Immigration Policy Review

Wellington Regional Council

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Background

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Executive Summary

Understanding the economic impact of immigration is particularly important for New Zealand, given that past international inward and outward migration flows have contributed to a population of which an estimated 1 in 4 is foreign born—a figure well above the OECD average of 1 in 10. Thus, it is vital to better understand and quantify the importance of immigration, as well as its consequences, in terms of supporting and developing New Zealand's economy as well as the Wellington economy.
There have been some big picture shifts and movements in immigration internationally that will impact not only on New Zealand but also on the Wellington region. These shifts will have a significant impact on the future labour force and investment opportunities in New Zealand and in the region. Some of these shifts include an increase in scale and diversity of migrants, changing labour markets and increased competition for skilled migrants.

Part of the Wellington Regional Strategy is also the recognition that a "business as usual" approach will not be enough for the region to compete for internationally mobile investment and talent, and the business that follows. If the region continues to maintain the status-quo, their relative economic growth and the resulting standard of living will diminish.

Most migrants to New Zealand go to the Auckland region. About 50 percent of adult migrants who had arrive in New Zealand live in central or south Auckland; only 11 percent live in Wellington. However, there is little information about migrants' personal perspectives and reasons for the attraction of Auckland or about the decisions of those migrants who settle outside the country's main migrant hub of Auckland, for example, in Wellington city and its surrounding metropolitan areas.
Thus the perceived availability of work in the region, especially in skill shortage areas, creates a strong attraction to the region. In diverse sectors such as the creative industries through to Government services, the Wellington region provides an appealing range of opportunities and possibilities to build, or continue to develop, a career.

Strategies designed simply to attract people are never sufficient because new migrants must also settle well and stay in the region. Making sure that new migrants stay will at some level depend on the welcome the community extends, which requires a high level of community consensus.
In an ideal world, all immigrants will be able to secure jobs in their field of study and preferred occupation shortly after arrival. Unfortunately, in too many circumstances, this is not the case. This report has indicated that lack of language skills, lack of recognition of foreign credentials and lack of Kiwi work experience and inability to join/find social networks as impediments to labour force integration for recent immigrants

This report has identified specific policy and operational issues that are important for the labour market to work efficiently and effectively. In an ideal world, all immigrants will be able to secure jobs in their field of study and preferred occupation shortly after arrival. Unfortunately, in too many circumstances, this is not the case. This report has indicated four specific areas where WRS can influence, facilitate and action various policy programmes and specific projects to:

- Attracting more skilled migrants
- Ensuring that migrants settle long term
- Supporting small business
- Growing the education sector

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1 Introduction

The purpose of this paper is to investigate the current immigration patterns, outcomes, policies and practices and issues for the Wellington region arising from this. This work will inform potential intervention points for the WRS Committee and partners to consider addressing various migrant issues influencing the Wellington labour market and economy.

The scope of this report is to investigate the labour market patterns and the impact of immigration on labour market outcomes. The aim is to better understand the current gaps and issues that is impeding on the attraction and effective integration of migrants in the labour market.

Immigration, as it has been since the 1800s, is vitally important to Wellington's collective well-being. If anything, it has gained new importance in the last decade for a range of demographic and political reasons. As for many cities in New Zealand, immigration has become the major engine for demographic growth. It had taken over from natural population growth because of declining birth rates, an ageing population and emigration.

In a globally competitive market, New Zealand has set about formulating immigration policy and practices for economic growth and development. At the same time, due consideration has been given to the social impacts of immigration and the challenges of maintaining a socially inclusive, harmonious society.

To manage the risks and realise the benefits of immigration it is critical that Wellington understand the impact of immigration policy and practices on their labour market within the national context. This will enable Wellington to attract and retain skilled immigrants, ensure that immigrants' skills and talents are used effectively to contribute to economic growth and development and facilitate immigrant integration and ensure that social cohesion is not threatened. There is a limitation in this research as access to data that is explicit to Wellington is very limited. Immigration policy is dealt with at a national level and its impact measured on a national scale.

The report starts by exploring current immigration policies and settings. Following on from the policy settings the report investigates the current trends to investigate the degree to which the policies are working or not working for the region. Expanding from the data the report explores why Wellington needs migrants, what can be done to attract migrants, also what actions is needed to retain migrants. The report also investigates the economic impact of international education as well as the obstacles in integrating into the workplace.

2 Immigration in New Zealand

International migration has a big impact on the population of New Zealand—although more on the composition than size of the population, which is about 4.4 million with about one-quarter of the population being foreign born (IMSED, 2010).

Understanding the economic impact of immigration is particularly important for New Zealand, given that past international inward and outward migration flows have contributed to a population of which an estimated 1 in 4 is foreign born—a figure well above the OECD average of 1 in 10. Thus, it is vital to better understand and quantify the importance of immigration, as well as its consequences, in terms of supporting and developing New Zealand's economy as well as the Wellington economy.

There was a net loss of 31,200 people to Australia in the June 2013 year compared with a net loss of 39,800 in the June 2012 year. The departure of New Zealanders, particularly to Australia, is one of the main drivers of New Zealand's migration patterns.

More people are choosing to live in New Zealand than leaving for overseas. The latest *Migration Trends Key Indicators Report* by MBIE shows that permanent and long-term migration to New Zealand had a net gain of 7,900 in the 12 months from 1 July 2012-30 June 2013 compared with a net loss of 3,200 in the previous year. The net gain was mainly due to fewer New Zealand citizens leaving for Australia.

Just under 39,000 people were approved for residence in the 2012-13 year with China emerging as the top source country for residence approvals with 5,794 closely followed by the United Kingdom and India. The 18,156 approvals under the Skilled Migrant Category accounted for just under half of all residence approvals.

Some key facts:

- Permanent and long-term (PLT) migration to New Zealand had a net gain of 7,900 in the June 2013 year compared with a net loss of 3,200 in the June 2012 year. The net gain was mainly due to fewer New Zealand citizen departures to Australia.
- In 2012/13, 38,961 people were approved for residence, down 4 percent compared with 40,448 in 2011/12. The top source countries were China (15 percent) followed by the United Kingdom and India (13 percent each). This is the first time in the last 10 years that China has been the top source country for residence approvals.
- Skilled Migrant Category (SMC) approvals (18,156 people) accounted for just under half of all residence approvals in 2012/13. The number of SMC approvals was down 4 percent, though the decline was more modest than in previous years. The decrease reflects a flow-on effect from the prior decrease in Essential Skills workers due to the global economic slowdown and subsequent downturn in labour demand.
- India was the top source country of SMC principal applicants in 2012/13 and increased 5 percent from 2011/12. The increase from India is mainly due to former Indian international students who transition to temporary work and then to permanent residence.

- In 2012/13, 94 percent of SMC principal migrants were approved with a job or job offer in skilled employment compared with 92 percent in 2011/12.
- The number of people approved for a temporary work visa in 2012/13 increased 5 percent from the previous year due to increases in the number of working holidaymakers, ‘study to work’ visa holders, horticulture and viticulture seasonal workers, and Essential Skills workers.
- Essential Skills temporary workers approved in 2012/13 increased 2 percent from the previous year. This was the first annual increase in Essential Skills workers since the start of the global economic slowdown and reflects the growth in labour demand in Canterbury.
- In 2012/13, 4,733 people were approved for a work visa under Essential Skills for a job offer in the Canterbury region, an increase of 40 percent from 2011/12. This follows a 34 percent increase in the previous year as the number of Essential Skills workers rebounded from a low in 2010/11 due to the February 2011 Christchurch earthquake.
- In 2012/13, the number of international students approved to study in New Zealand (64,232 students) continued to fall, down 7 percent from 2011/12.3The number of full fee-paying students (48,564 people) decreased 4 percent compared with the previous year.

Businesses will face an increasing challenge to attract and retain skilled individuals. With an aging population and a progressively diverse workforce, tapping into a wider talent pool that includes international expertise and experience from migrants and returning Kiwis, is critical for long term business success and economic growth of the Wellington region.

3 Immigration policy settings

A new Immigration Act came into force in November 2010. The new Act was focussed on modernising New Zealand's immigration laws. However, it does not make major changes to the criteria under which people apply to travel to and stay in New Zealand. Implementation of the Immigration Act has included the introduction of interim visas, granted automatically to immigrants whose visa expires before a decision can be made on their application for a new temporary visa. This bridging visa allows applicants to remain in New Zealand and is valid for six months or until the application has been processed. The conditions of interim visas (right to work, study or visitor rights) depend on the expired visa and the visa requested.

Sponsorship regulations were changed, requiring sponsors to guarantee maintenance, accommodation and repatriation (or deportation) costs; making sponsorship a condition of visa issuance rather than application; and introducing eligibility criteria for sponsors, who now may include organisations and government agencies. The new Immigration Act also established an Immigration and Protection Tribunal, administered by the Ministry of Justice and responsible for hearing appeals regarding visas, deportation and refugee claims. Whenever possible, the Tribunal will consider all grounds for appeal together in a single decision.

In 2011, a visitor's visa was introduced for visiting academics, as was a special policy for victims of human trafficking, and Working Holiday Schemes were established with Turkey and the Slovak Republic. The Migrant Investment policies, revised in 2009, were further reviewed, resulting in a shorter residence requirement for Investor Plus migrants, a reduction in the extension available for Investor Category migrants to transfer funds, and an expanded list of acceptable investments.

The Student Policy was reviewed in parallel with a review of the pathways to work and residence available to international students. Changes resulting from both reviews, announced in mid-2011, aim to improve the labour market outcomes and integration of former international students. These changes were implemented in April 2012, include limiting student work rights, both during their studies and post-study, to those studying higher level qualifications. Higher level qualifications will also receive more points for residence under the Skilled Migrant Category (OECD, 2012).

Opportunities for Wellington

The new Immigration Act will open up opportunities for attracting people to work in New Zealand. WRS could utilise some of these new policies to attract the right migrants with the right skills to settle in Wellington. There are three policy changes that could be beneficial to especially Wellington. Firstly, it will be a great opportunity for Wellington to attract young people through the Silver Fern Visa. Young people with proven ability will be able to through the Silver Fern Visa look for skilled employment within nine months[1]. They can stay for a further two years if they find employment, while they seek permanent residence.

Secondly, entrepreneurial migrants, the 'Entrepreneur Plus' visa offers immediate, conditional residency upon application. But to get it, entrepreneurs must show they have money in the bank, a business plan to create at least three full-time jobs, that they will invest at least NZ$500,000 into their

[1] The visa allows work and multiple entries to New Zealand for 9 months from first arrival. You must be aged between 20 and 35 years; and • outside of New Zealand; and• hold a qualification that meets the Silver Fern Job Search qualification requirements and the requirements for recognition under Skilled Migrant Instructions; and• meet the English language requirements and have a minimum of NZ$4,200 available funds for their maintenance during the period of stay in New Zealand; and• be genuine in their intention to gain skilled employment; and• meet temporary entry health and character requirements

business, and meet all health requirements. Lastly, wealthy retirees who want to move to New Zealand are also targeted. Without creating a burden on the health system, people can come to New Zealand on a long-term temporary basis to enjoy the lifestyle and make a contribution through investment.

The Councils have very little direct role in immigration policy. Central government set policies related to immigration admission, status and citizenship. However Councils are closely positioned to the people that want to and have immigrated to Wellington and needs to ensure innovative policies and programs that attract and ensure that immigrants are welcomed and integrated into the city, where they can contribute to the local economy and culture.

3.1 Process for attracting skills into New Zealand

New Zealand publishes an Essential Skills in Demand (ESID) Lists help to ensure New Zealand's skills needs are met by facilitating the entry of appropriately skilled migrants to fill identified skill shortages.

There are three lists:

- the Long-term Skill Shortage List
- the Immediate Skill Shortage List
- the Canterbury Skill Shortage List

The focus of the lists is to identify skilled occupations where there is a genuine shortage of New Zealand workers. The lists are not designed for lower-skilled or seasonal labour shortages, or to cover shortages caused by recruitment and retention problems. The bi-annual review of the Immediate Skill Shortage List (ISSL) and the Long Term Skill Shortage List (LTSSL), are administered by MBIE. The ISSL includes occupations that are in immediate demand in the New Zealand labour market. The LTSSL includes occupations that are in long term and global shortage.

The removal of the occupations from the lists is the result of an extensive consultation with industry groups, other stakeholders and relevant government agencies. Employers can still recruit migrants in occupations that have been removed from the lists. The employer will need to demonstrate genuine attempts to recruit suitable New Zealand citizens or residents. Temporary work visas or permits can be granted after there is evidence that there are no suitable New Zealanders available.

Immigration New Zealand works with a number of agencies when reviewing the labour market to help identify areas of immediate and long-term skill shortage. This is to ensure that the lists reflect genuine skill shortage so New Zealanders are not disadvantaged while at the same time making sure employers get the skilled employees they need to take advantage of improvements in the economy.

The process for reviewing the Immediate and Long-term Lists includes the following:

- an occupation nomination procedure, through which industry stakeholders – for example employers' groups, trade unions and industry training bodies – are invited to submit proposals for an occupation to be included, removed or moved between lists the preparation and publication of Preliminary Indicator Evidence Reports (PIERs) that draw together and assess relevant data for each of the occupations under review and provide the Ministry's preliminary view on the status of the occupation

- a submission process, through which industry stakeholders are invited to provide additional information and evidence about the nature and extent of skill shortages in the occupations under review.

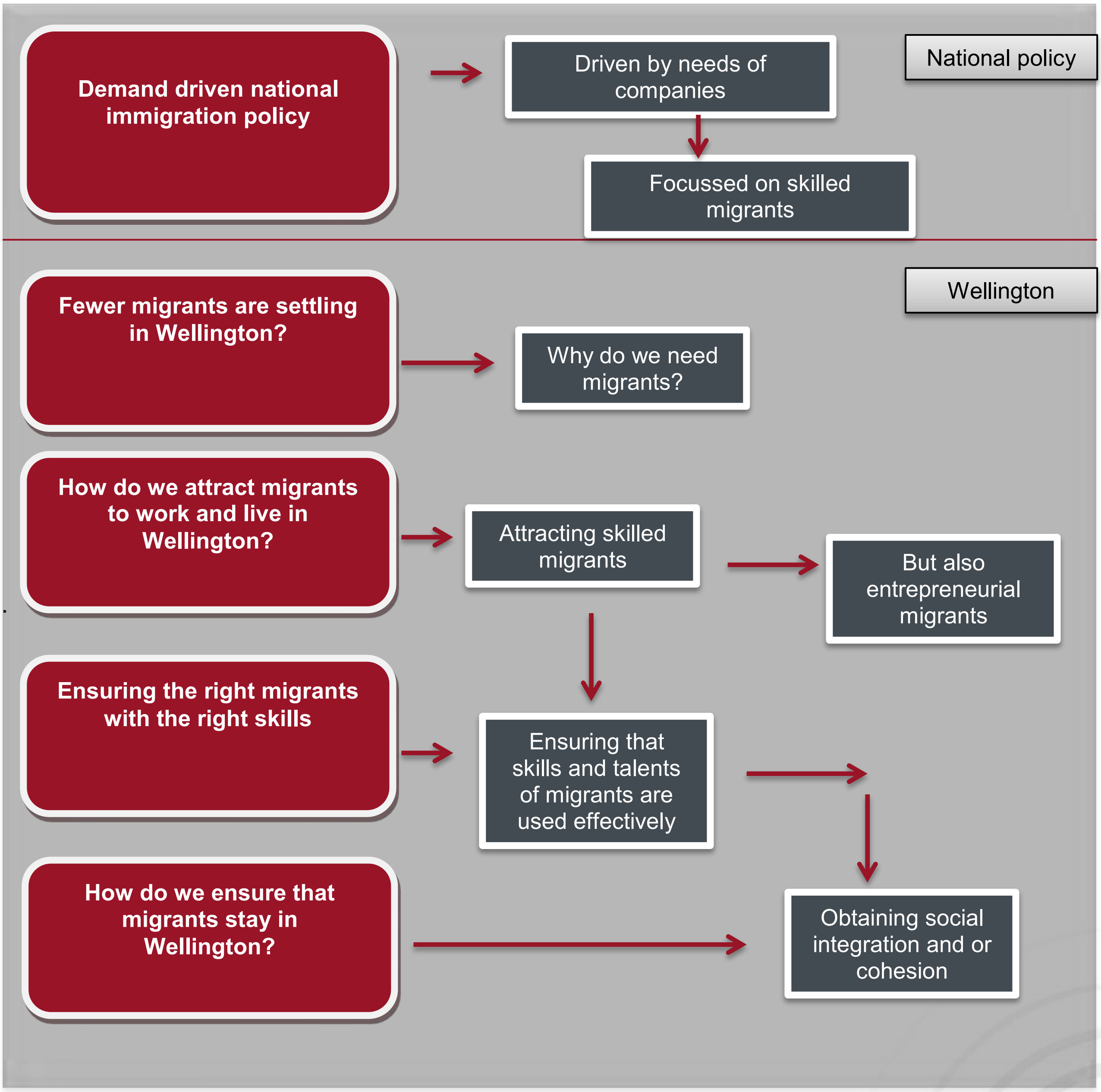
Information provided by industry stakeholders is a vital part of the assessment process. This is particularly the case where statistical data is out of date, such as Census information on salaries, or where data is not available, perhaps because the occupational group is too small to generate sufficient data for national surveys. Interested stakeholders are therefore strongly encouraged to collect robust evidence to support their submissions.[2]

If an industry is not vocal and do not participate in this process, the skills that they need will not be incorporated within the skilled shortage lists. It is not evident if Wellington companies are aware of and actively pursue the inclusion of skills on these lists. WRS could support initiatives to make companies and industries aware of the process of ensuring that the skills that are needed are on these lists. It might be plausible to investigate the appointment of a Wellington industry expert to assist in increasing awareness of the attraction of skilled labour and with the MBIE negotiations to update these lists.

[2] Extracted from http://www.immigration.govt.nz/migrant/general/generalinformation/review.htm

4 Framework

Immigration policy and practices are complex and multi-dimensional. To effectively manage the risks and realise the benefits of immigration it is critical that Wellington understand the impact of immigration policy, practices and trends on their labour market. Basically, two approaches are at work here. On the one hand, Wellington must look inward, and invest in a diverse urban society in all its potential. On the other hand, Wellington is also looking outward, making themselves attractive to potential immigrants and creating the conditions for investment. This document will explore the impact of national immigration policy on the Wellington region. The questions that will be further investigated is how do the region attract more migrants with the right skills. Also looking at how the region ensures that migrants settle and stay in the region.



5 What are the big shifts in immigration internationally?

There have been some big picture shifts and movements in immigration internationally that will impact not only on New Zealand but also on the Wellington region. These shifts will have a significant impact on the future labour force and investment opportunities in New Zealand and in the region. Some of these shifts include an increase in scale and diversity of migrants, changing labour markets and increased competition for skilled migrants.

Increased scale and diversity of migration

Around the world there has been an increase in skill-talent wars. Countries are competing with each other to attract highly skilled migrants. Economic development and greater integration across markets in the past few decades have caused many talented people to explore career opportunities overseas. Cross-border migration has grown 42% in the last decade, from 150 million to 214 million, with most of the traffic directed toward OECD countries.

The dramatic growth of emerging market countries is also beginning to change migration patterns. Although developed markets are still a top choice for economic migrants, we are increasingly seeing reverse migration as well. According to the World Economic Forum, “The return migration of highly skilled workers to their home countries is a growing trend for emerging countries.”

The percent increase in Northern population was 44 percent from 1950 - 1990, and is projected to increase by 24 percent to 2100. At the same time, the Southern population increased by 143 percent in the post-war period and is projected to increase by another 150 percent over the next century (Francois). Countries from the South have become important providers of migrants and will continue to do so in the near future.

The World, including New Zealand is experiencing shortages of skilled labour

According to MBIE, New Zealand, along with many other countries in the world, is experiencing a period of skill shortages. A lot of effort is spent trying to alleviate skill shortages through a variety of mechanisms. One of those mechanisms is immigration. It is difficult to measure skill shortages and determine when an immigration response is appropriate. This is even more pronounced with the development of new industries that need specific skills.

Fuelling further skill shortages is the ageing labour force in many countries. Especially OECD countries will see their labour force becoming significantly older in the next several decades, although the strength of this effect is not clear yet. Even under the more conservative baseline scenarios done by the OECD, the OECD average share of workers aged 45 to 59 years rises from 26 to 32 per cent between 1995 and 2030, while the share aged 60 years and older rises from 5 to almost 9 per cent. Thus, the workforce will get older and the pool of skilled labour will shrink as more people leave the workforce due to age.

Areas which will remain competitive

The competition for international students will remain fierce. International students have the opportunity to study at numerous international institutions around the world. . New Zealand benefits in many ways through export education. As New Zealand's fourth largest export industry, the annual financial gain alone is estimated at over two billion dollars in foreign exchange. International students also contribute to knowledge creation and transfer within educational institutions, and in a competitive environment the institutions themselves may strive to improve the quality of their services (MBIE).

Skilled migrants, as discussed previously, will remain another area of strong competition over the next decade. Countries will be competing for the same skills around the world and countries like New Zealand will have to compete with other countries to attract skilled migrants. Lastly, countries will be competing to attract business migrants to settle in their countries. The advantage is that business migrants bring investment and creation of local jobs. With the impact of GFC it is evident that part of the global recovery is the creation of new businesses with supporting jobs, this could be achieved at a faster rate with the migration of businesses into the local economies.

6 Why do we need to attract migrants to settle in Wellington?

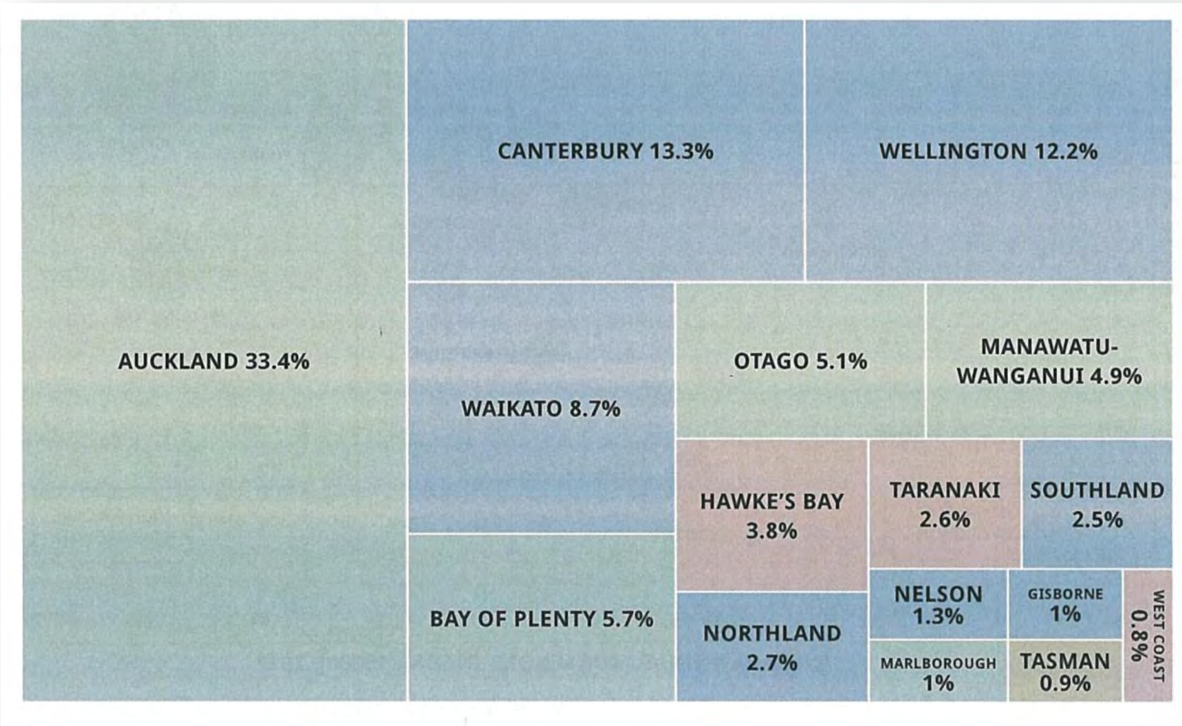
The *Wellington Regional Strategy 2012* states that it is imperative that the Wellington region retains and creates new jobs, especially high value jobs. Research has shown that high value jobs result in higher individual lifetime incomes, incomes that continue to rise for a longer period of a person's career, lower rates of unemployment, and better health outcomes. Retention and growth of high value jobs goes hand in hand with the growth of high value companies supporting businesses to become global companies, attracting businesses where there are gaps, and retaining our corporate and government businesses are all important opportunities for the Wellington region and will contribute to the creation and retention of jobs.

Part of the strategy is also the recognition that a "business as usual" approach will not be enough for the region to compete for internationally mobile investment and talent, and the business that follows. If the region continues to maintain the status-quo, their relative economic growth and the resulting standard of living will diminish.

6.1 Wellington has a significant regional share of employment.

Wellington has a significant regional share of employment (12.2 percent), offering attractive education and employment opportunities to migrants.

Figure 1: Regional share of employment (2012)



6.1.1 The Wellington labour market will expand from 2013 to 2016

During the three years to March 2016, employment growth in highly skilled jobs will be consistently stronger than overall employment growth for New Zealand.

Ministry of Business Innovation and Employment forecasts positive employment growth of 1.4 percent per annum in Wellington over the three years to 2016

Employment growth through this period is expected to be weakest for semi-skilled jobs (namely clerical and some service and primary sector workers). Demand for skilled (trades) workers is strongest (2.9%) in the 2015 year to March when the Canterbury rebuild is expected to reach its peak. The anticipated growth in highly-skilled jobs is reflected in the latest Jobs Online report which shows that skilled job vacancies increased by 11.8% in the year to April 2013. This indicates that the advertised demand for skilled workers has increased considerably over the past year which is likely to translate to employment growth in skilled jobs (MBIE, 2013).

Table 5.1 provides a breakdown of employment growth over the next three years. Wellington will see an increase of 10 500 jobs over this period. The probability is that these jobs will be from highly skilled and semi-skilled occupations. Although 10 500 new jobs will be created, the table shows that Wellington will have the slowest employment growth for any region in New Zealand.

Table 6.1: Employment growth by region, 2013 to 2016 (March years)

Region	(000)	Annual average percentage change
Northland	4.3	2.0%
Auckland	36.1	1.7%
Waikato	9.0	1.9%
Taranaki	6.1	2.0%
Bay of Plenty	9.0	2.0%
East Coast	5.6	1.8%
Central	7.0	2.0%
Wellington	10.5	1.4%
Nelson	5.9	2.0%
Canterbury	23.7	2.7%
Southern	13.3	2.0%
TOTAL	130.2	1.9%

Source: MBIE – Labour, Short-term employment model and regional decomposition.

6.1.2 Wellington has a higher than average proportion of highly skilled and semi-skilled occupations.

Figure 2 indicates that the Wellington labour market has a higher than the New Zealand average highly skilled and semi-skilled occupations. The dark red indicates that there is above the national average occupations in that specific skill level. Dark green indicates that the regional has below national average occupations in that skill level and white indicates around the national average. However, we need to better utilise workforce skills, in order to make the most of the skills that are developed here and especially those that we attract from overseas.

New Zealand's low level of growth in labour productivity (the amount of output produced by each hour of work) is an important indicator of, among other things, the underutilisation of skills. While the skill levels of the New Zealand workforce are on a par with many nations in the OECD who have higher GDP per capita than New Zealand does, the application of these skills in the New Zealand workplace appears to lag behind (DOL, 2011).

Figure 2: Occupations per skill level per region

	HIGHLY SKILLED	SKILLED	SEMI-SKILLED	ELEMENTARY
Northland	0.98	1.05	0.92	1.11
Auckland	1.06	0.98	1.06	0.78
Waikato	0.98	1.05	0.93	1.12
Bay of Plenty	0.95	1.07	0.97	1.11
Gisborne	0.86	0.94	0.86	1.48
Hawke's Bay	0.84	0.94	0.90	1.43
Taranaki	0.96	1.08	0.86	1.20
Manawatu-Wanganui	0.89	0.97	0.99	1.15
Wellington	1.17	0.87	1.07	0.67
Tasman	0.90	0.98	0.85	1.54
Nelson	0.92	1.03	1.00	1.22
Marlborough	0.87	1.06	0.86	1.51
West Coast	0.84	0.96	0.84	1.55
Canterbury	0.93	1.05	1.01	1.10
Otago	0.93	1.07	1.00	1.14
Southland	0.88	1.03	0.85	1.51

Key:
ABOVE NATIONAL AVERAGE
AROUND (+/- 5 PERCENT) NATIONAL AVERAGE
LESS THAN NATIONAL AVERAGE

Source: Statistics New Zealand

6.2 Ageing workforce in Wellington

Age is an important factor in the ability of people to work. Compared to the national average in 2006, there were a higher proportion of people between the ages of 20 to 44 years, and a lower proportion of people aged 45 years and above in Wellington Region as a whole. This has an impact on the workforce, as people in their 20s, 30s and 40s are highly likely to be in work. Compared to the national average, there were also a lower proportion of people younger than 15 years of age. This may result in a contracting labour pool as a smaller number of people reach prime working age and move into the workforce. However, this trend may change if inward migration of younger people takes place (DOL, 2007).

Across the Wellington Region, there is a younger age profile in Wellington City, Lower Hutt City, Upper Hutt City and Porirua City. People between the ages of 15–39 accounted for a large proportion of the total population in these TAs. As these people are highly likely to be in work, this suggests that there is a currently a large pool of labour in these areas. Nearly one-third of the population in Porirua City was below 15 years old in 2006. This suggests the workforce may be boosted when these people reach prime working age.

The aging of the population changes the mix of products and services consumed in a region, but there are also risks for the workforce, for example, business opportunities are created for providers of aged care, and for aged care workers. However, retirees from the workforce need to be replaced by younger people or the workforce will decline. Regions that already have a relatively old demographic profile, that tend to attract older people for lifestyle reasons or that lose younger people to other regions, face a greater risk of seeing their workforce contract.

Table 4.2 indicates that the Wellington region will see a significant increase of 8 percent in people aged 65 and over from 2006 to 2026 and only a slight increase of 2 percent in the ages from 40 to 64. This age group represent the majority of skilled workers and the Wellington region meaning that the region might struggle to fill skilled positions in the future.

Table 6.2: Population composition in 2006 and 2026

	Population composition % in 2006				Population composition % in 2026			
	0 - 14	15- 39	40 -64	65+	0 - 14	15- 39	40 -64	65+
New Zealand	22%	35%	32%	12%	17%	31%	32%	20%
Wellington region	21%	37%	31%	11%	16%	32%	33%	19%
Kapiti Coast District	19%	24%	33%	23%	16%	23%	33%	29%
Porirua City	26%	35%	30%	8%	20%	32%	32%	16%
Upper Hutt City	22%	33%	32%	13%	17%	28%	30%	24%
Lower Hutt City	23%	35%	31%	11%	18%	31%	32%	19%
Wellington City	18%	44%	29%	8%	14%	38%	34%	14%
Masterton District	21%	28%	34%	17%	16%	23%	31%	30%
Carterton District	21%	27%	37%	15%	18%	22%	32%	29%
South Wairarapa District	21%	25%	38%	16%	15%	21%	32%	31%

Source: Statistics New Zealand

6.2.1 Example: Aged care workforce

Statistics New Zealand predicts that by 2031 one in five New Zealanders will be over 65 years. Longevity is predicted to increase and the proportion of New Zealanders in the older age brackets is growing very rapidly. Many of these older people will require care and support services.

A Department of Labour study found that the demand for labour in health and disability services will grow by between 40 and 69 percent by the year 2021 (depending on the scenario used). The same study estimates that around 48,200 paid carers will be needed in 2036 to care for older disabled New Zealanders requiring high levels of care and support, a trebling of current numbers. I

The current aged care sector workforce is itself ageing. Figures from the New Zealand Nursing Workforce reported by Kai Tiaki Nursing New Zealand show that more than 40 percent of registered nurses and 72 percent of enrolled nurses and nurse assistants are aged 50 years or more. While many of these carers will work longer in their lifetimes than previous generations, there is nevertheless concern that there are not enough young workers attracted into the profession to meet demand. New Zealand does not have a formal scheme for caregiver migration. However there has been a rapid and growing reliance on migrant caregivers for the elderly over the last five years. In the past, caregivers for the elderly from the Pacific formed a constant source of workers; however, in recent years there has been a sudden rise in migrant caregivers for the elderly from the Philippines.

New Zealand and Wellington faces the twin challenge of population and workforce ageing in various occupations such as aged care.

6.3 The net impact of migration on skills supply

Research completed by the Department of Labour on skills concluded that immigration has a significant effect on the composition of the New Zealand labour market (DOL, 2011). While New Zealand is currently able to attract and select sufficient levels of skilled migrants, demographic changes in developed and developing economies will intensify the international competition for skilled migrants.

Temporary workers are an important source of labour, offering skills and experience that New Zealand employers need, and filling temporary labour shortages even in an economic downturn. Specific policies allow employers to recruit temporary migrants to meet particular or seasonal skill needs that cannot be met from within New Zealand (while also ensuring this recruitment does not undermine the employment, wages and conditions of New Zealand workers).

Importantly, about one-third of work-visa holders will eventually become permanent residents

Similarly, international students, who have graduated here, are a source of skilled workers with New Zealand qualifications. For many students, the prospect of working and gaining residence in the host country plays a role in their decision to study abroad. Like many countries, New Zealand has developed immigration policies to attract and retain high-level international students. In 2009, 6,930 former students were issued a graduate job search work permit. India overtook China as the largest source country.

Most authors estimate that over a half-million New Zealanders live overseas. New Zealanders living overseas form one of the more highly skilled expatriate groups in the OECD, with around 45% holding a tertiary qualification. Many will return home, attracted back for family and lifestyle factors, safety and security, recreational and social opportunities. Conversely, the primary reasons cited for New Zealanders remaining overseas are economic and work related factors including salary, career and business opportunities.

The migration flows are similar in size to the natural in-flows of young people entering the labour force, and larger than the number of older people currently moving into retirement. Because of these large flows, differences in the skills composition of immigrants and emigrants, and young people and older people have a large impact of the skills composition of the workforce.

- Young people are far more likely to hold degree and school qualifications than the people who are retiring

- Immigrants are far more likely to hold a degree (due to our skilled migrant policies) than people who emigrate.

6.4 Temporary work permits

According to research completed by the Department of Labour in 2010 on *transition to permanent residence* the employment outcomes of work permit holders who transition to permanent residence as skilled migrants are largely positive (IMSED, 2010b). Most believed:

- they were working in jobs that used their skills and experience
- the jobs they were working in were a good match for their qualifications
- they were in their preferred occupations.

The research showed that six out of 10 former work permit holders had not experienced any obstacles in finding work in New Zealand. For those who had experienced obstacles, the most common was a lack of New Zealand work experience. Only a small proportion reported not enough suitable work being available for someone with their skills or experience, their skills or experience not being accepted by New Zealand employers, or being treated unfairly due to being a migrant.

Some former work permit holders were more likely than others to report problems getting work in New Zealand. Those from South-East Asia were more likely to report as obstacles a lack of New Zealand work experience and their skills and experience not being accepted by New Zealand employers. Difficulties with the English language were a particular obstacle for those from North Asia.

On the other hand, former work permit holders from the United Kingdom/Irish Republic were generally less likely to report obstacles finding work compared with those from other regions. Those who were issued with a partnership or work to residence permit were more likely to report that a lack of New Zealand work experience was an obstacle to finding work than those issued with another type of work permit.

The Immigration Policy is designed to have a clear divider between Temporary Visa and Resident Visa applications. Temporary visa policy is designed to fill short term openings in the local labour market, where demand for candidates outstrips supply. Resident Visa policy is aimed at fulfilling New Zealand's economic objectives over the longer term with skills and money.

Most migrants now need an offer of employment to meet the Skilled Migrant Category threshold. This is a catch 22 situation, as you can't achieve the long term objective without migrants being able to travel here secure jobs and be granted Work Visas (the short term objective). A Resident Visa application will take anywhere from three months to 12 months to process and employers simply won't wait that long for an employee to start their job. So these would be future migrants that need Work Visas in order to take up the job which will then secure their Residence.

7 Snapshot of Wellington region

According to the BERL regional rankings report, the Wellington region ranked 7th out of the fourteen regional council areas[3]. The performance of each region is shown in Table 5.1.

Table 7.1: Regional rankings of regional councils

BERL Region Rankings	Rank 2012	Rank 2011	
Auckland	1	1	→
Taranaki	2	3	↑1
Southland	3	8	↑5
Waikato	4	7	↑3
Otago	5	5	→
West Coast	6	4	↓2
Wellington	7	10	↑3
Canterbury	8	9	↑1
Nelson/Tasman/Marlborough	9	6	↓3
Gisborne	10	13	↑3
Bay of Plenty	11	2	↓9
Haw ke's Bay	12	11	↓1
Northland	13	12	↓1
Manaw atu-Wanganui	14	14	→

source: BERL Regional Database 2012

7th		**Wellington**
2012	Resident population grow th	4 th
	Employment (FTE) grow th	8 th
	Real Value Added grow th (GDP)	13 th
	Business units grow th	1 st
	Relative openness index	13 th
2007-2012	Resident population grow th	5 th
	Employment (FTE) grow th	7 th
	Real Value Added grow th (GDP)	9 th
	Business units grow th	4 th
	Previous rank (2011)	10 th

Strong business unit growth in 2012 and solid population growth has helped Wellington to move up three places. The Wellington region is relatively diverse, including Kapiti Coast, Porirua City, Wellington City, Lower and Upper Hutt. It then goes over the Rimutaka ranges to include Masterton, Carterton and South Wairarapa. This side of the Rimutaka Ranges, Wellington City dominates, providing a large part of the employment for the Hutt Valley and up the coast to Porirua and even Kapiti.

The Wellington region has a combined population of around 472,000, employs 226,000 FTEs and generates around $22.5 billion to New Zealand GDP. In 2012, the Wellington region had 0.5 percent employment growth. The positives in the 2012 year were business unit growth (0.7 percent) and population growth, where it ranked 4th. Over the medium-term, the region has fared in the top half across most of the indicators. In particular, the region has consistently created new businesses (4th) and had good population growth (5th). Its worst ranking over the medium-term was for GDP growth, where it ranked 9th of the 14 regional councils.

The only caveat around business unit growth was that most of it occurred in the business services sector. This is not necessarily a bad thing. However, it does suggest that many of the businesses created were contractors operating as companies in areas such as film production and IT services.

[3] The 66 local authorities were grouped into their regional council areas to allow ranking across the 14 regional council areas. The ranking is based on population, GDP, Business Units and employment.

7.1 Net migration flows for Wellington

People moving to and from a region can have a large impact on the labour force characteristics of the area. Table 6.2 shows net migration (inflows less outflows) for Wellington Region over the 10 years to 2006. There was a net inflow amongst the youth population (15-24 years old), while there was a slight outflow of people aged 45 years and above. The rate of net migration of youth into Wellington Region increased between 2001 and 2006, compared to the five years before that, with young people aged 20-24 increasing significantly over this period. It is interesting to note that there was a net outward migration from Wellington Region amongst residents from 45 years and older.

Table 7.2: Net migration (overseas and inter-regional) in Wellington Region by age 1996 – 2001 and 2001 - 2006

Age Group	1996 - 2001	2001 - 2006
0-4	-190	480
5-9	-1050	-890
10-14	-430	170
15-19	1090	1910
20-24	1860	5390
25-29	-880	900
30-34	550	2410
35-39	-550	800
40-44	-680	50
45-49	-990	-40
50-54	-770	-240
55-59	-720	-640
60-64	-470	-490
65-69	-410	-280
70-75	-320	-200
75-79	-290	-70
80-84	-220	10
85 +	-90	-150

Source: 1996, 2001 and 2006 Census of Population and Dwellings, Statistics New Zealand

7.2 Skilled migrants

Wellington attracts around 11% of the 40-45,000 migrants who are approved for residency each year. Skilled migrant numbers have been dropping from 1,434 principal applicants 2008/09 to 926 in 2010/11 in Wellington. However the top occupational groups have largely remained the same:

- ICT professionals
- Health professionals
- Business, HR and marketing professionals
- Hospitality, retail and service managers
- Design, engineering, science and transport professionals
- Food trade workers

Temporary workers show a similar pattern. These peaked at 7,100 in 2007/08 and dropped to 4,200 by 2010/11. This is critical as about a third of temporary workers gain residency within 5 years.

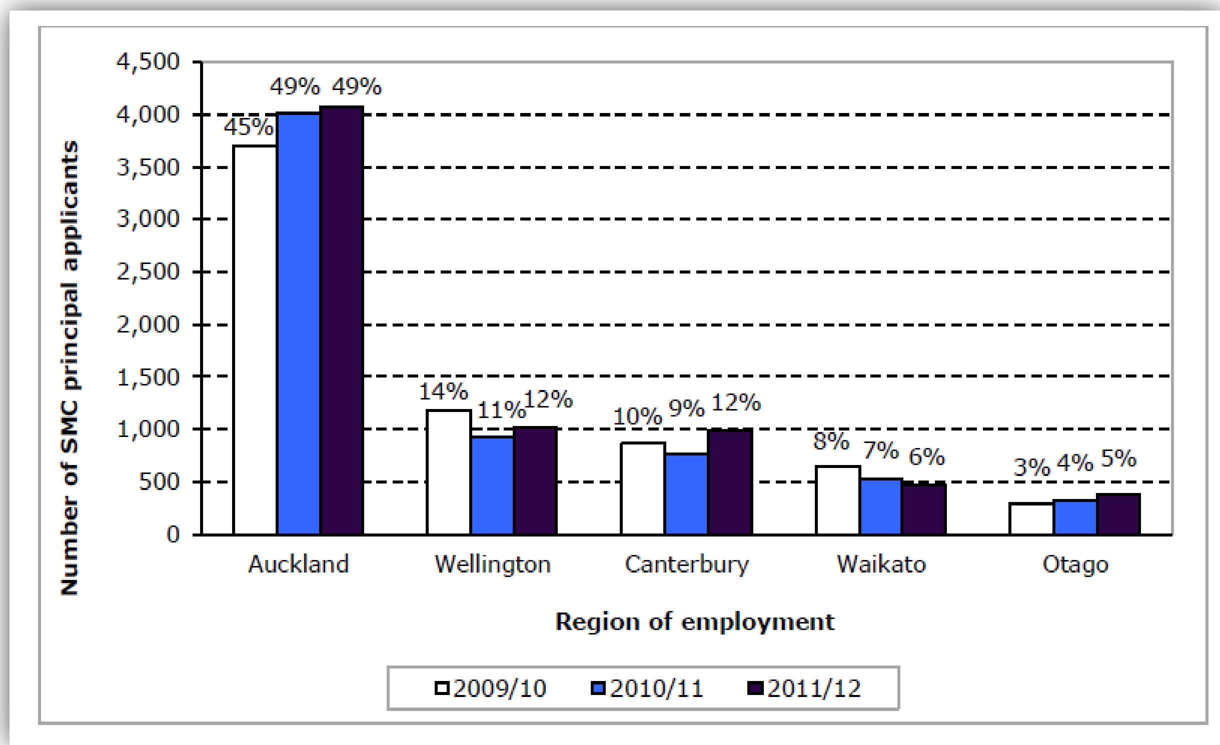
Occupational groups for temporary visas are similar to the Skilled Migrant Category (SMC) ones, although stronger in Software & Application Programmers and Multimedia Specialists.

This might mean that these shortages of skills need to be filled quickly and that temporary visas are the quickest route to provide these skills.

The share of skilled migrants attracted to Wellington has declined from 17% in 2008/09 to 12% in 2011/12.

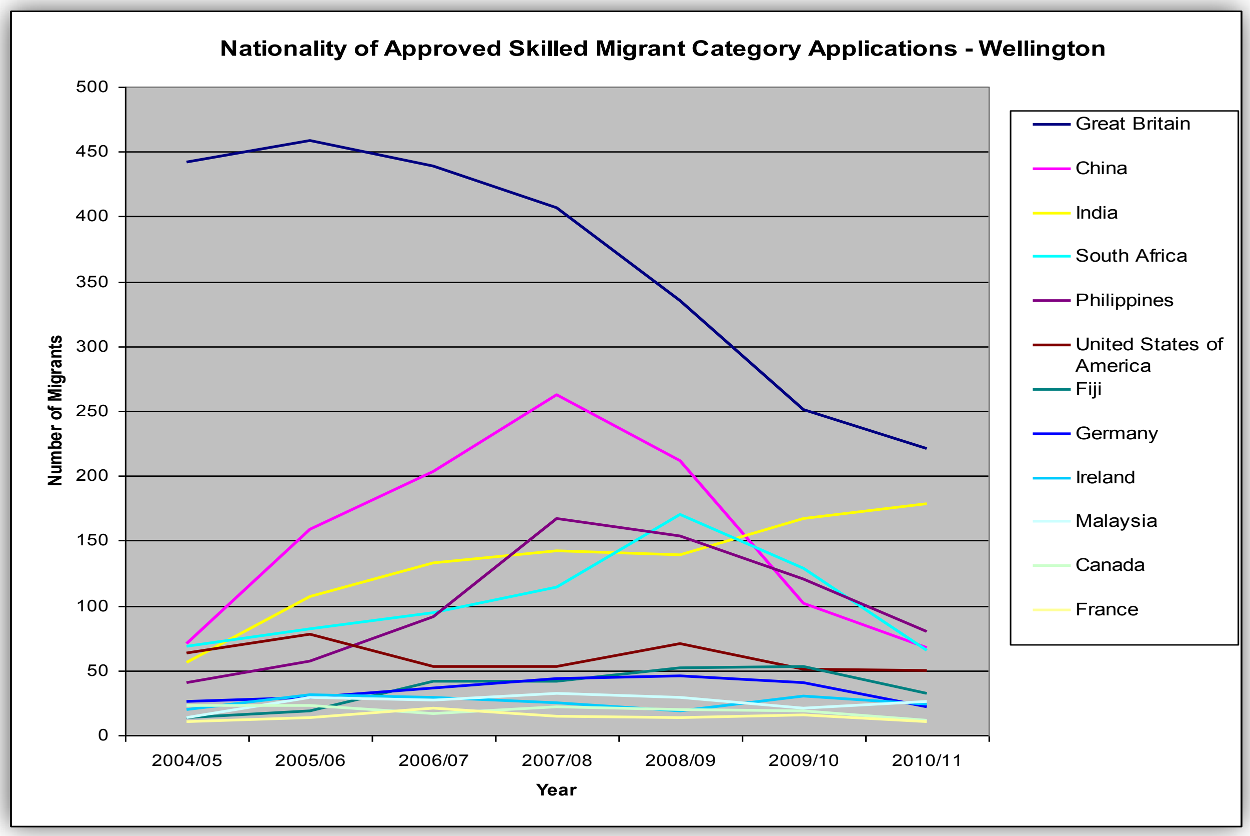
There is no research available for Wellington on quantifying the real occupational groups and skills that are needed in the labour market at present and for the future.

Figure 3: Share of national Skilled Migrant Category applicants by region



This decline is evident in all source countries except India as demonstrated in *Figure 4*.

Figure 4: Nationality of Skilled Migrant Category Applicants



7.3 Other migrants

New Zealand accepts an annual quota of 750 refugees from priority areas identified by the United Nations High Commissioner for Refugees. The Wellington region has played its part by resettling a total of 646 quota refugees since 2002. These refugee newcomers have come to the Wellington region from various parts of the world – principally Iraq, Myanmar and Sudan. Most of them were resettled in Wellington City (319) and the Hutt Valley (239) with the remaining 88 settling in Porirua City (DOL, 2009).

8 How do we attract migrants to Wellington?

Most migrants to New Zealand go to the Auckland region. About 50 percent of adult migrants who had arrive in New Zealand live in central or south Auckland; only 11 percent live in Wellington. However, there is little information about migrants' personal perspectives and reasons for the attraction of Auckland or about the decisions of those migrants who settle outside the country's main migrant hub of Auckland, for example, in Wellington city and its surrounding metropolitan areas.

A key reason for choosing to settle in the region is work. Skilled newcomers often come with arranged jobs or find agencies to broker work for them.

Thus the perceived availability of work in the region, especially in skill shortage areas, creates a strong attraction to the region. In diverse sectors such as the creative industries through to Government services, the Wellington region provides an appealing range of opportunities and possibilities to build, or continue to develop, a career (DOL, 2009).

8.1 Coming to Wellington by choice or by chance

Research conducted by the Department of Labour (DOL, 2009) showed that migrants who reported that they had deliberately chosen Wellington above other cities in New Zealand had based their choice on:

- Wellington's physical beauty and geographical compactness
- Wellington's unique labour market
- Wellington's unique educational institutions
- family connections.

Migrants who came to Wellington by chance, or at least without knowledge of the city, came as a result of a job hunt that happened to be successful in Wellington. Figures on how many people came to Wellington by change or by choice is not available[4].

8.2 Sources of information in making a decision to immigrate

The main source of information about New Zealand before migrants' arrival was from friends or relatives living in New Zealand (56 percent). The next most common source was the internet (34 percent), followed by other media sources such as newspapers or television (26 percent), and previous visits or living in New Zealand before taking up permanent residence (25 percent).

[4] The sample size for the research completed by the Department of labour was .very small.

Skilled migrants (principal and secondary) were more likely than other groups of migrants to acquire information on New Zealand from the internet, other media sources, or from Immigration New Zealand.

The information sources used by migrants varied by immigration approval category. As expected, Family Parent and Pacific category migrants were much more likely to acquire information from friends or relatives already living in New Zealand.

Family Parent and Pacific category migrants also tended to report their previous visits or prior experience living in New Zealand as key information sources before their residence approval. (IMSED, 2009)

WRS could support further efforts to promote Wellington through more targeted internet search engines and websites dedicated to promoting Wellington companies and positions available in the Wellington job market. Also using existing skilled migrant networks to promote Wellington.

8.3 Strategies for finding a job

Research completed by Massey University and the University of Waikato on Chinese employers and employees in Auckland investigated various characteristics of Chinese migrants setting up businesses in Auckland. (Massey,2010). Employees were asked what strategies they implemented to find their current job. 45 Percent said that they have asked close friends, family and other personal contacts. 40 Percent of respondents said that they responded to an online advertisement while 25 percent answered a newspaper or magazine advertisement. When asked what the most successful strategies were, 45 percent claimed that close friends and family were the most efficient, 30 percent said newspaper and magazine advertisements and only 15 percent said online advertisements

8.4 Attracting skills for small businesses

Anecdotal evidence shows high levels of frustration with the immigration systems' inability to provide small businesses with the skills that is needed in their business. These aren't necessarily highly skilled jobs.

Small business owners have identified various issues:

- Ensuring consistent policies with visa processing – every time
- Better understanding by Government on the small business environment
- Increased training for immigration officials

The answer to the skills shortage lies in more consistent visa processing; integration between government and industry; and industry-specific training for immigration case managers.

That's according to small business owners, who say while immigration policy isn't stopping them from finding skilled foreign workers there is room for improvement.

WRS could develop a strong labour market profile on small business in the region to share with Government. It could also provide assistance for further training of immigration officials to support especially the small business community in Wellington region.

Leonardo Bresolin finds it hard keeping good hospitality staff in the country, especially restaurant managers. The co-owner of Wellington's Scopa cafe, Duke Carvell's restaurant and the Crazy Horse steakhouse recently opened a pizzeria and coffee wholesale business.
When one of his restaurant managers, an experienced migrant, applied to Immigration New Zealand (INZ) to renew her visa recently she hit a wall. "This manager had a visa for two years then Immigration declined her a new one."

INZ told Bresolin it wouldn't renew the manager's visa because Work and Income (WINZ) had New Zealanders who could do the job, in spite of the fact restaurant manager is on INZ's Immediate Skills Shortage List. All attempts to source staff from inside New Zealand must be exhausted before INZ will help employers employ migrants (Business Day, 2012)

8.5 Obstacles in setting up a small business

Research completed by Massey University and the University of Waikato on Chinese employers and employees in Auckland investigated various characteristics of Chinese migrants setting up businesses in Auckland. (Massey,2010). The study asked participants what obstacles they have experienced in the start-up of their businesses. The most common problems were speaking English (68 percent), employing staff (58 percent) knowing the right people (42 percent), obtaining finance (27 percent) and operating within the New Zealand business environment (37 percent).

Respondents were also asked what advice they would provide to new immigrants. The two most common themes were to develop a personal network and to improve English language skills.

Self-employment and business ownership are viable paths to economic integration for many immigrants, including those who were entrepreneurs in their country of origin. Local level policies should support these entrepreneurs to build successful businesses. .

8.6 Helpful organisations in setting up a small business

Asia New Zealand Foundation has completed research on small business migrants and when asked which organisations were helpful in providing assistance to their businesses during their start-up phases. Inland Revenue was mentioned by several participants as providing useful advice on finance and tax issues. Although a small number of interviewees identified their membership of business or professional organisations (such as the restaurant association) as helpful, what was most noticeable was the absence of positive comments about such organisations, suggesting that they were not seen as relevant or welcoming.

While half of the new Zealand-born participants and 60 percent of those born in the Asia Pacific region were members of business or professional organisations, only 6 percent of China-born participants belonged to relevant industry groups. Other responses to the question about who provided assistance during the establishment of participants' businesses included business partners, previous colleagues, accountants, bank managers and Citizens Advice Bureaux. By far the most common response to this question, however, was 'friends and family', particularly amongst the China-born.(Asia, 2009)

Interview with Professor Paul Spoonley, Regional Director and Research Director at Massey University for the College of Humanities and Social Sciences. He is project leader for the FRST-funded Integration of Immigrants Programme.(Herald, 2012)

How do immigrants go about setting up businesses in New Zealand?

It depends on where the immigrants are from. The largest group of immigrants arriving remain those from Britain and they typically establish business options before they arrive or on prior visits. The second largest groups - from China and India - tend to rely on co-ethnic networks for information about business establishment and support once they get here.

Do these businesses have to have a certain amount of finance to set up and is language an issue?

Immigrants are particularly involved in small businesses with a high level of self-employment in areas such as retail and food. The finance required to start these small businesses is often quite modest. The issue is making the business profitable.
Language is an issue, especially for those from China and Korea. However, they compensate by strategies such as having employees who are fluent in both Mandarin and English.

Who can they call on for support when it comes to negotiating the correct way of setting up a business?

This has become an important issue. When we ask immigrant business owners, especially those from Asia, they do not find local advice agencies and organizations very helpful or sympathetic. But there are a growing number of advisors, such as accountants and lawyers, who are now resident in New Zealand and who come from the same ethnic group and speak the same language. They are much more likely to seek help from co-ethnics.

Do immigrant businesses set up near each other for support?

One of the most obvious developments in the last two decades has been the development of ethnic business precincts where significant numbers of business owners from the same ethnic or immigrant group set up business in the same area. Often, in Auckland, these precincts are based around food businesses but they will also involve real estate or travel agencies, medical practices, video stores or legal firms, all run by members of the same ethnic group.

How easy it to set up business is contacts here - suppliers etc - to help make your business a success?

In the first few decades, often suppliers tend to come from the same ethnic group, especially in the case of Asian businesses. These supply arrangements are reasonably straightforward to establish. But the challenge comes when the business looks to expand its supply and customer base. Language and cultural understanding can be an issue.

How easy is it to set up business in New Zealand in comparison with Australia as an immigrant?

One of the interesting developments in the last decade has been the sense amongst immigrants, especially those from Asia, that New Zealand is easier to do business in compared to Australia. Those we interviewed give two reasons. One is that New Zealanders, while still discriminatory on occasions, are less so than Australians. The other reason is that businesses are easier to establish and run in New Zealand. The other reason I would add is that the size of these communities are now large enough to sustain those businesses which require a co-ethnic customer base. For example, there are more than 100,000 Chinese in Auckland.

9 How do we retain migrants in Wellington?

Strategies designed simply to attract people are never sufficient because new migrants must also settle well and stay in the region. Making sure that new migrants stay will at some level depend on the welcome the community extends, which requires a high level of community consensus.

Hiring the right employee is an investment, and with a bit of thought a retention plan can make a real difference to a company's bottom line. Taking some simple, common sense steps to help new migrant employees to settle in will benefit both business and the new migrants.

As any good employer knows, ensuring pay and conditions are equitable and in line with those of other employees is part of the foundation for a positive employment relationship. On top of the basics there are other steps that can be take to help your migrant employees become productive quickly. This may increase retention rates, thereby reducing your recruitment costs.

9.1 Migrants' backgrounds make a difference

Migrants from English speaking countries with similar systems to New Zealand generally settle relatively quickly and require minimal settlement support, as long as they have access to up-to-date settlement information and advice. It is less challenging for these new migrants to find their way around our systems which operate along similar lines to those they were familiar with in their pre-migration locations.

Migrants from Asia face more obstacles when settling in New Zealand. These migrants will need a higher level of support and community involvement to ensure that they settle well into their new communities and jobs.

9.2 Attitude towards migrants

Two important discrepancies have been identified in immigrant research on attitudes and discrimination in New Zealand. The first is the gap between attitudes toward immigrants in general and attitudes toward Asian immigrants in particular. The second is the disparity between New Zealanders' multicultural principles and their everyday practices. This was illustrated in Ward and Masgoret's (2007) study of immigrant entry to the labour market.

The research involved a field experiment where unsolicited resumes were sent to recruitment agencies in Auckland, Wellington, and Christchurch from either a New Zealand-born or China-born candidate in the technology sector. Ethnicity and migration status differed, but personal information such as age and marital status, educational qualifications and work experience were identical, with the exception that the former candidate undertook education and initial employment in New Zealand and the latter in China. In addition, their letters of introduction presented the same information, specifying that the candidate wished to relocate to New Zealand from a current position in the Middle East. The study revealed that candidates' ethnicity and immigrant status did not affect the likelihood that they would be told that there were no jobs currently available and that they would be put on file.

However, the New Zealand-born candidate was significantly more likely to be engaged for further contact by the agencies and the China born candidate significantly more likely to have contact terminated.

The differential responses were discussed in terms of the factors that have been identified as barriers to immigrant entry into the labour force, particularly English language proficiency and the unreceptiveness of employers to overseas qualifications and experience. The former was ruled out as a causal factor in this case as the written English was identical in the two versions of the resume and the accompanying information.

The research has showed that the skills of overseas trained employees are devalued compared to locally trained employees, even if the quality of their skills is equivalent or better (Ward, 2013).

9.3 Current view on discrimination

Migrants from the Wellington region were less likely to report feeling discriminated against than migrants from other large migrant centres (Auckland, Canterbury, and the Waikato) but did not differ significantly from areas of smaller migrant density (the Bay of Plenty, Manawatu-Wanganui, and other areas of the North and South Islands). (IMSED, 2009)

The main situation where migrants felt discriminated against was in a public place such as a street, although other situations reported included job-related settings (applying for or working at a job), while shopping, and at social gatherings.

Migrants from North Asia were more likely than those from all other regions to report they had felt discriminated against in a public place, whereas migrants from North America were more likely than most other migrants to perceive discrimination at a social gathering.

Most migrants who felt discriminated against did not seek help (87 percent). For those who sought help (13 percent), the three main sources were from family and/or friends (39 percent), their employer (29 percent), or the police (15 percent).

Most migrants felt safe (52 percent) or very safe (34 percent) in New Zealand. A small percentage (3 percent) reported feeling unsafe, and less than 1 percent reported feeling very unsafe. (IMSED, 2009)

9.4 Ensuring good settlement programmes

The *Wellington Regional Settlement Strategy* focusses on welcoming and supporting the successful integration of newcomers into the region. Mr Agunlejika, chairperson of the Wellington Ethics Council stated that the settlement strategy needs to be hands on and led by the community. Through their work they have identified five specific actions that will help new migrants to integrate and enhance social cohesion. These programmes and actions should include:

- Introduction to Māori culture
- Earthquake preparation
- Parenting – laws and support

- Family safety
- How to relate to Kiwis

He also stressed that building relationships is key to integration and happy people. This includes a very specific focus on English language skills. Through their work they have found that being able to converse comfortably in English as a significant problem for especially new Asian migrants.

10 Economic impact of education sector

International students choose to study in New Zealand as New Zealand is an English-speaking country, the cost of education is lower compared to other OECD countries, there are perceived work opportunities and you can apply for residence after study.

Every year New Zealand receives 70,000 international students, with 75 % of these students originating from Asia. These students make up 2.1% of our tertiary enrolment, giving New Zealand the highest percentage of international students in the OECD on a per capita basis. With International students playing such an important part financially to New Zealand, it is imperative that the Government through the Ministry of Education and Immigration New Zealand ensure that robust policies are in place to protect International Students from exploitation. There is some anecdotal evidence that International Students, primarily those from Asia, enrol into courses of study that will not achieve their long-term objectives.

It might be plausible to investigate with support from the Ministry of Education and Immigration New Zealand the introduction of procedures to provide students with efficient support to enrol into courses that will support their long term objectives.

Previous studies on employment have revealed that 31% of fee paying international students go on to work or apply for permanent residence in New Zealand after study. Indian students were the most likely to work in New Zealand after study. This is most likely due to attractive job opportunities in New Zealand compared to those in India. Chinese students also had a fairly high rate (43 percent) of transitioning to work. Based on the transition rate it was clear that country of origin had the greatest influence on the transition to work, where gender, age and field studied had lesser effects.

10.1 Snapshot of international students in Wellington

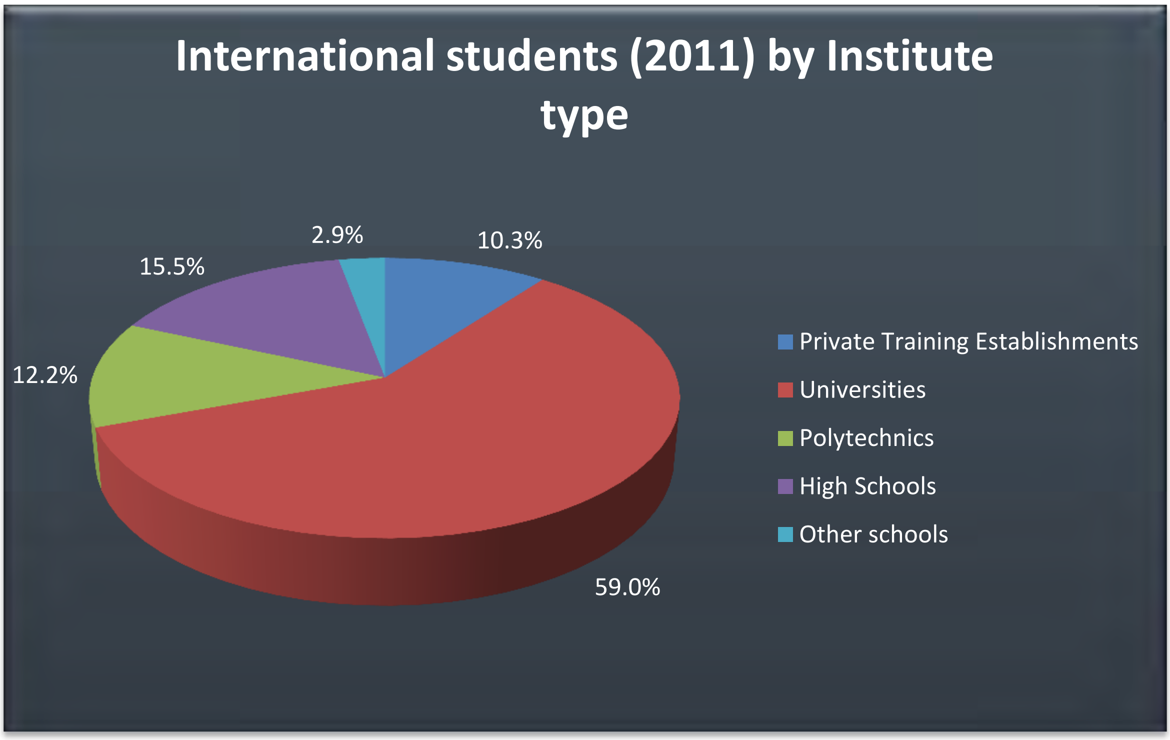
International student visas have also halved from a peak in 2004 to a low in 2011 at 3,500. The main sources of international students in the 2011 year were China (18%), Malaysia (11%), India (10%), Vietnam and United States. Malaysia and Vietnam are interesting in that they appear not to be significant sources of permanent residency to the same degree and China and India.

Indian students are an increasing supply of skills although 80% of their training in the 2010/11 year was at PTE or Polytechnic level. For all the other source countries, the majority were undertaking university studies.

Note in Figure 5 that the percentages for Wellington vary markedly from the New Zealand figures. Vocational (PTE and Polytechnic) and school percentages are higher and universities lower. Understandably this will be a reflection of the location and scale of universities in regions.

Wellington has an advantage here with 59% engaged in university level study compared with the national figure reported at 16% at 2009.

Figure 5: International students in Wellington by Institution type



The eight universities are based (with the exception of Massey University, which has multiple campuses) in specific New Zealand regions. A key change since 2010 has been the consequences of the Christchurch earthquake of 22 February 2011, which has led to a 27% decline in international enrolments in Canterbury (MoE, 2012).

Table 10.1: University international student enrolment by regional council

University	2010	2011	% of total, 2011	% change, 2010 - 11
Auckland	8764	8883	46%	1%
Waikato	2766	2609	14%	-6%
Manawatu-Wanganui	1001	111	6%	11%
Wellington	2273	2477	13%	9%
Canterbury	2899	2124	11%	-27%
Otago	1790	1947	10%	9%
Extramural	166	158	1%	-5%
TOTAL	19659	19309	100%	-2%

Research undertaken by Department of Labour shows that New Zealand is relatively successful in attracting and retaining international students although the number of students have been declining in recent years. The government has announced an International Growth package in the Budget 2013 that includes an additional $40 million over the next four years for international education initiatives. The additional funding will be used to launch a new outbound scholarship scheme, creating opportunities for stronger direct institutional relationships. The funding provides an additional $2 million per year for industry development. This aim is to support innovative education projects in target markets; and marketing and promotion activities will be intensified in priority markets.

The majority of students who transition to permanent residence in New Zealand do so as skilled or business migrants. The research also showed that the pathways to work and residence can be complex, and encompass many points of transition.

These transition points offer opportunities for educational institutions, government, and other service providers to ensure that in negotiating these transitions, international students achieve the best possible outcomes for themselves and for New Zealand.

11 English proficiency of migrants

Learning the Lingo is a Department of Labour report on the English language acquisition of skilled migrants to New Zealand using findings from the Longitudinal Immigration Survey: New Zealand (LisNZ) and the qualitative Five Years On study.

Understanding the challenge of gaining English language proficiency is important as language acquisition is known to be a critical factor in a migrant's ability to 'integrate' into a host community and in determining labour market outcomes.

North Asia is an important source of skilled migration to New Zealand. China in particular has consistently featured in the top five source countries of migrants approved under Skilled Migrant Category (SMC) over recent years, making up 14 percent of approvals in 2008/09 and 8 percent in 2010/11 (Department of Labour, 2011).

Research has shown that skilled migrants from Asia generally, and from North Asia in particular, have tended to fare less well than other migrants in the New Zealand labour market.

English language ability is one area where these migrants may be particularly disadvantaged. This report has shown that English ability was reported as being lower among Asian skilled migrants generally, but North Asian migrants reported lower levels than other Asian migrants. North Asian migrants were also less likely to report improvement in their English language ability over time.

The study also suggested that North Asian (particularly Chinese) skilled migrants may be different from other skilled migrants in a number of ways:

- Before migration they were more likely to have had English only as a classroom subject, whereas other groups are likely to have used it as a language of instruction or in employment.
- After arriving in New Zealand, they were more likely to mix socially and in their daily life almost entirely with speakers of Chinese.
- Many found permanent employment in jobs in which only Chinese was spoken, and as a result their English was likely to deteriorate. Those participants who spoke English in the workplace were likely to have good English regardless of whether they otherwise mixed with only Chinese speakers.

While research has identified that business areas dominated by the language of a migrant's source country are important in providing them with a sense of belonging in a destination country, evidence also highlights the importance of learning the host language in order to fully participate in the wider economy and society. As such it is important that migrants to New Zealand do not get cut off from using English and developing their English language abilities (IMSED, 2012).

A large proportion of North Asian skilled migrants had studied in New Zealand as international students prior to gaining residence, and may have used this study as evidence of English competence to meet SMC requirements. Nevertheless this report has shown that many of these former students still lacked the competence in English language of skilled migrants from other regions. This provides some evidence that study in English may not be a sufficient alternative to formal testing as an indication of English competence, and this could be an area of review for SMC policy in the future.

12 Challenges and opportunities in labour force integration of migrants

In an ideal world, all immigrants will be able to secure jobs in their field of study and preferred occupation shortly after arrival. Unfortunately, in too many circumstances, this is not the case. This report has indicated that lack of language skills, lack of recognition of foreign credentials and lack of Kiwi work experience and inability to join/find social networks as impediments to labour force integration for recent immigrants.

12.1 Language skills

The challenge

Language acquisition is a critical step in the process of immigrant settlement. Without language, the ability to access employment, health care and social supports are greatly diminished. There is a need to explore alternate resources to support immigrants to Wellington to improve their proficiency in English.

The opportunity

WRS could investigate, with targeted partners, language training opportunities for immigrants. Increasing free access will help to maximise the potential of an immigrant's credentials and help them to better adapt to living in Wellington. Language skills also open the door to safer, more respectful workplaces in which an immigrant's rights and responsibilities as an employee are clearly understood.

12.2 Foreign qualification recognition

The challenge

In addition to lack of adequate language skills, the failure to have qualifications recognised can have a significant impact on how an immigrant integrates into the workforce. If foreign trained professionals are unable to engage in the workforce due to problems with foreign credential recognition, their integration and quality of life as well as Wellington's economy are affected.

The term "brain waste" refers to situations in which immigrants work in occupations lower than those for which they are qualified. An example would be an immigrant with a degree working in a job that requires high school graduation or less. The cost of this brain waste is difficult to estimate as we do not know how many migrants are in this position. In addition to the lost opportunity presented by brain waste, immigrants who cannot integrate into the labour force using their existing skill set are likely to leave, which represents a significant loss to the economy and a waste of both regional and national resources.

The opportunity

WRS could commission further research to quantify this problem in context of the migrant community in Wellington. Canada has completed some research into this phenomenau and found that many skilled immigrants, particularly those with Indian, Caribbean, Chinese or Arab backgrounds, wind up in occupations far below their educational levels—despite having been selected for high levels of training and experience in professions such as health care, engineering and education. It is estimated that this is costing Canada at least $3 billion a year, not to mention the ruined dreams suffered by the immigrants themselves. Wellington needs to optimise the value that foreign-trained professionals can bring to the labour market. Immigrants arriving in Wellington with specialised, in-demand education need support to engage effectively in the labour market. Addressing foreign qualification recognition issues in Wellington will assist to maximise both the skill potential and the productivity of immigrants and mitigate brain waste.

12.3 Lack of Kiwi work experience

The challenge

The question of Kiwi work experience is problematic for many immigrants. Without relevant Kiwi work experience, immigrants often cannot secure work in their field in this country. As a result, securing a job that engages the full capacity of their existing skill set is a challenge for many immigrants. To complicate matters further, acquiring Kiwi work experience is often dependent on language abilities and foreign credential recognition.

The opportunity

WRS should explore opportunities with local business to increase meaningful workforce engagement for immigrants. Whether through work transition, or mentoring and intern programs for immigrants, helping immigrants gain Kiwi work experience in their field of education and training will benefit both the economy and immigrants.

13 Summary of issues and intervention areas

Too often, conversations around migration and integration focus on a national policy level only. Local governments, however, have an enormous stake in ensuring that they attract and provide good settlement outcomes for migrants. As local government are closest to the people, they have the best view of how to attract migrants and ensure their integration within the labour market, the challenges they face, how to facilitate their success and how to ensure that the city benefits from that success.

While it is important that WRS engage with national government to inform broad immigration strategies and policies, they must also focus on taking action across all policy areas that are within local authority jurisdiction to develop and support the local labour market.

13.1 National policy issues

There are various national policy issues that need to be advocated to ensure that Wellington can attract, and retain migrants to the workforce. These policy issues range from the ageing workforce, visa applications, declining number of internationals students and recognition of international qualifications

13.1.1 Attracting right migrants with the right skills

Ensuring that the Essential Skills and Demand Lists reflect the real skill shortages in the region. This is important to ensure that people with the right skills are attracted to settle in Wellington. It is essential that WRS work closely with the government to support MBIE's policy work with regions and business around skills and attracting skilled migrants to the region.

This is being highlighted by the ageing workforce that will probably see regions like Wellington struggle to fill positions in the future. Wellington region will see a significant increase of 8 percent in people aged 65 and over from 2006 to 2026 and only a slight increase of 2 percent in the ages from 40 to 64. This age group represent the majority of skilled workers in the Wellington region. For example, New Zealand and Wellington faces the twin challenge of population and workforce ageing in various occupations such as aged care.

Supporting the development of pro-active policies to attract the right migrants into the Wellington region and into occupations where the workforce is ageing such as aged care.

13.1.2 Permanent residency visa Temporary residency visas

Most migrants now need an offer of employment to meet the Skilled Migrant Category threshold. This is a catch 22 situation, as you can't achieve the long term objective without migrants being able to travel here secure jobs and be granted Work Visas (the short term objective). A Resident Visa application will take anywhere from three months to 12 months to process and employers simply won't wait that long for an employee to start their job. So these would be future migrants that need Work Visas in order to take up the job which will then secure their Residence. The transaction costs for these Visas might deter migrants to come to New Zealand and to Wellington. This hypothesis has not been tested yet.

Need to further investigate the transaction cost/impact on employers in attracting migrants to move to Wellington. Also, investigate if the work visa can lead to a high level of uncertainty for new migrants and deter migrants to move to Wellington.

13.1.3 International students

International student numbers have been declining. The government has announced an International Growth package in the Budget 2013 that includes an additional $40 million over the next four years for international education initiatives. The additional funding will be used to launch a new outbound scholarship scheme, creating opportunities for stronger direct institutional relationships. The funding provides an additional $2 million per year for industry development. This aim is to support innovative education projects in target markets; and marketing and promotion activities will be intensified in priority markets.

Pro-active engagement with the government on the International Growth package to ensure that Wellington education institutions are well represented and can take advantage of the products under this new scheme.

Secondly, for students coming to New Zealand there is some anecdotal evidence that International Students, primarily those from Asia, enrol into courses of study that will not achieve their long-term objectives.

It might be plausible to investigate with support from the Ministry of Education and Immigration New Zealand the introduction of procedures to provide students with efficient support to enrol into courses that will support their long term objectives.

13.2 Taking action locally

This report has identified specific issues that are important for the labour market to work efficiently and effectively. In an ideal world, all immigrants will be able to secure jobs in their field of study and preferred occupation shortly after arrival. Unfortunately, in too many circumstances, this is not the case. This report has indicated various issues that contribute to barriers and difficulties for new migrants. The following table is a summary of the main issues that has been identified in our research.

Issue	Interested parties	Further actions, information or research required	Role of WRS
Attracting more skilled migrants			
Essential Skills in Demand Lists If companies are not aware of the process of attracting the right skills and are not vocal towards MBIE, their skills shortages will not be	Business networks MBIE Grow Wellington	It might be plausible to investigate the appointment of a Wellington industry expert to assist in increasing awareness of the attraction of skilled labour and with	Creating awareness and support for companies and industries on ensuring that they provide enough information to MBIE to attract the right skills

addressed and included onto the Skills Shortages Lists		the MBIE negotiations to update skills needed for industries in Wellington	
Foreign qualification recognition Anecdotal evidence that migrants work in occupations lower than their qualifications	NZQA Grow Wellington Community Groups	Further research is needs to quantify the "brain waste" for especially the Wellington region	Securing funding and partners to commission this work to inform policy decision making on this "brain waste"
Information sources for new migrants Skilled migrants are more likely than any other group to source information from the internet.	WRS Business groups	Further research on how and at what level current skilled migrant networks are being utilised to attract more migrants	Support further efforts to promote Wellington through more targeted internet search engines and websites dedicated to promoting Wellington companies and positions available in the Wellington job market.
Ensuring that migrants settle long term			
Lack of Kiwi work experience	Business groups WRS		Partner with local business networks to encourage "in work placements" to increase exposure to Kiwi work environments
Temporary workers are an important source of labour and one third of work visa holders will eventually become residents	Business groups MBIE	Further research into the industries in Wellington that has a high temporary visa workforce to understand the dynamics	Awareness of the disconnect between temporary visas and permanent residency visas
Language skills Language acquisition is a critical step in the process of securing a job and integrating into the community	Government Ethnic Community Groups WRS Education providers	Asian migrants, especially from North Asia tend to fare less well than other migrants in the New Zealand labour market, especially due to English proficiency. Need further information on what can be done to	Working with Government, businesses and community groups to provide access to English language classes and social interactions to improve English proficiency

		improve this situation.	
Testing English proficiency	WRS Educational Institutions		Providing vehicles to test English proficiency to support and develop language skills of migrants
Supporting small businesses			
Lack of support systems to assist migrants to set up own businesses Research has shown that the most common problem in setting up a business were speaking English, employing staff, knowing the right people, obtaining finance and operating within the New Zealand business environment	WRS Grow Wellington Business networks Ethnic community groups	Further research specific to Wellington on the experience of migrants in business in Wellington region	Investigate setting up a support programme with local networks of local support services and the business community to support migrants in setting up businesses as well as building networks within the business community
Labour needs are different for small businesses Anecdotal evidence shows high levels of frustration with the immigration systems' inability to provide small businesses with the skills that is needed in their business. These aren't necessarily highly skilled jobs.	WRS Business Groups Grow Wellington	Further research of small business owners around the following issues: consistent policies with visa processing, engagement with INZ and Immigration officials	Develop a strong labour market profile on small business in the region to share with Government. It could also provide assistance for further training of immigration officials to support especially the small business community in Wellington region.
Growing the education sector			
Anecdotal evidence that international Students, primarily those from Asia, are coaxed into courses of study that will not achieve their long-term objectives	MoE Universities ITP	Developing evidence base to gauge if this anecdotal evidence is widespread	Investigate options for working with Ministry of Education and the tertiary institutions in Wellington to establish if students are studying the most appropriate fields for their ability and interests.

13.3 Next steps – recommendations for Phase Two

From this research we would recommend that the WRS has a two tier focus. Firstly on policy related issues and secondly on specific actions to support the attraction of migrants and ensuring their integration within the labour market.

The most significant policy related issues for Wellington is to ensure that immigration policies support the flow and settlement of labour in the region. Apart from advocating for efficient national policy issues we would recommend that the focus is on:

- **Understanding the impact of the non-recognition of international qualifications to be able to influence policy direction.** The failure to have qualifications recognised can have a significant impact on how an immigrant integrates into the workforce. If foreign trained professionals are unable to engage in the workforce due to problems with foreign credential recognition, their integration and quality of life as well as Wellington's economy are affected. Need to understand what "brain waste" currently exists and what potential is being missed in terms of labour market opportunities.
- **Understanding the barriers and opportunities for international students to transition into work.** The majority of students who transition to permanent residence in New Zealand do so as skilled or business migrants. The research also showed that the pathways to work and residence can be complex, and encompass many points of transition. The focus should be on investigating the barriers and opportunities at the different transition points to influence policy development to support smooth transition into work for international students.

We would also recommend that the following programme of actions be completed in Phase 2 to support policy decisions to attract migrants and ensure their integration within the labour market in Wellington:

- **Investigate the appointment of a Wellington based industry expert** to assist in increasing awareness of the Essential Skills and Demand lists in Wellington based businesses as well as assist MBIE in updating the Essential Skills and Demand lists with skills needed in Wellington
- **Research into the real skill needs for the region.** Including research into why there are such a high number of temporary visas in specific occupations like Software & Application Programmers and Multimedia Specialists.
- **Facilitate the development of informal skilled migrant networks in Wellington.** This will enable tapping into migrant networks to attract skilled migrants to Wellington through current networks.
- **Securing funding and research partners for**
  - **further research into quantifying the "brain waste" phenomena.** There is anecdotal evidence that this is a rather prevalent issue. Need to develop an evidence base on the brain waste to be able to inform policy decisions.
  - **further research of small business owners and their operational and skill needs.** Especially on consistent policies with visa applications, engagement with INZ, skills needed as well as what level of support is needed by migrant business owners.

- **Investigate a partnership scheme with local business and Government to encourage "in work placement" for migrants.** Lack of Kiwi work experience is seen as a significant barrier to entering the labour market. Need to create employment opportunities for migrants to build up local experience.
- **Gathering further information on lack of English proficiency for especially migrants from North Asia to develop vehicles to test and improve language proficiency.** Developing an evidence base on the level of English proficiency of migrants from especially North Asia and the impact on entering into the labour market.

The issues identified in this report are numerous and complex. Therefore we recommend this phased approach to ensure that the most important issues are dealt with as soon as possible. The outstanding issues are not less significant and should be addressed in due course when resources become available.

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