

# **Migration and Auckland city**

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**by Mattia G. Barbera**

The author is solely responsible for the content of this publication. The views expressed may not necessarily reflect the views of the Auckland City Council.

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## A. Executive summary

The Auckland City Council Economic Development Strategy is based on a vision of a productive and globally connected Auckland economy, delivering jobs, higher incomes and an improved standard of living for all Aucklanders. A key goal underlying this vision is that the city has skilled adaptable and educated people leading to a labour force that meets the economy's needs.

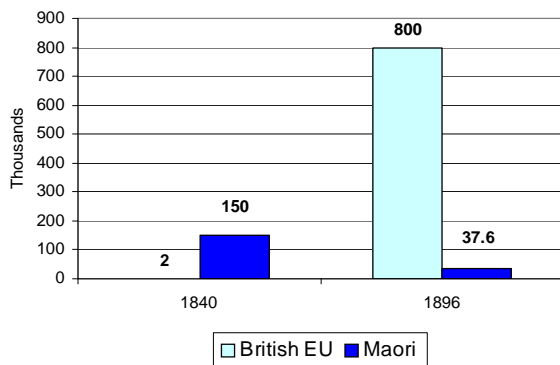
As a means of informing actions that Auckland City Council could take to realise this outcome, the council's Economic Development group has undertaken a series of research projects. This document provides one of those research projects focussed on the role of migrants in the New Zealand and Auckland labour markets.

### Migration - a shaping force

New Zealand is a "discovered" and "rediscovered" land. As such, both its ancient and recent human history is the result of migration flows. Therefore, migration could be described as the shaping force and a key driver of change of New Zealand's society, economy and natural environment.

After the Treaty of Waitangi, people were attracted by the British Empire to transform New Zealand into a "white, British and northern European colony". Migrants were not only needed to increase the size of the population and provide high and low skilled labour, they were colonizers who by means of law and, if necessary, sword occupied the territory and marginalized the Maori who were pushed to the verge of extinction (Figure 1).

**Figure 1.** New Zealand population by ethnicity. 1840-1895



Source: Statistics New Zealand

As New Zealand became an expanding British colony, its ties with the Pacific islands have, on one hand, increased the scope of citizenship and, on the other, represented a significant conduit to "outsource" labour. As the UK joined the European Community in 1973, New Zealand was forced to reinvent its economy and its place in the world increasing its ties with Australia and Asia.

The migration policy progressively abandoned racial biases in favour of labour and skills shortages. Asian migrants, particularly targeted by racist legislation and behaviours since the 1880s, have become the second and fastest growing ethnic group after Europeans among immigrants since the 1980s.

Further, the labour market was deeply affected by the

economic reforms of the 1980s and at the same time it also became increasingly integrated, through migration, with the international labour market.

### A moving planet

Today global migration is a massive phenomenon that affects almost 200 million people worldwide each year. New Zealand receives around 2 per cent of the total permanent inflows of population. Migration flows are not unidirectional in time and space. A migrant can migrate, re-migrate and return home, more than once in a lifetime.

Today, most migrants come from the developing countries and move to developed countries. Yet, increasing and economically relevant movements of high skilled migrants are also happening among advanced economies.

While legal migration is a regulated and relatively organized flow of people, undocumented migration is often a tragic adventure rarely finding a happy-ending. Undocumented migrants feed the most voracious human exploiters with high profit margins and often with their own lives. However, New Zealand's isolation provides a powerful security shield towards these undocumented flows.

### New Zealand's immigration policy

New Zealand's present immigration policy which evaluates personal skills through a point system, reflects the focus on the labour market firstly introduced by the Immigration Act of 1987 which radically modified the previous focus on ethnicity.

Its evolution reflects the aim of specifically targeting skilled labour shortages that, through time, were identified by analysts and the business sector as the main constraint to increased productivity and economic growth.

The result of this bias in favour of skills and qualifications has been that New Zealand now has amongst the highest proportion of foreign born nationals with a tertiary qualification in the OECD (5<sup>th</sup> out of 25 countries in 2004), coupled with this migrants make up a large share (26 per cent) of the population in New Zealand.

The dominant role that employers started playing in the definition of the immigration policy shifted the balance from labour market policies that focussed on supply considerations, to a policy framework that focussed on labour demand as the main driver. In 2003 the general skills category was replaced by a skilled migrant category. Additionally, the temporary immigrant was provided with a possibility to obtain residence after a working period.

The immigration policy now allows for temporary and permanent flows of labour market related migrants responding to temporary and long-term skill shortages of the economy, as well as the interest in attracting businesspeople.

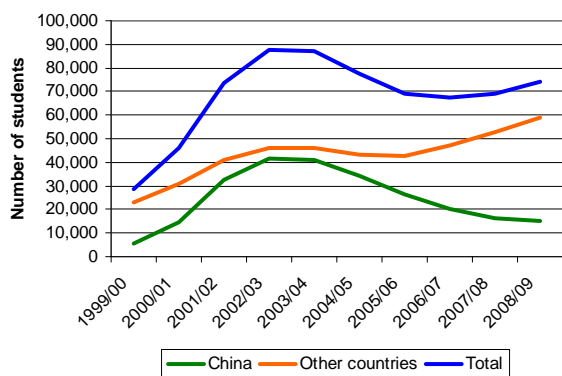
### Temporary migrants

The official objectives of New Zealand's temporary entry policy are to facilitate the entry of visitors, students, and

temporary workers to contribute to building strong international links, attracting foreign exchange earnings and addressing skills shortages.

The number of migrants coming to New Zealand for work or study over the decade to 2008 has grown rapidly. International student numbers have been decreasing since a peak in 2003, but increased again since 2008 (Figure 2).

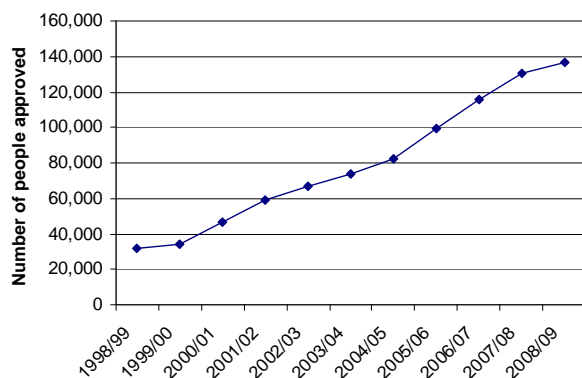
**Figure 2.** Foreign students in New Zealand, 1998–2009



Source: Department of Labour, NZ

The number of people issued temporary work permits in New Zealand grew 13 per cent on average between 1997 and 2008. In 2009 they accounted for more than 136,000 people (Figure 3).

**Figure 3.** Temporary work permits, 1998–2009



Source: Department of Labour, NZ

Migrants' work experience in New Zealand before residence is positively linked to their employment outcomes after gaining residence. Most residence approvals in 2009 had previously held a temporary permit (81 per cent of 46,097 approvals). An increasing number of international students gain permanent residence in New Zealand after completing their studies. These students are already partially settled in New Zealand and offer employers New Zealand qualifications.

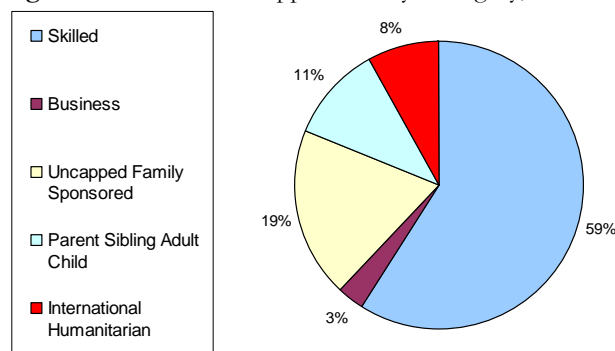
In 2009, the United Kingdom provided the most temporary work permit holders in New Zealand with more than 20,000 (15 per cent), followed by China (9 per cent). However, work permits granted to Chinese people decreased in 2009 by 18 per cent, while India continued

to show strong growth (24 per cent) as well as the Philippines. The number of work permits to people from Japan is on a steadily declining trend.

**Permanent migrants - in search of the perfect migrant**

People who want to migrate permanently to New Zealand must apply through one of the five residence streams of the New Zealand Residence Programme shown by Figure 4.

**Figure 4.** Residence approvals by category, 2009



Source: Department of Labour, NZ

**Skilled migrants**

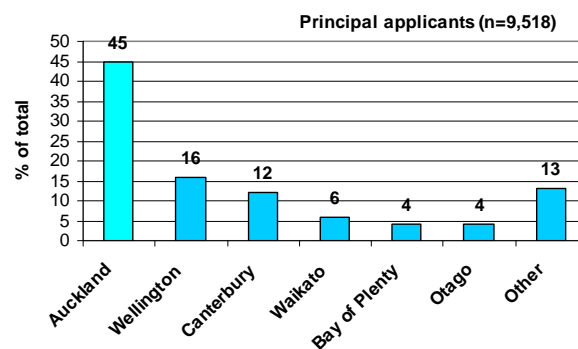
In 2009, 46,097 people were granted permanent residence in New Zealand: 62 per cent through a scheme designed to attract a skilled workers and business people that is 28,547 people.

The skilled migrant scheme is a points-based system designed to ensure that people migrating to New Zealand have the skills, qualifications, and work experience New Zealand needs.

The largest source countries in 2009 were the United Kingdom (19 per cent), China (15 per cent), and South Africa (12 per cent). South Africa's quota has increased by almost 30 per cent over the last two years. The average age of people approved for permanent residence was 29 years.

Forty-five per cent of the employed skilled migrants work in the Auckland Region (Figure 5), despite a provision that allows applicants to claim bonus points for having employment outside of Auckland. In 2009 more than half of all applicants (55 per cent) claimed bonus points for a job outside the Auckland region.

**Figure 5.** Skilled Migrants: region of employment, 2009



Source: Department of Labour, NZ

## Business migrants

The Business Immigration Policy aims at attracting entrepreneurial capacity and foreign investment. From 2003 to 2009, 16,743 people were approved for residence through the Business Immigration Policy. The main source countries were China (5,707), South Korea (4,243), and the United Kingdom (2,156).

Since 2006, the overall number of approvals through the Business Immigration Policy has dropped substantially (from 3,751 to 413). Only 33 people were approved residence through the Investor Category in 2009, while 187 applicants achieved a long-term business visa. The number of business visas granted has decreased considerably since the peak of 1,807 principal applicants in 2002.

The main reasons for this overall decrease were very stringent language and investment requirements.

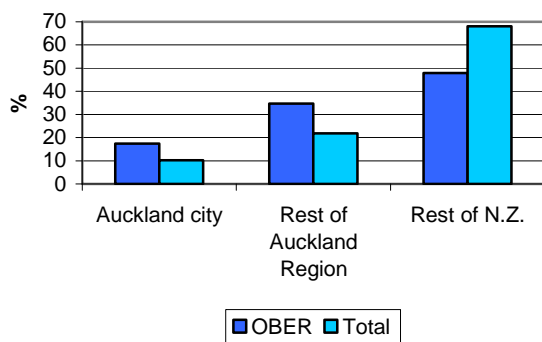
In July 2009, the Migrant Investment Policy was simplified. The main purpose is to increase the number of entrepreneurs but foremost to attract wealthy investors by relaxing age and language requirements. Therefore now there are only two categories of business migrants: Investor Plus and Investor.

### Auckland: a multicultural challenging reality

Auckland is undoubtedly the place where the relevance of migration is most manifest. Today Auckland is not only the international hub of New Zealand, but it is also among the ten most ethnically diverse cities of the world.

In 2006 more than one in three Aucklanders was born overseas. Overseas born employed residents (OBER) tend to concentrate in Auckland city. In fact, while Auckland city's quota of employment is around 10 per cent, more than 17 per cent of overseas born employed residents work here (Figure 6).

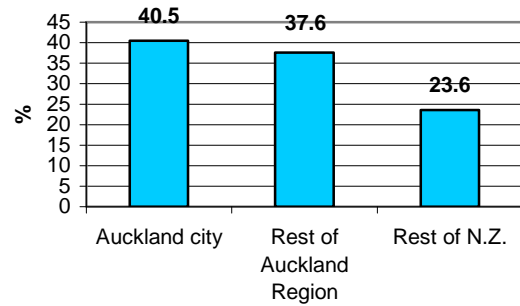
**Figure 6.** Distribution of OBER and total employed by area. 2006



Source: Statistics New Zealand

The participation of migrants in Auckland's labour market is striking: the more than 82,000 immigrant workers employed in Auckland city represent 40.5 per cent of its total employment (2006), compared to 37.5 per cent in the rest of the Auckland Region and "only" 23.6 per cent in New Zealand, that is 469,000 people (Figure 7).

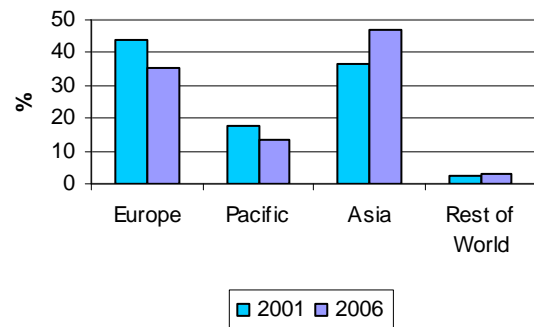
**Figure 7.** Immigrants as a percentage of total employed by territorial authority. 2006



Source: Statistics New Zealand

The majority of employed migrants working in Auckland are Asian (46.8 per cent). Europeans, whose quota is rapidly shrinking over time, represented almost a third of immigrant workers in 2006. Pacific people's quota is also plunging, they represented 11 per cent of working migrant residents in 2006 (Figure 8).

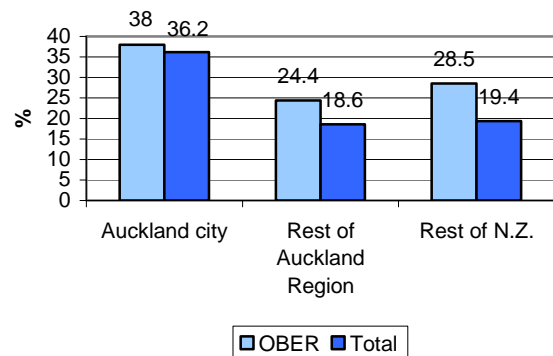
**Figure 8.** Working immigrants' ethnicity in Auckland city



Source: Statistics New Zealand

On average, employed immigrants are more qualified than national employed. The higher level of educational degrees of migrants is particularly evident at the Auckland Region and at the national level (Figure 9). In Auckland city, 38 per cent of overseas born residents have an education qualification equal or superior to Bachelor Degree, as compared to 36.2 per cent of total employed.

**Figure 9.** Percentage of OBER and of total employed population who have an education qualification equal or superior to Bachelor Degree (7 upwards). 2006

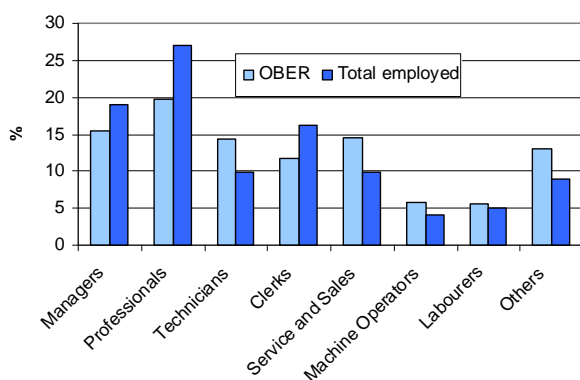


Source: Statistics New Zealand

Auckland city's migrants work predominantly in high skilled occupations such as professionals, managers and technicians, while in low skilled occupational categories migrants are normally underrepresented (Figure 10). Professionals is the most important occupational category among Auckland city's employed migrants, representing almost 20 per cent of the total.

However, compared to the total working population in Auckland, migrants are more represented in the technicians occupation, rather than, as the educational levels would suggest, in professionals and managers. This is probably due to higher barriers to entry for regulated occupations (e.g. doctors, lawyers, etc).

**Figure 10.** Occupation category of overseas born residents (OBER) and total employed in Auckland city. 2006



Source: Statistics New Zealand

### Main economic contributions of migrants

An obvious and fundamental contribution of immigration is increasing the population. By increasing the population, private demand increases and finally the size of the economy grows, both in quantitative and qualitative terms. This effect is particularly relevant for Auckland city.

Temporary and permanent flows of migrants help to attract global talent to address skill shortages and bring capital, expertise, and international connections to build the workforce of Auckland and New Zealand.

There is no data to statistically support the allegation that immigration increases productivity and innovation in the New Zealand context, though the skill and educational levels of migrants tend to suggest relatively higher productivity. Studies conducted abroad support this economic benefit of migration.

The economic benefits of migrants are increased by settlement policies that support their integration in a multicultural society as well as professional and businesses' advisory policies that aim to improve their integration into the labour market. In addition, the effective matching of their skills and occupation improves the productivity and international competitiveness of the economy.

Another fundamental economic contribution of migration is its capacity to alter the demographic structure of the hosting country, modifying its age structure (in 2008 the average age of people approved for

residence was 30 years). For ageing societies like New Zealand, the inflow of young and productive people makes the social security and welfare more viable through time. The destination country (NZ) acquires a human resource, free riding all the costs related to its education and health, which were borne by the skilled migrant and its country of origin.

Migrants have a very positive impact on public finances, according to the Department of Labour. In 2006 migrants contributed 68 per cent more in taxes than they received in benefits and services (compared with the New Zealand-born population's 13 per cent). Therefore, migrants contributed 24.7 per cent of government revenue and accounted for only 18 per cent of government expenditure.

As Auckland city and region are the main settlement areas of immigrants, migration flows have a significant impact on the housing market (residential and commercial). In combination with the natural population growth, migrants are the main driver of growth for the housing/construction sector - a sector that is among the most important to the city's economy with a high share of employment.

### Improving migrants' productivity...

Assessing the matching of labour demand and the skill shortage lists (short and long term) is of paramount importance in understanding whether New Zealand's immigration policy approach has produced the desired results. Effective matching is as important for those who manage the policy (labour demand), as for those who are selected through it (labour supply/immigrants).

Further, while immigration policy directly controls the supply of migrants into NZ, their availability (whether they choose to emigrate to NZ or to go somewhere else) depends on a global context where exists an internationally mobile pool of 'talent'.

The New Zealand process seems robust and responsive to employer requirements. Yet in practice, there appears to be ongoing mismatches between skilled migrants and employer demands. The debate over this issue is slightly controversial, as the Department of Labour assessments show that the policy streams provide for an almost perfect matching between labour demand and supply, whereas some surveys and less formalized evidence suggest a certain degree of mismatching.

As a consequence, a number of initiatives have been launched, both by the private and the public sector to maximise the economic benefits of immigration flows. One such initiative in Auckland is OMEGA (Opportunities for Migrant Employment in Greater Auckland) which aims to match highly qualified migrants with Kiwi mentors to help them achieve employment that matches their skill set. As well as the retention of skilled migrants over time, these initiatives also aim to reduce the under-employment of skilled migrants and improve their well being.

### ... and improving their life

Multiculturalism is about not only recognizing different value systems and cultural practices within societies, it is also about building a common commitment to core, non-

negotiable values, such as human rights, rule of law, gender equality, diversity and tolerance. Multiculturalism emphasizes not only the freedom of individuals to express and share their cultural values, but also their obligations to abide to mutual civic obligations. This is not an automatic outcome of immigration; its achievement is the result of specific policies that must be actively managed.

Many public policies, and in particular at the Auckland local level (i.e. the Auckland Settlement Strategy), have been designed and implemented in order to assist and address the post-migration phase, the settlement of selected migrants in a more supportive way and to help the society deal with diversity in a positive and constructive way.

As it is important to attract immigrants, it is equally important to retain skilled nationals and businesspeople. In New Zealand emigration is also very strong and plays a significant role in population fluctuations. Of the 600,000 Kiwis living abroad, 477,000 live in Australia and 58,000 in the U.K. This could negatively affect the economy, although the occupational categories where emigration is particularly significant are the less skilled categories (machinery operators, elementary occupations and service and sales). However, as more than 30 countries have policies to attract skilled migrants, if the economic performance of the country does not keep pace with the rest of the world, working abroad could become more attractive and the risk of a brain drain could increase.

## B. Introduction

New Zealand is a “discovered” and “rediscovered” land. As such both its ancient and recent human history is the result of migration flows. Therefore, migration could be described as the shaping force and the main driver of change of New Zealand’s society and natural environment.

However, in the present globalised world, where trade and financial flows are accompanied by unprecedented migration flows, New Zealand is also a geographically isolated country, whose borders are sealed up by brave seas.

Thus, while New Zealand is almost genetically open to the rest of the world, its isolation provides strong and inexpensive security barriers “against” undocumented migration flows, giving New Zealanders the almost worldwide unique power to regulate the flow of immigrants by the way of the immigration policy. While international (Pacific) and humanitarian flows are also related to historical ties and international relations policies, immigrants are mainly conceived as pre-selected external contributors to the national economy and, in particular, its labour market.

On the contrary, other nations often just strive to deal in one way or another with the torrent of lives that pushes against their more permeable borders, springing at a pace of almost 79 million people a year out of an already 6.8 billion people planet<sup>1</sup>.

This “isolation uniqueness” not only limits the scope of this research, but also increases its significance as it allows the analysis to be limited to the impacts of legal migration flows on the labour market and to relate them directly and coherently to New Zealand’s immigration policy. Yet, this singularity also poses a more stringent political and theoretical responsibility on the policymakers and the institutions that are involved in the elaboration and implementation of the immigration policy.

This report is complemented by detailed statistical analysis, based on data provided by national sources (mainly Statistics New Zealand and the Department of Labour) as well as international ones (mainly the Organization for the Economic Development and Co-operation –OECD- and the United Nations).

This report first outlines a brief overview of the historical evolution of the New Zealand’s immigration policies.

The second section is devoted to the analysis of the recent global migration trends.

The present NZ immigration policy is then described in the third section, together with a statistical analysis of recent migration trends based on the data and analysis of the Department of Labour.

The role of migrants in Auckland’s labour market is the object of the fourth section, based on the elaboration of Census data - Statistics NZ.

A key challenge of New Zealand’s immigration policy is the matching between its selection criteria and the labour market’s needs so that, on one hand, immigrants are enabled to realise their full personal, educational and employment potential and, on the other, the society maximises the economic benefits from immigration. This issue is assessed in the fifth section. Finally, a broader consideration of the main economic impacts of migration is given in relation to the economy of Auckland and New Zealand.

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<sup>1</sup> **Undocumented /illegal immigration** refers to immigration across national borders in a way that violates the immigration laws of the destination country. There are no official data available but many sources assess it to be a phenomenon much bigger than the official one.

<sup>1</sup> This can create a significant distortion when comparing NZ immigration policy with that of other countries.

<sup>1</sup> See <http://www.teara.govt.nz/NewZealanders/NewZealandPeoples/HistoryOfImmigration/17/en>

# 1. From ethnicity to skills: a new and changing nation through new migrations.<sup>2</sup>

“In the late 18th and early 19th centuries, New Zealand was seen by Europeans as the most remote country on earth. Fifty years after Captain James Cook arrived in 1769, fewer than 200 travellers had ended up settling there. In contrast, there were 100,000 Māori. For most Europeans New Zealand was an unappealing prospect, a strange and lonely land reached after 100 days on dangerous seas; its coasts were thought treacherous, its inhabitants bloodthirsty. Only exceptional reasons led people to set off for such a distant corner of the globe.”<sup>3</sup>

## 1.1 *Populating and developing a British colony*

The history of migration to New Zealand is entrenched in the history of the British Empire, its colonisation policies as well as in its economic cycles.

Until 1839 there were only about 2,000 immigrants in New Zealand, but after the **Treaty of Waitangi**<sup>4</sup> was signed in 1840, their number grew exponentially and by 1852 there were about 28,000. The establishment of British authority gave British immigrants legal rights as citizens and helped ensure that most immigrants would come from the United Kingdom.

In the 1840s the **New Zealand Company** was founded and started assisting land investors, and labourers.<sup>5</sup> Of the 18,000 settlers who came directly from Britain between 1840 and 1852, about 14,000 were brought in by the company.<sup>6</sup>

**Auckland province initial settlement** was different from the rest of the country. Only a fifth of the three main groups of settlers to Auckland – assisted migrants, individuals and military settlers – in the 1840s came as assisted migrants, sponsored by the Colonial Land and Emigration Commissioners in Britain. Compared to the settlements further south, Auckland’s community included fewer families and more unmarried men, and the balance of nationalities was distinct. Well under half were born in England, and over a third came from Ireland. Many were Catholic, adding a distinct religious and cultural flavour to the town. Further south in New Zealand, there were only a tiny number of Irish.

**Provincial assistance.** In 1854 New Zealand’s provincial governments were given responsibility for immigration and, two years later, for land revenues which could pay for immigrants. Seeing immigration as the key to growth, most provinces had schemes. Copying the New Zealand Company, they used agents to push a positive view of the colony, and offer the carrot of free or assisted passages.

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<sup>2</sup> Based on Jock Phillips. 'History of immigration', Te Ara - the Encyclopedia of New Zealand. URL: <http://www.TeAra.govt.nz/NewZealanders/NewZealandPeoples/HistoryOfImmigration/en>  
<http://www.teara.govt.nz/NewZealanders/NewZealandPeoples/HistoryOfImmigration/1/en>

<sup>3</sup> Ibidem.

<sup>4</sup> Implicit in Māori agreement to the treaty was that more immigrants would come from the United Kingdom, Europe and Australia. Some Māori have argued that their ancestors agreed to allow immigration only from the countries named in the preamble to the treaty, and that regulation of immigration from other places is a matter that should be discussed with them as a treaty partner.

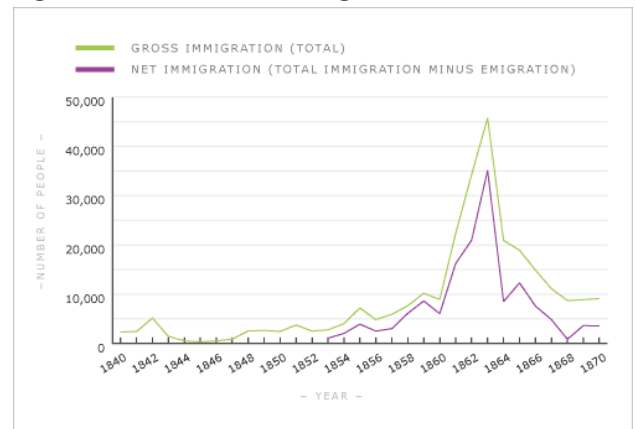
<sup>5</sup> The Company used books, pamphlets and broadsheets to promote the country as ‘a Britain of the South’, a fertile land with a benign climate, free of starvation, class war and teeming cities. Further, the company offered free passages to ‘mechanics, gardeners and agricultural labourers’.

<sup>6</sup> Cfr. ibidem.

**Auckland**<sup>7</sup> was the only area offering land grants rather than subsidising fares. The provincial agents tried to attract agricultural labourers, builders, bricklayers or masons. In order to even up the gender ratio and provide wives and domestic servants, single women were targeted and given free passages.

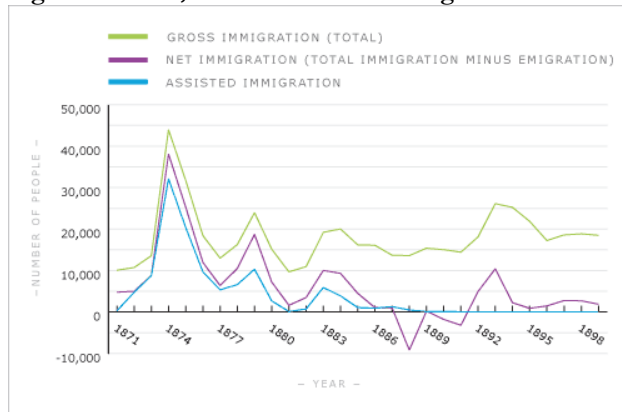
**The great migration: 1871 to 1885.** The migration of the 1870s was the biggest in New Zealand history. This influx radically modified the ethnic composition of the country and more than doubled the previous non-Māori population. However, as shown by **Figure 2**, migration was a two-way flow and only 60% of the new migrants decided to remain permanently in New Zealand. Supported by free passages, and a strong political vision<sup>9</sup>, in **1874** net migration surpassed 38,000 people, the largest annual increase until 2002.

**Figure 1. Gross and net immigration. 1840-1870<sup>8</sup>**



### *Economic downturn and racism*

**Figure 2. Gross, net and assisted immigration. 1871-1898<sup>10</sup>**



### **Depression and emigration: 1885 to 1900.**

The economic downturn (the so-called long depression) of 1880s and 1890s pushed net migration into negative territory (see **Figure 2**). Emigration towards Australia increased, as ‘marvellous Melbourne’ boomed in the 1880s. In the years from 1881 to 1900 the net gain from migration was only about 40,000 (almost 100,000 less than in the decade of the 1870s).

Simultaneously, the foreign-born non-

Māori population went from a half to under a third in 20 years.

<sup>7</sup> While Auckland offered assisted passages to domestic servants and builders, its main energies went into offering land to those who could pay their own way – 40 acres (16 hectares) per person aged 18 or over, and 20 acres for those aged 5 to 18. Agents were established in Britain, Ireland, Canada and Cape Town. In the years the scheme was operating (1858–68) 14,516 land orders were issued, accounting for probably half of Auckland’s immigrants in those years. Among them were the first group of settlers from Staab in Bohemia (now part of the Czech Republic), who established a community at Pūhoi.

<sup>8</sup> Source: Statistics New Zealand; Sample of death registers, ‘Peopling’ project, Min. for Culture and Heritage, Wellington.

<sup>9</sup> **Vogel’s ‘think big’.** The main reason for this flood was the free or assisted passages offered by the New Zealand government. Almost half of the new immigrants came with government assistance. Three-quarters of these sailed directly from the United Kingdom. The explanation for offering this help is found in the ambitious vision of Colonial Treasurer Julius Vogel. By 1870, with wool prices down and gold production in decline, New Zealand was in depression, and the New Zealand wars had created negative impressions overseas. Vogel believed that borrowing overseas funds could pay both for building railways and roads, and for large-scale immigration. This would not only create an economic boom; the new immigrants could settle on land purchased and confiscated from Māori, to engender social order and ‘British civilisation’. The Immigration and Public Works Act 1870 created the position of **agent general in London** to advance the immigration proposals.

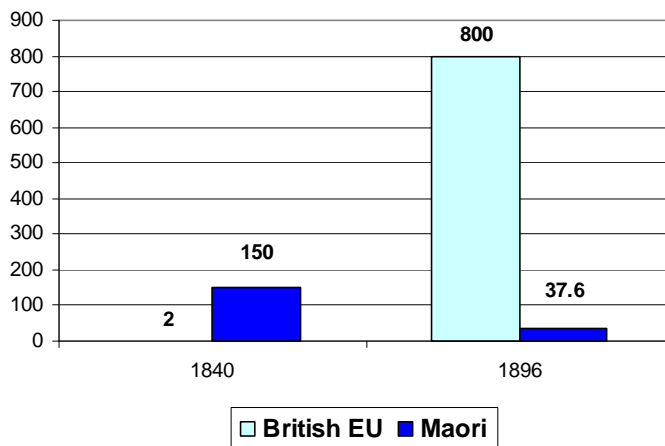
<sup>10</sup> Source: Statistics New Zealand; Sample of death registers, ‘Peopling’ project, Min. for Culture and Heritage, Wellington.

**Anti-immigrant legislation.** As economic conditions worsened, locals became less tolerant of newcomers, especially of those who were not Anglo-Saxon. The **poll tax on Chinese immigrants** in 1881 was followed in 1888 and 1896 by further discriminatory anti-Chinese acts<sup>11</sup>. One effect was that the number of Chinese in New Zealand was almost halved. In 1899 a law imposed an English-language restriction on all immigrants not of British or Irish parentage. Concerned about the impact of these restrictions on its own interests in China, India and Japan, the British government refused to assent to New Zealand's Asiatic Restriction Bill of 1896. The Empire could not afford such a degree of open racism.

In the 1890s there was a significant increase in Australians. News of work on the **kauri gumfields** in Northland filtered back to Europe, and by the turn of the century almost 2,000 Dalmatians had reached New Zealand's shores. But it was not long before they too began to suffer **discrimination**. The **Kauri Gum Industry Act 1898** preserved certain gumfields exclusively for British subjects. Meanwhile, a significant number of Indians arrived in New Zealand as well. Yet both in ethnicity and identity New Zealand remained overwhelmingly British.

In the first 55 years following the Treaty of Waitangi, the modification of the ethnical composition of New Zealanders driven by migration flows, dispossession, diseases and wars was dramatic (see **Figure 3**). **Māori** were reduced from approximately 150 thousand to around 37 thousand in 1895, while British/Europeans passed from 2 thousand to around 800 thousand. Māori were forced to the edge of extinction.

**Figure 3. New Zealand Population by ethnicity 1840-1896**



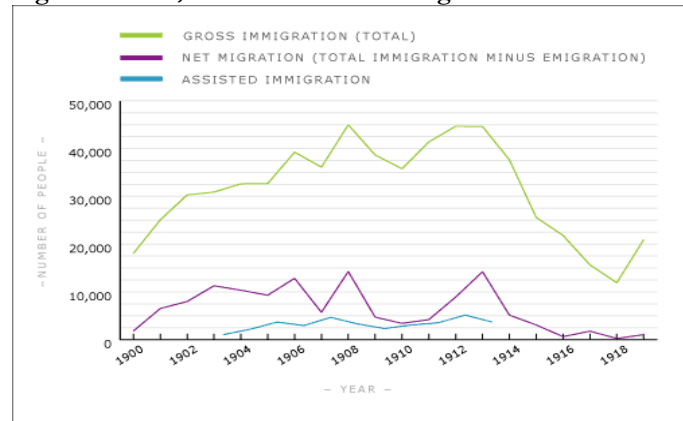
### **1.3 From Colony to Dominion.**

In 1907, six years after the formation of the Commonwealth of Australia, to which it did not want to adhere, New Zealand was designated a dominion rather than a colony.

<sup>11</sup> In 1881, during a debate in the Legislative Council, a speaker pointed out the hypocrisy in taxing Chinese immigrants before they were admitted to the colony: ‘When we first came to New Zealand did the Maoris ever impose a tax upon us? No: and I will venture to say that we have done a great deal more harm to the Maoris than the Chinese are ever likely to do to us. I think the people who come after us will be thoroughly ashamed and thoroughly astonished at what their progenitors have done, for it is simply an inhuman and barbarous measure.’ Henry Scotland, New Zealand Parliamentary Debates, 28 June 1881. Quoted in “Immigration regulation” by Ann Beaglehole, Te Ara, New Zealand Encyclopedia.

At the Chinese New Year celebration on **12 February 2002**, **Prime Minister Helen Clark** made this statement: “I wish to announce today that the government has decided to make a formal apology to those Chinese people who paid the poll tax and suffered other discrimination imposed by statute and to their descendants. With respect to the poll tax we recognise the considerable hardship it imposed and that the cost of it and the impact of other discriminatory immigration practices split families apart. Today we also express our sorrow and regret that such practices were once considered appropriate.”

Figure 4 Gross, net and assisted immigration. 1900-1919<sup>12</sup>



**Migration: 1900 to 1914.** The economic impact of the introduction of refrigerated ships was huge for New Zealand, as it opened up overseas markets for meat and butter. Dairy farming boomed and secondary industry and services grew. The need of workers reopened the doors to immigrants. Between 1900 and 1915 New Zealand's net population gain from immigration was just over 120,000 but the **composition of immigrants was much less diverse than before:** one-third of the immigrants came from Australia, and two-thirds from the United Kingdom.

**An Anglo-Saxon nation<sup>13</sup>.** With restrictions against Asians, and the number of Catholic Irish falling, New Zealand was becoming more English, more Protestant and less cosmopolitan. At a time of large-scale immigration, the number of New Zealand residents who were not born in the British Empire rose by a mere 63 persons between 1901 and 1916. Race was an issue. Then World War I (1914–18) put a stop to long-distance migration. From 1916 to 1919, the net increase of population from migration was under 3,000.

War intensified suspicion. Germans and Austro-Hungarians were prohibited from entering without a licence issued by the attorney general. Socialists were also targeted by the **Undesirable Immigrants Exclusion Act 1919.**

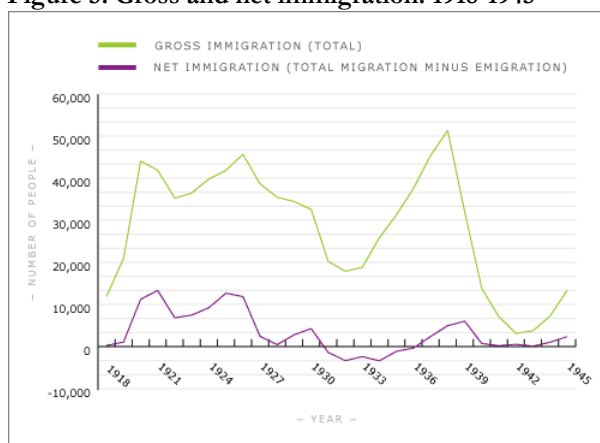
Hostility towards Asian people also grew stronger. Although in the 1916 census only 181 Indians<sup>14</sup> were recorded in New Zealand, anxieties grew that 'Hindu coolies' brought to Fiji under indenture might come on to New Zealand. When in the first half of **1920**, 174 Indians arrived in New Zealand along with 725 Chinese, the government passed the **Immigration Restriction Amendment Act**, requiring an entry permit for people 'not of British or Irish parentage'. That definition included 'aboriginal natives' of British Empire countries. A **'white New Zealand' policy** had been established. Prime Minister William Massey claimed the Act of 1920 was 'the result of a deep seated sentiment on the part of a huge majority of the people of this country that this Dominion shall be what is often called a "white" New Zealand.' Until 1974, the 1920 act determined who would be allowed to enter New Zealand.

<sup>12</sup> Source: Statistics New Zealand; Sample of death registers, 'Peopling' project, Min. for Culture and Heritage, Wellington.

<sup>13</sup> This was also the case in Australia as the first piece of legislation passed after federation in 1901 was the Immigration Restriction Act which codified the White Australia policy and had the intent of ensuring that "the prime national purpose...was to be a continent of unique racial purity".

<sup>14</sup> Like the Chinese, Gujarati and Punjabi Indians came originally as sojourners, not intending to settle permanently in New Zealand. In the late 1870s people began migrating from India to Fiji, where they worked as indentured labourers on sugar plantations. Before 1920 some Gujaratis would come to New Zealand en route to Fiji, or on their way back to India. Indian migration remained limited until after the First World War. It is estimated that there were around 100 Gujaratis in New Zealand in 1916; by 1921 there were 539. There were 200 Punjabis in that year. Cfr. "Immigration regulation" by Ann Beaglehole, Te Ara, The Encyclopedia of New Zealand.

**Figure 5. Gross and net immigration. 1918-1945**<sup>15</sup>



**Migration for the empire.** After the First World War migration from Britain to its empire gained strength also through new assisted emigration programs to the colonies, including Canada, South Africa, Australia and New Zealand (see **Figure 5**). The goal was to strengthen the British race by exporting men from crowded cities to healthy dominions, and women to areas where there was a surplus of men. For the first time the British government subsidised migration, starting in 1919 with a scheme to assist the migration of

ex-servicemen, and then with the **Empire Settlement Act 1922**, which provided support for family emigration to the dominions.

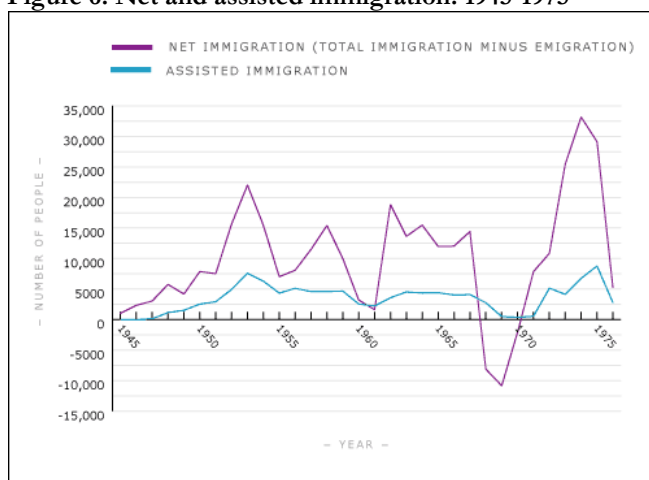
**1929: emigration.** The economic recession that hit New Zealand in 1929 soon became a deep depression from 1929. The country was no longer an attractive destination, and government assistance ceased. The Department of Immigration was shut down in 1932. Between 1932 and 1935, net migration was negative as 10,000 more people left New Zealand than arrived. In 1935 there was only one assisted migrant (see **Figure 5**).

**The Second World War: 1939 to 1945**<sup>16</sup>. The election of a Labour government in 1935 did not improve prospects for aspiring immigrants. Loyal to its working-class roots, the Labour Party was suspicious of immigration. Prime Minister Savage was blunt: ‘We are not going to pay anyone’s fare to come to New Zealand ... until we have solved our economic problems.’ The flow of paying immigrants was just reviving when war broke out in 1939.

## 1.4 From Dominion to Nation

In 1947 New Zealand adopted the Statute of Westminster of 1931, confirming that the New Zealand Parliament alone had the power to make laws for the country.

**Figure 6. Net and assisted immigration. 1945-1975**<sup>17</sup>



**Post-WWII period. Racism and economics conflict.** In 1946 a select committee was set up to look at ways to increase the population of New Zealand. Their report provided the principles for immigration regulations until the early 1970s. It was accepted that although most of New Zealand’s labour needs could be met through natural population growth, some immigrants would be needed to fill specific labour shortages.

<sup>15</sup> Source: Statistics New Zealand; Sample of death registers, ‘Peopling’ project, Min. for Culture and Heritage, Wellington.

<sup>16</sup> See Jock Phillips, quoted.

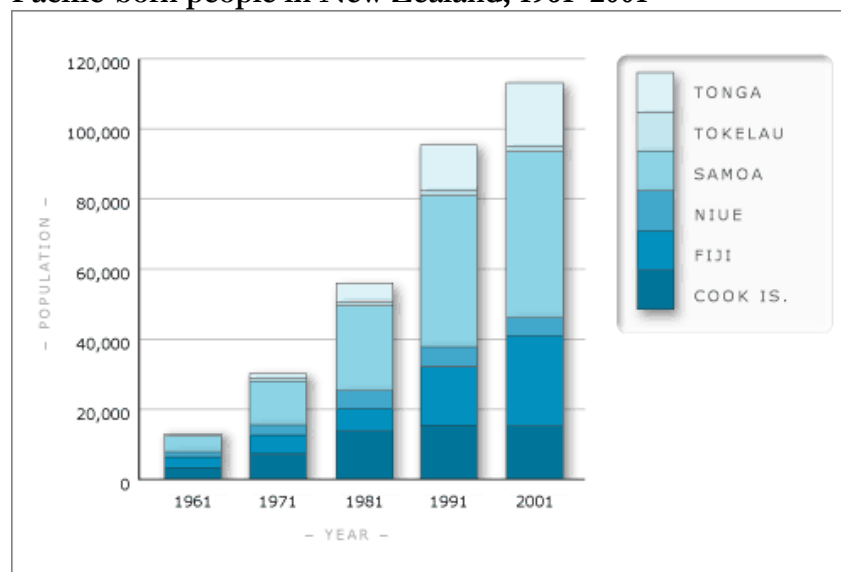
<sup>17</sup> Source: Statistics New Zealand; Sample of death registers, ‘Peopling’ project, Min. for Culture and Heritage, Wellington.

**Pacific Islanders.** Regulating the flow and determining the status of Pacific Island migrants became complex when larger numbers came after the Second World War to meet New Zealand's labour needs. Some Pacific Islanders are New Zealand citizens and have enjoyed freedom of entry (Cook Islanders and Niueans since 1901; Tokelauans since 1916). Other Pacific Islanders (including Tongans, Fijians and Samoans) have faced barriers. These have changed according to New Zealand's economic conditions and public opinion. When labour was short, Pacific Islanders had relatively unrestricted access to New Zealand.

By 1972 there were also over 50,000 Pacific Islanders living in New Zealand (up from 3,600 in 1951).

The following figure shows the rise in numbers of those born in the Pacific. Over the period the total increased by over 100,000, from just over 14,000. Even this underestimates the impact of Pacific peoples, since by 2001 if those born in New Zealand were also included, the total number of those with Pacific ethnicity was 231,801.

**Pacific-born people in New Zealand, 1961–2001**



Source: New Zealand census, 1961–2001

The selection criterion was foremost racial: preference was for people of British origin. If numbers of British immigrants were not enough, people from Scandinavia or Northern Europe would be considered<sup>18</sup>.

Post-war immigration **regulations continued to discriminate against Asians.** A Department of External Affairs memorandum in 1953 stated: ‘Our immigration is based firmly on the principle that we are and intend to remain a country of European development. It is inevitably discriminatory against Asians – indeed against all persons who are not wholly of European race and colour. Whereas we have done much to encourage immigration from Europe, we do everything to discourage it from Asia.’

A less obscure facet of the motives behind this racial discrimination was the intention of instituting a homogenous and cohesive society, based on national self-sufficiency and solidarity. Macro-economic and social forms of regulation that sought to protect and insulate the economy and workforce from external competition further supported these intentions. These included the monopolistic regulation of the market through state ownership and intervention

<sup>18</sup> New Zealand, Canada and Australia were not alone in recruiting and utilizing foreign workers to fuel population and industrial growth, but their approach was unique as unlike the guestworker programs adopted in the United States and Europe migrants were sought out as settlers and full citizens rather than temporary residents or denizens. This demonstrated that immigration policy was not premised upon creating labor pools whose temporal and institutional access to the national society were substantially truncated. Cfr. James Walsh, *Navigating Globalization; Highly-Skilled Labor Migration and State Management: The Cases of Canada and Australia.*

and protectionist barriers including tariffs and import quotas. In terms of social regulation this included the establishment of social citizenship or expectations of minimal standards of living and a welfare state for all members of the national society. The welfare state together with the management of the market supported collective mass consumption, full employment and the intermediation between capital and labour.<sup>19</sup>

Nonetheless, as Europe prospered with the post-war reconstruction boom and European migrants became scarce, it became increasingly difficult in practice to follow those racist principles as. Finally, in the 1960s the immigration policy was forced to abandon its racial discriminatory bias. **Figure 6** shows this phenomenon through the increasing divergence of assisted migration (mainly from the UK) and net migration.

On another important development, many Asians came through the schemes designed to attract foreign students, which begun in the 1950s.

### **1.5 1973 the year in which Britain abandoned New Zealand and Australia embraced it**

The post-war period changed the profile of New Zealand and by 1971 the proportion of New Zealand's foreign-born population who

were from countries outside the white British Commonwealth was 30 per cent—double that of 20 years before.

Britain's entry into the European Economic Community in 1973 forced New Zealand to reconsider its identity and to become a more Pacific and Asian nation. Independence movements in the British colonies, civil rights crusades in the United States and a Māori cultural revival forced many New Zealanders to confront their previous vision of the

**The special relationship with Australia: Trans-Tasman Travel Arrangement 1973.**

Australians had unrestricted entry to New Zealand since 1840. Reciprocal travel arrangements were signed since the 1920s. Finally in 1973, the Trans-Tasman Travel Arrangement allowed Australian and New Zealand citizens to enter each other's countries (to visit, live, work or remain indefinitely) without having to apply for a permit.

world.

In 1971 Norman Kirk, prime minister in 1972, argued that New Zealand's future lay with Asia and the Pacific and he suggested that New Zealand needed an immigration policy that ignored prospective migrants' race, colour and religion.

In **1974 the new immigration policy** reflected this evolution of the New Zealand society and partially abandoned its ethnic criteria<sup>20</sup>: apart from Australians and New Zealanders, all prospective migrants, British and non-British, had to obtain entry permits, and right of residence became based on questions of skills and qualifications, not ethnicity or national origin. 1975 marked the formal ending of assisted immigration from Britain.

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<sup>19</sup> A similar process happened in Australia, Canada, as in most Latin American countries where immigrants formed a significant part of the population. The post-war period testified the construction of the welfare state in Europe as well, but this was accompanied by the economic and political integration process that culminated in the European Union.

<sup>20</sup> Cook Islanders had been British subjects since their country was annexed in 1901 and became New Zealand citizens in 1949. As the Cook Islands' growing population put pressure on limited land resources, and transport links with New Zealand improved, people emigrated south. In the 1950s, women came as domestic servants, in the 1960s, men came as unskilled labourers for Auckland factories.

Western Samoa had been under New Zealand control from 1914, and when it achieved independence in 1962 a Treaty of Friendship gave Samoans the opportunity for temporary entry permits. Because New Zealand needed unskilled labour, the regulations were only loosely enforced.

Tokelauans and Niueans also migrated during the 1960s and 1970s. Both groups had rights as New Zealand citizens.

**Leaving the country.** Nonetheless, those economic and social difficult years were marked more by emigration than by immigration: from 1977 until 1990 there were only two years when more people arrived than left. The net loss of over 40,000 in 1979 was the largest in New Zealand's history (see **Figure 7**).

## 1.6 *From import substitution to export led growth and from race to skills.*

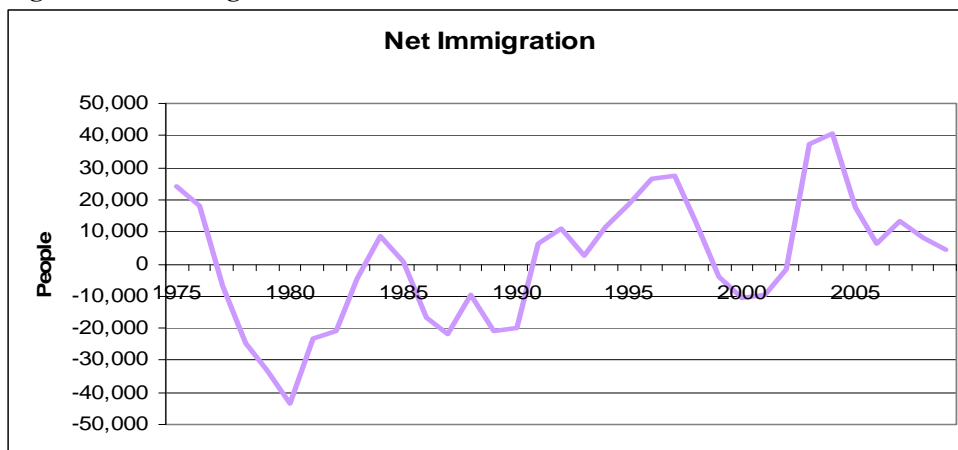
The New Zealand economic crisis of the late 1970s was the direct product of the collapse of its self-sufficient, import substitution / protectionist economic development model. The role of the state changed, economic deregulation and privatisation accompanied the rollback of the welfare state. This coincided with the reorganization of the world capitalist economy from a mosaic of protected and relatively autonomous national economies to a more thoroughly integrated and interdependent global economy.

**A new labour market.** The labour market also changed dramatically. The pervasive process of liberalisation of the New Zealand economy, started in the 1980s by the Labour government and continued by National, produced a completely different country, with a very open economy and a very flexible labour market where trade unions were marginalised.

Employment became less secure and increasingly non-standard. In the decade from 1991 to 2001, part-time employment, multiple job holders and self employed increased dramatically<sup>21</sup>. In the same decade, immigrants increased rapidly (by 170,000 summing up almost 700,000 of overseas born) and by 2001 the proportion of immigrants in the total population was the highest since 1936. In 2006, the number of foreign-born residents grew to 879,543 – 22.9% of the total population of New Zealand.

In 1986, a Labour government embarked on a review of immigration. Once more, legislation widened the selection of immigrants on personal merit rather than national or ethnic origin.

**Figure 7. Net Immigration. 1975-2008**



Following the example of Canada and Australia, New Zealand decided to focus its immigration policy towards not only on the numerical growth of its population, but on the quality of migrants. As neoliberal economic and social policies were adopted, immigration and the incorporation of foreigners played a vital role in securing its status as an affluent nation.

As shown by **Figure 7**, the period between 1977 and 1990 was characterised by a significant negative net migration, with just one year in the positive territory. Therefore, the structural adjustment of the economy and the modification of its labour market also implied a significant reduction of the labour force by its “expulsion” from the country.

<sup>21</sup> Cfr. Responding to regional labour demand: international migration and labour markets in New Zealand's regions. Paul Spoonley and Richard Bedford. In *International Migration & Integration* n.9 2008

**The turning point.** Under the **Immigration Act 1987**, which followed the review, immigrants were selected according to three categories:

- A skills and business stream.
- A family stream.
- A humanitarian stream, with a commitment to accept 800 refugees a year.

**The point system.** After Canada, which adopted a point system in 1967 and Australia (1979), New Zealand in 1991, through the **Immigration Amendment Act** of the National government, introduced a points system using criteria of age, skills, education and capital; criteria which again were blind to ethnicity.

This change did not merely signal the passive acceptance of difference and diversity by de-emphasizing assimilation. The state became actively committed to encouraging the preservation of prior cultural affiliations and establishing New Zealand as a dynamic cultural mosaic rather than a static and hermetic nation. In addition to ending discriminatory practices this transition was also marked by the significant deepening of government control in the selection process, as attracting highly skilled migrants was immediately made a central concern of state planners. The points system of entry led to increased and diverse immigration.

**“New Zealand is part of Asia”.** The change of the immigration policy reflected a major shift in the geopolitical positioning of New Zealand from Europe to Asia, with relevant consequences in terms of national identity, trade and migrant movements. The arrivals from Asia peaked in 1996, providing almost 60 per cent of total immigrants, up from 17 per cent ten years before<sup>22</sup>. From 1986-1991 Asian immigrants rose by 45 per cent, from 55,000 to almost one hundred thousand. By 2001, those of Asian descent represented almost 6.6 per cent of total population.

The previous points system was then replaced with a ‘pass mark’, which was adjusted according to a set quota or target. This provided more control over the numbers of migrants each year. English language requirements also became tighter.<sup>23</sup>

**Skill shortages: businesses take the lead.** A crucial factor for the adjustment of the immigration policy was related to the identification of skill shortages as one of the main economic issues. In 2005 half of all New Zealand’s businesses identified skill shortages as their most significant constraint on growth. As the liberalisation process decreased the role of the State (as employer, trainer and regulator), employers started playing a direct role in the definition of the immigration policy. They wanted it to satisfy their needs both of labour and capital. The shift was from labour market policies that focussed on supply considerations to a policy framework that privileged labour demand as the main driver.

Moreover, the government, unwilling and unable to secure full employment and well-being for an industrial middle class with the collapse of Keynesianism, began to reorient its policies towards attracting and incorporating highly-skilled workers into their emergent knowledge and informational economies.

Finally, in **2003** the general skills category was replaced by a skilled migrant category. This replaced the pass mark system with a process whereby people qualifying above a level of points entered a selection pool, from which they were invited to apply for residence. Applicants had to be of good health and character, and points were allocated on the basis of age, qualifications,

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<sup>22</sup> The growing immigration and its ethnic composition also generated fierce opposition. In the 1996 elections a anti-immigrant party, New Zealand First, gained significant support and formed a coalition government with National. In 1997, approval rates for Asian immigration applications fell abruptly from 70 per cent to 30 per cent. Cfr. *Sovereignty under siege?* By Robert G. Patman, Chris Rudd, Ashgate Publishing Ltd, Aldershot. England 2006.

<sup>23</sup> In 1998 the pre-purchase of language courses replaced the language bond and afterwards language requirements were significantly increased.

employment status, work experience, identified skills shortage and the regional location of any job offer<sup>24</sup>.

**Increased selectivity** and “**cost free**” immigration. The increased selectivity of the policy came in three forms: first, the point system was made more restrictive, second, the ratio of skilled to family/humanitarian migrants was inverted, and third, immigration policy was converted into a “**user pay**” model which sought to eliminate overhead and administrative costs by increasing fees for migrants, and curtailing government expenditure and assistance. All three of these adjustments were directly linked to and informed by the government’s desire to attract flexible, highly skilled and economically secure migrants<sup>25</sup>.

### **1.7 *A centralised or a regional approach?***

**The anti-Auckland bias.** Despite the fact that the spatial implications of immigrant economic integration had been disregarded by the New Zealand immigration policy, in February 2004 the point allocation system was changed in order to favour those immigrants having a job offer in a region other than Auckland. Between February 2004 and July 2007, 59 per cent of the 26,313 migrants, with a job offer at the time of application and who were approved for residence, received the allocation of points for having a job outside Auckland region<sup>26</sup>.

Awarding extra points for an employment outside Auckland is a criterion introduced to contrast the concentration of migrants in Auckland. However, its real impact is at least controversial. Given the concentration of migrants in Auckland, it seems that it works only at the moment of the application since, once they are inside the country, the majority of migrants work and live in Auckland. Further, New Zealand needs skilled migrants to contribute to growth and Auckland is the only international city, which concentrates the majority of high skilled and productive economic activities.

Many analysts argue that this policy bias policy is a mistake, as it creates a bureaucratic incentive lacking of economic sense for migrants to find a job outside Auckland, while ignoring the economic and social drivers that make Auckland the main centre of attraction for immigrants (where more than 50 per cent of the immigrants tend to converge). Further, some say it is difficult to understand why the immigration policy should try to undermine the fundamental role of Auckland as the national hub towards the rest of the world. Moreover, it is argued that migrants do not have a highly predictable behaviour and circular and temporary migration is increasingly common, so those measures could have just very limited effect in terms of migrants’ location. A more integrated approach, such as the funding of local development agencies with migrants programmes, is required in order to attract immigrants and foster the economic development of specific regions.

State policies like those of Canada and Australia, which have targeted highly skilled migrants, have been critical in lubricating the flow of individuals between the strategic nodal points of the transnational urban hierarchy.

### **1.8 *“We wanted workers and we got people”: towards a settlement strategy and a multicultural society.***

The most recent evolution of the New Zealand immigration policy is towards the elaboration of national and local settlement strategies for migrants. In time, it became evident that in order

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<sup>24</sup> The present immigration policy is discussed in detail in section 3.

<sup>25</sup> This process, again, followed a very similar evolution of the Canadian and Australian ones.

<sup>26</sup> Two other policies that have a regional impact but were not specifically designed in favour or against a particular region are the talent visa system (2002) and the Recognised Seasonal Employer (RSE) fully implemented in 2007. Employers in the most scientifically and technologically advanced sectors benefitted from the former, while horticultural and viticulture industries advocated for the latter.

to deal with such an inflow of immigrants it was necessary to develop a nation-wide strategic framework to address not only their skills but also their needs.

This shift reflected a genuine evolution towards the creation of a multicultural society in which migrants not only had to work for the economy, but also were welcomed as new members of the community and given the rights and benefits and a path towards full citizenship.

The **national settlement strategy**, *A Future Together*, overarches regional settlement strategies such as the *Auckland Regional Settlement Strategy* designed to support and advance the national strategy at the regional level.

The **Auckland Regional Settlement Strategy**, *Staying connected at the local level*, and associated Action Plan, emerged from within the Auckland Sustainable Cities Programme “because attracting skilled migrants and supporting their successful settlement is essential for the sustainable development of the Auckland region”<sup>27</sup>.

Consistent with this framework, at the city level **Auckland City Council in 2006 introduced a Settlement Strategy, *A Bridge to Our New People***. According to the Strategy, Auckland is increasingly diverse in terms of its ethnicities. Given this and the city's own desire of becoming "one of the world's most vibrant and dynamic business and cultural centres", Auckland City Council “can lead the community by showing how a city welcomes and celebrates its new residents and citizens”.

For the council the purpose of the Strategy is:

- to align and integrate its obligations and aspirations toward new settler communities, so that these communities are welcomed and feel part of the city,
- to enable the council to contribute its part in the nationally and regionally agreed settlement outcomes for its new settler communities.

The Auckland City Settlement Strategy aims to provide a platform and framework for Auckland City to meet settler needs. This meets the ‘four wellbeings’ requirement in terms of economic development, social cohesion, cultural benefits and environmental impact (immigration in terms of population growth).

The expected outcomes of the strategy are:

- Assisting and supporting new settlers to satisfy their immediate needs and access appropriate local information, advice and resources (to feel welcomed, etc)
- Assisting them to become connected with local communities
- Promoting and facilitating cultural maintenance
- Identifying and overcoming barriers to connectivity

However, this more direct role will also be complemented by opportunities to advocate for new settlers, sometimes in collaboration with others, where the need is not directly aligned to council's core business. Local government has a key leadership role to play in welcoming new residents into their cities and in encouraging all sectors of the community to do the same, recognising that support as early as possible in the settlement process is important.

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<sup>27</sup> <http://www.aucklandcity.govt.nz/council/documents/citysettlement/default.asp>

## 2. Global migration trends<sup>28</sup>

After capital, labour is the most mobile production factor. The global migration system is made up of approximately 200 million legal international migrants and many millions of undocumented illegal migrants (see text box), a highly mobile labour offer.

Their massive movements, united with some huge internal migration flows that affect mainly developing economies (e.g. the Chinese urbanization process), are continuously reshaping the world and especially the most densely populated urban areas of the planet.

**Undocumented /illegal immigration** refers to immigration across national borders in a way that violates the immigration laws of the destination country. Of course, there are no official data available on illegal immigration, but it is difficult to underestimate the phenomenon and its impact on many countries. It affects almost all continents and especially those countries that perform economically or socially relatively better than their neighbours. For example: (i) Lybia is home to a large illegal Sub-Saharan African population, which numbers as much as 2,000,000; (ii) there are an estimated 800,000 illegal immigrants in Malaysia. In January 2009, Malaysia has banned the hiring of foreign workers in factories, stores and restaurants to protect its citizens from mass unemployment amid the global economic crisis; (iii) in the first six months of 2005 alone, more than 120,000 people from Central America have been deported from Mexico to their countries of origin; (iv) South Africa is home to an estimated five million illegal immigrants, including some three million Zimbabweans. Attacks on foreign nationals increased markedly in late 2007. A series of anti-immigrant riots occurred in South Africa in 2008. (v) there are between 500,000 and 700,000 illegal immigrants in Britain and between 600,000 and 800,000 in Greece; (vi) Between 12 and 20 million illegal immigrants are estimated to be living in the United States. The majority are from Latin America. Illegal immigration has been a longstanding issue in the United States, creating immense controversy. Harvard University economist George J. Borjas explains that the controversy centers on the "huge redistribution of wealth away from unskilled American workers to American employers who use immigrants." In 2007, President George W. Bush called for Congress to endorse his guest worker proposal, stating that illegal immigrants took jobs that Americans would not take. The Pew Hispanic Center notes that while the number of legal immigrants (including LPRs, refugees, and asylees) arriving has not varied substantially since the 1980s, the number of illegal aliens has increased dramatically and, since the mid 1990s, has surpassed the number of legal immigrants. Penalties for employers who hire illegal immigrants range from \$2,000-\$10,000 and up to six months' imprisonment.

**Irregular migration in New Zealand.** According to the NZ Department of Labour, International Migration Outlook - New Zealand 2007/08, a total of 1,477 overstayers left New Zealand - of these around fifty per cent were removed and the remainder left voluntarily. The number of overstayers in New Zealand was estimated to be 17,485 in October 2007. Overstayers have no entitlement to work in New Zealand. New Zealand has been investing more resources into intelligence building, fraud analysis and the prosecution capacity of the Department of Labour, as well as improving the co-ordination and alignment of the core border agencies and their operations at the border, in order to reduce illegal migration activity and actively deter people from targeting New Zealand.

### 2.1 *Why migrate and why let people immigrate?*

The main driver for migration is economic, although massive relocations of people are also due to civil conflicts and wars.

In the past, migrants were mainly males, yet the proportion of women among all international migrants was nearly 50 per cent in 2005<sup>29</sup>.

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<sup>28</sup> The main sources of this section are: (i) International Migration Report 2006: A Global Assessment, Department of Economic and Social Affairs, United Nations, New York, 2009; (ii) International Migration Outlook 2008, OECD, Sopemi, Paris, September 2008.

Migration is an almost unique “window of opportunity’ for vast masses of poor and unemployed people that populate the developing world. Its effects on the economy of the migrant’s country of origin are contradictory (e.g. brain drain vs. the increased in human capital of returning migrants), but on average the result is significantly positive.

Migrants produce a huge capital flow of foreign exchange remittances, which for poor countries are more significant than income from exports. Only in 2004, official migrant **remittances** amounted to US\$ 226 billion, US\$ 145 billion of which went to developing countries.

Despite the resurgence of protectionisms (trade, financial and labour) caused by the present economic crisis, the world is a strongly interconnected network of supply chains, political social and personal relations, where the vast majority of countries have immigration policies designed to attract immigrants. In fact, between 1996 and 2005, the proportion of Governments wishing to lower international migration declined by about half (from 40 to 22 per cent).

**The disposable migrant.** The coercive and voluntary relocation of human labour across national borders has existed as a consistent structural feature of the pre-capitalist and capitalist mode of production. After the abolition of slavery, many countries, unable to secure and renew the necessary levels and types of labour, have found themselves extensively reliant upon the importation of foreign workers. The colonial penetration and settlement process and the mass exodus of Europeans to settler societies in the New World during the 19<sup>th</sup> century with the rise of capitalist industrialism, are among the most significant examples of massive human migrations.

The sociological analysis of labour migration usually assumes that migrant labour refers to an ethnically distinct fraction of the working class, unskilled or low skilled. Migrants attraction is pursued to increase a vulnerable labour supply willing to work in undervalued jobs in both the formal and informal economy. Migrants differ from the rest of the workers because of their levels of social and political powerlessness and docility. Thus national borders and citizenship create graduated levels of incorporation: (i) whether as resident aliens with truncated rights, with limited access to institutional channels and social services or (ii) altogether illegal aliens who possess a criminal status and almost no civil rights, whose status and life is not very different from that of the slaves.

This legal or *de facto* differentiation from the national labour supply, grants access to a nearly unlimited supply of casualized labour to which little, if any, formal obligations are attached. Moreover, through the introduction of migrants the domestic working class is disarticulated and wages, especially in low-skill industries, are dragged down<sup>30</sup>.

As many industries already have vastly used internationalization/re-localization to take advantage of low cost labour availability, the utilization of imported legal or undocumented pools of migrant labour force increases the profitability mainly of non-tradable and place-embedded sectors. Further, in some cases it also allows some developed countries to compete with low cost productions imported from developing countries.

The above interpretation of migration underlines its unique status as an institutionally, ethnically, politically and economically segmented fraction of the working class. It provides a very good insight of the recent experiences of some countries- as the United States, Europe and South Africa - that are geographically proximate to developing nations and absorb high levels of low-skilled, temporary, and illegal forms of immigration.

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<sup>29</sup> By 2005, female migrants outnumbered male migrants in Europe, Northern America, Oceania and Latin America and the Caribbean. In contrast, females were under-represented among the migrant populations of Africa and Asia.

<sup>30</sup> Sassen, Saskia. 2001. *The global city: New York, London, Tokyo*. Princeton, N.J., Princeton University Press.

## 2.2 *In search of the perfect migrant: New Zealand, Canada and Australia*

While the above explanation captures some of the main drivers of the global migration and, particularly, of its temporary and illegal components, it cannot be generalized. Indeed the experiences of countries like New Zealand, Canada and Australia cannot be fully explained by that model because: (i) they lack the significant component of illegal immigrants<sup>31</sup> and (ii) many migrants that annually enter their territories are highly skilled and are trained to work in the upper-tiers of the economy<sup>32</sup>.

One of the characteristics of these three countries' immigration policies is to import skilled foreign labour to externalize some of the costs of labour force production and renewal (e.g. health and education costs). However,<sup>33</sup> migrants are also sought out for settlement and naturalization, and not only for temporary residence, demonstrating that migrant labour need not always refer to economically and politically marginal groups<sup>34</sup>.

**The perfect migrant.** Instead of being a subordinate strata of the working class, the managerial policies of New Zealand, Canada and Australia have ensured that in many ways migrant labour exists as a super-ordinate strata as they are significantly more educated and skilled than indigenous labour pools and are increasingly from affluent and middle class backgrounds.

In place of unskilled and semi-skilled occupations in agriculture and manufacturing, migrants now enter with intended occupations in specialized services and knowledge based production, as the leading occupations are regularly computer programmers, engineers, accountants, managers and other professionals. Instead of harnessing the reserve army of labour their policies have focused on attracting the itinerant and highly valued members of the emergent transnational managerial and capitalist class.

Consequently New Zealand, Australia and Canada are among the OECD countries with the highest proportion of foreign-born individuals with a tertiary qualification (31% of total immigrants). Further, while globally labour-related migration made up 14 per cent of permanent migration in 2006, in New Zealand, labour-related migration made up 24 per cent of permanent migration, similar to the proportions for Canada (22 per cent) and Australia (26 per cent).

While the central government in the three countries determines the immigration policy, recently Australia and Canada have increased the power of state/province legislatures to develop immigration and labour market policies to meet specific needs.<sup>35</sup>

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<sup>31</sup> See note 26.

<sup>32</sup> It is necessary to remind that many other countries strive to attract skilled and business migrants using various instruments, among which the immigration and the foreign investment policies. Which implies that also labour demand faces an increasing competition in the global labour market. In 2005, 30 countries had policies to promote the inflow of highly skilled workers.

<sup>33</sup> Walsh, 2004. However, the recent trends of immigration flows suggest that this scenario could be modified by the increasing relevance of temporary migrants.

<sup>34</sup> Humanitarian migration increased from about 8 per cent of total migration in 2003. For New Zealand, humanitarian migration made up 10 per cent of permanent migrants, which is smaller than the proportion for Canada (17 per cent) but similar to the proportion for Australia (7 per cent).

<sup>35</sup> Cfr. Responding to regional labour demand: international migration and labour markets in New Zealand's regions. Paul Spoonley and Richard Bedford. In *International Migration & Integration* n.9 2008

### 2.3 *Knocking on heaven's door. Where do migrants go?*

According to the United Nations a relatively small number of countries host most of the international migrants. In 1990, the 30 countries with the largest migrant populations had accounted for 75 per cent of all international migrants worldwide, and in 2005, 28 countries sufficed to account for that per centage. With 38 million migrants, the United States hosted the largest number of migrants in 2005, followed by the Russian Federation with 12 million and Germany with 10 million.

Table 1 Estimated number of international migrants and their per centage distribution by developing group and major area, 1990-2005

AREA	Number of international migrants			Per centage distribution of international migrants	
			Increment		
	millions	millions	millions	%	%
	1990	2005	1990-2005	1990	2005
World	154.8	190.6	35.8	100.0	100.0
More developed regions	82.4	115.4	33	53.2	60.5
Less developed regions	72.5	75.2	2.8	46.8	39.5
Least developed countries	11	10.5	-0.5	7.1	5.5
Africa	16.4	17.1	0.7	10.6	9
Asia	49.8	53.3	3.5	32.2	28
Latin America and the Caribbean	7	6.6	-0.3	4.5	3.5
Northern America	27.6	44.5	16.9	17.8	23.3
Europe	49.4	64.1	14.7	31.9	33.6
<b>Oceania</b>	<b>4.8</b>	<b>5</b>	<b>0.3</b>	<b>3.1</b>	<b>2.6</b>

Source: Population Division of the United Nations Secretariat, Trends in Revision POP/DB/MIG/Rev.2005) 2006.

According to Table 1, which shows figures of the estimated number of international migrants in the period 1990-2005, the number of countries where the share of international migrants exceeded 10 per cent increased from 73 in 1990 to 79 in 2005.

In 2005, countries with at least 20 million inhabitants where international migrants constituted high shares of the population included Australia (20 per cent), Canada (19 per cent), France (11 per cent), Germany (12 per cent), Saudi Arabia (26 per cent), Spain (11 per cent), Ukraine (15 per cent) and the United States (13 per cent).

In **New Zealand** together with Australia, almost 1 out of 4 inhabitants are foreign-born. This is more than double of the OECD countries average, where foreign-born accounted for 12 per cent of the total 2006 population.

### 2.4 *Where do migrants come from?*

The countries that migrants come from differ across OECD countries. Generally, in 2006 migrant inflows in Europe were of European origin, while in OECD countries outside Europe, migrants of Asian origin accounted for almost 50 per cent of inflows.

The top 20 source countries accounted for 60 per cent of all inflows in OECD countries in 2006.

For **New Zealand**, United Kingdom, China and India are the main source of immigrants. Australia's main source countries in 2006 were the United Kingdom, New Zealand, China, and India. Canada's main source countries in 2006 were China, India, and the Philippines.

## **2.5** *Return migration and re-migration*

Return migration (that is, migration back to the home country) and re-migration (that is, migration to a third country) are major components of migration flows.

Estimated re-migration rates after five years of residence vary by country and period, but most fall between 20 per cent and 50 per cent.

Traditional countries of long-term migration, such as the United States, Australia, Canada, and New Zealand, retain larger proportions of their migrants than European countries do. This in part reflects the shorter distances between European countries, which make it relatively easier to move between countries.

The relative shares of return migration and re-migration vary by country of origin and country of destination. Migrants from relatively poor countries who have lived in an OECD country are more likely to migrate to a third country. Migrants from countries where living standards are comparable to those in the host country are more likely to return to their country of origin.

In general, the longer a migrant stays in the host country, the less likely they are to return home or migrate onwards.

Most return migration is driven by individual determinants, often involving a combination of individual and family objectives as well as perceived opportunities in the home country. Explicit policies by host and home countries to encourage or attract return migrants appear to have achieved little when total volumes of migrants are compared with the numbers of returnees.

The governments of countries of origin have become more proactive in encouraging the return of their citizens living abroad and strengthening ties with their expatriate communities to encourage the involvement of migrants abroad in fostering development at home. In 2005, seventy-two countries had policies to encourage the return of citizens, up from 59 in 1996. In 2005, 75 countries had programmes to facilitate the integration of foreigners, up from 52 in 1996. More than three quarters of developed countries had integration policies, whereas less than a quarter of developing countries did so.

**New Zealand** has a set of national and local policies to facilitate settlement and integration of migrants.

## **2.6** *Permanent migrants*

International migration is likely to become more significant in OECD countries as they experience the effects of retiring baby boomers and declining youth populations. The number of foreign nationals migrating on a permanent basis has increased annually over the past few years. In 2006, around 3.3 million people migrated on a permanent basis to OECD countries (see Table 2).

Ireland, Sweden, and Portugal experienced the largest increases in inflows from 2005 to 2006. Australia experienced a moderate increase of 7 per cent.

**New Zealand's** inflow decreased 8 per cent and Canada's inflow decreased 4 per cent.

Table 2 Inflows of foreign nationals in selected OECD countries, 2006			
Country	Permanent-type migration (standardised statistics)		
	2006	Net change 2005-2006	Percentage change 2005-2006 (%)
Austria	46,418	-10,400	-18
Germany	216,015	-25,400	-11
<b>New Zealand</b>	<b>54,800</b>	<b>-4,600</b>	<b>-8</b>
United Kingdom	343,219	-19,900	-5
Netherlands	59,365	-3,100	-5
Canada	251,637	-10,600	-4
France	168,952	-700	0
Italy	204,254	5,100	3
Japan	86,698	5,400	7
Australia	191,905	12,100	7
Switzerland	86,311	7,500	10
United States	1,266,264	143,900	13
Denmark	21,723	3,700	21
Ireland	88,900	22,800	34
Sweden	74,011	20,200	38
<b>Total</b>	<b>3,263,445</b>	<b>164,200</b>	<b>5</b>

Note: Estimates exclude unauthorised migration and large-scale regularisations.  
Source: P Fron. G Lemaitre, T Liebig, and C Thoreau. 2008. *Standardised Statistics on Immigration Inflows Results, Sources and Methods*. Paris: Organisation for Economic Co-operation and Development.

## 2.7 Temporary migrants

Temporary migrants are more numerous than permanent ones. Comparisons between countries are difficult, because definitions of the categories of temporary migrant vary considerably. Traditional migrant-receiving countries such as Australia, Canada, and New Zealand have significant levels of temporary labour migrants. **Compared with their total populations, Switzerland and New Zealand have the largest temporary migrant populations.** In 2006, temporary migrants represented about 21 per thousand of the total population in New Zealand, compared with nearly 11 in Australia and about 5 in Canada.

Increasingly, governments of receiving countries have been using temporary worker programmes to address their labour shortages. To that end a large number of bilateral agreements have been concluded. Temporary migration has also been increasing driven mainly by people wanting to work or study abroad.

The numbers of temporary migrants remain much larger than the number of permanent migrants, but globally permanent migration has been increasing at a faster rate than has temporary migration.

## 2.8 International students

Globally, between 2000 and 2005, the overall number of international students increased about 50 per cent. Large percentage increases (close to or more than 100 per cent) were seen in **New Zealand**, the Czech Republic, Japan, Korea, and the Netherlands.

International students make up similar proportions of tertiary enrolments in New Zealand and Australia (around 17 per cent).

English-language countries remain more attractive to international students than other countries. Current estimates are that around 15-20 per cent of international students will stay on in the country after completing their study. Most OECD countries, including Australia, Canada, and **New Zealand**, allow students to stay in the country after their study if they are employed or search for work.

## 2.9 Skilled and unskilled labour

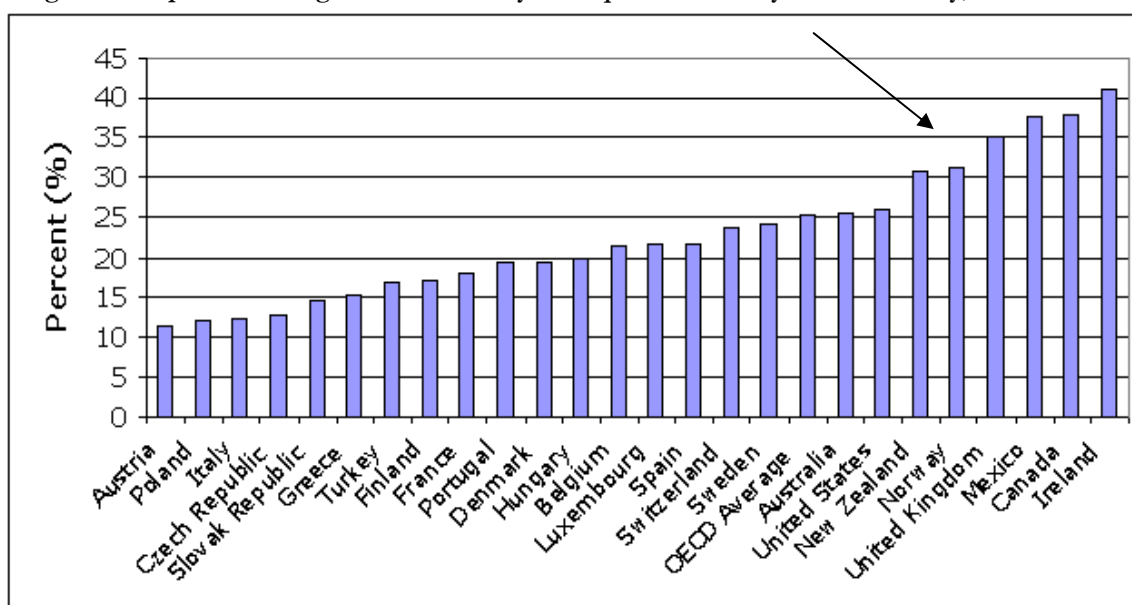
Among OECD countries, competition to attract and retain highly skilled workers is high. In 2005, 30 countries had policies to promote the inflow of highly **skilled workers**.

The bias of New Zealand's Immigration policy in favour of skills and qualifications is reflected by figure 7 that shows the share of the foreign-born population with tertiary level qualifications in various OECD countries in 2001. New Zealand has the sixth highest proportion of foreign-born individuals with a tertiary qualification (31 per cent of total immigrants), out of the 25 countries reported. Further, New Zealand migrants make up a larger proportion of the population than in any of the countries with higher proportions of foreign-born individuals with a tertiary qualification.

Nonetheless, labour market shortages are appearing across a broad spectrum of skills, with employers increasingly relying on immigrants to undertake **low-skilled** work in most European countries and the United States. Immigrants account for an increasing share of the low-skilled labour force in OECD countries other than Canada, New Zealand, and Australia.

Canada, New Zealand, and Australia have developed immigration policies that favour the entry of workers with high levels of education rather than workers with low levels of education. As a result, in these three countries low-educated migrant workers are more likely to be in older age groups, because they arrived under older policy with less stringent education requirements.

Figure 8. Proportion of migrants with tertiary-level qualifications by OECD country, 2001



Source: OECD. 2008. International Migration Outlook: SOPEMI - 2008 edition. Paris: Organisation for Economic Co-operation and Development.

### **The Japanese exception**

A significant exception to the trend of growing migration is Japan, home of two-fifths of all the world's industrial robots but with only 1.7 per cent of the population made of immigrants, that is 2.2 million, which include 400,000 second- or third-generation Koreans who have chosen to keep Korean nationality but who are Japanese in nearly every respect.

The number of immigrants has grown by half in the past decade, but the proportion is still well below any other big rich country. Further, immigrants enter only as short-term residents; permanent residency is normally granted only after ten years of best behaviour.

Politicians and the media invoke the certainty of social instability should the number of foreigners rise. The justice ministry attributes high rates of serious crime to foreigners—though, when pressed, admits these are committed by illegal immigrants rather than legal ones. Newspaper editorials often give warning of the difficulties of assimilation. However, economically liberal politicians are promoting a bold immigration policy, calling for the number of foreigners to rise to 10m over the next half century, and for many of these immigrants to become naturalised Japanese. They advocate for the number of foreign students in Japan, currently 132,000, to rise to 1m, and for whole families to be admitted, not just foreign workers as often at present. The plan's author, a former Tokyo immigration chief and now head of the Japan Immigration Policy Institute, envisages a multicultural Japan in which, he says, reverence for the imperial family is an option rather than a defining trait of Japaneseness.

Migrants with low levels of education are concentrated in specific low-skill occupations. With many countries facing a decrease in their working-age population, it is expected that some low-skilled occupations will experience an increase in demand for migrants to meet labour force shortages. For example, the United States is expecting to need an additional 650,000 nursing aides between 2006 and 2016.

The governments of many receiving countries have been taking measures to facilitate the inflow of the types of migrants they need, especially skilled migrants and temporary low-skilled workers.

### 3. The present New Zealand immigration policy and recent migration trends.

#### 3.1 *The immigration policy and the labour market: the ideal or disposable immigrant?*

Migratory flows are fuelled by the enormous economic and political disparities that characterize the world and are channelled through the legal and institutional structures of nation-states or by criminal organizations. The New Zealand immigration history and policy exemplifies the central role played by the State in the migratory process as a managerial agent exercising extensive selectivity and control. In the isolated and highly controllable context of New Zealand, the role of the government has been absolutely crucial in determining the outcome of migration, as it simultaneously brokers, obstructs and regulates paths of migration movement.

Therefore immigration policies have constituted forms of macro-social engineering and nation-building as they helped delimit, define and modify the form and content of the social body. Hence, the immigration policy reflects the evolutionary path of the entire New Zealand society and of the foundations upon which its economic and social relations are built, the constitutional building blocks of the New Zealand citizenship.

**Selecting for the economy.** As discussed before, the historical transformation of the point systems indicates that in New Zealand<sup>36</sup> the selection of migrants is focussed on their potential market contributions. This indicates that belonging and membership have been increasingly commodified.

On one side, **permanent migrants** (skilled or business migrants) are not only selected based upon their potential for maximizing the production of value within the market, but also because they exemplify the attributes of the ideal “neoliberal citizen” that is innovative, entrepreneurial, self-sufficient, healthy and autonomous from state support<sup>37</sup>. This means that with migrant labour many of the socially necessary costs of labour force creation, renewal and replacement, whether education, training, health-care or other factors, are partially externalized to the sending rather than receiving country.

On the other hand, **temporary migrants** are a sort of disposable resource, whose costs of renewal and replacement are almost totally externalized to the sending country. They are selected on the basis of a short term economic benefit/need of place-embedded industries (e.g. agriculture and tourism). They reflect the interest of those economic sectors that cannot be re-localized (e.g. agriculture, tourism) to take advantage of the cheap labour abroad. They also contribute to make the domestic labour force/market more the flexible and to contain wages.

#### 3.1.1 *Migration beyond the labour market: how to deal with people?*

Through time, countries with historically large numbers of immigrants have followed two approaches to integration: differentialism or assimilation<sup>38</sup>.

**Differentialism** means maintaining clear boundaries between groups and treating them as separate communities. This approach has typically been adopted when the state organizes immigration to fill temporary labour needs and does not expect immigrants to become full members of the local community. Examples are guest workers programmes in Germany in the 1960s and 1970s or domestic servants in Saudi Arabia today. The main problem with these

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<sup>36</sup> As in Canada and Australia.

<sup>37</sup> Harrison, Trevor. 1996. “Class, Citizenship and Global Migration: The Case of the Canadian Business Immigration Program, 1978-1992.” Canadian Public Policy 22:1. Jupp, James. 2002. From White Australia to Woomera: the Story of Australian Immigration. New York: Cambridge University Press.

<sup>38</sup> Human Development Report. United Nations Development Programme (UNDP). New York, various years.

policies relate to their tendency to generate exploitation and conflicts- “we wanted workers and we got people”-.

**Assimilation**, on the other side, seeks to make immigrants become “more like us”. The state encourages the immigrants to learn the predominant national language and adopt the cultural and social practices of the receiving community. The image of the “US melting pot” best represents this approach. However, assimilation does not accommodate difference or respect for diversity, nor does it explicitly address asymmetry.

**Multiculturalism** has recently become a third approach to incorporate migrants, one that recognizes the value of diversity and supports multiple identities. It began in Canada in the early 1960s and Australia introduced this policy in the 1990s after concluding that it was the only way to create cohesion amid diversity.

Multiculturalism is not only about recognizing different value systems and cultural practices within societies—it is also about building a common commitment to core, non-negotiable values, such as human rights, rule of law, gender equality, and diversity and tolerance. Australia describes this as “United in Diversity”. Such a policy emphasizes not only the freedom of individuals to express and share their cultural values but also their obligations to abide by mutual civic obligations.

Although there is a historical sequence to these models of immigrant integration, at any one time countries use all three approaches. While not adopting multiculturalism as an explicit state policy, many countries are introducing elements of this approach as they struggle to manage growing diversity.

### ***3.1.2 New Zealand: between differentialism and multiculturalism. A contradiction or an inherent feature of neoliberal globalisation?***

The two main labour market related streams, temporary and skilled migrants, show the coexistence of two opposite approaches that could define the New Zealand immigration policy as “schizophrenic”. On one side, temporary migrants are treated on a typically differentialist ground. On the other, the treatment reserved to skilled migrants has evolved from (racist) assimilation towards (productive) multiculturalism. In fact, many public policies, and in particular at the Auckland local level, have been designed and implemented in order to assist and address the post-migration phase, the settlement of selected migrants, in a more supportive way and to help the society deal with diversity in a positive and constructive way<sup>39</sup>.

The challenge involves addressing exclusions along three dimensions, with a common theme of building unity and respecting difference:

- Addressing cultural exclusion by recognizing cultural identities (living mode exclusion).
- Addressing socio-economic exclusion (socio-economic exclusion).
- Addressing exclusion from civic participation and citizenship rights (participation exclusion).

This commitment becomes more difficult to pursue during downward economic cycles, but stepping back could have enormous consequences on the present and the future of New Zealand.

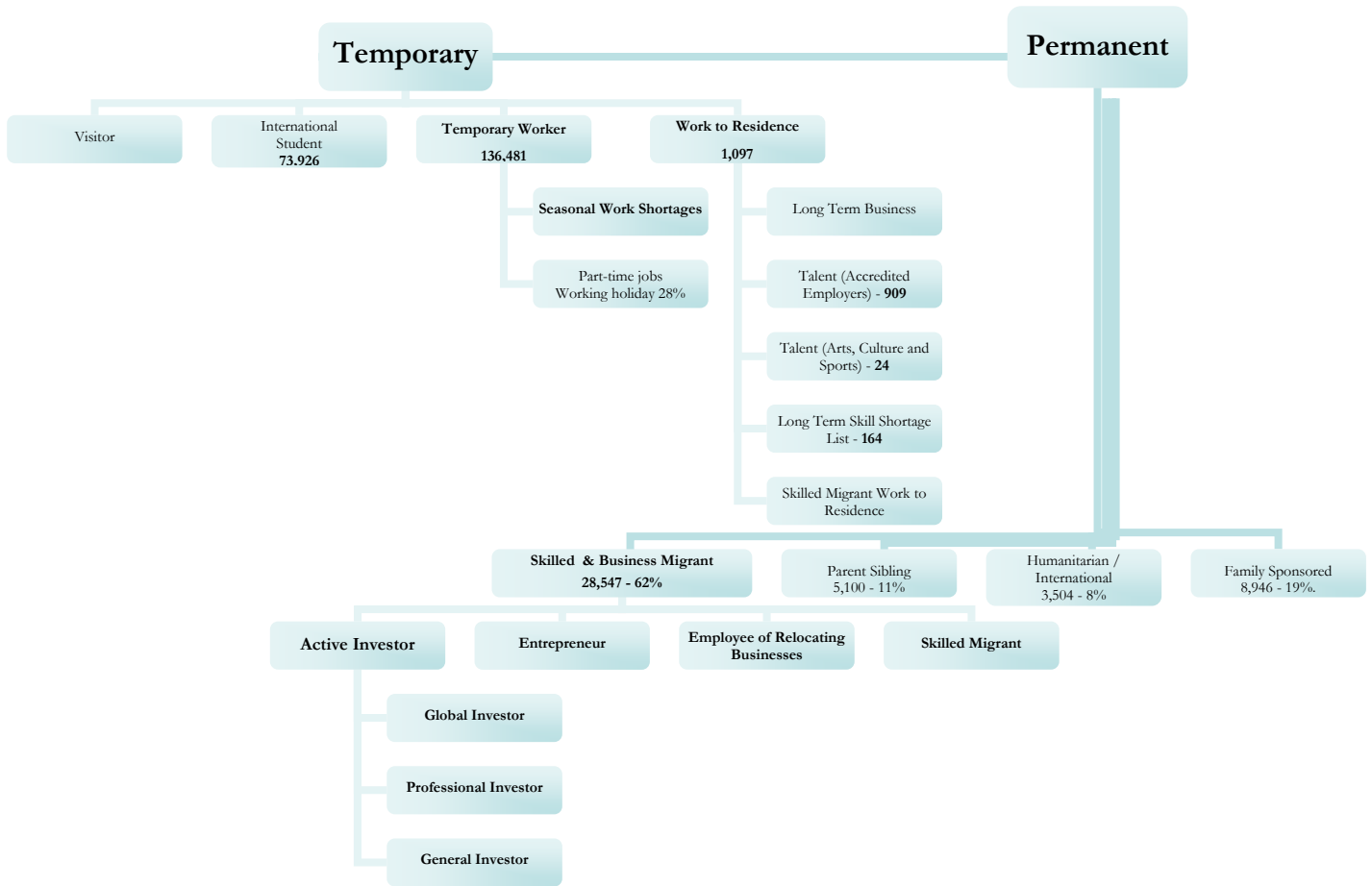
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<sup>39</sup> **Anti-discrimination and diversity measures, and social integration outcomes and policies, with respect to migrants.** New Zealand maintains legislation that promotes anti-discrimination and diversity, including the Human Rights Act 1993 and the New Zealand Bill of Rights Act 1990. Anti-discrimination and/or promoting diversity is a special focus of national organisations such as the Human Rights Commission and the Office of Ethnic Affairs. Perceived discrimination toward migrant and minority groups exists in New Zealand. A 2007 study by the Human Rights Commission found that 68 per cent of respondents felt that there was discrimination against Asians, followed by discrimination against recent immigrants (62 per cent). Fifty-six per cent of respondents felt there was discrimination against refugees. Measures to facilitate social integration outcomes.

**The New Zealand Settlement Strategy** brings together government agencies to present a coordinated approach to providing services for migrants, refugees and their families. The Ministry of Education has implemented many initiatives and support programmes targeted towards migrant and refugee youth including English language programmes, and access to computers and internet technology. The Ministry of Pacific Island Affairs also has language programmes to encourage and preserve the use of Pacific languages, particularly Niuean, Tokelauan, and Cook Island Māori. Social housing is available to people who have held Permanent Residence in New Zealand for at least two years. Quota Refugees are entitled to access this service immediately.

### 3.2 The Immigration Policy

The immigration policy of New Zealand provides for temporary and permanent flows which are outlined by the following chart (data for 2009).



#### a) Temporary entry policy

The official objectives of New Zealand's temporary entry policy are to facilitate the entry of genuine visitors, students, and temporary workers, while managing the associated risks, and to contribute to building strong international links, attracting foreign exchange earnings, and addressing skills shortages.

The main economic drivers of the **visitor** and the **international students** streams are to facilitate the inflow of foreign tourists and of international students.

The **temporary worker stream** (so-called labour market tested) provides for selected industries (e.g. horticulture and viticulture) to recruit temporary workers from overseas to meet particular or seasonal work shortages that cannot be met within New Zealand, while protecting employment opportunities and conditions for New Zealand workers.

The **work to residence** stream provides a pathway to permanent residence in New Zealand for temporary migrants<sup>40</sup>:

- Long Term Business
- Talent (Accredited Employers)
- Talent (Arts, Culture and Sports)
- Long Term Skill Shortage List Occupation
- Skilled Migrant Work to Residence

The “talent via accredited employers” is a very important route towards residence for migrants. At present, there are 425 registered accredited employers. Firms can target specific people to meet their requirements, and so long as they pay them \$55,000 per year for 2 years, at the end of this period the employee can gain residency. Employees can move between accredited employers during this time. A less significant category is ‘talent via arts, culture and sports’.

## b) Permanent residence policy

People who want to migrate permanently to New Zealand must apply through one of the **four residence streams** of the New Zealand Residence Programme (NZRP):

- the Skilled/Business,
- Parent Sibling Adult Child,
- Uncapped Family Sponsored,
- International/Humanitarian Streams.

Each stream has several categories and a separate approval limit, which is detailed in Table 3 for 2008/09.

NZRP stream	Minimum	Maximum	Per centage of NZRP (%)
Skilled/Business	26,800	29,950	60
Uncapped Family Sponsored	9,900	10,700	21
Parent Sibling Adult Child	4,950	5,500	11
International/Humanitarian	3,350	3,850	8
Total	45,000	50,000	100

Given the labour market focus of this research, the detail below is only on the skilled/ business streams.

### b.1) Skilled/Business Stream

The Skilled/Business Stream comprises three categories:

- (i) Skilled Migrant Category (SMC)

<sup>40</sup> Each of the five Work to Residence Policies has a corresponding permanent residence category.

- (ii) Residence from Work Category
- (iii) Business Immigration Policy.

The **Skilled Migrant Category** is the main category in the Skilled/Business Stream. The SMC is a points-based policy that allows people to gain permanent residence in New Zealand if they have the skills, qualifications, and experience to contribute to New Zealand economically and socially.

The **Business Immigration Policy** includes:

(i) **Active Investor Migrant Policy** (which replaced the Investor Category in 2007) is segmented into three subcategories on the basis of the migrant’s potential contribution and the assessed level of risk.

- a. **Global Investor Category:** high-value investors investing \$20 million (including at least \$5 million in active investment).
- b. **Professional Investor Category:** for migrants investing \$10 million (including at least \$2 million in active investment).
- c. **General (Active) Investor Category** for people investing a minimum of \$2.5 million in New Zealand.

(ii) **Entrepreneur Category** established for people who can demonstrate they have successfully set up and operated a business in New Zealand. Applicants first enter New Zealand on a long-term business visa (under the Work to Residence Policy).

(iii) **Employees of Relocating Businesses Category** established for key people in a business relocating to New Zealand who do not qualify for residence under any other residence category. There is a two-year employment period before the residence permit is endorsed.

**In July 2009** the Migrant Investment Policy was changed.

The main purpose is to increase the number of entrepreneurs but foremost to attract wealthy investors by relaxing age and language requirements.

Therefore now there are only two categories of business migrants:

**1) Investor Plus**

**2) Investor**

Whose characteristics are outlined below.

Key requirements	Investor Plus (Investor 1 Category)	Investor (Investor 2 Category)
Maximum age	No requirement	65 or younger
Business experience	No requirement	Minimum of three years
Investment funds	NZ\$10 million invested in NZ for three years	NZ\$1.5 million invested in NZ for four years
Settlement funds	No requirement	NZ\$1 million (transfer not required)
Principal applicant's English language	No requirement	- an <a href="#">English speaking background</a> , or - an <a href="#">International English Language Testing System (IELTS) test report</a> with an overall band score of three or more, or - a <a href="#">competent user of English</a>
Family member's English language	No requirement	Same as principal applicant or pre-purchase ESOL tuition
Minimum time in New Zealand	73 days in NZ in each of the last two years of the three-year investment period	146 days in NZ in each of the last three years of the four-year investment period
Health and character	Applicants under both categories must meet <a href="#">health</a> and <a href="#">character</a> requirements.	

Source: Department of Labour

The **Residence from Work Category** is for people who are already in New Zealand on a work to residence permit for at least two years and want to apply for residence through the relevant work policy: the Talent (Accredited Employers) Work Policy, Long Term Skill Shortage List, Talent (Arts and Culture) Work Policy, or Talent (Sports) Work Policy.

### 3.3 *Recent migration trends 2008-2009<sup>41</sup>*

About 1.4 million people were granted a temporary visitor, student or work permit on their arrival in New Zealand in 2008/09. In addition, more than 753,000 Australian citizens travelled to New Zealand.

In the same year, 46,097 people were granted permanent residence in New Zealand.

The net inflow of 40,000 non-New Zealand citizens in 2008/09 is the highest recorded net inflow since 2003.

#### 3.3.1 *Temporary arrivals*

The top five visitor source countries of temporary migrants in 2008/09 have been the United Kingdom, the United States, China, Japan, South Korea and Germany, which contribute 60 per cent of all temporary arrivals to New Zealand.

##### **Key facts:**

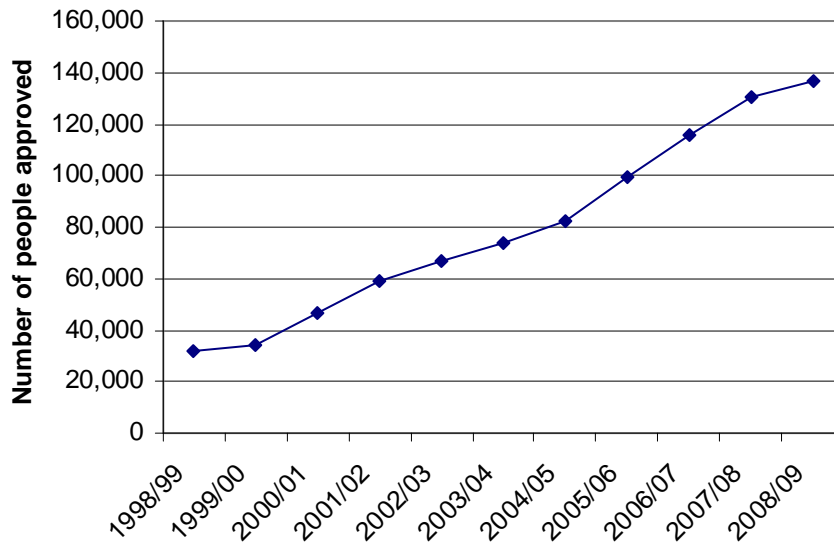
- The number of migrants coming to New Zealand for work or study over the last decade has grown rapidly.
- **International student numbers** have increased significantly through the last decade, reaching a peak of almost 80,000 in 2002/03. After a sharp decline mainly due to the drop of Chinese students, they increased again since 2007 as the market diversified.
- The number of people issued **temporary work permits** in New Zealand grew strongly and steadily in the last decade (15 per cent a year on average). The global crisis has reduced that growth to only 2 per cent in 2008/09.
- Migrants' work experience in New Zealand before residence is positively linked to their employment outcomes after gaining residence.
- Most residence approvals in 2008/09 had previously held a temporary permit.
- An increasing number of international students gain permanent residence in New Zealand after completing their studies. These students offer employers New Zealand qualifications and are already partially settled in New Zealand.

The number of people issued **temporary work permits** grew about 15 per cent per annum on average over the last decade. In 2008/09 136,481 individuals were issued temporary work permits (see Figure 9).

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<sup>41</sup> Based on various editions of Department of Labour, *Migration trends and outlook*, New Zealand Government. **Emigration.** The departure of New Zealanders, particularly to Australia, is one of the main drivers of New Zealand's migration patterns. The free movement of New Zealand and Australian citizens and permanent residents between the two countries makes it relatively easy for New Zealanders to seek opportunities in Australia. Of all permanent departures from Australia in 2007/08, 18.4 per cent were to New Zealand. New Zealand's expatriate community, estimated at 500,000–750,000, and its remittances are an important contributor to New Zealand's economic prosperity.

Figure 9. Number of people issued temporary work permits, 1998/99- 2007/08



Many factors have contributed to the growth in the number of work permits issued. These factors include the expansion of Working Holiday Schemes, the introduction of new policies such as the Work to Residence and Study to Work Policies, and increasing numbers of work permits issued through the Partnership Policy. Much of the increase in work permits issued came from partners of temporary workers or students, seasonal workers, and people who took part in specific purposes or events.

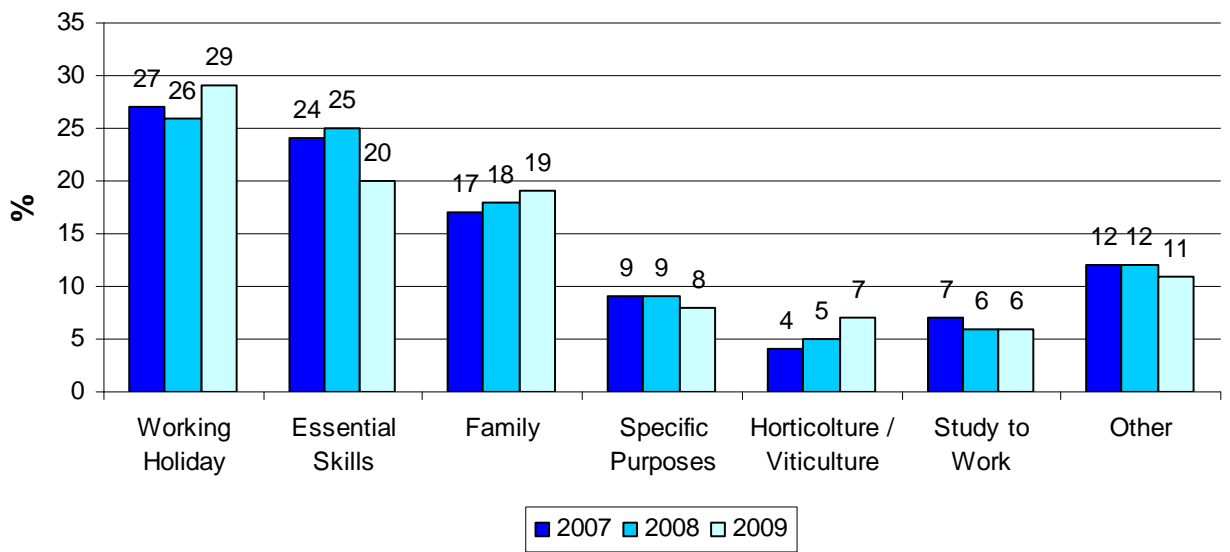
#### Nationality of work permit holders

In 2008/09, the United Kingdom provided the most temporary work permit holders in New Zealand with more than 20,000 (15 per cent), followed by China (9 per cent). After a long period of increase, the number of Chinese people granted work permits has decreased significantly (18 per cent) in 2008/09. The trends stem from the Study to Work Policy introduced in 2005, whereby international students may apply for work permits once they have completed their New Zealand qualification. In 2007/08, 67 per cent of all graduate job search permits (3,445 out of 5,133) were issued to Chinese graduates. Fast growing countries of origin of work permit holders are the Philippines (10 per cent growth in 2009) and India (up 24 per cent), while the number of Japanese steadily declined.

#### Labour market-tested work permits

Essential skills and horticulture and viticulture work permits represent almost a third of all temporary permits, allow New Zealand employers to recruit temporary workers from overseas to meet temporary labour shortages. These permits consist of the essential skills permit (some of which are issued under approvals in principle), and permits issued under some business policies and the seasonal work permit policy. These permits also cover workers in specialist skill areas such as machinery installers and Japanese interpreters.

Figure 10. Comparison of temporary work permits 2006/07 2008/09.



In 2008/09 37,278 people were issued with labour market-tested work permits a 6 per cent decrease with respect to the previous year when, conversely a 21 per cent increase was registered. The **United Kingdom** has remained the largest source country with 11 per cent of all labour market-tested work permits. In 2009, **Vanuatu** workers in the horticulture viticulture category almost doubled, reaching 2,357 people. Other relevant countries are the Philippines (8 per cent), Fiji (7 per cent), south Africa and China (both 6 per cent).

### Working Holiday Schemes

Working Holiday Schemes allow young people (18-30 years) to spend 12 months (or two years for United Kingdom working holidaymakers) in New Zealand and undertake work of a temporary nature. In July 2005, policy changes increased the number of places available in many schemes, eased the work restrictions in some schemes, and introduced online processing for most applications.

New Zealand has Working Holiday Schemes with 27 countries and up to 50,000 places are available.

The number of young people coming to New Zealand as working holidaymakers has increased steadily over the years. In 2008/09, 38,946 people were approved through the various Working Holiday Schemes. **United Kingdom** and **Germany** contributed 27 per cent and 17 per cent of all working holidaymakers, respectively.

### Student permits

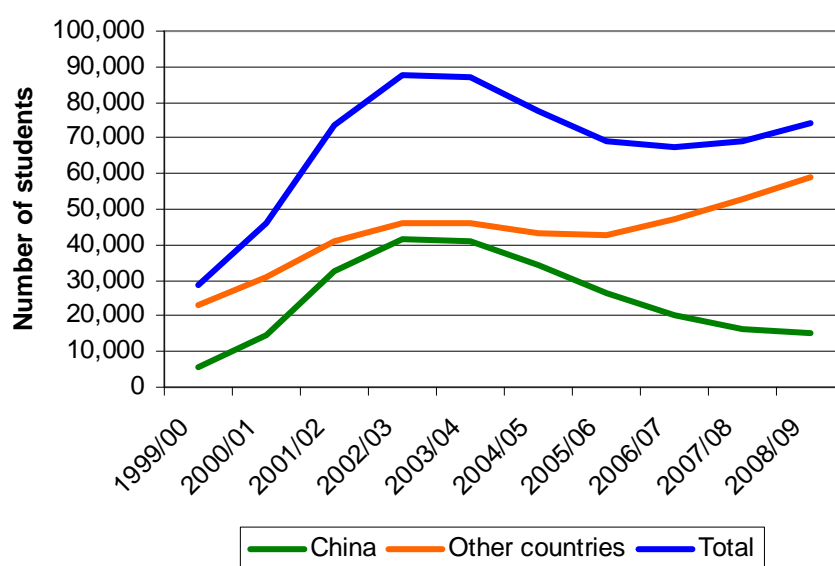
International education contributes more than NZ\$2 billion annually in foreign exchange to New Zealand. The benefit is not only the direct financial inflow related to the students' flow, but also political and economical as international relations improve.

In New Zealand, international students can also play an **important role in the labour market** through their labour participation post-study, particularly if they are qualified and gain employment in areas with skill shortages.

Recently several policy changes came into effect to make New Zealand a more competitive destination for international students by easing the work restrictions for students and their partners.<sup>42</sup>

<sup>42</sup> The main policy changes have been:

Figure 11. Number of foreign students arriving in New Zealand, 1998/99 – 2008/09



New Zealand's international student population has been declining since 2002/03 but increased since 2008. The number of students coming from **China** (New Zealand's main source country) is still in decline. Figure 11 shows the growth in international student numbers since 1997/98. In 2009, China is still the major source country for international students, accounting for 20 per cent of those issued a student permit (but down from 30 per cent two years ago), followed by **South Korea** (14 per cent). **India** is growing rapidly (from 5 to 11 per cent in two years) and has replaced **Japan** as the third-highest source for international students. Fiji and Germany are also important sources of students (4 per cent each).

### Transitions from temporary permits to permanent residence

Department of Labour's research shows a positive link between migrants' work experience in New Zealand before residence and their employment outcomes after gaining residence.

In 2008/09, 46,097 people were approved for residence, 81 per cent of whom previously held a temporary permit (90 per cent of principal<sup>43</sup> applicants and 70 per cent of secondary applicants). Across the four residence streams, the Skilled/Business Stream had the highest rate of applicants with a previous temporary permit (85 per cent), followed by the combined Uncapped Family Sponsored and Parent Sibling Adult Child Streams (82 per cent), then the International/Humanitarian Stream (45 per cent).

- International students who graduate with a qualification eligible for points under the Skilled Migrant Category (SMC) are eligible for a six-month open work permit (the graduate job search permit). The duration of this permit was increased to 12 months from November 2007.
- Some students are eligible to apply for a two-year post-study work permit to obtain practical work experience relevant to their qualification. From November 2007, this permit increased the duration to three years for graduates who require three years' work experience in New Zealand to qualify for membership or registration with professional bodies.
- The pool of students eligible to work part time while studying was expanded to include Year 12 and Year 13 school students and some English language students, provided certain conditions, including English language standards, are met.
- Eligible students may apply to work for up to 20 hours a week during term (the previous limit was 15 hours).
- Anyone undertaking a course of 12 months' or longer duration may apply to work full time over the summer holidays.
- Partners of students studying in areas with skill shortages and partners of postgraduate students may apply for an open work permit that is valid for the duration of the student's course of study.

<sup>43</sup> When a couple applies for residence, one is considered the **principal applicant**, the other the **secondary** one.

### 3.3.2 Permanent Residence Approvals

#### Key facts:

- In 2008/09, **46,097 people** were granted permanent residence in New Zealand: 62 per cent through the Skilled/Business Stream; 19 per cent through the Uncapped Family-Sponsored stream, 11 per cent through the Parent Sibling Adult Child stream, and 8 per cent through the International/Humanitarian Stream.
- Increasingly, most of the people are living and working in New Zealand before applying for residence. In 2008/09, 81 per cent of approved applications were made in New Zealand (77 per cent in 2006/07).
- The largest source countries in 2008/09 were the **United Kingdom** (19 per cent), **China** (15 per cent), and **South Africa** (12 per cent). The **Philippines** is growing in significance, increasing to 8 per cent from just 2 per cent of residence approvals in 2006.
- The **average age** of people approved for permanent residence was 29 years; principal applicants, 35 years (with two-thirds aged 20-39), secondary applicants, 23 years (more than half aged under 20). By stream, average ages ranged from 25 (International/Humanitarian) to 50 (Parent Sibling Adult Child Stream migrants) - see Table 4.

Table 4. Average of age of applicants approved by permanent residence category, 2008/09

NZRP stream	Average age
Skilled/Business	27
Uncapped Family Sponsored	28
Parent Sibling Adult Child	50
International/Humanitarian	25
Total	29

#### Permanent and long-term migration

Permanent and long-term **arrivals** include people who arrive in New Zealand intending to stay for 12 months or more. This includes people granted permanent residence in New Zealand, New Zealand residents returning after an absence of 12 months or more, and students and work permit holders intending to stay for 12 months or more.

Permanent and long-term **departures** include New Zealand residents departing for an intended period of 12 months or more, as well as overseas visitors, students, or work permit holders leaving New Zealand after a stay of 12 months or more.

The total number of people migrating to and from New Zealand fluctuates, and cyclical patterns emerge over long time series. Despite these fluctuations, the **general trend has been one of continual growth of immigration.**

In general, the number of permanent and long-term migrants arriving from Oceania, including Australia and other Pacific countries, has decreased since the 1980s, while the number from Asia and Europe has increased.

The number of permanent and long-term migrants arriving from Asia increased rapidly between 2000/01 and 2003/04, largely because of significant growth in the export education industry.

Since 2003/04, the number of permanent and long-term arrivals from Asia has decreased, while the number from Europe, in particular the United Kingdom, has increased. The decrease from Asia is primarily due to falling international student numbers and a shift in the main source countries for permanent residence in New Zealand.

## Skilled and Business Migrants

### Key facts:

- The Skilled Migrant Category (SMC) makes up most of the Skilled/Business Stream and is the largest residence category in the New Zealand Residence Programme (NZRP), with 27,011 people (59 per cent of the NZRP) approved for residence through this category in 2007/08.
- The United Kingdom has always been the largest source country of SMC approvals (22 per cent), followed by South Africa (18 per cent) - the fastest growing country of origin-, China (14 per cent), and the Philippines (11 per cent).
- The number of approvals through the business categories dropped substantially from 3,793 in 2002/03 to 413 in 2008/09.
- A large proportion of people granted a work to residence permit under the talent work policies and the Long Term Skills Shortage List went on to gain permanent residence through the SMC.

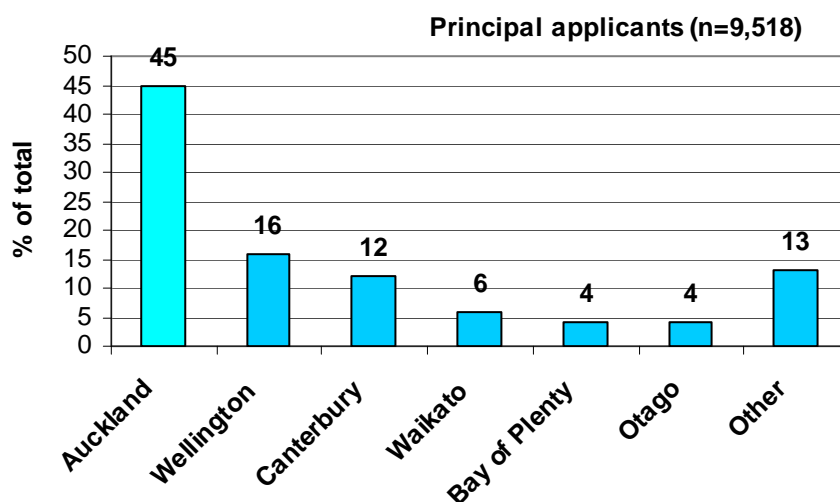
The skilled migrant scheme is a points-based system designed to ensure that people migrating to New Zealand have the skills, qualifications, and work experience New Zealand needs. Applicants can claim bonus points for other factors, including having work experience or qualifications in an area of absolute skill shortage, **having employment outside of Auckland**, or having a New Zealand qualification. In 2008/09 more than half of all principal applicants (55 per cent) claimed bonus points for a job or a job offer outside the Auckland region (56 per cent in 2006/07).

In 2008/09, 28,547 people, 62 per cent of residence approvals through the New Zealand Residence Programme (NZRP), were approved for residence through the Skilled/Business Stream. Of these people, 22,753 (80 per cent) were approved through the Skilled Migrant Category (SMC), 5,381 (19 per cent) through the Residence from Work Category, and 413 (1 per cent) through the Business Immigration Policy.

Despite the provision that encourages employment in the rest of New Zealand, Auckland was by far the most relevant settlement area of migrants: 45 per cent of resident employed skilled migrants worked in Auckland Region in 2009 (see Figure 12).

Most principal applicants (67 per cent) gained points in 2007/08 for relevant work experience; 18 per cent gained bonus points for New Zealand work experience; and 20 per cent gained additional bonus points for work experience in an identified future growth area, an identified cluster area, or an area of absolute skills shortage. Sixteen per cent claimed bonus points for a job or job offer in an area of absolute skills shortage.

Figure 12. Region of skilled employment for Skilled Migrant Category, 2008/09.



Note: The graph excludes principal applicants with an unknown region of employment.

### Occupation of Skilled Migrant Category principal applicants

The majority of SMC principal applicants work as Professionals (45 per cent in 2008/09 and 38 per cent in 2006/07) -see table 5.

The SMC attracted skilled migrants in a broad range of sectors in 2007/08, but the most common occupations included registered nurse, physiotherapist, chef, secondary school teacher and restaurant manager.

Table 5. Main occupation\* of Skilled Migrant Category principal applicants, 2008/09

Major group†	2008/09	
	Number	Per cent (%)
Professionals	4,228	39
Technicians and Trades	2,828	19
Managers	1,618	17
Community and Personal Services	348	14
Clerical and Administrative	628	6
Total§	9,390	100

Notes: \* Main occupation is the job the applicant spent the most hours doing in the past 12 months. † Major group is coded to the New Zealand Standard Classification of Occupations. ‡ Elementary Occupations (including residuals) includes elementary occupations and occupations not listed in the New Zealand Standard Classification of Occupations. § This table includes all principal applicants, not just those with a job or job offer as in previous reports. Applicants whose occupation was classified as 'Not Stated' are excluded from the total.

## Residence from Work Category

Migrants who are qualified in occupations where there is a shortage of supply in New Zealand or have exceptional talent in the arts, sports, or culture, may get a temporary work permit as a step towards gaining permanent residence in New Zealand through the Residence from Work Category. The Residence from Work Category includes the Talent (Accredited Employers), Talent (Arts and Culture), and Talent (Sports) Work Policies and the Long Term Skill Shortage List.

Since the inception of this policy in 2002, 11,179 principal applicants have been issued a work to residence permit through the talent work policies and the Long Term Skill Shortage List. Of these, 48 per cent became permanent residents, mainly as skilled migrants.

In 2007/08, the 1,097 people approved through the Residence from Work Category, up from 897 people in 2006/07. Most were approved through the Talent (**Accredited Employers**) Work Policy (82 per cent of principal applicants). About 18 per cent of principal applicants approved for residence through the Long Term Skill Shortage List recorded their main occupation as registered nurse. Occupations such as secondary school teacher, anaesthetic technician, electrician, and university lecturer were also prominent.

People approved came from 60 countries. The main source countries were the United Kingdom (54 per cent), South Africa (7 per cent), and Canada (5 per cent).

## Business Immigration Policy

From 2002/03 to 2008/09, 16,743 people (5,102 principal applicants) were approved for residence through the Business Immigration Policy.

The main source countries were China (5,707), South Korea (4,243), and the United Kingdom (2,156). While the total number has decreased sharply, the quota of business migrants from the UK have remained relatively steady, with 166 (40 per cent) in 2008/09.

Business migrants in 2008/09 represented 3 per cent of Skilled/Business Stream approvals.

Table 6 shows the composition of Business Immigration Policy approvals from 2002/03 to 2008/09.

Category	2002/03 (%)	2003/04 (%)	2004/05 (%)	2005/06 (%)	2006/07 (%)	2007/08 (%)	2008/09 (%)
Entrepreneur	7	43	61	84	90	87	380
Investor*	93	57	39	16	10	13	33
Total (n.)	3,751	3,701	3,493	3,440	1,257	689	413

Note \* The Active Investor Migrant Policy, but including the 2005 Investor Category.

The number of Investor Category approvals decreased steadily from 2002/03 to 2006/07, but until 2005/06 this decrease was offset by the growth in Entrepreneur Category approvals. Since 2005/06, the overall number of approvals through the Business Immigration Policy have dropped substantially (from 3,751 to 413). Only thirty-three people were approved residence through the Investor Category in 2008/09.

Table 7 compares the nationalities of Investor Category approvals from 2002/03 to 2008/09. In 2008/09, the United Kingdom was the largest source country of approvals (36 per cent), followed by the United States (27 per cent) and China (18 per cent). While the total number of approvals has fallen since 2002/03, the relative decrease has been most significant for approvals from China and least from the UK.

Table 7. Nationality of Investor Category approvals, 2002/03-2008/09

Nationality	2002/03 (%)	2004/05 (%)	2005/06 (%)	2006/07 (%)	2007/08 (%)	2008/09 (%)
United Kingdom	6	28	36	19	55	36
China	56	40	8	33	14	18
United States	2	7	10	10	10	27
Other	35	25	45	37	21	18
Total approved (n)	3,495	1,361	538	129	87	33

### The Long Term Business Visas Policy

The Long Term Business Visas Policy is a **temporary immigration policy** that caters for people who are interested in establishing a business in New Zealand, and may subsequently apply for residence through the Entrepreneur Category. People can also use the Long Term Business Visas Policy if they are interested in establishing a business in New Zealand but are not living permanently in New Zealand.

In 2008/09, 187 principal applicants were granted a long-term business visa. That was less than a year before, but still more than the 153 applicants in 2005/06. Since the Long Term Business Visa Policy was introduced in March 1999, 5,149 principal applicants have been granted a long-term business visa. The number of long-term business visas granted has decreased considerably since the peak of 1,807 principal applicants in 2001/02.

South Korea, China, and the United Kingdom used to be the top three source countries. But in the last three years Chinese and South Korean businesspeople have dropped sharply and now the UK alone accounts for 41 per cent of the total.

In terms of rates of conversion to residence, Fiji had the highest conversion rate (82 per cent), followed by South Korea (66 per cent), then China (64 per cent).

## 4. The Auckland's labour market picture

Auckland is the economic and cultural national and international hub of New Zealand.

Over one-third (37.0 per cent) of people who lived in the Auckland Region were born overseas, compared with the Southland Region, where around 1 in 13 people (7.6 per cent) were born overseas.

The Auckland Region had the highest proportion of usual residents born in the Pacific Islands (8.1 per cent) and Asia (13.5 per cent).

Of the cities and districts, Manukau City had the highest proportion of usual residents born in the Pacific Islands (16.0 per cent), while Kapiti Coast and Rodney Districts had the highest proportions born in the United Kingdom and Ireland (12.7 and 12.6 per cent, respectively).

Almost 1 in 5 people (18.4 per cent) usually living in **Auckland City** were born in Asia.

This diversity is notable also worldwide. In fact Auckland City and Region are, in terms of foreign born population, among the most diverse cities of the world (ranking behind Toronto, Miami, Los Angeles, Vancouver).

According to the 2006 population census, Auckland was the most ethnically diverse region in New Zealand in 2006, with 56.5 per cent of its population identifying with the European ethnic group, 18.9 per cent with the Asian ethnic group, 14.4 per cent with the Pacific peoples ethnic group, and 11.1 per cent with the Māori ethnic group.

Friesen<sup>44</sup> notes that the 20 years following the Immigration Act 1987 witnessed one of the most dramatic transitions in ethnic composition that NZ has ever experienced. The most notable aspect of this transition is the growth in the populations of Asian origin, with about two-thirds of Asian migrants over that period settling in Auckland. He maps the spatial distribution in Auckland of migrants from particular ethnicities, noting a significant level of clustering. This can appear positive or negative, serving as a zone of familiarity but also preventing migrants from participating outside their cultural group.

In seeking to understand the relationship between migration and the Auckland labour market it is important to consider why the majority of migrants target Auckland in particular. This is likely to reflect multiple factors: as the biggest city by far in NZ, Auckland has better employment opportunities than elsewhere in NZ. Auckland is also the most ethnically diverse city. This has many implications: there are likely to be cultural opportunities that smaller cities lack, and for migrants, there is greater likelihood of finding kindred spirits and compatriots to ease the transition. In addition, Auckland is the major entry point, and has the advantage of having the most prominent international reputation of any NZ city.

Recognising the economic (and other) benefits migrants can bring, some regions in NZ have launched direct marketing campaigns internationally (as they did back in the 1800s), seeking to attract visitors specifically to particular places. Canterbury and Auckland are using this approach, reflecting an increasing international trend as global skill shortages become widely recognised and increasingly pronounced. The idea is that cities or regions market themselves directly internationally, rather than as part of a national initiative. For example, Auckland was represented at the Opportunities Expo in London in October 2008 as a partnership between

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<sup>44</sup> Friesen, W. (2008) *Diverse Auckland: the face of NZ in the 21st century?* Asia: NZ foundation and University of Auckland, Outlook edition 06.

the Auckland Chamber of Commerce and AucklandPlus, aimed at recruiting skilled workers to address Auckland's skills shortages. There were 700 enquiries from workers potentially interested in coming to Auckland. Such regional initiatives run parallel to national campaigns such as Immigration NZ's recent 'job drive' on the West Coast of the US to lure people to NZ.

#### 4.1 *Employed overseas born residents: residence, ethnicity, occupation and educational levels.*

##### **Residence.**

As shown in table 1, in New Zealand, the total number of **overseas born employed residents (OBER)** was almost 469 thousand in 2006, 130 thousand more than in 2001.

In Auckland City OBER were 82,131 and 162,630 in the rest of the Auckland Region. This means that more than 17 per cent of employed OBER work in Auckland City and more than per cent 52 per cent of them work in the Auckland Region.

This level of concentration is very high and bigger than the level of concentration of the total population in the area, as Auckland aggregates a third of the New Zealand population.

This is another indicator of how ethnic and cultural diversity constitute the main peculiar feature of Auckland with respect to the rest of the world and the country.

	OBER		Total Employed	
Auckland City	82,131	18%	202,545	10%
Rest of Auckland Region	162,630	35%	433,689	22%
Rest of NZ	223,974	48%	1,349,544	68%
Total New Zealand	468,735	100%	1,985,778	100%

Moreover, overseas born employed residents (OBER) represent 40.5 per cent of the total employed in Auckland City (as shown by Figure 13). This value is almost the double of the corresponding national one (23.6 per cent) and similar to that of the rest of the Auckland Region (37.5 per cent).

**Figure 13 . OBER as a percentage of total employed by Territorial Authority. 2006**

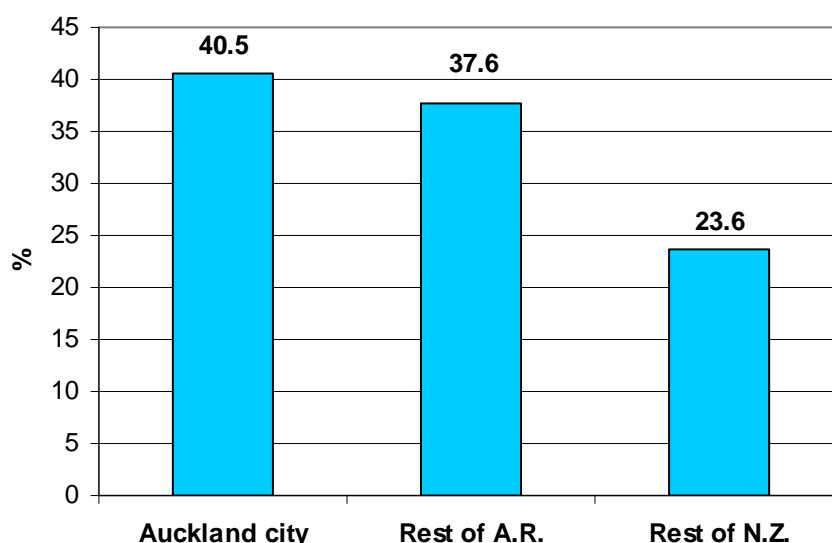


Figure 14. Distribution of employed by area. 2006

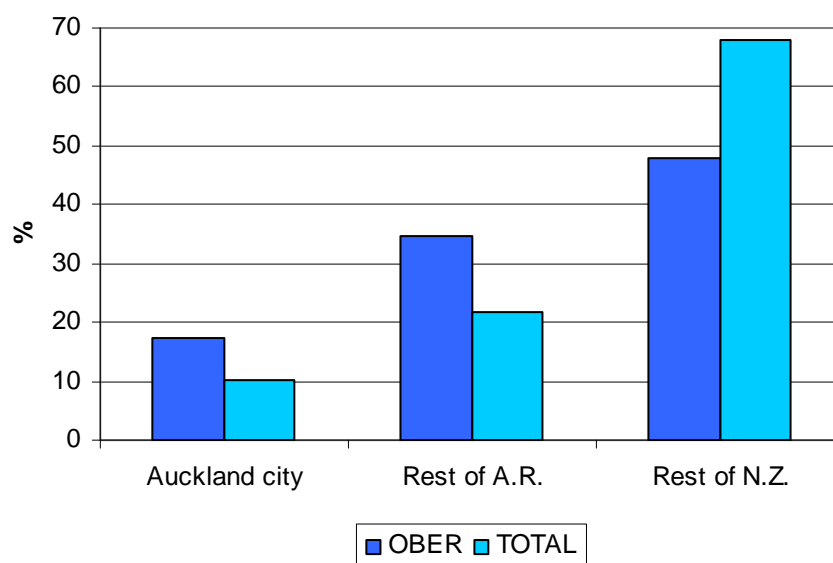


Figure 14 shows the distribution of OBER and total employed among Auckland City, the rest of Auckland Region and the rest of New Zealand.

It can be noted that the high level of participation of OBER to the employed population in the city is also reflected by the concentration of OBER employed in Auckland City. In fact, 17.5 per cent of the OBER employed are in Auckland City, while ‘only’ 10.2 per cent of the total employed work in the city.

Even more striking is the difference between the concentration of OBER in the rest of the Auckland Region (almost 35 per cent) compared to the percentage of total employed (only 22 per cent).

Summing up, while more than half of the OBER work in the Auckland Region, that area represent “only” 32 per cent of total employment in NZ.

## Ethnicity

Table 9 shows the **ethnicity** declared by the overseas born employed residents (OBER) in 2001 and 2006 census.

The majority of OBER are Europeans, though their quota is shrinking significantly over time, due to the fast growth of Asian (almost a third in 2006).

Pacific people’s quota also diminished, but was still 11 per cent in 2006.

		Europe	Pacific	Asia	M. East/ L. America/Africa	Total	Total
	year	%	%	%	%	‘000	%
NZ	2006	53.4	11.4	29.9	2.7	468.7	100.0
	2001	62.1	13.4	22.2	2.0	338.6	100.0
Auckland City	2006	35.5	13.2	46.8	3.2	82.1	17.5
	2001	44.0	17.5	36.3	2.7	58.9	17.4
Rest of Auckland Region	2006	44.1	16.6	34.8	2.7	162.6	34.7
	2001	53.9	19.5	24.7	2.2	113.6	33.5

- European OBER are still the majority at the country level, but represent only a third of total OBER in Auckland City and 44 per cent in the rest of Auckland Region.
- The proportion of Asian OBER is much larger in Auckland City (47 per cent in 2006) than in the rest of the Auckland Region (35 per cent) and the country (30 per cent).
- Pacific peoples are over represented both at the city level (13 per cent of total OBER in Auckland City in 2006) and the regional level (17 per cent of total OBER in 2006), compared with the country average (11 per cent of total OBER in 2006).

## Occupations

Table 10 shows the Territorial Authority of usual residence by occupation (NZSCO99 v1.0) of overseas born employed residents (OBER) in 2006.

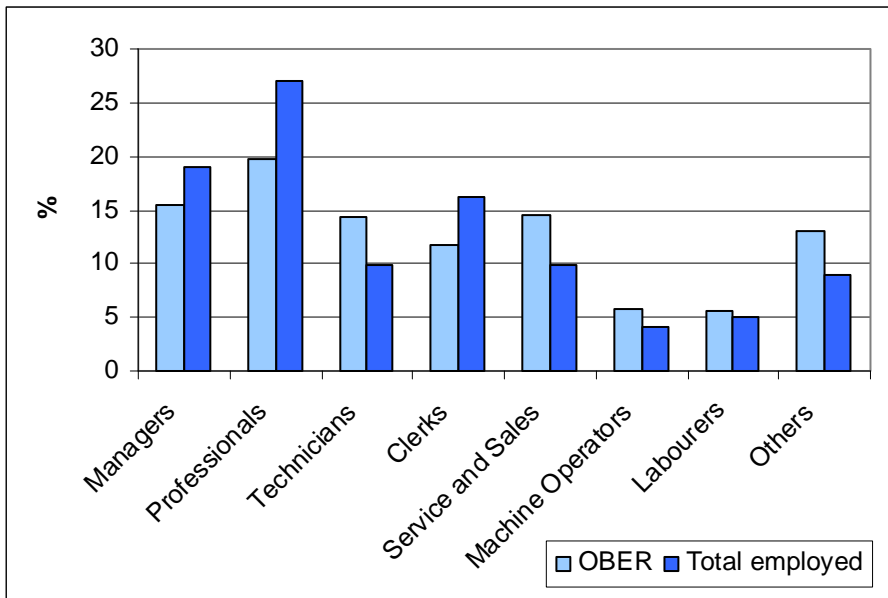
**Professionals is the most important occupational category of Auckland City, representing almost 20 per cent of its total OBER**, the other occupations where OBER are more concentrated in Auckland City are Legislators, Administrators and Managers (15.5 per cent) Technicians and Associate Professionals (14.3 per cent) and Clerks (11.7 per cent) – see table 10-.

Table 10. OBER, Territorial Authority of usual residence and Occupation. (NZSCO99 v.10). 2006						
Territorial Authority / Profession	Rest of AR		Auckland City		National	
	'000	%	'000	%	'000	%
Managers	23,895	14.7	12,771	15.5	67,914	14.5
Professionals	25,500	15.7	16,152	19.7	85,821	18.3
Technicians	20,901	12.9	11,733	14.3	59,589	12.7
Clerks	19,074	11.7	9,576	11.7	50,076	10.7
Service and Sales	21,471	13.2	11,904	14.5	65,094	13.9
Agric. & Fish.	2,886	1.8	534	0.7	15,438	3.3
Trades	14,043	8.6	4,521	5.5	34,170	7.3
Machine Operators	12,723	7.8	4,743	5.8	30,498	6.5
Labourers	10,824	6.7	4,503	5.5	27,477	5.9
<b>Total</b>	<b>162,630</b>	<b>100.0</b>	<b>82,131</b>	<b>100.0</b>	<b>468,735</b>	<b>100</b>

OBER that are occupied as Trades Workers, Plant and Machine Operators and Assemblers, Labourers and related elementary service workers are relatively more represented in the rest of the Auckland Region, than in Auckland City and the country as a whole.

Table 11. Workplace Address and Occupation (ANZSCO V1.0 Major Group) for the Employed Census Usually Resident Population Count Aged 15 Years and Over, 2006						
Occupation	Rest of AR		Auckland City		Total NZ	
	'000	%	'000	%	'000	%
Managers	49,605	17.7	48,906	19.0	340,530	17.1
Professionals	55,977	20.0	69,312	27.0	374,328	18.9
Technicians and Trades	34,233	12.2	25,113	9.8	241,857	12.2
Community and Personal Service	21,123	7.5	17,148	6.7	156,468	7.9
Clerical and Administrative	38,790	13.8	41,493	16.2	240,816	12.1
Sales	32,121	11.5	25,488	9.9	186,060	9.4
Machinery Operators	17,478	6.2	10,641	4.1	114,327	5.8
Labourers	22,908	8.2	12,795	5.0	218,991	11.0
Total Occupation	280,074	14.1	256,839	12.9	1,985,778	100.0

Figure 15. Occupation category of OBER and total employed, percentages. 2006



When occupational categories of OBER are compared to those of the total employed (see table 11), it is evident that OBER work predominantly as professionals, managers and technicians. Nonetheless, taking into account only the Auckland City's data -see Figure 15- the differences show that OBER appear to be more concentrated in the technicians category and in services and sales and relatively less concentrated in more skilled occupations as Managers and Professionals. A possible explanation could be that, despite their high level of qualification, migrants face barriers related to professional regulations that act as a form of protection of New Zealanders from "foreign competition".

Occupation	2003-08		2008	2007	2006	2005	2004	2003
	'000	Δ %	'000	'000	'000	'000	'000	'000
Total All Occupations (*)	80,899	<b>100</b>	3,814	5,491	14,609	6,971	15,108	34,906
Administrators	-442	<b>-0.5</b>	-782	-816	-32	-35	325	898
Professionals	9,518	<b>11.8</b>	1,061	722	2,094	1,507	1,756	2,378
Technicians	-66	<b>-0.1</b>	-508	-549	81	-85	122	873
Clerks	859	<b>1.1</b>	-626	-412	183	247	439	1,028
Service and Sales	-2,294	<b>-2.8</b>	-944	-572	-88	-630	-347	287
Agriculture and Fishery	-294	<b>-0.4</b>	74	-18	-158	-68	-148	24
Trades	-1,071	<b>-1.3</b>	-1,366	-708	11	156	358	478
Machine Operators	-3,724	<b>-4.6</b>	-1,362	-818	-454	-638	-320	-132
Elementary Occupations	-2,335	<b>-2.9</b>	-786	-524	-297	-370	-246	-112

(\*) It must be noted that the majority of inflows are under the following occupational categories: unidentifiable/ illegible; not applicable; not stated.

Table 12 shows the effect of net migration on different occupational categories. Unfortunately, data significance is low as the majority of the inflows are not classified. Available data show that the net effect of migration flows has been particularly positive and concentrated in the **professionals** occupational category and, to a much lesser extent, on clerks. All other occupational categories show negative net migration flows (emigration), though especially concentrated in the less skilled categories (machinery operators, elementary occupations and service and sales).

### Education levels.

Table 14 and 15 provide information about the educational qualifications of OBER and total employed.

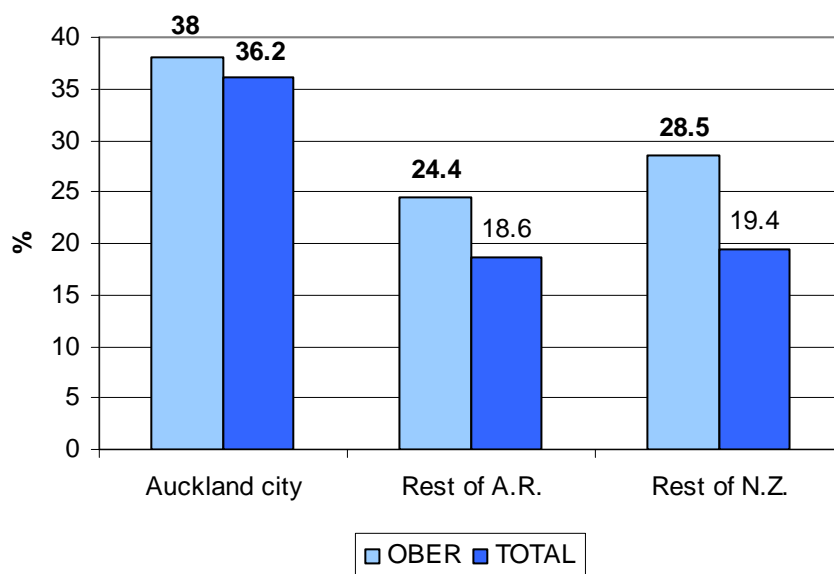
Highest Qualification	Rest of AR		Auckland City		Total NZ	
	n	%	n	%	n	%
No Qualification	18,690	11.5	6,591	8.0	48,009	10.2
Level 1,2,3,4 Certificate	79,554	48.9	32,493	39.6	214,950	45.9
Level 5, 6 Diploma	16,335	10.0	7,956	9.7	49,263	10.5
Bachelor Degree and Level 7	27,453	16.9	20,268	24.7	84,780	18.1
Post-Graduate, Masters and Doctorate	12,183	7.5	10,905	13.3	48,873	10.4
Total	162,630		82,131		468,735	

**OBER appear to be significantly more qualified both at the regional and national level if compared to the total population:** only 18.6 of employed have the two highest level of qualification – table 15- (almost six points less than OBER– table 14), while at the national level they are 19.4 per cent –table 15- (almost 50 per cent less than OBER-table 14). Symmetrically, the employed with no qualifications are 17 per cent of total population and only 11.5 per cent of OBER.

Table 14. Territorial Authority of Usual Residence by Highest Qualification for the Total Employed Census Usually Resident Population Count Aged 15 Years and Over, 2006						
Highest Qualification	Rest of AR		Auckland City		Total NZ	
	n	%	n	%	n	%
No Qualification	70,362	17.0	18,600	9.5	354,576	18.7
Level 1,2,3,4 Certificate	222,099	53.6	84,714	43.3	973,821	51.3
Level 5, 6 Diploma	44,730	10.8	21,396	10.9	201,228	10.6
Bachelor Degree and Level 7	56,388	13.6	49,026	25.1	257,379	13.6
Post-Graduate, Masters and Doctorate	20,655	5.0	21,762	11.1	109,737	5.8
<b>Total</b>	<b>414,234</b>	<b>21.8</b>	<b>195,498</b>	<b>10.3</b>	<b>1,896,741</b>	<b>100.0</b>

Figure 16 shows that Auckland city is the New Zealand's University hub where the most educated people is concentrated. Nonetheless, even in Auckland city OBER are the most qualified: 38 per cent of Auckland city's OBER have achieved the two highest level of educational qualification (from Bachelor degree upwards), compared to 36.2 per cent of total population. . Yet the difference in the education levels between OBER and the total population is absolutely striking at the national level: 28.5 per cent of OBER have the two highest degree of education, compared to only 19.4 per cent of the total population.

**Figure 16. Percentage of OBER and of total population who have an education qualification equal or superior to Bachelor Degree (7 upwards), 2006**



In summary, these results confirm the effectiveness of the immigration policy in selecting immigrants which are on average more skilled than the national population and who mainly work in highly skilled professions.

Looking more specifically at Auckland City, it appears evident that immigrants who work in Auckland City are generally significantly more skilled than those that work elsewhere in the country and, in particular, outside the Auckland Region. However, looking at occupations, the professions in which immigrants in Auckland City work do not differ much from those of the immigrants that work elsewhere in New Zealand. This could signal a higher level of under-employment of immigrants in Auckland City's labour market that could be due to barriers to entry in many regulated professions.

## 5. Do migrants and labour demand match?

The evolution of the New Zealand immigration policy reflects the aim of specifically targeting skilled labour shortages that have been identified by analysts and the business sector as the main constraint to increase productivity and economic growth.

The dominant role that employers started playing in the definition of the immigration policy, shifted the balance from labour market policies that focussed on supply considerations, to a policy framework that privileged labour demand as the main driver.

As a result, in 2003 the general skills category was replaced by a skilled migrant category.

Additionally, the temporary immigrant was provided with a stream of residence from work that includes the Talent (Accredited Employers), Talent (Arts and Culture), and Talent (Sports) Work Policies and the Long Term Skill Shortage List.

The assessment of the matching of the effective labour demand and the skill shortage lists (short and long term ones) assumes therefore a paramount importance in understanding whether this policy approach has produced the desired results. The effective matching is obviously as important for those who manage the policy (labour demand), as for those who are selected through it (labour supply-immigrants).

Further, while immigration policy directly controls the supply of migrants into NZ, their availability (whether they choose to emigrate to NZ or to go somewhere else) must also be understood in the context of an internationally mobile pool of ‘talent’.

A survey conducted by Manpower (a multinational recruitment agency) in 2008 across 28,000 employers in 27 countries asked employer “In which category of job is foreign talent most important in helping your organization meet its skill shortages?”

Table 15. The top 10 jobs that employers are filling with foreign talent	
New Zealand	Across the 27 countries and territories surveyed
1. IT Staff	Labourers
2. Labourers	Engineers
3. Accounting & Finance staff	Production Operators
4. Technicians	Technicians
5. Engineers	IT Staff
6. Sales Representatives	Sales Representatives
7. Customer Service Representatives	Administrative Assistants / Pas
8. Skilled Manual Trades	Customer Service Representatives
9. Production Operators	Senior Executives / Board Members
10. Middle Management	Accounting & Finance Staff

*Source: Manpower Borderless Workforce survey (2008)*

As the Table 15 above demonstrates, 8 out of 10 of the categories NZ employers have most difficulty in recruiting match those in shortage across the 27 countries, illustrating the dimensions of the ongoing problems NZ is likely to face – and the importance of understanding and capitalising on the ‘x-factor’ in attracting people to Auckland/NZ.

Recognising the competitiveness of the global market for skilled workers, large firms operating as accredited employers employ increasingly complex and sophisticated ‘inward investment’ strategies to lure migrants to NZ.

The ‘Essential Skills in Demand lists’ include the long term shortage list and immediate skill shortage list. The Long Term Skill Shortage List “identifies those occupations where there is an absolute (sustained and ongoing) shortage of skilled workers both globally and throughout NZ”. People gaining employment in one of these areas may be granted a work permit under the Work to Residence Policy, and Skilled Migrants gain bonus points towards their application for residence.

A biannual review of the lists is carried out which can result in additions, subtractions and changes made to qualifications and experience requirements. Changes are based on information including submissions from industry and employers, and further information from other stakeholders (unions, ITOs, government depts.). Criteria for consideration include absolute and ongoing shortages, across all areas of NZ, in occupations with a base rate of at least \$45,000, subject to meeting Skilled Migrant conditions.

The process seems robust and responsive to employer requirements. Yet in practice, there appears to be ongoing mismatches between skilled migrants and employer demands. The debate over this issue is slightly controversial, as the Department of Labour assessments show that the policy streams provide for an almost perfect matching between labour demand and supply (detailed in the following section), whereas some surveys and less formalized evidence allow for a certain degree of mismatching<sup>45</sup>.

As a consequence, a number of initiatives have been launched, both by the private and the public sector in order to maximise the economic benefits of immigration flows as well as the retention of skilled migrants over time, while at the same time reducing the sub-employment of skilled migrants and improving their well being achieving an harmonious multicultural outcome from immigration. Two of these initiatives will be outlined in section 5.2.

## **5.1 *The Department of Labour analysis.***

The Department of Labour (DoL) recently completed a three-year research programme on The Economic Impacts of Immigration (EII). Following some of the results of that research are discussed.

**Indicators of Skill Shortage: how are skill shortages identified?** The objective of this DoL study was to foster a better understanding of which indicators provide useful information about the presence of skill shortages and how to interpret such indicators when developing immigration policy advice. A general to specific approach was adopted. The first step is to develop a conceptual framework for assessing what constitutes a skill shortage that should or could be addressed by skilled immigration. Within this conceptual discussion time is spent defining what is meant by skills, the types of skill gaps that can develop and discussing the immigration policy issues that arise when skill gaps are identified. Then the study attempted to identify the 'ideal' set of indicators that would inform an assessment of skill shortages.

A suite of seven types of indicators were identified:

1. vacancy fill rates
2. the relative volume of vacancies
3. evidence of excessive wage pressures
4. assess the occupations exposure to product and labour market competition
5. evidence that the current demand for the skill will be sustained
6. evidence about the length of time it might take for the New Zealand education system to address identified skill shortages
7. evidence about the degree of specialisation in different occupations.

The first three indicators were recommended as the prime means for identifying the presence of skill shortages, which should be used to monitor as many occupations as possible on an ongoing basis. The next three indicators were more about identifying in which of the cases of skill shortage an immigration intervention might be appropriate. Finally, indications of occupational specialisation can provide a list of occupations where skill shortages are more likely to occur and potentially would have disruptive impacts.

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<sup>45</sup> As Omega states: Auckland has yet to effectively tap into the talent and diversity it currently houses, “nearly 50% of all skilled migrants to New Zealand are inactive, unemployed or confined to jobs for which they are over-qualified” (OECD, International Migration Outlook, 2007). Getting them into jobs that fit is both an instant lift to productivity, and opens up New Zealand jobs for other unskilled people.

**Skilled Migrants in New Zealand: Employers' Perspectives.** This DoL research was designed to identify whether New Zealand employers' immigration needs have been met since the Immigration Service implemented its new business strategy of Customised Service in August 2003.

Overall, the results show that the Immigration Service met the majority of the needs of New Zealand employers who hired skilled migrants between August 2003 and December 2004.

The results also show that there are significant differences in the types of migrants being approved through the Skilled Migrant Category (SMC) compared to those approved through the now closed General Skills Category (GSC).

These differences are positive for employers. An example is that employers of migrants approved through Skilled Migrant Category, and Long Term Skill Shortage List (LTSSL) and Talent policies are significantly more likely to report they are able to share their skills and experience than those who hired migrants approved through the General Skills Category.

The results identify that 81 per cent of New Zealand employers who hired skilled migrants between the start of Customised Service and 31 December 2004 were satisfied with the migrants they hired.

A total of 69 per cent of the migrants in the sample were still working with the employer at the time the survey was conducted. Of those who had since left, 47 per cent had stayed more than 12 months with that employer. Forty-one per cent had left that employer for a job with another New Zealand employer. Very few employers reported the migrants had difficulties fitting in to the workplace culture or had difficulties with the English language.

The Department of Labour promotes the successful integration of skilled migrants in the labour market through various initiatives. For example, business representatives and migrant communities indicated at an employment symposium in Auckland in 2007 that there was a need to promote positive stories about migrant employment. These stories could persuade other potential employers of the benefits of migrant employees to fill labour and skills shortages and that diverse workforces are valuable in themselves.

## **5.2 *Matching immigrants and labour market demand. Barriers and possible solutions.***

Migrants face many difficulties and barriers in the labour market. These problems affect the capacity of the migrant to achieve his professional goals, jeopardise the capacity of the economy to utilise successfully and retain precious human resources. As a result, migration does not produce all its potential economic benefits especially on per capita income through productivity growth.

On one hand, in many instances labour market **deregulation** is the right policy tool to remove those barriers and to make labour market more accessible and flexible to everybody. On the other hand, to address other barriers (such as those related to difficulties experienced by small and medium enterprises in employing migrants) a **direct involvement of the public sector**, preferentially in partnership with the private sector, could be more appropriate.

An example of how deregulation can be used to reduce barriers to entry for migrants is that of the professional bodies and some professional regulations that resemble the non-tariff protectionist barriers in trade. The health sector, very important for Auckland City's economy, is one where attraction and retention of highly needed skilled migrants is particularly critical because the professional bodies covering doctors set standards that migrants cannot meet without retraining. The implication is that whilst Immigration NZ identifies an area of shortage, the medical profession prevents maximum use being made of new migrants.

Another barrier is that NZ is strongly networked and it is very difficult for 'outsiders' to break in. To address this issue, initiatives such as mentoring and internship are very useful and they also have an education function within the firms involved, demonstrating the value of migrants.

Then there is **racial discrimination**. It is of course extremely difficult to research this area, although some studies have been conducted into the employment effects of the ‘ethnic penalty’. Research by Wilson et al<sup>46</sup> (2005) found differing levels of ethnic penalty operate for different ethnic minority groups, reinforcing findings that Asian and particularly Chinese applicants are particularly disadvantaged in Anglo-Saxon work settings. They note that it is however difficult to separate employment effects reflecting ethnicity from those reflecting immigration status. For example, what difficulties arise for a recent migrant from skills and career transitions, and what arises from their ethnicity, and what arises from immigration (e.g. difficulties in recognising qualifications and prior experience and no local references). They suggest that immigration status and ethnicity interact in potential employment discrimination and this matters where recent migrants compete alongside ethnic ‘locals’ whose forbears have been here for generations.

The practical effect is evident. In the **Hudson Report 2008**<sup>47</sup>, inadequate communication skills, identified through CVs and/or phone interviews, were the most common reason that employers screen out unsuitable candidates. This is despite the fact that training could improve these skills. Inadequate experience identified through CVs/phone interviews is the second most common reason employers screen out unsuitable candidates, even though some may have most of the experience needed. Hudson notes that measuring for a candidate’s potential could identify those people with less experience who might bring more enthusiasm, ambition and drive to the roles than fully experienced candidates.

Among the 1700 employers interviewed in the 2008 Hudson report, the most common factors excluding candidates are:

- Inadequate communication skills (listed by 1258 employers)
- Inadequate experience (1160)
- Wrong qualifications (368)
- Only overseas experience (136)
- Culture fit (855)

Hudson concludes that “employers may be eliminating candidates based on factors they personally feel uncomfortable with rather than on whether those factors are core competencies for the role”.

Two local examples of useful public and private initiatives, which reflect the need to lower entry barriers and to better matching immigrants’ labour supply and local businesses’ labour demand, are outlined below.

### ***5.2.1 Waitakere. Addressing local needs and specificities: the small and medium enterprises (SMEs) knob.***

Some analysts are advocating for a stronger local focus of immigration policy, stressing the necessity to adapt it to regional specificities and needs<sup>48</sup>.

The experience of Waitakere City represents a significant example of this localized approach within the Auckland Region. One of the main results of this project has been that of identifying and addressing the particular needs and perceptions of small and medium enterprises (SMEs) with regard to the recruitment of immigrant workers.

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<sup>46</sup> Gee Wilson, M. (2005). A rose by any other name: the effect of ethnicity and name on access to employment. Business Review: 7 (2). University of Auckland.

<sup>47</sup> The Hudson Report is an annual report published by Hudson, a recruitment and human resource consulting firm which operates almost worldwide. Based on extensive nationwide research, The Hudson Report analyses the hiring expectations of employers over the coming quarter, as well as providing insights into a range of topical human resource issues currently impacting business.

<sup>48</sup> Source: Spoonley Paul and Bedford Richard. 2008. Responding to regional labour demand: International migration and labour markets in New Zealand’s regions. International Migration & Intergration. N. 9.

This is particularly important for Auckland City, as SMEs represent the backbone of its economic structure.

The City of Waitakere, part of the Auckland Region, constitutes a distinctive labour market characterized by: (i) a large daily commuting (half of all working residents work outside the city); (ii) a predominance of small and medium enterprises (SMEs) as 87 per cent of firms employ less than 10 people; (iii) significant skill shortage, especially in some sectors.

To address those issues an immigrant recruitment was established in 2002, the Waitakere Employment and Skills Project (WESP). The Local Employment Committee for Waitakere played the leading role and received funding from Work and Income New Zealand. A number of local agencies were brought together, including the Waitakere City Council, Skills New Zealand/Tertiary Education Commission and Enterprise Waitakere, and the local Economic Development Agency (EDA).

After commissioning a study on local industries and their future skills demands, the project adopted a **demand-side approach** addressing several concerns mainly related to the capacity of the education and training providers to supply the necessary labour forces and the role of intermediaries, notably government agencies, in helping employers as opposed to job seekers. While the initial focus was on the local production of labour force, it was followed by a growing recognition that external labour supply through immigration –both skilled and unskilled- was also a determinant.

One of the issues that emerged out of this analysis was the crucial relevance of the employer's attitude towards immigrant job applicants and employees. As SMEs constitute the backbone of Waitakere's economy, it emerged that they present issues in developing appropriate labour market policies, especially in relation to immigrant labour recruitment and employment. SMEs proved to be particularly unresponsive, if not expressly hostile towards immigrants. The main reasons identified were that they tend to employ staff who can carry out a range of tasks and there was no easy fit with skilled and often specialised immigrants. SMEs low profit margin does not allow them the "luxury" of an initial adaptation phase required to introduce a new immigrant into the production process. They also tend to be intolerant of non-English speakers and many did not see them, especially non-Europeans, as important client or customer communities. Therefore, SMEs did not recognize a role for immigration in developing the local economy.

In order to address the above issues, WESP concentrated on:

- analysing the local labour market through annual employer surveys (to which SMEs' participation is still poor) ;
- improving information flows in both directions, ensuring that job seekers and SMEs understand what the other is looking for. Increasingly, these matching and information activities are occurring offshore as Waitakere Enterprise visits China and Europe (2007) to recruit businesses and immigrant workers.
- Reducing the risks attached to employing immigrants through: (i) language instruction; (ii) advice on the local business environment; (iii) getting immigrants job ready; (iv) providing an initial subsidy to employers to encourage them to take on immigrant workers; (v) work experience opportunities that allow employer and immigrant to appreciate options and (vi) ensuring that immigrant voices are heard in an economic promotion context.

While these activities are now provided by a variety of agencies, the role of WESP has been determinant in encouraging policy innovation.

### ***5.2.2 Omega: Opportunities for Migrant Employment in Greater Auckland<sup>49</sup>.***

Specifically focused on highly skilled migrants, Omega runs two programmes aimed at lowering the immigrants' entry barriers to the Auckland labour market opportunities. As it defines itself, Omega is "a new collaborative initiative designed solely to increase the employment of qualified migrants in Auckland – in jobs that match their skills and experience. Omega is a business led initiative which connects top flight international talent to the Auckland labour market at the appropriate level. Omega has been modelled on best practice from around the globe, but specifically on that of Toronto Regional Immigrant Employment Council (TRIEC). Omega was formed by the Committee for Auckland with financial backing from The Tindall Foundation and launched in March 2008."

Omega operates two programmes:

- **The Mentoring Programme** which provides skilled migrants with the much needed social capital to access the New Zealand labour market. It also seeks to change the way businesses value the skills newly arrived professionals bring to our labour market. The mentees who enter the programme possess the education, experience and language skills needed to excel in the workforce. All they are missing are the connections and local knowledge that can only be gained from real-life experience. Omega is building an alliance of community agencies and strategic partners that offer occupation-specific mentoring to this talent pool. Mentees are matched with professionals in Auckland who share the same skills and industry knowledge. To date, 103 matches have been done through this programme.
- **Internship:** This is a paid internship programme designed to address the dilemma of "no kiwi experience, no job - no job, no kiwi experience" that prevents many skilled migrants from contributing to our economy. The objective of the programme is to provide kiwi experience to first time internationals in their field of expertise through 3-6 month paid internships. Designed to minimise the recruiting risk in today's labour market, the internship programme will hopefully lead to continued employment, although there is no obligation on the part of the organisation to employ the intern on conclusion of the programme. The programme provides Auckland organisations with a cost effective way of accessing a pool of mature, experienced talent that can address current skills shortages, diversify the organisations labour force and expand its international experience.

### ***5.2.3 Auckland City's specificity.***

Waitakere's experience indicates a dividing line between large firms and small and medium enterprises (SMEs). This reflects the time and money that firms lose as new employees make the transition into the firm and start 'earning their keep'. It appears that the larger the firm, the greater the likelihood that there will be resources dedicated to the process of recruitment and training new staff.

From this perspective, Auckland has an advantage for migrants because the region has a higher than average number of large firms. In February 2008, 34 per cent of employees in the region worked in businesses employing 100 or more people, compared with 30 per cent of the total employees in New Zealand. The proportion is even greater in Auckland city, where 39 per cent of people work in businesses employing 100 or more people. By contrast, 34 per cent of people in the region worked in firms employing fewer than 20 people, compared with 39 per cent of employees in New Zealand as a whole.

Even when the labour market is tight, Auckland's population size provides an additional advantage as it gives it a greater pool of candidates from which to choose. Employers are

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<sup>49</sup> <http://www.omega.org.nz/>

therefore more likely to match the talent they require with what is available. This makes it less important for firms to hire on potential (i.e. hiring a candidate who may currently lack a desired attribute but who can be trained to fulfil the desired role). Even in this case, hiring on potential is less risky for large employers who have better resources to train staff as well as existing skilled staff to bring a new recruit up to speed. Further, large firms often operate across several countries including NZ, and therefore operate an explicit 'brain exchange' whereby people can transfer between countries. For these reasons, it appears that large firms are more likely to hire migrants.

## 6. Main economic impacts of immigration on New Zealand

Migration flows are complex and generate a positive contribution to the world economy.

However, this positive sum game has also negative impacts that can affect both sending and receiving countries' economies, societies, institutions and natural environments.

The capacity to govern these human flows depends on many factors that in New Zealand happen to be highly controllable by the state through its immigration policy.

There are many possible ways through which migration can affect both the demand for goods and services and the supply side of the economy. Below some of the most relevant economic impacts of migration flows on Auckland City and its labour market are briefly discussed.

### 6.1 *Populate or perish?*

New Zealand is historically a country of immigrants and inflows have increased in recent years: in 2006 more than one fifth of the population (21.2%) was foreign born, up from just under one sixth (17.2%) in 2000 and well above the average of one ninth in countries of the Organisation for Economic Co-operation and Development (OECD).

Auckland Region has 32.4 per cent of the country's population and 37 per cent of the total foreign-born population.

An obvious contribution of immigration is increasing the population of the receiving country. By increasing the population, private demand increases and the size of the economy grows, both in quantitative and qualitative terms.

In New Zealand the size of the population/economy has been historically perceived as a huge constraint on growth, therefore by attracting more migrants the economy has been capable of improving its size and diversification and also increasing the availability of economies of scale for the production and distribution system. In a constantly growing humanity<sup>50</sup>, the size of a country also determines its capacity to control its destiny and to relate with and influence the rest of the world.

### 6.2 *Grow selectively*

**Attract investors, skilled and temporary migrants.** As discussed in previous sections, the present New Zealand immigration policy structure reflects the view that the temporary and permanent entry of citizens from other countries helps to attract global talent to address skill shortages and brings capital, expertise and international connections to build New Zealand's workforce.

The Auckland City Council's Economic Development Strategy recognises the role of migration as a fundamental engine of economic growth emphasizing the need to attract and retain skilled people from abroad. Moreover, it states that in the modern world, attracting is not less important than retaining as migration is not only a fundamental source (or drain) of both skilled and unskilled labour supply but also a potential source (or drain) of labour demand, to the extent that entrepreneurial capacity and investment resources are acquired (or lost) through migrants.

The selection criteria adopted by the New Zealand immigration policy (especially from mid 1980s), determine that immigrants increase the population in selected areas of the labour market. That is highly skilled, productive, healthy and capital endowed individuals. Therefore, their economic impact is much stronger than the one produced by a simple increase of the population.

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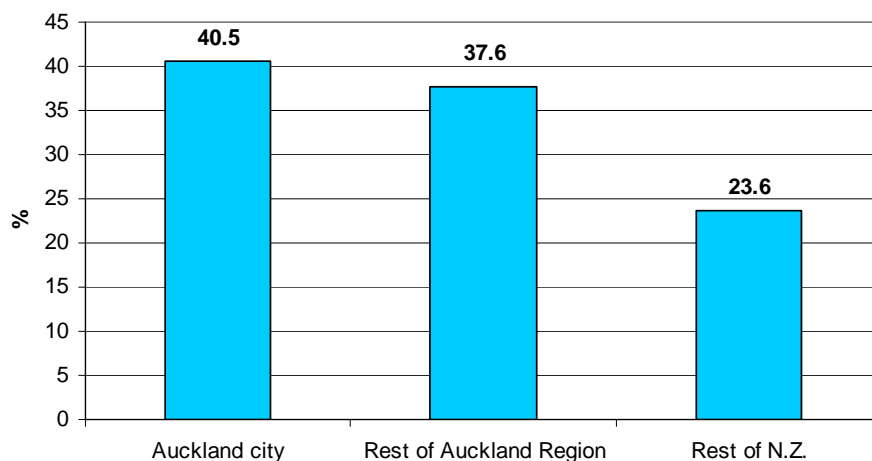
<sup>50</sup> The United Nations projects world population to overcome 9 billion people in 2050 (today it is estimated to be 6.8 billion), most of that will happen in the developing countries, where population should increase by 2.2 billion people in the next 40 years, almost 79 million people each year.

This also implies that much of the impact of immigration is concentrated in the labour market, both as provider of highly skilled supply and, to a lesser extent, as provider of more labour demand (through investment and business activities).

The participation in the labour market of immigrants residing in Auckland is also overwhelming as they represent 40.5 per cent of total employed (figure 17) and 37.6 per cent in Auckland Region, compared to 23.6 per cent in New Zealand.

Immigrants are occupied in the most skilled professions and have attained the highest levels of education (see figure 16 and the previous chapter).

**Figure 17. Overseas born residents as a percentage of total employed, 2006**



The contribution of immigrants to the national and city development therefore is hardly overstated.

In 2006, 25 per cent of the working age population (15 years and over) were born overseas compared with 22 per cent in 2001 and 18 per cent in 1981<sup>51</sup>.

Between 2001 and 2006, the working age population grew by around 271,000. Of this group, just over 162,000 (60 per cent) were born overseas. Furthermore, the working-age group with the highest labour market participation rate (30-49 years) had a net inflow of 64,200 migrants and a net outflow of 1,200 New Zealand-born individuals.

The **retention of migrants** between censuses has improved. The out-migration rate is defined as the ratio between the existing migrants who leave between censuses and migrants who arrive. For every 100 migrants who entered New Zealand between 2001 and 2006, 24 migrants left the country. This compares with an overall out-migration rate of 42 between 1996 and 2001.

The highest rates of out-migration are for migrants from the United Kingdom and Ireland. This group has lower barriers to entry and, being fluent in English, has fewer constraints to return or to move globally.

The prolonged period of economic growth in New Zealand as well as changes in immigration policy to focus on matching migrants and employment are likely factors contributing to the improvement of retention.

The labour market outcomes for migrants improve as their length of residence in New Zealand increases. In most cases, most of the differences in labour market outcomes across the sub-groups of the migrant population can be attributed to non-migrant-related characteristics (that is, by differences in age composition and highest qualification attained).

<sup>51</sup> Source: G. Nana and K. Sanderson. 2009. Migrants and labour market outcomes. Economic Impacts Immigration. Working Paper Series. Unpublished. Wellington: Department of Labour.

### 6.3 *Innovation, international trade and migration*<sup>52</sup>

Immigration increases productivity and innovation in the New Zealand context and many studies conducted abroad support this additional economic benefit of having an open society. A frequently quoted example is that migrants founded more than half of Silicon Valley start-ups over the last decade, employing 450,000 people with sales of US\$52 billion in 2005.

Immigration can also affect economic growth through innovation. Migrants bring new ideas, work in new industries and occupations, and/or attract trade and foreign direct investment from their home countries. Thus, migration affects entrepreneurship, innovation, productivity, etc.

A study about the economic impacts of immigration conducted for the Department of Labour in 2004<sup>53</sup> found that the theoretical work in this area is quite scattered and no obvious main citations exist. But increasing efforts are being devoted to this analysis.

A recently published study by the New Zealand Institute for Economic Research<sup>54</sup> has shed some new light on the impact of migration on international trade in New Zealand. One of the positive effects on international trade expected by migration flows is the generation of business knowledge, language skills, and social and commercial networks. Given the high number of immigrants and emigrants of New Zealand, this impact should be significant, although testing whether migration does indeed boost trade involves numerous statistical difficulties. The study finds that migration does stimulate trade, but the impact on imports of goods is three times stronger than that of exports<sup>55</sup>. The effect of migration is strongest for differentiated goods and for trade with countries, such as developing countries, where transactions costs are highest. On the contrary, the effect of migration on tourism is several times stronger on exports than the effect of migration on merchandise trade. Another export sector that receives huge benefits from migrants is the educational sector.

The authors suggest that the effect of migration on trade could be enhanced through policy. The greatest potential for new gains probably lies in policies towards immigrants in New Zealand, rather than New Zealanders overseas. In fact, many immigrants in New Zealand come from countries, such as China and India, where transaction costs are high and policies able to address this issue could generate great benefits. They suggest broadening the selection criteria for non-family immigrants to New Zealand (that currently focus almost exclusively on filling skill shortages) to include characteristics that are useful in international trade, such as foreign

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<sup>52</sup> The NZ Department of Labour's International Migration, Settlement, and Employment Dynamics is conducting a three-year programme of research titled the Economic Impacts of Immigration, whose results are partially reported here. Additional research which is due to be concluded in 2009, but unfortunately is not yet available at the moment when this report is written, relates to three additional aspects:

- The Impact of Immigration on the Labour Market Outcomes of New Zealanders is investigating whether inflows of migrants into local areas affect the wages or employment of New Zealanders.
- Education and Occupational Choices of Immigrants is examining migrants' changing relationships between qualifications and occupational choices and how this varies among migrants from different source countries. It is analysing how migrants' skills, occupations, and incomes match those of similar New Zealand-born individuals as they first come to New Zealand and how this changes over time.
- The Impact of Immigration and Local Workforce Characteristics on Innovation and Firm Performance is investigating the relationship between local workforce characteristics and firm performance.

<sup>53</sup> Poot Jacques and Cochrane Bill. 2004. Measuring the Economic Impact of Immigration: A Scoping Paper Population Studies Centre University of Waikato. New Zealand Department of Labour. Immigration Service.

<sup>54</sup> David Law, Murat Genç and John Bryant. 2009. Trade, diaspora and migration to New Zealand, Paper prepared for the NZIER 50th Anniversary Research Award, NZIER working paper 2009/4.

<sup>55</sup> Ibidem and also in Poot (2004): "Immigration leads to an increase in **international trade**. However, the effect on imports (e.g., through migrant preferences for products from home countries) is stronger in the short run than the effect on exports (through migrants assisting in opening new markets and reducing transaction costs). Further research on both channels is needed. In the long-run, efficiency gains through immigration may lead to an improved balance of payments."

language skills or previous experience in an export business. Advisory services and networking facilities to maintain connections with the home country could be provided as well. New Zealanders overseas are already the focus of Kea<sup>56</sup> and the Ministry of Foreign Affairs and Trade. Both have policies in place to target the “diaspora”. However, as New Zealanders abroad are concentrated in Australia, the United Kingdom, and the United States, the scope for further reducing transactions costs is low.

The evaluation of the 1999 Business Immigration Policy by New Zealand Immigration Service (2002) analysed the composition of business migration to New Zealand and found that the number of Long-Term Business Visa and entrepreneur migrants between 1999 and 2002 was similar to the number of Investor migrants, with the latter primarily placing their money in passive investments.

Therefore, the contribution of business migration to innovation, and the spillovers to the economy generally, remain largely unmeasured.

#### **6.4 *Population ageing and fiscal impacts of immigration***

Another fundamental economic contribution of migration is to alter the demographic structure of the hosting country, modifying its age structure.

One of the biggest economic and social challenges faced by advanced economies is population ageing. According to the United Nations in advanced economies, the ratio of working-age adults to those aged over 65 will decrease in the next 10 years by as much as they have in the previous 30 years. The number of workers per pension claimant will fall from 4.3 to 3.4 in the next decade alone.

Global migration could help provide the additional fiscal resources needed to fund the welfare systems, along with increased saving and investment rates and later retirements.

Migrants pay tax on income and purchases of goods and services, consume government goods and services, and claim benefits, just as other members of the population do.

At the 2006 census, New Zealand had a migrant population of about 927,000. A Department of Labour study<sup>57</sup> estimates that this migrant population had a positive net fiscal impact of \$3,288 million in 2005/06. The New Zealand-born population of 3.1 million people had a lower net fiscal impact of \$2,838 million.

In other words, overall, migrants contributed 68 per cent more in taxes than they received in benefits and services (compared with the New Zealand-born population's 13 per cent).

Therefore, migrants contributed 24.7 per cent of government revenue and accounted for only 18 per cent of government expenditure.

The main cause of the large net fiscal impact for migrants than for the New Zealand-born population is the difference in the age profile of the two groups. Migrants tend to be relatively young, single and employed in relatively well-paid jobs. Given the strong links between age and the major public expenditure items of health and education, immigration tends to increase education expenditure and lower health expenditure, with the net balance being a reduction in total expenditure.

Although this study takes a snapshot rather than a life-cycle approach, it is likely that in the long run a migrant's net fiscal contribution will be larger than that of a New Zealand-born person.

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<sup>56</sup> Kea - New Zealand's Global Talent Community is a private company also publicly funded. Kea's mission is to connect New Zealand with its large global talent community, and contribute to the growth, development, and future prosperity of New Zealand by facilitating the sharing of knowledge, contacts and opportunities around the world.

<sup>57</sup> Source: A. Slack, J. Wu and G. Nana. 2007. Fiscal impact of migrants to New Zealand 2005/06. Economic Impacts Immigration. Working Paper Series. Wellington: Department of Labour.

This is because New Zealand does not incur the education, training, and health costs of young people who enter New Zealand when they are of working age. As a result, migration to New Zealand is likely to mean a net fiscal transfer to New Zealand.

The fiscal impact of immigrants varies between regions of birth, for example, migrants from the United Kingdom, Europe, and North America are likely to be skilled migrants. Many migrants from Asia, especially China, are foreign fee-paying students.

Further, New Zealand has immigration categories that reflect its special relationship with the Pacific, and although these categories still require a job offer (and minimum income), the entry requirements are lower than for other categories.

The study shows that all sub-groups of the migrant population had positive net impacts, although the scale differed by duration of residence, region of origin, and region of residence in New Zealand.

The net fiscal impact of migrants increases with duration of residence across all migrant groups. The net impact per capita by region of birth, however, differs markedly between recent and earlier migrants. It increases with duration for Pacific migrants, but falls for migrants from the United Kingdom, Ireland, Europe, and North America.

## **6.5 *Housing market and immigration***

As Auckland City and Region are the main settlement areas of immigrants, migration flows have a significant impact on their housing market (residential and commercial).

**Settlement patterns and geographic mobility of recent migrants.** A study conducted by the NZ Department of Labour examines the characteristics of local areas that attract new migrants and gauges the extent to which migrants settle where there are the best labour market opportunities rather than where there are already established migrant networks.

The study indicates that recent migrants are more likely to settle in areas where a larger proportion of previous migrant populations from their region of origin have settled ('migrant networks'). Earlier migrants (in New Zealand for 5-10 years) are also likely to be resident in these areas, but to a lesser extent.

No evidence was found that recent migrants chose to settle in areas with better than average labour market conditions. Some evidence suggests earlier migrants are more likely to have relocated to areas with better labour market outcomes for the total population. This suggests labour market conditions become a more important determinant of settlement location in the longer term, but migrant networks remain the dominant factor.

The finding that migrant networks play a dominant role in early settlement is particularly striking in a country such as New Zealand with immigration policies that favour skilled migrants. It is likely that this feature would be more pronounced in countries that do not select migrants primarily for their contribution to the labour market.

Interestingly, controlling for migrant networks shows migrants are less likely to settle in areas with a high proportion of migrants from other regions of origin. This is true for both recent and earlier migrants. Somewhat surprisingly, migrant networks have a greater impact on the settlement decisions for those from English-speaking backgrounds than for those from non-English-speaking regions.

As the migrant networks are predominantly based in Auckland City and Region, migration represents, together with the natural population growth, the main driver of growth for the construction and its related manufacturing and service sectors, which are among the most important of the city's economy accounting for an important share of employment.

**An Auckland City's dwelling scenario for 2016.** Statistics NZ projections<sup>58</sup>, for the period 2006-2016, estimate the number of households in Auckland will grow each year between 4,752 (conservative scenario) and 7,012 (growth scenario).

It is estimated that migrant couples will make up a significant share of this growth: 33 per cent (conservative scenario) and 37.7 per cent (growth scenario).

The increase in those renting from the private sector over the 10 years to 2016 in Auckland will be well above the national rate in both immigration scenarios. While most Aucklanders will continue to live in houses, the rate of growth will slow relative to the number of households living in flats or apartments. Assuming the increase in households translates into demand for new dwellings, demand is not expected to exceed supply. However, the type of dwelling built may need to be adjusted to reflect changing demand patterns.

## 6.6 *Attracting businesses and entrepreneurial capacities*

### **The impacts of the business immigration policy<sup>59</sup>.**

Prior to 2002, there were concerns that the Business/Entrepreneur Policy was not delivering quality business migrants who could contribute to New Zealand's economic growth. There were reports of migrants using the Long Term Business Visa/Entrepreneur Policy as their 'last resort' because they could not meet more stringent requirements through other skilled policies. In particular, there were concerns that the English language requirement was set too low for people to settle well and to establish a successful business in New Zealand.

Consequently, a number of policy changes were made in 2002 to improve the quality of entrepreneur migrants, including: (i) more stringent English language requirements; (ii) a stronger focus on compliance with employment/immigration laws and (iii) a more precise definition of a business that is 'beneficial to New Zealand'.

On August 2009, the government changed this policy<sup>60</sup>.

An evaluation of the policy carried out in 2002, found that the business immigration policy was developed with the intent of contributing to per capita economic growth through the following three objectives:

- **Increasing New Zealand's level of human capital.**
- **Encouraging enterprise and innovation.** The Accommodation, Cafés and Restaurants industry grouping is the largest for the Business and Entrepreneur migrants. Despite this, there is also ample evidence that businesses are being established in a variety of industry categories and also a variety of business types. The extent to which the migrants' individual businesses were involved with innovative processes is less clear, although some of the business types being established suggest that new ideas and

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<sup>58</sup> Housing tenure and dwellings scenarios - Auckland 2016

<sup>59</sup> Business Immigration: The Evaluation of the 1999 Business Immigration Policy. August 2002. Department of Labour.

<sup>60</sup> For an interesting review of the Canadian experience :Seeking Homo Economicus: The Canadian State and the Strange Story of the Business Immigration Program. Author: Ley D. Source: Annals of the Association of American Geographers, Volume 93, Number 2, June 2003, Publisher: Routledge: "Immigration programs in close to thirty countries announce the state's intent to domesticate the unruly forces of globalization by enticing its principal agent, *homo economicus*. With the objective of priming economic development using immigrant capital and proven entrepreneurial skills, the Canadian business program has permitted the entry of nearly 300,000 immigrants, primarily from Hong Kong and Taiwan. Government statistics have emphasized program success in terms of capital invested and jobs created. However, census data and tax-filer returns suggest modest income generation and limited entrepreneurial endeavor by business immigrants. Interviews with government managers reveal that the pressures to meet high immigration targets were accompanied by inadequate monitoring resources that have compromised the state's due diligence. Annual statistics produced under these conditions become an all-too-human text, representing as much the desires of government and immigrants as they do a reliable assessment. The study emphasizes this social embeddedness of immigration at all levels and the passion and persuasion in a fully social context that lie behind the often suprahuman problematic of globalization."

processes would be introduced. Auckland was the major recipient of the businesses either established or to be established by migrants through all the categories. Evidence from interviews tends to suggest that at least one-quarter of the businesses established would differ substantially from that proposed in the business plan. Around one-half of the migrants interviewed indicated that their plan was not a great help in establishing their business. Generally, the businesses established did not require any special training to run them, nor would they be introducing new skills or technology. In addition, it is evident that business migrants are also bringing substantial sums into the country. Militating against the sums being invested was evidence from the file study that Investor migrants were overwhelmingly placing their money into a passive investment, that is, a savings account with a trading bank. Indeed, immigration agents interviewed had a cynical view of Investor migrants and saw the category as one through which a person could “buy residence”.

- **Fostering international linkages.** Many of the businesses established by the business migrants, and also the migrants themselves, were demonstrating linkages with overseas markets and countries. A large proportion of the businesses were either importing or exporting. The nature of the current business immigration flows also mean that many of the new migrants have business and family links back into the emerging and dynamic markets of China, Taiwan and South Korea. These links could be advantageous to New Zealand over time, and in particular the migrants linguistic and cultural links with those markets could assist them exploit business opportunities that would also be beneficial to New Zealand.

## ***6.7 Cultural innovation and the forging of an open multicultural society: the crucial role of Auckland***

Forging an open society is not only an economic process that happens through the adoption of open trade policies, it is also, if not foremost, a cultural process that affects almost every aspect of the daily life of a society.

The capacity to govern the cultural and ethnical diversification is a public responsibility that does not relate only to immigration policy, but many other policies, institutions and eventually all the communities that are the final and real destination of migrants.

Attracting permanent skilled migrants means providing them not only with satisfactory working or business experiences, but also with a variety of factors and relationships that make their living experience desirable and promising for their future generations.

In this context, the role of Auckland is pivotal and its success will eventually determine the success of the entire New Zealand immigration policy scheme and objectives.

This is why migration is also at the very core of the main goals of **Economic Development Strategy of Auckland City Council** as it determines the city’s capacity to achieve a globally and nationally connected economy by attracting and growing globally competitive business, investment and tourism and to increase and improve its human capital endowment.

Ranking among the ten most diverse cities of the planet, Auckland already attracts international talent and manages diversity in a socially and economically effectively way which is crucial for its economic success. Given the high educational and professional levels of immigrants, their contribution to innovation and productivity growth of the Auckland and New Zealand economy is probably very significant. Moreover, the impact of migration flows on the modernization of the New Zealand society has been impressive, particularly after the opening of the society towards the global economy and especially Asia.

The culture of Auckland City today reflects to a great extent the last two decades of its history more than all its previous centuries. Auckland is an open and diverse society capable of providing a highly desirable life-style and strong rooted values and commitments to people

coming from almost all the rest of the world. This is an achievement that makes this city's human environment so beautiful, diverse and unique and that at the same time cannot be taken for granted and constitutes one of the main challenges for the future of both the city and New Zealand.