

EDUCATION AND THE WORKFORCE

BRIEFING PAPER

Introduction

As of March 2018, Stats NZ estimated there to be as many as 119,000 unemployed New Zealanders.¹ Although this total is markedly lower than previous years (3,000 down from the previous quarter²) our dismal income and child poverty rates make it clear that this issue is far from being resolved, with as many as 290,000 children currently living in income poverty.³ The causes of New Zealand's unemployment figures are numerous and complex, however many Kiwis are quick to lay the blame on immigrants for taking the limited jobs available, and leaving none for New Zealanders themselves. With a New Zealand First-Labour coalition heading the current government, this idea is only being perpetuated through immigration policies that aim to limit work and student visas so that employers are forced to prioritize New Zealanders first.

For many within the construction industry, however, these proposed restrictions pose a significant threat to New Zealand's already dwindling labour force. With a current labour shortage of 30,000 - particularly in plumbers, electricians, builders and project managers - New Zealand relies on immigration to supply the workers our construction industry needs.⁴ Furthermore, with net migration reaching an all time high of 72,000 in 2017,⁵ significant infrastructure development is necessary in order to sustain our rapidly growing population. It therefore becomes more important than ever that our construction industry has the human resources it needs in order to drive the necessary development.

Labour Market Test and Skills Shortage Lists

Before a work visa can be approved, Immigration NZ is required to conduct a 'labour market test'. This means an employer must prove that a genuine effort has been made to hire locally, before extending a job offer to an overseas worker.⁶ As such, the scheme protects and enhances the employment prospects of New Zealanders.

However, this process can be skipped when the occupation in question is included in one of three Skills Shortage Lists:

- 1) The Long Term Skills Shortage List - a nationwide list that identifies occupations with a "sustained and on-going shortage of highly skilled workers";
- 2) The Immediate Skills Shortage List - a regionalised list that identifies occupations and regions where skilled workers are immediately required; and

¹ "Unemployment", *Stats NZ*.

http://archive.stats.govt.nz/browse_for_stats/snapshots-of-nz/nz-social-indicators/Home/Labour%20market/unemployment.aspx

² "Unemployment and underutilisation rates both fall", *Stats NZ*.

<https://www.stats.govt.nz/news/unemployment-and-underutilisation-rates-both-fall>

³ "Child Poverty in NZ", *UNICEF*.

https://www.unicef.org.nz/in-new-zealand/child-poverty?gclid=CjwKCAjw14rbBRB3EiwAKeoG_x8T-r85XzGdh6wdqzstcMcXtY0yTNV5xHt5u7Yc3GDBtUjCbU7YxoC7ZgQAvD_BwE

⁴ "Making it easier to build a workforce to build our houses", *Beehive*.

<https://www.beehive.govt.nz/release/making-it-easier-build-workforce-build-our-houses>

⁵ "Annual net migration eases from recent peak", *Stats NZ*.

<https://www.stats.govt.nz/news/annual-net-migration-eases-from-recent-peak>

⁶ "The Labour Market Test", *New Zealand Immigration Concepts*.

<https://www.new-zealand-immigration.com/immigration-assistance/our-job-search-assistance-program/the-labour-market-test/>

- 3) The Canterbury Skill Shortage List – a list created in response to the Christchurch earthquakes of 2010 and 2011 that identifies occupations with a “critical shortage in the Canterbury region.”⁷

Although these lists are reviewed annually, and occupations added and removed, it could be argued that this shortcut somewhat limits the efficacy of the Labour Market Test policy.

This Bill proposes to make the process by which an occupation is added to a skills shortage list more rigorous and transparent, through the creation of more stringent approval criteria. As such, it aims to strengthen the labour market test and provide New Zealanders with greater assurance that they will be considered for a job before an employer moves their search overseas. Furthermore, it aims to make the immediate skills shortage list more enforceably regionalised, in order both to promote regional economic growth, and to prevent migrant workers from thronging to New Zealand’s economic centres, where job competition is strongest.

However, as mentioned, the more stringent employment process proposed by this Bill has the potential to hamper infrastructure development, by denying the construction industry the short-term, immediate labour it desperately needs for jobs that do not fulfill the stated criteria. There has been talk of introducing a new skills shortage list that specifically empowers construction firms to hire overseas workers. Could this, however, conflict with the otherwise disempowering spirit of this Bill?

Key questions to consider:

1. What are the economic implications of strengthening the Labour Market Test? Will employers still be able to access the workers they need?
2. How could the government expedite the process by which the construction industry hires short-term labour, whilst protecting kiwi employment rights?

Essential Skills Visa

The Essential Skills Visa is a category of work visa, granted to foreign workers coming to New Zealand to fill an occupation listed on the Immediate Skills Shortage list. Its purpose is solely “to maintain employer access to temporary migrant workers when there are genuine shortages,”⁸ however it has begun to be viewed as a guarantee of settlement by temporary migrants with no pathway to residency. The Bill proposes to reinforce the temporary nature of work visas by introducing a maximum duration of stay of 3 years for all holders. Individuals are permitted to re-apply, however must spend 12 months abroad before they are able to do so. Furthermore, it removes the provision that a migrant worker’s family may be granted a New Zealand visa solely based on their relationship to the holder, instead requiring them to qualify for a visa in their own right. However, especially in the wake of the Trump Administration’s division of families at US borders, such divisional policies could be perceived highly negatively in today’s political climate.

Post-Study Work Visas

Private Training Establishments (PTEs) are privately owned and funded tertiary institutions, which typically provide certificate- or diploma-level qualifications. Though lauded in the past for the practical training they provide for a range of niche careers, they have recently become the subject of much controversy after a spate of so-called ‘education trafficking’ cases. Marketed as a backdoor to residency, overseas agencies have been selling low-level PTE courses to international students at exorbitant prices, with the promise of a post-study work visa at the course’s completion. Immigration Minister Iain Lees-Galloway has expressed a desire to “return our export education offering to one that is focused on providing quality education, not on being a

⁷ “Skills Shortages”, *Immigration New Zealand*.

<https://www.immigration.govt.nz/employ-migrants/explore-your-options/before-you-start-hiring-migrants/skill-shortages>

⁸ “Essential Skills Details Announced,” *Immigration New Zealand*.

<https://www.immigration.govt.nz/about-us/media-centre/news-notifications/smc-and-essential-skills-policy-details/essential-skills-details>

backdoor to residency.”⁹ This Bill therefore proposes to make the approval criteria for a post-study work visa more stringent, by requiring a level 7 (NZQF) or above qualification (equivalent to a Bachelor’s degree or graduate-level diploma or certificate), and at least 2 years of study. This effectively limits the powers of PTEs, as sources of what are typically lower level qualifications, thus preventing their exploitation as an easy pathway to a post-study work visa and, ultimately, residency.

However, international education remains a significant service export industry in New Zealand. Such outright restrictions would undoubtedly deter prospective overseas students and thus limit the industry’s profits. Is simply disempowering PTEs the best way forward, economically? Or could a more constructive solution be found - say, a stricter accreditation process?

Migrant Worker Exploitation

In New Zealand, migrant workers are too often exploited by way of miserly pay and long hours. 2018 has already seen a number of high-profile exploitation cases, such as that of Filipino migrant workers in Auckland, whose working conditions were compared to “modern day slavery.”¹⁰ The current Labour government has made the mitigation of worker exploitation one of its key aims.

Many believe that migrant worker exploitation is facilitated by the requirement that post-study work visas are sponsored by an employer, leaving employees entirely dependent on them in order to stay in New Zealand. This Bill’s response, therefore, is to remove this provision. However, to grant a post-study work visa without a definite employer or job offer could be to add yet another competitor to an already competitive job market. Others believe a resurgence of trade unionism could strengthen migrant workers’ position and voice, as organizations that advocate for collective employee rights.

Key questions to consider:

1. How could the government best prevent migrant worker exploitation?
2. Is there a more constructive alternative to disempowering PTEs completely?

Further Reading:

- <https://www.labour.org.nz/immigration>
- <https://www.stuff.co.nz/business/100707545/government-plans-to-regionalise-migration-away-from-auckland--minister>
- <https://www.beehive.govt.nz/release/making-it-easier-build-workforce-build-our-houses>
- <http://www.stuff.co.nz/national/politics/102004092/No-job-no-qualification-no-dream-migrant-exploitation-in-NZ>

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⁹ “Filipino students duped, depressed by education promises”, Madison Reidy, *Stuff*.

<https://www.stuff.co.nz/business/103788082/filipino-students-duped-depressed-by-education-promises>

¹⁰ “Auckland Woman sent to prison, husband given home detention for ‘modern day slavery’”, *Stuff*.

<https://www.stuff.co.nz/business/101278780/auckland-woman-sent-to-prison-husband-given-home-detention-after-exploiting-migrant-workers>