

DRAFT

NEW ZEALAND CHAMBERS OF COMMERCE AND INDUSTRY

SUBMISSION TO THE DEPARTMENT OF LABOUR

ON THE IMMIGRATION ACT REVIEW

Introduction

- 1 New Zealand Chambers of Commerce and Industry is an umbrella organisation serving the interests of 34 Chambers of Commerce nationwide. These, in turn, represent over 24,000 businesses – most of the small to medium enterprises that are the backbone of business in New Zealand.
- 2 The Chambers exist to promote, support, and encourage sustainable, profitable businesses. Business is the key wealth creator in our economy. Sustainable, profitable businesses provide economic growth and ensure that additional resources are available to support our communities and create jobs for New Zealanders.
- 3 For businesses to achieve this, they themselves require an environment that is supportive, and a culture that encourages, rewards, and celebrates success in all its forms.

Policies for Sustainable Business Growth

- 4 To achieve sustainable growth, Government policy must be actively pro-business. The Government cannot run the business sector, but it can support it and remove barriers to its success.
- 5 New Zealand Chambers recognise that sustainability involves economic, social and environmental dimensions.
 - *Government recognition of business as our economy's wealth creator.* Provides predictability in government policy and creates the foundation for successful government/business partnerships.
 - *Acknowledgement of the compelling link between sustainable, profitable business, economic growth and the well-being of our community and the individuals within it.* Gears policy towards

greater reliance on positive business and economic growth, and decreased reliance on welfare.

- *The lowest possible tax base.* Encourages investment and encourages people to see New Zealand as a great place to work.
- *A low inflation environment.* Brings predictability to the business environment, enhances the cost competitiveness.
- *An emphasis on commercial research and development fostered and encouraged by the government.* Allows the development of leading edge technologies, provides new opportunities and contributes to the effective differentiation of products and services.
- *Leverage of the natural capital of our country through the use of information technology, biotechnology and production technology, and the active promotion of a positive enterprise culture.* Maximises business opportunities nationally and globally.
- *A high skill base and flexible labour market.* Enhances capabilities and maximises output.
- *Minimal compliance costs.* Allows business to focus on core activity and assists international competitiveness.
- *A flexible immigration policy.* Increases our skill base.
- *A supportive infrastructure.* Allows the cost-effective production and distribution of products and services.
- *An open economy.* Removes distortion and reduces costs.
- *A low tariff, low subsidy operating environment.* Facilitates market activity.
- *Positive government/business partnerships.* Gives strength and focus to mutually-agreed outcomes.
- *Strong international strategic alliances: government-to-government and business-to-business.* Increases market access, enables easier identification of market demand and provides technology-sharing opportunities.

IMMIGRATION ACT REVIEW

The New Zealand Chambers of Commerce and Industry welcome the opportunity to comments on this review. We see this review as well timed and a good opportunity for New Zealand to change paradigms on immigration policy. Unfortunately the discussion document does not make this shift.

In summary, we see **Immigration Policy as a central component of wider economic and trade policy**. New Zealand faces enormous demographic and skills challenges over the next fifty years. Sensible immigration policies offer the country the opportunity to address these challenges. Immigration policy therefore needs to be seen as **an opportunity to stimulate growth and address skills shortages**. It should not be seen primarily as a means by which we protect the security of our borders.

We see a clear tension between the key objectives which we favour and a desire to maintain the integrity of the border. This tension is all too apparent in the proposals contained in the discussion document with the idea of protection and control dominating the document. In our view this review focuses too much on the protection, and too little on the attraction of immigrants. We make specific comment on the questions raised in the discussion document below, but in summary we favour a clear purpose for our policy stating a primacy for a policy framework designed **to maximise the social, cultural and economic benefits of immigration**. To achieve this we would favour a re-think about where immigration policy is housed within the Government structure. The Ministry of Economic Development, New Zealand Trade and Enterprise, Ministry of Foreign Affairs and Trade or the Treasury, would we believe be a better home than the Department of Labour. The creation of an independent “immigration promotion agency” along the lines of NZTE or Tourism New Zealand is another possibility worthy of investigation.

We accept that the integrity of our borders is important, but don't see immigration policy as having this as a core focus. Why not shift full responsibility for the border to something akin to the US Department of Homeland Security? This would merge functions currently performed by the Department of Labour, Customs, and the security services, and would potentially deliver significant efficiency gains.

PURPOSE AND PRINCIPLES

We agree that the Act should have a purpose statement. We disagree with the purpose statement as proposed. The purpose should instead be **“to maximise the social, cultural and economic benefits of immigration”**.

We note that the discussion paper refers to “generating sustainable economic growth”, however, we see no provisions in the proposed legislation that would actually contribute to this objective. To avoid such a disconnect between our suggested revision of the Act's purpose and the rest of the act there will need to be a major revision of the contents of the Act.

As it stands the proposed contents of the Act is weighted far too heavily on enforcement. The re-write should be focussed on facilitation and encouragement. The ultimate goals should be to ensure that we achieve positive net migration flows sufficient for New Zealand to meet its economic growth target of getting back into the top half of the OECD per capita GDP table. This means achieving something close to 4% growth in GDP each and every year.

OTHER PROPOSALS

Given that we are suggesting a total re-write we don't want to spent much time discussing proposals which are clearly not suitable for the content of the new Act. However, to assist the re-draft we will comment on a few suggestions which cause us particular difficulty.

Compliance and Enforcement

We oppose all proposals to involve employers and education providers in compliance and enforcement of immigration policy. We believe that a number of the proposal in the discussion document will increase further the already heavy compliance costs burden on New Zealand businesses. Moreover we want employers and education institutions to be incentivised to employ more migrants, and attract more international students. There is a clear conflict between the discussion document's proposals and such incentivisation.

We object particularly strongly to proposals designed to impose new obligations on employers and education institutions. Instead we would favour a review of existing provisions with a view to reducing compliance and enforcement costs on businesses and removing penalties on employers and education institutions.

CONCLUSION

We welcome the review of the Act. We think that a paradigm shift is necessary if immigration policy is to be consistent with the country's wider economic policy settings. Unfortunately the discussion document does not deliver the change we are seeking. Government needs to start again. We have made a clear suggestion as to the appropriate starting point.

As a final suggestion, the New Zealand Chambers of Commerce and Industry would happily work closely with Government on the necessary re-design of the Act and the policy flowing from it.