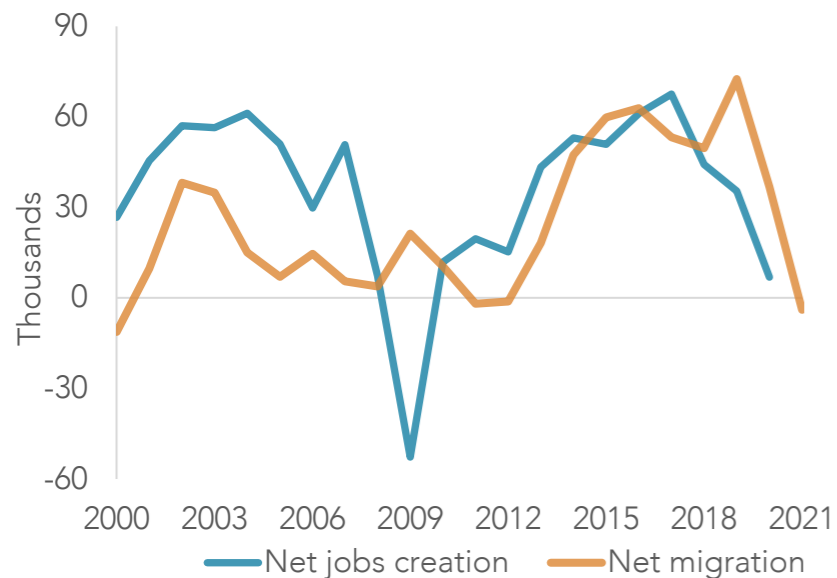


Immigration: Fit for the future

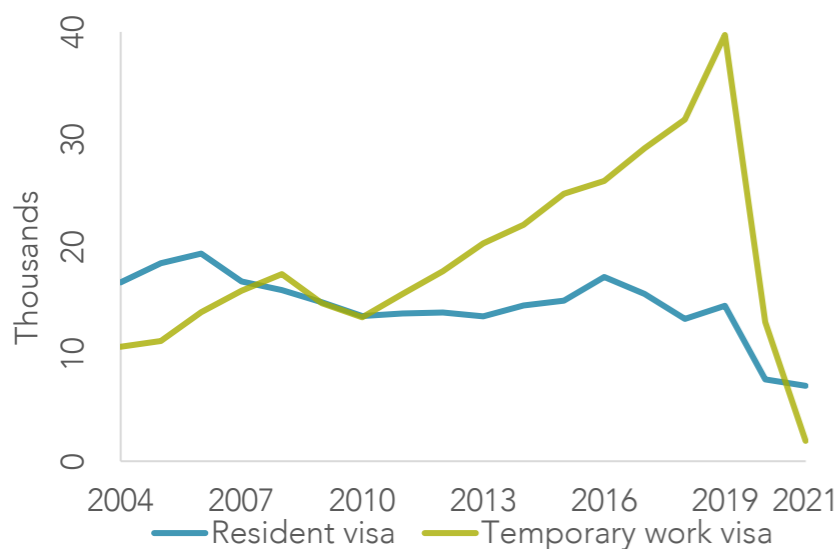
New Zealand Productivity Commission, May 2022

Immigration has a small positive effect on productivity, wages, and employment but must be managed alongside absorptive capacity

Immigration is a positive force...



- does not systematically displace jobs for locals:
 - job creation and net migration move together at national, regional and industry levels
 - pockets of displacement should be targeted with education, training and empowering active labour market policy
- compensates for outflows by tilting policies towards high-skill immigration



... but it can also

- undermine incentives for education, training, and innovation, if focused on short-term fixes
- congest social and physical infrastructure if not balanced with investments in absorptive capacity
- increase some elements of absorptive capacity: more builders, nurses, doctors, and teachers improve social and physical infrastructure

We make 24 recommendations, including to:

- encourage wages to reflect scarcity rather than exempt specific industries, firms, and occupations from general labour-market rules
- reduce the use of shortage lists for approving temporary work visas and design them to inform education, training, active labour market programmes and resident-selection priorities
- make shortage lists data-driven and based on a set of indicators including vacancy data, wage movements, and demand for migrant labour

Government Policy Statement (GPS) on immigration can regularly (re)balance long-term benefits and short-term challenges

GPS to deliver coherent immigration settings, balancing predictability and flexibility

- reflect Te Tiriti o Waitangi in immigration policy
- clarify immigration policy objectives and connections to other government objectives including
 - education and training policy
 - investments in absorptive capacity
- set relative priorities balancing the short- and long-term goals by
 - explaining how the demand for temporary and residence visas will be managed
 - supporting infrastructure planning and investment, and education, training and labour market policies by projecting future migration rates and composition
- engage with Māori, communities, and businesses by compiling data and performance indicators regularly

