

Review of Essential Skills in Demand Lists

Preliminary Indicator Evidence Report (PIER) September 2018

**Wood Machinist (394213)**

**Purpose**

The purpose of the Preliminary Indicator Evidence Report (PIER) is to collate relevant statistical data about each occupation selected for the review of the Essential Skills in Demand (ESID) lists, and to provide a **preliminary** view on the status of the occupation based on that data.

PIERs are prepared by the Ministry of Business, Innovation and Employment (the Ministry). Each report is based on an assessment of the occupation against three key indicators:

* **skill level** – does the occupation meet skill level requirements?
* **scale** – is the occupation of sufficient scale, in terms of employment and work visa application numbers, to warrant a listing?
* **shortage** – how strong is the evidence that there is a shortage?

The PIER provides a summary of the evidence considered by the Ministry under each of these indicators. Analysis of the evidence is ultimately a matter of judgement and the Ministry will consider the merits of each occupation under review on a case by case basis.

The Ministry’s preliminary view of the status of the occupation is based on an assessment of the combination of measures, rather than any single factor – the measures are not weighted.

**What happens next?**

You are invited to make a submission in response to this report. The submission process provides an opportunity for industry groups and others to provide additional information and evidence about the nature and extent of skill shortages in their area. You may also present an alternative view of the status of an occupation in relation to the ESID lists. For further information on the submission process please visit the Immigration New Zealand website: <https://www.immigration.govt.nz/about-us/policy-and-law/how-the-immigration-system-operates/skill-shortage-lists>

**Submissions must be provided to the Ministry by 9 November 2018.**

Where no submissions are received for an occupation, the Ministry may not assess the status of the occupation on the ESID lists. **Groups that have successfully submitted an Occupation Nomination Form for an occupation must also complete a full submission.**

In assessing the merit of submissions, the Ministry will consult with employers, trade unions and other employee and industry bodies, as well as relevant government agencies such as the Ministry of Social Development, the Tertiary Education Commission and the New Zealand Qualifications Authority.

Final decisions on the status of occupations under review are made by the Minister of Immigration (for the Long Term Skill Shortage List), and by the Ministry (for the Immediate Skill Shortage List). **The results of this review will be published on the Ministry’s website around January 2019.**

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| **ANZSCO[[1]](#footnote-1) occupation title:** Wood Machinist |  |  |
| **ANZSCO code:** 394213 |  |  |
| **Current ESID List status:** Not on LTSSL or ISSL  **Rationale for review:** Nominated by New Zealand Timber Industry Federation Inc | | |
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| **MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT**  **PRELIMINARY VIEW**  In shortage Not in shortage No view    Add to an ESID list Do not add to an ESID list  Retain on an ESID list Remove from an ESID list  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | |

**Note**: In the ‘SUMMARY OF EVIDENCE’ section (from the next page onwards) if you see the rating “Inconclusive information for reviewed occupation” this means that the Ministry’s statistical information is not available at a level specific enough for the particular shortage within an occupation. This is generally where the shortage within the occupation is for people who are very experienced or who have specialist qualifications within an occupation or where information is only available at a broad level and is less useful as an indicator.

The Ministry is particularly interested in robust information held by industry that will supplement the information contained in this report, relevant to the occupation as defined in this review.

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| **SUMMARY OF EVIDENCE** |  |  |
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| **1) Skill level**  The ESID lists are designed for skilled occupations. The ANZSCO skill level classification is used as an indicator of skill level. In general terms, only occupations at ANZSCO skill levels 1-3 are considered ‘highly skilled’ for ESID purposes. |  | **Meets skill level requirements?**  Yes  No    Inconclusive information for reviewed occupation |
| ***ANZSCO skill level classification:*** 3 |  |
| ***Annual mean salary[[2]](#footnote-2): $35,883***  ***Qualification and experience requirements[[3]](#footnote-3):***  *NZ Register Level 4 qualification*  *OR*  *At least three years of relevant experience* |  |
| ***Other relevant factors:*** N/A |  |
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| **2) Scale**  The ESID lists are designed to facilitate the entry of skilled workers into occupations that are likely to generate a reasonable number of Essential Skills work visa applications each year. Migrants in small-scale occupations should use normal work visa policy.  Large-scale occupations, employing approximately 2,000 or more workers will meet the ‘scale’ test. Where occupation numbers are lower than this, there must be evidence of a substantial number of Essential Skills work visa approvals (approximately 50 or more) in the last 12 months. |  | **Meets scale requirements?**  Yes  No    Inconclusive information for reviewed occupation |
| ***Occupation size[[4]](#footnote-4):*** *Estimated total number employed in the occupation is* ***399*.** |  |
| ***Essential Skills work visa approvals:***  *Number of Essential Skills work visa approvals in the past 12 months (July 2017 - June 2018) was* ***59***. |  |
| ***Other relevant factors:*** |  |

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| **3) Shortage**  The ESID lists are designed to facilitate the entry of skilled workers to New Zealand to fill skill shortages, and to reduce costs and time delays for employers seeking staff. However it is important to ensure that appropriately skilled New Zealanders who are available to work are not displaced.  Five indicators of shortage are used: estimated job seekers; *Jobs Online* index (measure of vacancies); visa approvals; employment growth; and the likelihood of the shortage being long term. | | |
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| ***a. Estimated suitable jobseekers available*** |  |  |
| National data on people available to work or train suggests that there are **16** suitable jobseekers[[5]](#footnote-5) available to fill vacancies within this occupation. (Based on Ministry of Social Development data as at 25 July 2018). |  | **Evidence that few suitable jobseekers are available:**  Strong evidence  Moderate evidence    Weak evidence  Inconclusive information for reviewed occupation |
| **Additional information/comment:** | | |

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| ***b. Jobs Online index*** |  |  |
| **Data**  The Ministry of Business, Innovation and Employment collates information on recent job vacancy advertisements from the *Jobs Online*[[6]](#footnote-6)index*.*  The number of online advertisements placed for vacancies in this occupation in the year to June 2018 **increased by 10%** from that for the previous year. |  | **Evidence of demand:**  Strong evidence  Moderate evidence    Weak evidence  Inconclusive information for reviewed occupation |
| **Additional information/comment:** | | |

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| ***c. Visa approvals*** |  |  |
| **Data**  The Ministry of Business, Innovation and Employment collects information on visa approvals. The numbers of visas approved for an occupation can indicate an occupational labour shortage.   1. In the period *July 2017 to June 2018:*   **59 Essential Skills work visas** were approved for this occupation.   1. This represents **15%** of the total occupation size. 2. This represents a **90%** **increase** in Essential Skills work visas issued from the previous year (*July 2016-June 2017*)[[7]](#footnote-7). |  | **Evidence of visa approvals:**  Strong evidence  Moderate evidence    Weak evidence  Inconclusive information for reviewed occupation |
| **Additional information/comment:** | | |

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| ***d. Employment growth*** |  |  |
| **Data**  The Ministry of Business, Innovation and Employment prepares data on past trends in employment (measure (i) below) as well as forecasts[[8]](#footnote-8) of future occupational employment growth (measure (ii)). The third measure, forecast replacement demand, refers to the level of demand to replace workers expected to retire from the occupation.   1. Average annual employment growth for this occupation in the 5 years 2011-2016 was **-2.6%**. 2. Employment forecast for this occupation -   From 2016-2021 expected to grow by **0.5 %** per annum  From 2016-2026 expected to grow by **-0.5%** per annum  iii) Forecast of replacement demand -  From 2013 to 2020 demand due to retirement is **2.4%** per annum |  | **Evidence of employment growth:**  Strong evidence  Moderate evidence    Weak evidence  Inconclusive information for reviewed occupation |
| **Additional information/comment:** | | |

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| ***e. Additional shortage information*** |
| **Data**  To be included on the ISSL or the LTSSL, there must be evidence that the occupation is in skill shortage.  These two indicators provide additional context to the data above.  The first – length of training – indicates the time lag for training a person and readiness to enter the occupation.  The second measure provides an indicator of demand in Australia, which uses similar occupational skill shortage lists.  ***i) Training time required***[[9]](#footnote-9)  1-2 years.  ***ii) Australian Skilled Occupation List*** [[10]](#footnote-10)  This occupation is on the Australian List. |

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| **Overall evidence of shortage:**  (This assessment takes into account the indicators listed above)  *Strong evidence of shortage Moderate evidence of shortage*  *Weak evidence of shortage Inconclusive information for reviewed occupation* |

1. Australian and New Zealand Standard Classification of Occupations [↑](#footnote-ref-1)
2. Data on salaries is derived from Census 2013 adjusted by the June 2018 Labour Cost Index. [↑](#footnote-ref-2)
3. Qualification and experience requirements are drawn from existing requirements for the Lists, Occupation Nominations, or ANZSCO (subject to refinement during the review). [↑](#footnote-ref-3)
4. Occupation size is derived from MBIE’s Direct Employment Estimates (DEE) using the 2013 Census, LEED and the Household Labour Force Survey. DEE is estimated at the 6 digit ANZSCO level. [↑](#footnote-ref-4)
5. Claimed 12 months or more work experience in the occupation [↑](#footnote-ref-5)
6. *Jobs Online* is derived from vacancies advertised in the main job boards of Seek and Trademe Jobs, and two specialist job boards – Education Gazette and Kiwi Health Jobs. *Jobs Online* uses the 4 digit ANZSCO level. [↑](#footnote-ref-6)
7. Note that significant policy changes made to the Essential Skills category in August 2017 may have contributed to changes in the number of visas issued for some occupations between 2016-17 and 2017-18 [↑](#footnote-ref-7)
8. The forecasts uses a 3 digit ANZSCO occupation level. [↑](#footnote-ref-8)
9. The information is derived from Careers New Zealand at <https://www.careers.govt.nz/jobs-database>. [↑](#footnote-ref-9)
10. The Australian Skilled Occupation List was published in March 2018. [↑](#footnote-ref-10)