



BUILDING A WORKFORCE FOR THE FUTURE

The Issue

This Government has failed to ensure the Christchurch rebuild is creating opportunities for New Zealanders. It is not equipping New Zealanders with the skills required for the rebuild and is instead turning to short-term migrant labour to fill the gap. This risks undermining pay and conditions.

Latest estimates are that 15,000 overseas workers will be brought in to rebuild Christchurch. That's half of the total expected 30,000 additional workers. Two years after the first earthquake the Government hasn't done enough. Over 80 per cent of the \$42 million it announced for extra skills training is sitting untouched. In fact industry trainee and apprenticeship numbers fell by over 40,000 in National's first three years.

The jobs most in need require skills we will need in the future to address issues like our housing shortage: carpenters and joiners, painting trades workers, concreters, plasterers, labourers, bricklayers and stonemasons, wall and floor tiles, plumbers, building and plumbing labourers, and truck drivers. Training for these skills can take between 2 and 4 years.

With 84,000 young New Zealanders not in work or training, and 17,000 Kiwi technicians, tradespeople and labourers having left for Australia, there is a substantial opportunity the Government is simply not taking advantage of. Two years into a rebuild expected to take another 10 years, we need a long-term commitment to this long-term project.

There are also examples of short-term migrant labour contributing to a downward spiral in wages and conditions in a number of sectors, particularly in aged care and fisheries.

With 162,000 New Zealanders out of work, we need to seize the opportunity offered by Christchurch rebuild to upskill New Zealanders. After four years of National over a third of people without work have been unemployed for 6 months or more. This is the highest percentage in over a decade. New Zealanders want to work. The Government simply isn't doing enough to create opportunities to do so.

Current Situation

Employers are able to apply in advance to Immigration New Zealand for 'approval in principle' to bring in temporary workers from overseas. The vast bulk of applications are approved. Over the past 5 years the average approval rate was over 80 per cent.

Almost 500 employers' requests have been granted in 2012, the third year in which the number has increased after a sharp decline at the time of global financial crisis. Last year 1,744 workers were approved via the AiP process. These approvals cover a wide range of sectors including construction, hospitality, health etc.

The process is set out in the Immigration Operational Manual. It requires Immigration New Zealand to conduct a "labour market test" to see whether any New Zealanders are able to do the job or can be readily trained to do the job. The obligations on employers are passive, i.e., they are only required to advertise for the job.

Labour will make changes to this process and do more to help New Zealanders get the skills they need to rebuild our second largest city.

Labour's Proposal

Building the workforce for the future: Upskilling New Zealanders

Labour believes that the Christchurch rebuild provides us with an opportunity to set up the next generation of tradespeople. Labour will make it easier for New Zealanders to get the skills they need. We will:

- Get young New Zealanders off the dole and into apprenticeships by converting their dole payments into a subsidy for employees willing to take a chance on these kids.
- Ensure that businesses that sign up to Government contracts are required to train New Zealanders as part of the contract (see 'Giving Kiwi Businesses a Fair Go - Factsheet' for more information).
- Bridge the gap between the classroom and the workforce. Christchurch requires urgent attention. We will beef up local Youth Transition Services to link students with the opportunities in Christchurch. We need to match the enthusiasm of our young people with the skills we need and the jobs that are there.

Working harder to put Kiwis first

Labour will require businesses to give Kiwi workers a fair chance before they're given the right to bring in workers from overseas.

These changes will put in place measures to ensure Kiwis are given the priority they deserve and ensure the system isn't undermined at the same time as still allowing employers with a genuine need to get the labour they require. We would:

- Require employers to actively engage with agencies and industry to establish they have exhausted all options to find New Zealand workers for vacancies before they are given approval. This would include a consideration whether New Zealanders could readily be trained to do the work.
 - While employers are required to make a "genuine attempt to attract and recruit" New Zealanders, in reality this can be satisfied by simply placing an advertisement. That is insufficient. Employers should be required to actively engage with WINZ and Industry Training Organisations before they are given the right to bring in workers from overseas.

- Immigration New Zealand will have the discretion to require employers to commit to training Kiwi workers as a condition of the approval and where appropriate (e.g. in trades where the duration of the approval matches the training duration of the particular trade).
- Require Immigration New Zealand to consider the competitive impacts, particularly on wages and conditions, in the industry before granting approval.
 - The labour market test is currently conducted on a case by case basis. There is no consideration of the competitive effect on the industry. The risk is that we allow businesses to develop a model that is increasingly dependent on a supply of cheap short term labour in order to remain competitive. This can erode the long-term sustainability of an entire sector (e.g. see the aged care and fisheries case studies below).
- Require the approval in principle to specify pay rate for the position.
 - The Operational Manual requires the approval to specify a number of conditions, including the duration of the approval, the number of positions and the training necessary for the position. We will require the employer to disclose the pay rate so Immigration NZ can properly monitor the impact on wages.
- Ensure there is sufficient support and resourcing for auditing and compliance monitoring.
 - There is some concern that the process has been abused or totally circumvented. Immigration New Zealand has admitted in media reports that it's aware there are painters, plasterers and labourers working on building sites without the proper documentation. We need to ensure there are the processes and the resources needed to address these concerns.
 - We will review the need for some consequences for employers who misrepresenting the facts in an 'approval in principle' application or for not following through on the commitments made in that application.

Cost

Changes to the immigration manual will not have any fiscal implications for the Crown.

Case Studies

Fishing Industry - Foreign Chartered Vessels

This is a clear example of the current system failing to support both our economy and jobs.

With over 1,200 overseas workers granted Approval in Principle to crew Foreign Chartered Fishing Vessels (FCVs) in the last 12 months, migrant workers account for almost half of New Zealand's total fishing crew. The poor conditions and pay for these workers has been well documented, the Ministerial Inquiry into Foreign Chartered Fishing Vessels concluded "it is clear that crew on domestic vessels are paid significantly more than crew on FCVs."

The failure of the immigration test is one aspect of this issue. The Department of Labour itself has admitted that the test for approval is 'redundant' largely because the employment conditions on FCV's are so bad New Zealanders would rarely apply for jobs on them. Indeed FCVs currently do not even have to advertise low skilled positions to New Zealanders before filling them with foreign workers.

This is a particularly dramatic example of how a failure of the current system has contributed to undermining the wages and conditions of the entire industry. As a consequence, Kiwi fisherman are unable to push for higher wages and better work conditions when fishing companies can so easily turn to migrant workers who are willing or easily coerced into working for lower pay in worse conditions.

Aged Care Sector

The aged care sector is another example where accessible migrant labour has fuelled a downward spiral of wages rates and conditions.

Earlier this year the Equal Opportunities Commissioner criticised the aged care industry for its low pay. The average pay for a residential rest home worker is \$14.50, despite this job requiring considerable skill and experience, and irregular hours.

The failure of immigration testing and lack of enforcement is one factor behind low pay and poor conditions. The fast growing skill shortage is being met by bringing in migrant workers rather than offering higher wages or training opportunities to attract more New Zealanders into care. As at the 2006 Census, a quarter of carers in the aged care sector were born overseas.

The Equal Opportunities Commissioner found that migrant care workers are often forced to work for lower wages and work overtime or irregular hours with no compensation, which has dampened wage growth for all workers in the aged care sector.