



24 December 2021

New Zealand Productivity Commission,
PO Box 8036,
The Terrace,
Wellington 6143
Attention: Immigration Inquiry

Via Website

To whom it may concern

SUBMISSION TO THE PRODUCTIVITY COMMISSION ON THE IMMIGRATION INQUIRY

Thank you for the opportunity to present our submission on the Immigration Inquiry.

The Queenstown Lakes District Council (QLDC) supports work by the Productivity Commission in its inquiry into immigration. QLDC has several points of emphasis and recommendation to ensure immigration reflects the needs of both Aotearoa New Zealand and its local communities:

- Effective, tailored Migration Policy is essential to retaining Queenstown Lakes District's role in the national tourism economy.
- Changes to immigration policy settings need to be considered at a district or regional level.
- Changes to immigration policy settings can help to improve tourism productivity and address future skills needs.
- Changes to immigration policy settings need to be delivered using a transitional approach.
- Immigration policy, infrastructure planning and government policy need to align to ensure that the benefits of welcoming international migrants into the workforce are realised.

QLDC recommends that the Productivity Commission further considers the impacts of immigration in the regions as outlined in the attached.

Please note that this submission reflects the position of officers and has not been ratified by full Council.

Thank you again for the opportunity to comment.

Yours sincerely,



Jim Boulton
Mayor



Mike Theelen
Chief Executive

SUBMISSION TO THE PRODUCTIVITY COMMISSION ON THE IMMIGRATION INQUIRY

1.0 Background

- 1.1 Queenstown Lakes District is an essential component of the national tourism economy, responsible for 43.7% of Aotearoa New Zealand's largest export industry¹.
- 1.2 The district's economy is dominated by the tourism and hospitality sectors, which have historically offered lower than average wages in a place with a higher than average cost of living². Before the pandemic, the average unemployment rate was very low in the district and migrant workers were a necessity for the operation of local businesses³.
- 1.3 Queenstown Lakes District is also an area of high growth, with resident numbers growing at a higher rate in comparison to other areas in Aotearoa New Zealand⁴. Nonetheless, on a peak day, visitor numbers exceed resident numbers by 134%⁵, illustrating the need for migrant workers to supplement locally based staff. Having taken the impact of COVID-19 into account in its projections, QLDC notes this is likely to remain unchanged over a ten year horizon⁶.
- 1.4 COVID 19 has had a significant negative impact on many aspects of life in the district. In 2020, QLDC advocated extensively for its migrant worker community, many of whom were left suddenly without work and without any means of government support. In the district, there were 5,330 welfare requests received from people on employment or short stay visas⁷. The impact on the economic profile of the district has been profound and many businesses have closed. However, those that have remained now struggle to attract New Zealanders into a sector that has been severely affected by uncertainty and border closures⁸.
- 1.5 The QLDC has recently joined the Welcoming Communities scheme established by Immigration New Zealand and will be developing a detailed Welcome Plan for migrants joining its communities. Migrants make up a large proportion of our residential community and QLDC is committed to continuing the development of a community that is diverse, inclusive and supportive.
- 1.6 QLDC strongly supports the inclusion of Te Tiriti principles in the development of new immigration policy. Te Tiriti interest in immigration should be developed in partnership with iwi.

2.0 Effective, tailored Migration Policy is essential to retaining Queenstown Lakes District's role in the national tourism economy

- 2.1 In the Queenstown Lakes District, the tourism and hospitality sectors are reliant upon international migration to fill roles. Without effective policy settings, the district's ability

¹ <https://ecoprofile.infometrics.co.nz/Queenstown-Lakes%2bDistrict/Tourism/TourismGdp>

² <https://ecoprofile.infometrics.co.nz/queenstown-lakes%2bDistrict/PDFProfile>

³ <https://ecoprofile.infometrics.co.nz/queenstown-lakes%2bdistrict/Employment/Unemployment> In 2019, Queenstown Lakes had an average unemployment rate of 1.1%,

⁴ <https://www.qldc.govt.nz/your-council/council-documents/queenstown-lakes-spatial-plan>

⁵ <https://www.qldc.govt.nz/community/population-and-demand>

⁶ <https://www.qldc.govt.nz/community/population-and-demand>

⁷ <https://www.qldc.govt.nz/recovery/recovery-intel-report>

⁸ <https://jobfix.co.nz/blog/no-quick-fix-for-queenstown-s-labour-market-mess/> For the month of November 2021 there were 891 ads for jobs on a local job site, however many employers (offering higher than market rates) are reporting no applications from New Zealanders.

to deliver a high quality visitor experience will be under threat. This will further impact on the sectors ability to deliver the financial benefits to the national economy which have been a strength in the past.

- 2.2 Recently, a scarcity of workers has caused wages to rise 2.6% more than the average growth in annual income nationally⁹. Whilst this is a positive development for the wellbeing of the district's workforce, it is important that this growth is also sustainable, enabling businesses to thrive and employ over the medium to long term. If short-term wage growth outstrips profit growth, the imbalance will cause more tourism and hospitality businesses to close and to suffer further job losses.
- 2.3 QLDC supports the objectives of the Productivity Commission's inquiry into immigration, noting that effective immigration policy is essential to the economic wellbeing of the district. Policy settings urgently need to be adaptable to changing needs and to align with other policies and development considerations at a national, regional and local level.
- 2.4 QLDC has a number of pieces of research that may be useful in considering. Two key topic areas are:
 - 2.4.1 the impact of lockdown and border closures on the district
 - 2.4.2 the lifetime value of the visitor – an aspect of which is to understand the relationship between visitation and migration

Whilst this research is still underway, QLDC would be happy to share this data to inform the ongoing work on immigration reform in Aotearoa New Zealand.

3.0 Changes to Immigration policy settings need to be considered at a district or regional level

- 3.1 As demonstrated, QLDC's migration profile and workforce needs are different to many other parts of Aotearoa New Zealand. QLDC recommends that regionally-tailored migration settings are needed to meet the current and future workforce needs of the district.
- 3.2 Historically, many roles in the district have been filled by working holiday visa holders, the majority of whom are largely transient and seasonal workers¹⁰. This turnover required 6,000 jobs to be filled per quarter, demonstrating the district's dependence on immigration. Greater flexibility of work arrangements are needed to alleviate the current labour shortage in the district. Removing the conditions that tie migrant workers to a specific employer should be reviewed.
- 3.3 Immigration policy needs to balance the needs of people moving into the country and a one size fits all approach. The wellbeing of people moving to New Zealand and specific needs they may have while doing so need to be addressed as not all migrants are equal, however, the pathway to migration needs to be broad enough to be easily understandable to an average applicant.
- 3.4 QLDC would welcome the opportunity to work with government to develop regionally-tailored policy settings to address the district's unique and specific needs.

⁹ Current Conditions in Queenstown Lakes' Labour Market Report December 2021 - Average incomes in Queenstown-Lakes across the October 2021 year were a record \$58,813, which was up a rapid 8.5%pa from the previous year. By comparison, average annual income has grown by 5.9% nationally.

¹⁰ Current Conditions in Queenstown Lakes' Labour Market Report December 2021 - Taxation data shows that the worker turnover rate in Queenstown-Lakes each quarter averaged 25% over the September 2019 year before COVID-19, compared to 16% nationally. A 25% worker turnover rate each quarter was the equivalent to just over 6,000 jobs per quarter that needed to be filled.

4.0 Changes to immigration policy settings can help to improve tourism productivity and address future skills needs

- 4.1 The tourism and hospitality sectors have historically low productivity¹¹ and one of the potential interventions to improve productivity is to stimulate the use of new technology and to improve business efficiency.
- 4.2 Efficient technology solutions are widely utilised internationally and there is a significant opportunity for skilled migrants to train, develop and stimulate the use of appropriate platforms in Aotearoa New Zealand. Skills transfers and accelerated adoption of new technologies can be highly beneficial for migrants, businesses and the wider economy alike.
- 4.3 Immigration policy currently places a high administrative burden on employers, which is particularly challenging for small businesses. Any opportunity to reduce that burden should be explored, as it would help to improve business efficiency and potentially productivity within the tourism and hospitality sector.
- 4.4 Removing the conditions that tie migrant workers to a specific employer and role type may also alleviate the current labour shortage in the district by allowing flexibility of work arrangements. This could also alleviate migrant stress of being tied to an unsuitable employer and curb the risk of migrant exploitation.

5.0 Changes to immigration policy settings need to be delivered using a transitional approach

- 5.1 QLDC recommends that any changes to immigration policy settings are phased or staged according to a transition plan. Given the broad range of immigration employment scenarios in the district, there will unavoidably be examples where the change in practice is significant and disruptive. A transitional approach will help to smooth the impact of the changes and provide an equitable outcome for all businesses.
- 5.2 Given the particular profile of the Queenstown Lakes District workforce challenge, QLDC would welcome the development of a Regional Partnership Agreement (RPA) to recognise distinct workforce needs in the collaborative development of a sustainable workforce strategy.

6.0 Immigration policy, infrastructure planning and government policy need to align to ensure that the benefits of welcoming international migrants into the workforce are realised

- 6.1 In order for Aotearoa New Zealand to realise the benefit of increased levels of international migration, the system needs to be primed to enable easy inclusion. Alignment is needed across all physical and social infrastructure policy areas, including housing, health and education. Investment in community development and connectivity will be required.

¹¹ <https://ecoprofile.infometrics.co.nz/queenstown-lakes%2Bdistrict/PDFProfile>