis that they are entry level roles that New Zealanders could take up.

Our industry will hire any New Zealander willing to work and passing minimum health and safety requirements, but there are just not enough people available in any scale for any sector and many New Zealanders will not do these entry level roles. Indeed, about 81% of members responding to a brief survey conducted by CCNZ from 24-31 May 2022 to explore immigration issues believe that over the next three years there will be insufficient New Zealanders available to take up entry level roles.

Several roles of key importance are not listed on the ANZSCO list (for instance Traffic Controller), and this is a role that the civil construction industry has immense need for at present, that would straddle the \$25 pay rate. CCNZ requests Road Traffic Controller be added to the list as this is an area of critical shortage for the industry.

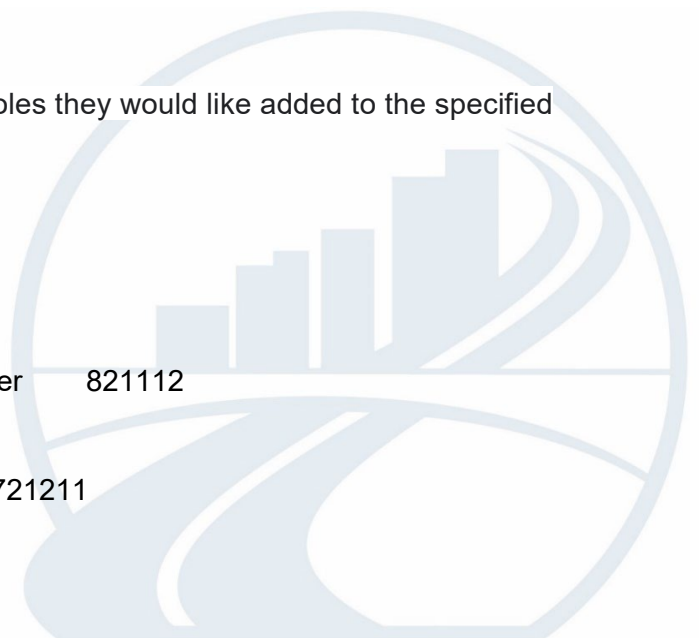
List of roles

Our members have identified the following roles they would like added to the specified occupations (alphabetical order):

Bricklayer	331111
Carpenter	331212
Cement and Concrete Plant Worker	839911
Concrete Pump Operator	712915
Concreter	821211
Drainage, Sewerage and Stormwater Labourer	821112
Driller's Assistant	821912
Earthmoving Labourer	821113
Earthmoving Plant Operator (General)	721211
Labourers nec	899999



Principal Business Partner



Landscape Gardener 362213
 Linemarker 721912
 Loader Operator 721216
 Machine Operators nec 711999
 Mechanic's Assistant 899916
 Mobile Plant Operators nec 721999
 Railway Track Plant Operator 721914
 Railway Track Worker 821611
 Road Roller Operator 721915
 Road Traffic Controller 899923
 Stationary Plant Operators nec 712999
 Stone Processing Machine Operator 711114
 Truck Driver (General) 733111
 Truck Driver's Offsider 891112

Although we consider all the above roles could potentially be added to the list, at a minimum, we would like the roles 'Drainage, Sewerage and Stormwater Labourer', 'Driller's Assistant', 'Earthmoving Labourer', 'Earthmoving Plant Operator', 'Labourers nec', 'Linemarker', 'Mechanic's Assistant', 'Machine Operators nec' and 'Road Traffic Controller' added to the list. These are roles which can comfortably sit at 90% of median wage at new entry.

Please note: these roles have been matched with the ANZSCO list, which does not always line up with the role titles companies hire under. The list provided by our members was:

Asphalter
 Assistant drainlayer
 Civil carpenter
 Civil engineering laboratory technician/assistant
 Concrete worker
 Excavator operator
 Formworker
 FRP applicator
 HDD steerer/HDD operator
 Heavy diesel trades assistant
 Hydro excavation operator
 Labourer/field worker
 Machine operators (diggers, dumpers, graders)
 Mobile plant controller
 Multi-skilled operator
 Pipe welder
 Pipeline technician
 Plant/machinery operator
 Post-tensioning operator
 Roding foreman
 Road marker
 Site supervisor
 Track (Rail) worker
 Traffic controller
 Traffic management
 Truck driver
 Warehousing/logistics/yard worker



Wage rates

The majority of the roles listed above are earning more than \$25/hr, and most roles within the civil construction industry will be paid above this rate to begin with. Anyone with civil trade and other specialist skills, such as three waters skills for installing pipelines, will earn \$25.00 per hour or more so in that context the rate seems reasonable as a starting rate for semi-skilled new entrant workers and would increase once people were employed and proved their value.

However, given the current worker shortage will remain with us for the foreseeable future, there needs to be a pathway to bring unskilled (or differently skilled) workers in on minimum wage and allow businesses to invest in training and pastoral care to get those workers to the point where there is a clear pathway to rapidly advance their wages well beyond living wage.

If these workers are brought in at \$25 per hour or more, that creates a ripple effect across other wage rates in the business without the necessary uplift in productivity that businesses, particularly small to medium businesses, need to remain viable. CCNZ has had feedback from members that if these workers are employed at this rate, they are likely to receive pay increases to recognise their skills and as they prove their value (this would be recognised in the commitment for people to be paid fairly for their skills, time, experience and output).

Investment in training and development

Officials have passed on union comment that bringing in lower skilled migrant workers has the impact of “dumbing down” wages and acts as a disincentive for a business to invest in training and development. This appears to mirror the view of the opinion expressed by the Productivity Commission in its recently released reports on migrant which relied on now largely dismissed research from the Institute of Economic Research.

It is fair to say that some (particularly) labour hire companies have not supported their migrant worker pool well, with some having been prosecuted for slavery and exploitation. That is an exception rather than the rule.

In the main, businesses in our sector value their workers, regardless of where they come from. It is a huge commitment to take on additional workers, carrying significant risk. Therefore, businesses will not do so unless they have clearly established a need and are prepared to invest in upskilling those workers.

New entrants will rightly start at an entry-level wage as a training investment is built around them and businesses take on risk by employing them. As they apply their newly learned skills and become more proficient at their respective roles, the business will start to see a return on its investment and the worker will start to see their wages grow accordingly.

Need to advertise, job check, candidate check

The current requirement to advertise jobs to ascertain if there is anyone available locally is both a waste of time and money.

As mentioned previously, businesses will not seek to increase staff unless there is clear business case to do so. Given the time and cost of bringing in migrant workers, they will not pursue this unless all domestic options have been exhausted.

The requirements to advertise, to job check, and to candidate check should be immediately removed. They add nothing but cost and complexity to the process. Government must trust businesses to “do the right thing” at a time when labour is so critically constrained, business margins are squeezed (meaning that each hiring decision will be well planned and supported by core investment), and in an intensely competitive labour market where businesses must look after their workers or risk losing them.

Pathway to residence

As noted previously, the Green List is far too restrictive, containing no roles that are relevant to the civil construction sector. The roles that we have identified above need to be added to that list.

Without a pathway to residency, or faced with a limited tenure, it will be very difficult to attract people to New Zealand (in the face of intense global competition) to take up the opportunities available.

There needs to be a pathway to residence for anyone who is earning above the median wage, but those earning less than the median wage should also have an opportunity for residency if there is a clear pathway in place that demonstrates that they will achieve and exceed median wage within a defined time period.

Caps

Our members support the idea that there be no caps on the number of people allowed into New Zealand under this immigration reset.

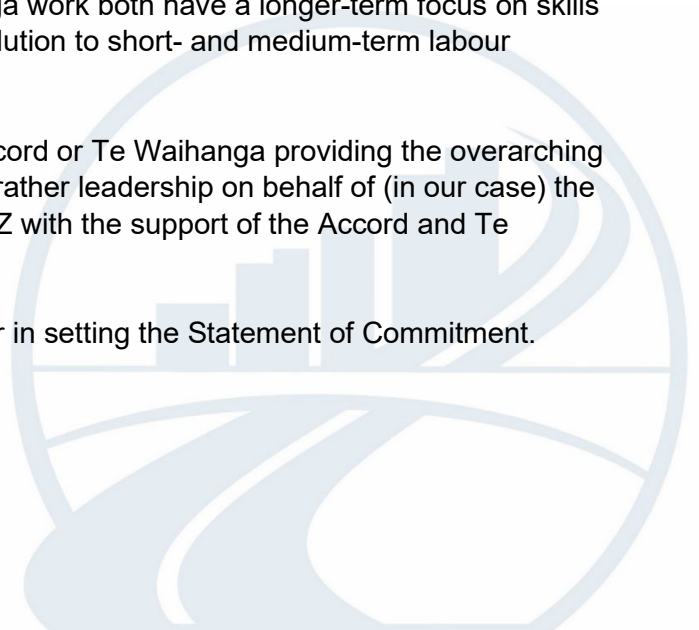
Relationship with the Construction Accord Sector Skills Strategy

The discussion document specifically asks to what extent the Construction Accord’s Sector Skills Strategy and Te Waihanga’s work on the infrastructure workforce should be factored into expectations set for the sector to continue access to below median wage migrant workers through the Accredited Employer Work Visa.

The Accord’s Skills Strategy and Te Waihanga work both have a longer-term focus on skills development and are unlikely to provide a solution to short- and medium-term labour challenges.

In addition, we do not see the work of the Accord or Te Waihanga providing the overarching skills and workforce leadership platform, but rather leadership on behalf of (in our case) the civil construction sector being vested in CCNZ with the support of the Accord and Te Waihanga.

To that end, they should not be a direct factor in setting the Statement of Commitment.



Conclusion

CCNZ, on behalf of our members, does not support a broad Construction Sector Agreement, but will commit to entering into a Statement of Commitment on behalf of our members in the civil construction sector.

We would like to see roles added to the occupation list, unnecessary administration removed, and a clearer and wider pathway to residency.

Thank you for the opportunity to provide this feedback. We would be happy to discuss these further with you.



Alan Pollard
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Civil Contractors NZ
7 June 2022

