

I have worked in manufacturing most of my adult life in some way, shape or form. I have an affinity for manufacturing; manufacturing is tangible, innovative and productive.

Sadly, in NZ, it is also vastly unrecognised and under estimated.

For the last 18 years' I have recruited for the manufacturing and trades sectors. Most of my clients are mid- sized, NZ owned businesses. I work closely with business owners, so I am in a unique position to comment on how the Government can provide better support to businesses, based on my observations and personal experience.

My father owned a business, my brother is self employed and for the last two years, I have run my own recruitment business. I have first hand knowledge of the stresses, challenges and rewards of owning and running a business.

Following are the four areas I see as real challenges for manufacturing, and some practical suggestions as to how the Government can provide meaningful and practical support.

I could have written more. I haven't touched on R&D or the desperate need for Wellington and the Hutt Valley's infrastructure to be improved. Brevity is key here though.

## The Skills Shortage:

This is not new. For the last 18 years, I have worked with clients whose preferred option is to employ locally. They all train staff or have apprentices. We still can't find the level of skill necessary, so we have hired skilled people from offshore. It is time consuming and costly. It is never the preferred option, but to employ world- class staff, we have to look offshore. We are a small country with a limited pool of people.

Training apprentices is a long term solution. It doesn't provide businesses with the skills they need in the short term. **If a business invests in world class technology and machinery; they need world class operators, technicians, engineers, tradespeople and managers.**

Most of the businesses I work with have apprentices. They want to bring young people into their industry. They want youth, succession planning and energy. They want to employ locally.

Unfortunately, sometimes this just isn't possible.

For example : I advertised for an **Industrial electrician** for an Auckland based Manufacturing company. I received 100 applicants, 7 of whom were from NZ. The position was paying an above average hourly rate.

3 applicants didn't have the right skills for the role, 1 didn't want to work shifts, 1 was offered a job on his way to the interview and didn't show up, 1 informed me he could earn more money working as an unskilled secretary ( True story !). The 7<sup>th</sup> was hired. He had recently returned from Australia for family reasons. He knew the money would be less, but it wasn't his priority.

Post lock down, I advertised for a Wellington based electrical company. They were looking for an **electrician** from a commercial background to train in their specialised field.

I received 62 applicants. I interviewed 1 from Zimbabwe, 1 from the UK, 1 from India and the one that was hired was Irish. The two young NZ applicants never returned my calls.

I have recruited for the packaging industry since 2002, and in 18 years I have only placed 1 New Zealander that was a *trade qualified die cutter*. They have all been South African, Philipino or English.

Earlier this year , after extensive advertising, a Wellington based packaging company hired a South African die cutter. Despite the company offering to pay for the families quarantine his family are still waiting on their visas. He is working here and his wife and family are in South Africa. The financial and mental pressure on them is huge.

**Engineers** : After extensive advertising a Masterton based heavy machinery business had no option but to employ an engineer from South Africa, a Wellington based packaging company employed a Fijian Indian and a Masterton based printing compnay employed a South African electrical engineer.

In every case, employing locally was the preferred option. It is cheaper, faster and less time consuming. It is not a choice to employ staff from offshore – it is often a necessity.

**Skilled machine operators** : The last people I placed were from India, Germany and the UK.

I can provide so many examples of this, and in every case we have advertised extensively and tried to recruit locally, but we just don't have the depth in NZ.

## How can the Government help?

- If a business can prove they have advertised extensively and are training people they should be allowed to **bring staff in from offshore**. These migrants deserve surety about their residency status and businesses need surety to plan for investment and expansion.
- **Remove the accreditation scheme**: The whole process is too convoluted, expensive and requires information that some businesses do not want to share.
- Migrants are not attracted to NZ for the money; it is the lifestyle and their family's future. We need to attract migrants – not make it harder for them.
- For businesses and migrants, dealing with Immigration is frustrating, costly and time consuming. Surely, communication can be improved, consistent policies and systems put in place so people and businesses are not in limbo for so long.

## Training :

**One of the biggest costs associated with training is time**. Senior staff members take time out of their days to train and oversee apprentices. This cuts into their productive time- which is a cost to the business.

While being trained, an apprentice is not providing much of an ROI. It isn't until they are qualified that they are an asset for a business, and after years' of training , there is no guarantee the apprentice won't move on – to another company or potentially Australia, where they will earn substantially more.

## How can the Government help?

- **Subsidise wages for apprentices**. Currently some apprentices earn less than labourers; Make it a more appealing option.

- **Increased liaison between the Education sector and employers.** Where are the skills gaps? Where will the skills gaps be in the future? What students/ backgrounds are best suited for what trades? Are there skills that need a formal qualification and better training that do not have one now?
- **Improve the quality of pre- trades/engineering courses.**
- After a year's study some students simply do not enough of a foundation to be of value to an employer. Should some courses be longer? Should they be more comprehensive? Again, liaising with employers is critical.
- **Increase work experience for pre trades/ engineering/ skills- based students.**
- If they are exposed to a wide range of businesses, they will have a better understanding of their options and potential employers are engaged.
- **In a recession , one of the first groups to lose jobs is middle management – these are people with vast experience,** they are too senior to be on the tools or on the floor but not experienced enough to move up to senior management. **They are the ideal resource to help apprentices.** ITO's could employ these skilled people to liaise with apprentices and businesses.
- Businesses don't have the spare time or staff to allocate someone to ensure apprentices are up to date on their course work and practical work. By **having experienced technical liaison people to work with apprentices and employers, you lighten the burden on the employer and provide support to the apprentice – Ensuring better outcomes all round.**
- Ensure apprentices have a point of contact and course work is still provided - printed and collated. It is unrealistic to expect them to be able to print out an 88pp section and come to grips with the contents on their own.
- **Training for business owners and managers:** Access to free or subsidised training for owners and managers only have better outcomes for businesses. Employment law, H&S, Accounting, Lean Manufacturing or Marketing: There are so many areas that could be beneficial for business owners and managers. Access to ongoing training and knowledge can only benefit the business sector. (Thereby helping the economy)

## Employment Law:

In my experience, most employers are fair and reasonable. They provide as much support as they can to their employees. They are decent people trying to build a business. I have seen both employees and employers behave badly over the years.

**As employees become increasingly litigious and employment law more complex,** the onus is on employers to pre-empt every possible scenario in their employment contracts. Nothing can be assumed to be "common sense." As a result, **Employment contracts have tripled in size over the last five years. What was once a straight- forward template is now the domain of HR Consultants and Employment lawyers.**

This is another business cost: – financially and time wise.

One of the most common refrains I hear from employers is the difficulty of dismissing staff - Regardless of it being poor performance, absenteeism, poor attitude, bullying or dishonesty- It is a time consuming, laborious and ultimately expensive process.

For an employer, the risk of having to carry a disruptive or poor performing employee is very real and very costly. A bad experience can be the difference between giving a prospective employee a chance or not.

## How can the Government help?

- Provide an accessible and *fair* mediation service for dispute resolution. Employers are increasingly being held to ransom by employees, as it is easier to pay them out than to embark on an expensive and time- consuming legal battle.

## H&S and Compliance:

Again, in my experience most employers genuinely care for their employees and their wellbeing. The ever- increasing burden of compliance and regulation, however, is another demand on their time and resources. It is however, feeding a growth industry in consultants – yet another cost for a business owner.

If the legalisation of cannabis proceeds, the onus will be on employers again to ensure their staff are not impaired by marijuana. The risk of staff injuring themselves or others while operating machinery is very real. Drug Testing is costly and time consuming. Will an employer be responsible for injuries caused by staff working while impaired by marijuana?

Despite all the processes, training, and documentation, there will always be an employee who takes a short cut with equipment or fails to follow the correct protocols. The current structure places all the responsibility on employers; with no encouragement for taking responsibility for one's own choices.

## What can the Government do to help?

- Simplify and reduce the amount of process and documentation required.
- Provide meaningful and free practical support for employers struggling to keep up with the documentation and processes required.
- Actively and publicly introduce the concept of individual responsibility into H&S. Processes, training and oversight will not prevent people deliberately failing to follow H&S protocols.
- If Cannabis is legalised pay for, or at least subsidise, regular testing. Businesses can declare themselves a drug free site but should not be held responsible for staff who chose to smoke before, after or during work without their knowledge. Testing is expensive and time consuming. It is another cost for already struggling businesses.

## In conclusion:

- At the Manufacturer's Forum, Sir Neville Jordan spoke of the need for the Government to "support the ball carrier" and the importance of having a door that is open for the business community. These concepts apply to so many aspects of business: Employment Law, H&S, R&D, Compliance, Skills shortages, training and improved Infrastructure. Meaningful and practical support for the business sector can only be provided with regular dialogue between the Government and the Manufacturing sector. Even with the best intentions in the world, a Government Department is ill- equipped to understand the needs of the manufacturing sector, and indeed the business community.
- Ongoing, quality dialogue between the Government and the Manufacturing sector can only be positive for the sector and in turn, the NZ economy.