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# Summary of submissions: Consultation on employer- assisted work visas and regional workforce planning

September 2019

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# Introduction

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## Purpose of this document

This document summarises the feedback the Ministry of Business, Innovation and Employment (MBIE) received from a public consultation on proposed changes to the employer-assisted temporary work visa system and regional workforce planning. The consultation period ran from 18 December 2018 to 18 March 2019.

## Proposals for change

MBIE asked for feedback on ten proposed changes to the temporary work visa system. A consultation discussion paper, *A new approach to employer-assisted work visas and regional workforce planning*, set out the purpose of each proposal and the context – including an assessment of how well the current temporary work visa system is performing and the Government’s objectives for it. For the full discussion paper in electronic format, go to MBIE’s website.<sup>1</sup>

The proposals in the discussion paper focussed on achieving two strategic outcomes:

1. Employers place more New Zealanders into jobs, which help their businesses to grow and thrive, and result in better jobs for New Zealanders, and
2. Temporary migrant workers, when they are employed, are not exploited and have wages and conditions that are consistent with New Zealand values.

The proposals were:

- **Proposal One:** Temporary work visa categories are unified under one category called the “employer-assisted temporary work visa” which will be an employer-led process.
- **Proposal Two:** Compulsory employer accreditation is introduced for employers who want to hire temporary migrant workers; and strengthen minimum standards, incentives and compliance to encourage employers to recruit New Zealanders.
- **Proposal Three:** Four job pathways for employers to recruit temporary migrant workers are introduced: highly paid threshold; regional skills shortages list; sector agreements; and regional labour market test.
- **Proposal Four:** The labour market test is reviewed to make it easier or harder to recruit migrant workers in a region depending on regional labour market dynamics.
- **Proposal Five:** Regions are differentiated based on a set of indicators which will reflect the labour market dynamics and growth pressures of the regions.
- **Proposal Six:** That the job pathways (demand for temporary migrant workers) trigger a domestic labour supply response.
- **Proposal Seven:** Regions’ differentiation influences the domestic labour supply response.
- **Proposal Eight:** Migrant identity, health, character and capability checks largely remain the same.
- **Proposal Nine:** The mid-skilled remuneration threshold is raised to 100 percent of the national median wage, lower-skilled migrant workers have the right to bring their partners and children to New Zealand for the length of their visa and the stand-down period is reviewed.
- **Proposal Ten:** The gateway framework is operational by mid-2020.

<sup>1</sup> <https://www.mbie.govt.nz/have-your-say/consultation-on-a-new-approach-to-employer-assisted-work-visas-and-regional-workforce-planning/>

Of the proposed changes, submitters were most supportive of introduction of the employer-led visa process (Proposal One), introduction of Regional Skills Shortages Lists (Proposal Three), Regional Skills Bodies, and Regional Jobs and Skills Hubs (Proposal Seven) and provisions for lower-skilled migrant workers to bring their partners and children to New Zealand for the length of their visa (Proposal Nine).

The majority of submitters did not support the proposal to raise the mid-skilled remuneration threshold to 100 percent of the median wage (Proposal Nine).

#### **How to read this document**

This summary document provides an overview of themes raised in submissions, in relation to each proposal. Some comments from submitters which illustrate these themes have been directly quoted. Making a submission was considered consent to make this submission public, unless the submitter clearly specified otherwise. Any information that could identify submitters, or that has been provided in confidence, has not been included. Some comments have been edited for clarity.

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## Response to the consultation

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642 submissions were received through the online survey tool Survey Monkey or in writing. There was a wide range of respondents including migrants, employers, industry groups, unions, immigration advisers and local government.

In addition, the New Zealand Migrant Network included with their submission the views of over 300 of their members. This information provided us with a rich set of observations regarding the operation and design of the New Zealand immigration system from migrants currently in New Zealand. Given the format that these views were provided in, it was not possible to include them in the submissions analysis calculations presented here, however a selection of their comments have been included in the analysis of the responses to each proposal.

As part of the consultation process, officials also met in person with industry organisations and individual businesses from key sectors (including aged care, construction, dairy, fisheries, horticulture and viticulture, road freight, tourism and hospitality and training) as well unions, local and regional bodies, economic development agencies, migrant organisations and immigration advisers.

Thank you to everyone who responded to the consultation. Your feedback has helped us to better understand what is needed to improve the temporary work visa system and has helped us to refine proposals for change.

### Submitters by type

Submitter Description	Number of submitters
Economic Development Agency	4
Employee (New Zealand resident or citizen)	38
Employee (temporary work visa holder)	272
Employer	195
Industry organisation	41
Licensed immigration adviser	27
Local Government	11
Non-Governmental Organisation (NGO)/Social services provider	9
Other (includes business support organisations, legal profession and academics)	36
Union	8
<b>Subtotal</b>	<b>642</b>
<i>Migrants (visa holder status not stated) – via New Zealand Migrant Network submission</i>	<i>304</i>
<b>Total</b>	<b>945</b>

# Proposal One: Introduce an “employer-assisted temporary work visa”

## What was proposed

Proposal One unifies six categories of employer-assisted temporary work visa that exist currently under one category called the ‘employer-assisted temporary work visa’. All applications for this visa would be processed through a new gateway framework comprised of three distinct gates where checks on employers and migrants are completed by Immigration New Zealand (INZ):

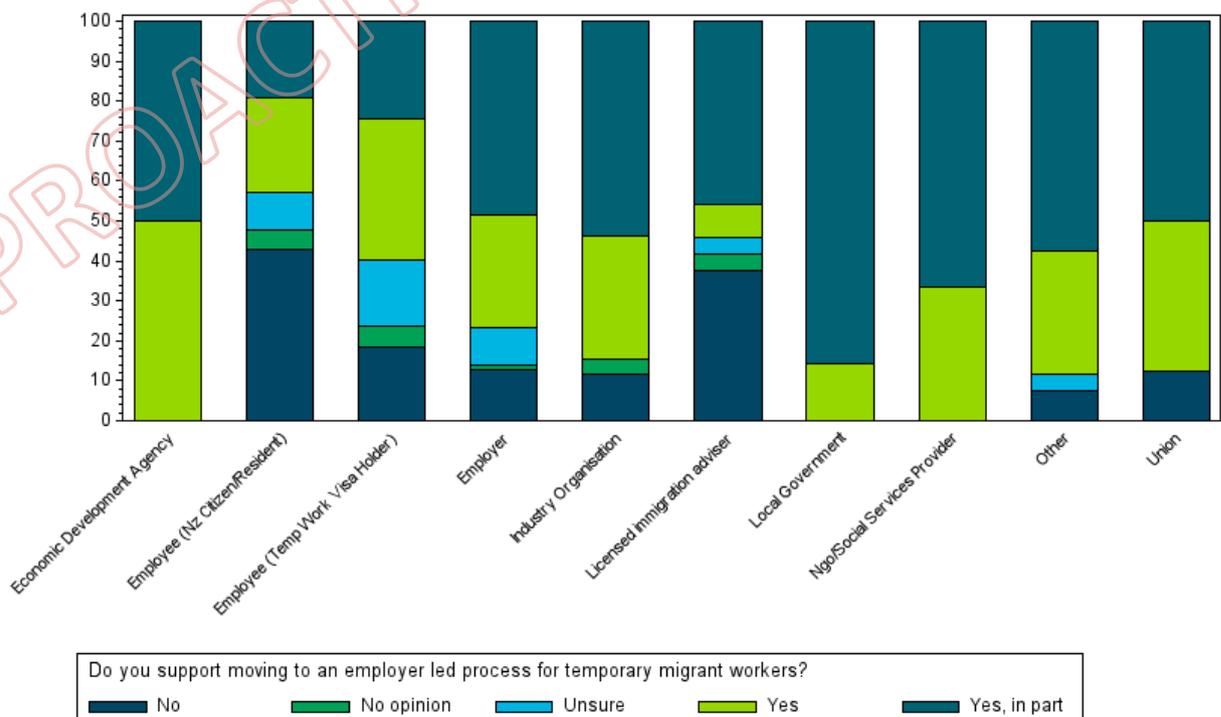
1. The employer gate where employers are accredited to employ temporary migrant workers;
2. The job gate where checks are made to make sure no New Zealander is able to fill the job the employer is recruiting for; and
3. The migrant gate where checks are made on a migrant worker’s identity, health, character and capability.

The proposed framework changes the principal applicant to the employer (is “employer-led”), on the basis that they are the main beneficiary of the system.

## Summary of responses

Of the responses received to Proposal One, a majority of 69% either fully supported or partly supported introducing the “employer-assisted temporary work visa”. 17% did not support the proposal and 10% were unsure.

Figure A: Proposal One Results – employer-assisted temporary work visa



## Support for Proposal One

Recurring themes from submitters were that this proposal has the potential to:

- Simplify and streamline the process, resulting in faster processing of visas and improved INZ service standards
- Strengthen employer standards and compliance
- Address exploitation

It should be noted that support for this proposal in many cases was only partial, and some submitters commented that, while they agreed in principle, it would not be beneficial for them, and/or they did not agree with some of the views expressed in the consultation document. A number of submitters commented, for example, that they did not agree that employers are the main beneficiaries of hiring migrant workers. Some submitters were also unclear about how the process would work.

Concerns noted included:

- Anticipated increased compliance costs
- More administration for employers

### Employers

Employers in support of this proposal noted that it made sense for the visa process to be employer-led as this made the process more efficient:

*Moving to an employer-led process has the potential to simplify the visa process and enable efficiencies...it would allow for greater transparency of visa status and progress of visa applications.*

*It should make things easier for us in the longer term than our more ad hoc process at the moment. It has been confusing with the large number of different visa types our staff hold.*

### Employees (temporary work visa holders)

Employees (temporary work visa holders) who supported this proposal were largely of the opinion that it would provide benefits to employers and the New Zealand economy:

*This will help employers to hire people with proper skills and experiences. The whole process will be easier and faster.*

*An employer-led framework would be extremely beneficial to New Zealand in the long run. INZ and the employer would work closely together to ensure that only genuine skill shortage migrant would be granted a temporary visa to contribute to New Zealand's economy and society.*

### Employees (New Zealand citizens or residents)

Responses from employees (New Zealand citizens or residents) who supported this proposal were mixed, with no clear themes. A sample of their comments:

*I would hope it would encourage New Zealand employers to employ New Zealand workers.*

*I recommend applying a stringent labour market test for all applications, including positions with high salaries to ensure that employers have taken steps to recruit from within New Zealand.*

## Industry Organisations

Industry Organisations, while supporting improved efficiencies in the process, had some concerns for the treatment of migrants:

*We would expect a more proactive approach by MBIE to monitor migrants' status and welfare through surveys and visits by the labour inspectorate, and guidance or support from MBIE on how to approach such problems.*

*This may silence more migrants who are exploited for fear that employers will lose their accreditation.*

Another organisation emphasized the need for a flexible approach:

*One size does not fit all and there needs to be sufficient flexibility in the process to encompass all migrant labour/employer situations*

## Licensed Immigration Advisers

Licensed Immigration Advisers who supported this proposal could see long-term benefits:

*I believe the employer-led gateway process will regulate workplace standards and actions to migrant workers, and eventually will benefit the general public.*

*The proposed system will support better compliance and assurance processes within our industries.*

## Local Government

Local Government submitters who supported this proposal thought it would provide clarity and simplicity and focus on the labour market:

*The proposed simplification of the temporary work visa categories removes ambiguity with clear demarcation of roles between employer and employee.*

*These changes will potentially simplify the process for both employers and migrant applicants and ensure it remains clearly focused on New Zealand's labour market needs.*

## NGO/Social Service Provider

NGO/Social Service Providers who supported this proposal thought it would raise standards:

*We support a requirement for all employers to be accredited to improve checks on employers hiring migrants, hopefully to stop employers with record of worker exploitation from being able to take advantage of migrant labour.*

## Other

In this group, submitters considered this proposal would reduce exploitation, and help the economy:

*Accreditation will help ensure employers have better conditions and workplace culture which will have flow-on effects to productivity and organisational performance which in turn will assist the economy.*

One submitter proposed that the visa system is administered locally:

*The proposed system should be administered by the regional government instead of central government, operating as per the Provincial Nominated Program in Canada or the 190 State Nominated Immigration visa in Australia.*

## Union

Unions who supported this proposal were in favour of the change of focus onto employers:

*We welcome the shift that these proposals represent, from a focus on assessing individual migrant visa applications to a focus on accreditation of employers and approval of jobs in which migrants may be employed, within a system of robust employment standards and workforce planning.*

## Not in support of Proposal One

Of those submitters who were not supportive, the main reasons were that the proposal would:

- Add complexity to the existing framework
- Lead to exploitation
- Increase costs and lead to delays
- Be unfair, unaffordable and unmanageable for small businesses in particular (including increasing financial and administrative pressure), and thereby damage the economy

### Employers

The majority of responses from employers who did not support this proposal expressed concern about increased compliance, increased costs and being unable to access migrant workers:

*Workforce advantages would be given to large industry players. There would be increased financial pressure on small businesses. Accredited employers would be the major opportunity for workers, whilst small and niche employers would suffer with limited entitlements for their workforce, extensive accreditation for few work visa applications and reduced work visa/accreditation duration.*

*This will restrict small businesses from utilising migrants regardless of whether there is a New Zealand worker available to do the job or not, simply due to not being able to navigate the system without external help and associated costs. This could be detrimental to the ability of New Zealand businesses to function and deliver their business outcomes.*

### Employees (temporary work visa holder)

Employees (temporary work visa holder) who did not support this proposal were largely of the opinion it would lead to exploitation:

*The employer would have a hold over the employee. My friend couldn't find another job because he is dependent on his employer. His employer demanded he work 50-60 hours and he couldn't complain because if he says no, he might get fired and his visa would then end.*

### Employees (New Zealand citizen or resident)

Employees (New Zealand citizen or resident) who did not support this proposal thought that it would have a negative effect on business and had potential for exploitation:

*Increased cost of training for staff who don't want to work, are unreliable and don't turn up. This will also impact productivity and the ability to service customers, thus reducing competitiveness in overseas markets especially.*

*Some employers may use this as a method to force the temporary migrant workers to contravene the law such as Health and Safety.*

### Industry Organisations

Industry Organisations who did not support this proposal argued that the current settings provided sufficient rigour and that the changes could increase exploitation:

*We do not share the view that the current system is unable to deliver the goals set. In the last 2-3 years, INZ has been actively and routinely using the visa process to screen out non-compliant employers; requests for employer documentation to identify all employees and their visa status as well as employer/employee bank statements have become commonplace. At visa renewal time applicants are routinely asked for their New Zealand IRD summaries and payslips to further scrutinise employer compliance and remuneration levels. It is therefore fundamentally our case that the current system does, in fact, already hold the key to ensuring employer compliance and strict labour market testing, if properly administered.*

*With liberalisation of post-study work visa entitlements for degree-level graduates, SME employers intimidated by the demands of accreditation will turn increasingly to hiring open work visa holders. As MBIE will have little oversight of workplace practices in such situations, accreditation may well exacerbate the exploitation which it is meant to reduce.*

### **Licensed Immigration Advisers**

Licensed Immigration Advisers who did not support this proposal thought that sufficient checks and balances were already in place to ensure that New Zealanders have first right to jobs and that it could lead to exploitation and potential damage to the economy:

*We do not agree that the candidates we have put forward have in any way taken jobs away from resident New Zealanders. Immigration processes for a temporary skilled worker who has a pathway to residency are very strict and stringent. With the salary thresholds, qualification requirements, work experience requirements and the requirement from the employer to have advertised the position locally, checks and balances are already in place to make sure that New Zealanders have first right to any job offered.*

*There is a risk of not assessing the labour market for high paying jobs where employer and migrant could collude to artificially inflate the pay rate. It was precisely this practice in Australia where they had to scrap the 457 class visa.*

### **Union**

Unions who did not support this proposal were of the view that the temporary work visa system was flawed:

*Current temporary work visa holders, especially those under the current Essential Skills category, should have the right to change employer and gain permanent residency eventually if they desire to.*

# Proposal Two: Introduce compulsory employer accreditation

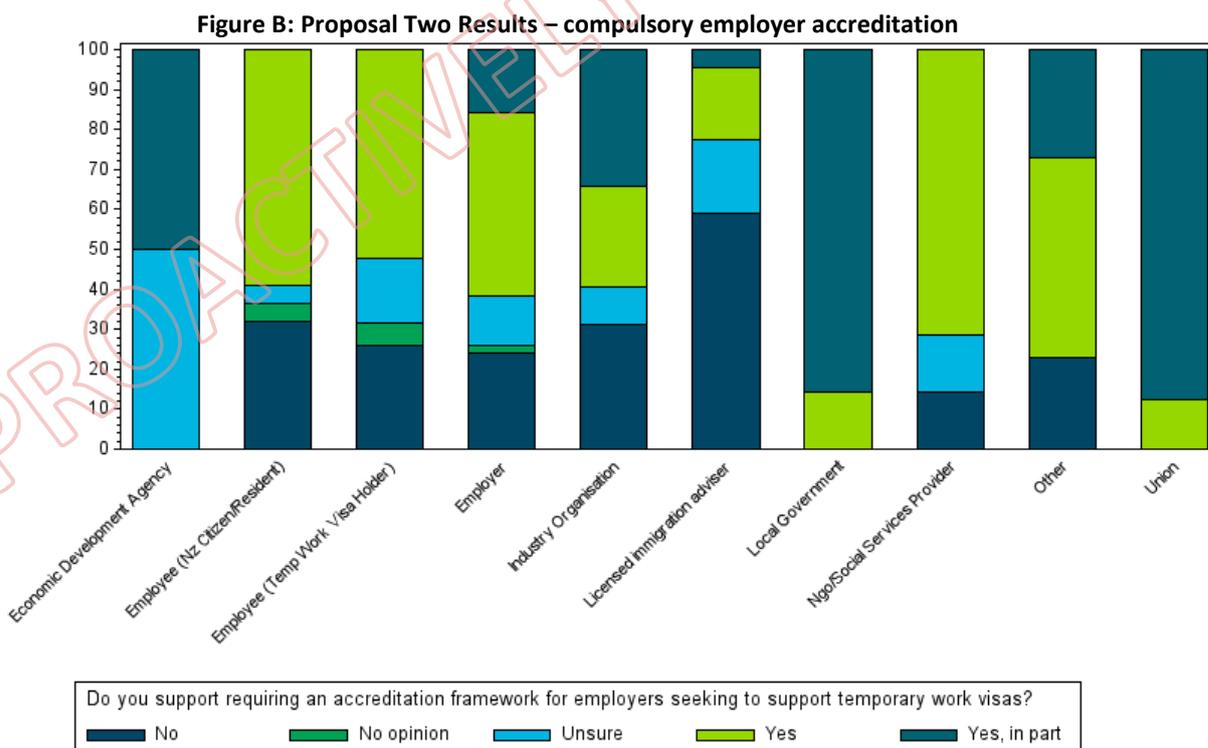
## What was proposed

There are currently some minimum regulatory standards which employers must meet before they can recruit temporary migrant workers. Employers can opt to be accredited to recruit temporary migrant workers. Employers who have breached employment standards are subject to a stand-down period preventing them from recruiting migrant workers. However, overall, there are few checks and balances and this means that some employers with poor track records can still hire migrants, thus increasing the risk of migrant exploitation.

Proposal Two introduces compulsory accreditation for all employers who want to recruit temporary migrant workers and strengthens minimum standards, incentives and compliance to encourage employers to recruit New Zealanders. It is proposed that there are three different levels of accreditation, dependent on employer type, and number of migrant workers employed: Standard Accreditation, Premium Accreditation, and Labour Hire Company Accreditation.

## Summary of responses

Of the responses received to Proposal Two, a majority of 58% either fully supported or partly supported compulsory employer accreditation. 26% did not support this proposal. 12% were unsure.



A number of submitters, both those who supported the proposal and those who did not, expressed concerns about the effects of this proposal on smaller businesses. Submitters commented that:

*The proposal would hinder the growth of small businesses.*

*Small businesses can be particularly vulnerable to changes in the labour market and it is essential that opportunities for premium accreditation are accessible and attainable to these employers.*

*Small employers will be forced to invest in accreditation at a cost and time commitment that they will struggle to afford, even if they've only got one migrant worker.*

## **Support for Proposal Two**

Submitters who supported Proposal Two did so mainly on the basis that it would:

- Reduce migrant exploitation
- Encourage employers to recruit and train New Zealanders

Many submitters, even those who were supportive, wanted more detail, particularly specifics of the pastoral care policy, how “upward pressure on wages and conditions” would be assessed, and whether there would be an appeal process for declined accreditation.

Many submitters also thought that the standard accreditation duration of 12 months was too short.

### **Employers**

Employers in support of this proposal expressed their agreement in principle but wanted further information and for the proposal to be more industry-specific and/or region specific:

*We agree with the intent of this change, however fine-tuning is required. The changes to the levels of accreditation based on number of temporary migrant workers appears to be addressing small to medium enterprises at the lower end of the scale without taking an opportunity to address the upper end of the scale i.e. large public sector employers like Government departments and Crown entities.*

*How will “upward pressure on wages and conditions” be assessed? There is already significant upward pressure on wages with annual minimum wage increases that are significantly higher than inflation. Imposing further obligations on employers regarding upwards pressures on wages is concerning and could affect international competitiveness.*

### **Employees (temporary work visa holder)**

Employees (temporary work visa holder) who supported this proposal were largely of the opinion that it would reduce migrant exploitation:

*The system will bring the wrongdoer employers in front of the public and administration.*

*In this way, the over exploitation of temporary work visa holders will hopefully be reduced in a good way.*

### **Employees (New Zealand citizen or resident)**

Employees (New Zealand citizen or resident) who supported this proposal thought that it would give priority to upskilling and training New Zealanders:

*The most important thing is to make sure that employers show very strong evidence of hiring, upskilling and training New Zealand citizens.*

*New Zealand employers would need to give top priority to New Zealand residents first before considering hiring foreign workers, meaning they should facilitate training and development to New Zealand residents.*

### **Industry Organisations**

Industry Organisations, while supporting the intent of the proposal, had clear ideas about how the system should work in practice:

*The proposed criteria would need to be assessed in the context of the particular circumstances of specific industries.*

*Membership of a recognised industry organisation should be acceptable for small employers to meet the necessary standards for accreditation.*

Some felt that, as an alternative to changes, existing standards could be more effectively enforced:

*The resources required to process the accreditation and renewals of every employer would be better spent enforcing the rules that already exist. For example, there are no Labour Inspectors in Marlborough. We have reported cases where employers are breaching minimum employment standards. These cases are not investigated due to a lack of resources. Nothing in the current proposal will solve this problem.*

### **Licensed Immigration Advisers**

Licensed Immigration Advisers who supported the proposal thought that it would reduce migrant exploitation:

*The proposed changes look promising and will reduce migrant exploitation and will encourage employers to recruit and train New Zealanders. Small businesses will also be required to put in more resources to meet immigration compliance standards to be able to recruit migrant workers.*

### **Local Government**

Local Government submitters who partly supported this proposal stressed the need for clarity and simplicity:

*The system must be responsive, efficient and timely, and minimise transaction and compliance costs for employers, particularly SMEs. The key question is how many hoops an employer, particularly a small business, will have to jump through to secure premium accreditation, given that the ability to offer work-to-residence for skilled migrants, and three-year visas for lower-skilled migrants in regions with tight labour markets, are proposed as incentives only for the premium accreditation group.*

*It is essential that these proposed changes create a system which is responsive and efficient, minimising processing times and compliance costs. Small businesses need to be carefully considered in the implementation of any changes. Small businesses can be particularly vulnerable to changes in the labour market and it is essential that opportunities for 'Premium Accreditation' are accessible and attainable to these employers.*

### **NGO/Social Service Provider**

NGO/Social Service Providers who supported this proposal still had some concerns:

*We believe that all employers should be accredited but small and medium companies looking at hiring 5 or less workers should be given the eligibility to still offer work to residence visas.*

*Some small companies may choose not to undergo the accreditation and while this may mean employment for New Zealanders, if they are not suitable, then it may have a negative impact on the business.*

### **Other**

Submitters in this group supported the proposal for reasons of fair treatment of employees, but expressed concerns about its effect on small businesses:

*We have concerns about the impact on an SME's ability to comply with accreditation standards, particularly businesses in the construction and dairy sector. Whilst employment agreements will not be an issue, broader requirements in terms of policies, training programmes and financial stability evidence may cause issues.*

*Premium accreditation appears to offer more advantages to larger businesses including work-to-residence for skilled migrants.*

## Union

Unions generally supported this proposal but cautioned that implementation must be carefully managed:

*Immigration instructions will need to be set carefully and with sufficient detail and guidance to ensure that the intent of this proposal is followed in practice.*

*Under the existing system for employer accreditation, immigration instruction WR1.25 requires the immigration officer to be satisfied that the employer 'has a demonstrable commitment to training and employing New Zealand citizens or residence class visa holders'. However ...the standard of evidence required to meet this criterion has been set unacceptably low.*

## Not in support of Proposal Two

Of those submitters who were not supportive, the main reasons cited were:

- Concerns that accreditation would be expensive to obtain
- Adverse effects on smaller businesses if accreditation was costly and/or time consuming
- The financial and administrative burden of enhanced pastoral care and workforce development

## Employers

Employers who did not support this proposal had issues with compulsory accreditation and expense:

*We support the different types of accreditation, but certainly don't believe it should be compulsory for every employer who needs to support a temporary work visa.*

*I do not agree with the proposal for different accreditation groups for employers. This proposal would effectively make immigration services for the Tourism Industry equivalent to achieving existing Qualmark and Health and Safety accreditation. I recognise the value of Qualmark and Health and Safety to our tourism business, but I also recognise that these are time consuming and expensive processes.*

Smaller businesses were concerned that accreditation would be unachievable:

*As a small business owner, this may place more administrative strain on the business. We also potentially don't have the depth of skills required to go through the accreditation process.*

## Employees (temporary work visa holder)

Employees (temporary work visa holders) who did not support the proposal commented on the negative effects on small businesses:

*Small businesses won't be able to keep up with large companies. This will be difficult for them to hire qualified workers for their business*

*If the employees are seeking a change from work visa to residence they'll run from small companies*

## Employees (New Zealand citizen or resident)

Employees (New Zealand citizen or resident) submitters who did not support the proposal thought that it would disadvantage small businesses:

*While big business has resources to go through this kind of government certification, small business will struggle in this area and they will be hugely disadvantaged with these red tape measures.*

*Small businesses can't afford this.*

## Industry Organisations

Industry Organisations who did not support the proposal thought that introducing compulsory employer accreditation was unnecessarily punitive:

*If the funding required to implement these additional administrative requirements were added instead to the Labour Inspectorate, this would result in greater employer compliance. Compulsory accreditation unfairly penalises the vast majority of good and compliant employers. The small minority of exploitative employers will likely continue to jump through the required administrative hoops in order to hire migrant labour.*

Other submitters again commented on adverse effects for smaller businesses:

*We feel that mandatory accreditation will most negatively impact smaller businesses that do not normally employ migrants but have to due to labour market shortages. By introducing mandatory accreditation for all employers, it will mean employers that genuinely have identified a labour market shortage which they need to employ a migrant will have to go through more red tape, timeframes and costs to support a migrant.*

## Licensed Immigration Advisers

Licensed Immigration Advisers who did not support the proposal commented that existing controls were effective and further regulation would be detrimental to the economy:

*There has been an increase of immigration and anticipated regulatory requirements which the industry has been struggling to keep up with. The increased pressure on wage levels has equally increased pressure on businesses as they now need to work more efficiently. Requiring a further administrative process to give companies accessibility to global skills, when clearly there is an already low unemployment rate below 4%, hinders the economy more than it supports growth.*

*The current Essential Skills Work Visa system with labour market test and checks works. The question at hand should be if the people referred to vacancies are not just showing up, but willing to do the job and performing on the job.*

## Other

Submitters who did not support this proposal commented that:

*Employers should be able to find anyone who has a New Zealand work visa; INZ shouldn't restrict or impose regulation on employers.*

*It is better to reduce the involvement of employers. This will help to eliminate exploitation.*

## Proposal Three: Introduce four job pathways

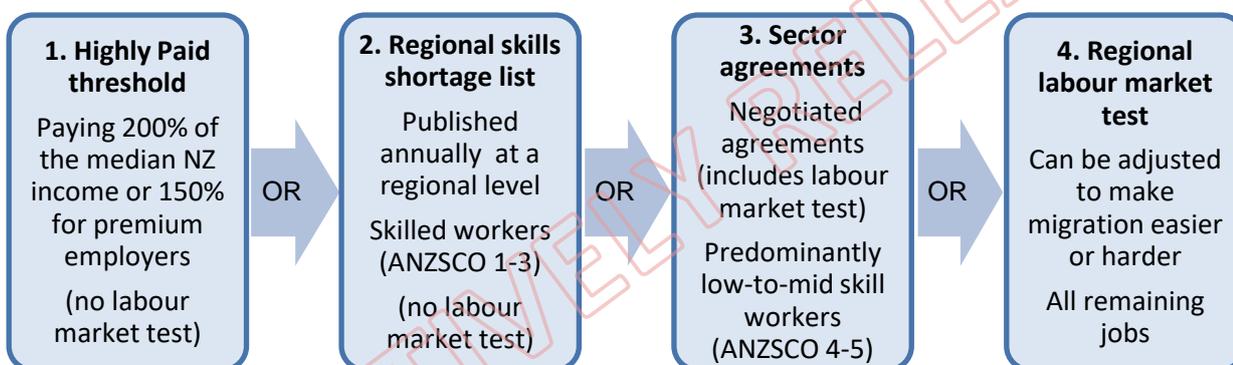
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### What was proposed

There are three pathways employers can currently use to employ a temporary migrant worker: skills shortage lists, Talent (Accredited Employer) Work Visa and the labour market test. These pathways lack flexibility and do not encourage employers, the education/skills or welfare systems to address underlying issues that are leading to demand for temporary migrant workers.

Proposal Three modifies existing arrangements by regionalising the skills shortages lists and labour market test pathways, and replacing the Talent Work Visa with the Highly Paid threshold pathway. It also introduces a new pathway for sector agreements.

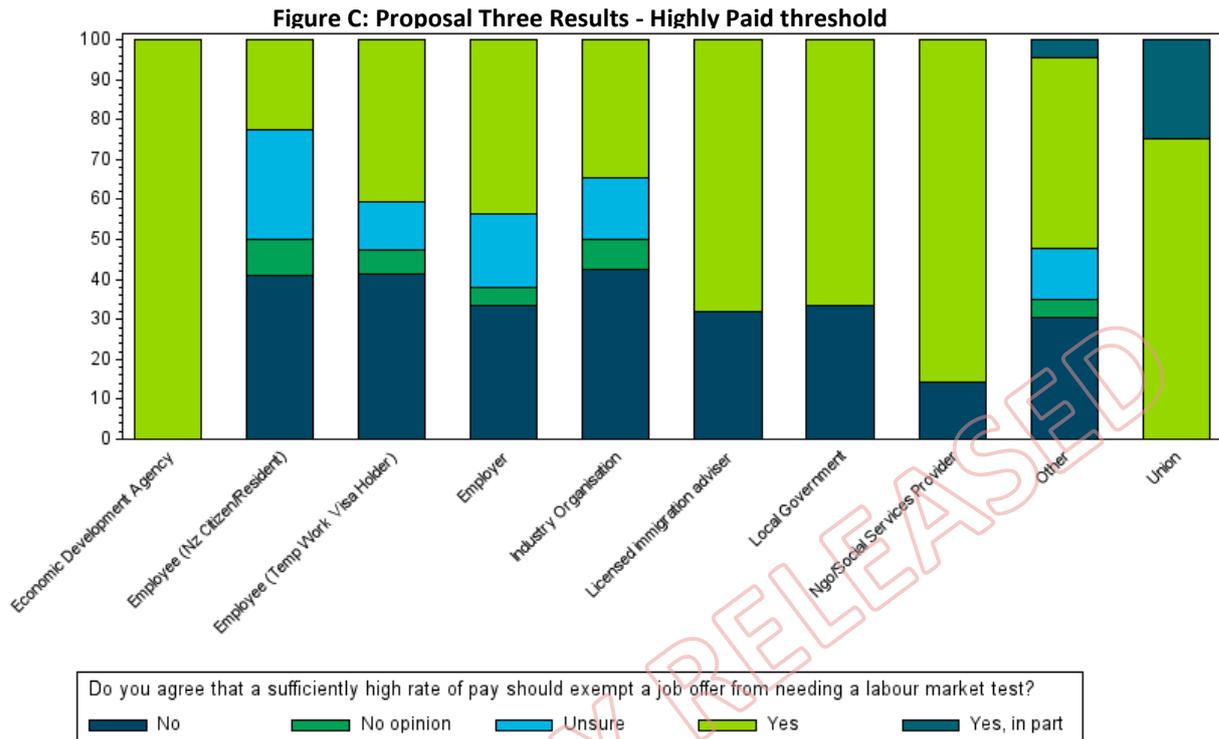
Under this proposal, employers recruiting temporary migrant workers could do so through the following pathways:



### Summary of responses

#### Highly Paid threshold

Half of submitters either did not support the proposed Highly Paid threshold job pathway (36%) or were unsure (14%). The proposal was supported by 45% of submitters. Larger organisations (500+ employers) were most supportive of this proposal with 62% agreeing that a sufficiently high rate of pay should exempt a job offer from needing a labour market test.



Of those who supported the Highly Paid threshold, the main reasons were that:

- A high salary generally means a high skill level
- A high salary generally reflects a skills shortage

Support was often in principle and a number of submitters commented that:

- Pay levels should be sector, or region-specific, preferably both, and these specific proposed thresholds might cut into salary wages of occupations such as Registered Nurses
- The threshold should be based on position-based index
- The threshold is too high and most businesses will be unable to pay this rate

Submitters who did not support introduction of the highly threshold, as well as echoing some of the comments above, cited:

- The potential for exploitation and fraud
- Exemptions from labour market testing should be based on availability of New Zealanders
- The potential to undermine the labour market
- High pay rate does not necessarily reflect a shortage

Comments from submitters included:

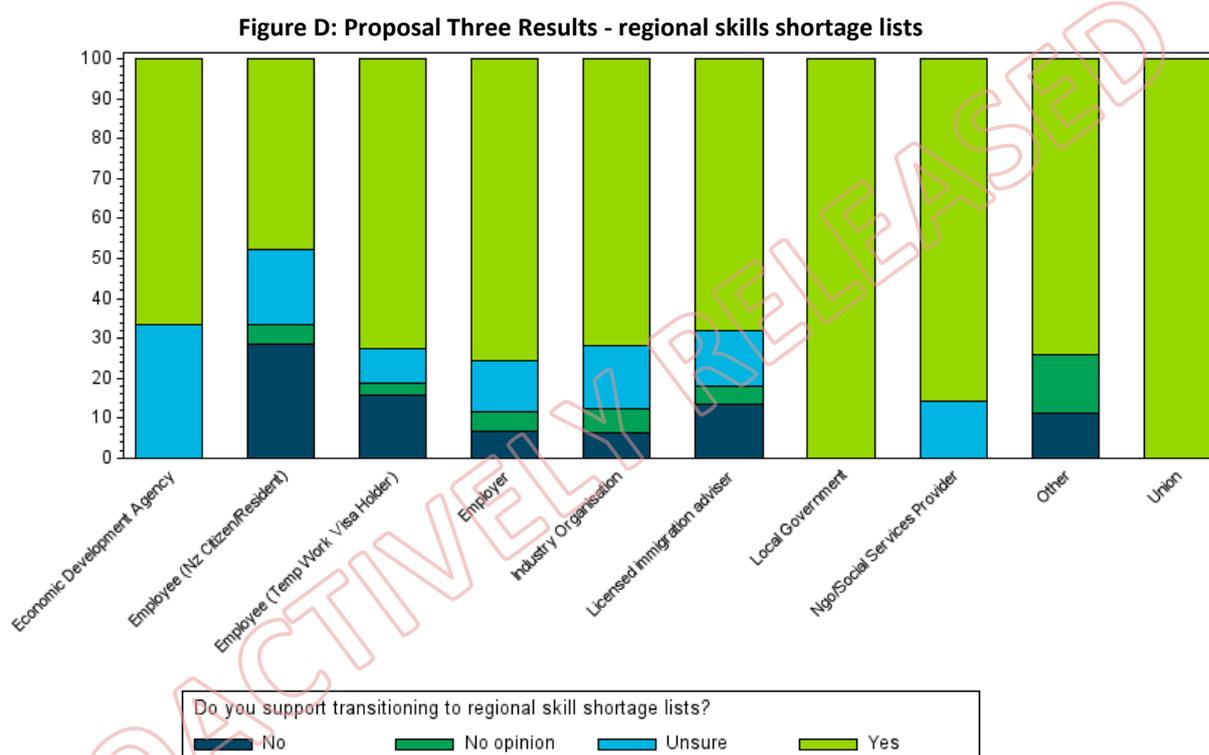
*Highly paid roles should be exempted from labour market tests as it would require someone with specific skills and experience to fill the position if there are no suitable New Zealand candidates. However, as an aged care provider, we do not have any roles that meet the high rate of \$37.50 per hour. We believe that an exemption from needing a labour market test should be focussed more on where there are genuine skills shortages.*

*Paying above the market rate for a particular role will completely destabilise the whole pay structure in our company and most probably have implications for the industry. That would also mean we are paying migrant workers more than Residents for the same work. Seems contrary to what we are trying to achieve.*

*We are very supportive of driving the wages up for skilled migrants [but] still have a concern that there is no requirement to check what the wages of the New Zealand workers are... and whether both migrant and New Zealand workers will be paid the same rate and have the same conditions for doing the same work.*

### Regional skills shortage list

Regionalisation of the skills shortage list was supported by 73% of submitters. There was particularly strong support from employers in Canterbury and Queenstown Lakes regions. An equal number of submitters (11%) either did not support this proposal, or were unsure.



The consultation asked how the skills shortage lists could be improved. Recurring themes from submitters on improvements were:

- More “flexible” or “dynamic” lists, which could better respond to short-term demand and supply changes
- Lists informed by consultation with local working groups (industry, education, social services and local government)
- More regular reviews of the lists and/or the ability to react if a significant change occurs in a region rather than waiting for a scheduled review
- A process for sectors to feed back their experience of skill shortages to INZ
- Greater transparency
- A facility for employers to challenge or appeal the lists
- For Government to ensure they understand the impacts for different sectors before making changes
- Consideration of implications for national businesses operating in several different regions
- Inclusion of ANZSCO skill levels 4 and 5
- Sub-regional lists for small, isolated areas with high demand for and low supply of labour
- The government to liaise and partner with Chambers of Commerce to determine regions/sub-regions
- Greater consideration of niche industries

Comments from submitters:

*We see Regional Skills Shortage Lists as an opportunity to review and consider certain roles within aged care to be exempted from the labour test market. We recommend that the position of a Healthcare Assistant to be exempted from labour test market because since 2017, when Equal Pay was implemented and with increase in pay rates, there has not been an increase in New Zealand candidates applying for the roles in aged care.*

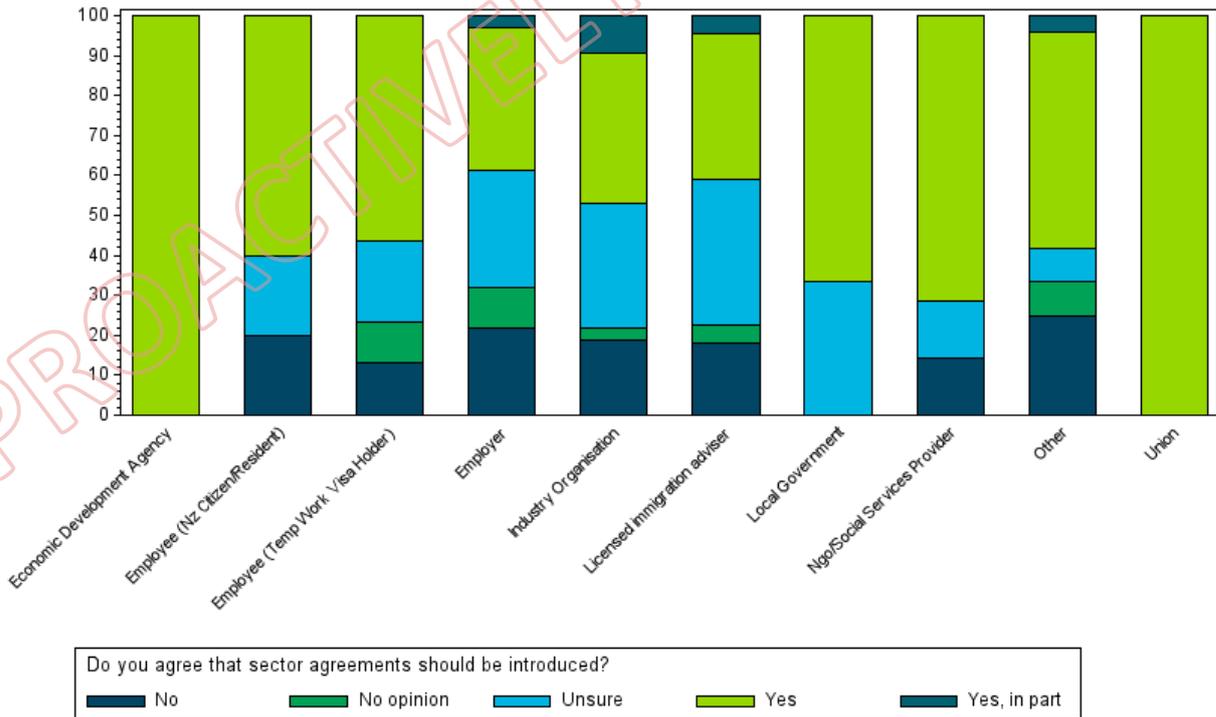
*We would support an extension of the criteria to include person specifications, such as ability to do shifts, health status, dexterity, height and strength indicators/index. These should not be overlooked to increase candidate acceptance ratio; in a recent recruitment drive at two large plants, out of approx. 60 applicants from MSD, only about 10% were offered employment due to suitability issues based on the above factors.*

*Wider consultation with relevant national and local entities (BusinessNZ, chambers of commerce, economic development agencies, other government departments, education providers, social agencies and so on) is needed to ensure the lists both reflect the employer needs and avoid limiting opportunities for New Zealand job-seekers*

**Sector agreements**

The proposal to introduce sector agreements (negotiated between government and sectors) was supported by 50% of submitters. 18% did not support the proposal and a high number of submitters (25%) were unsure. There was a strong view, from both those who supported the proposal and those who did not, that sector agreements should not be compulsory.

**Figure E: Proposal Three Results – sector agreements**



Recurring themes from submitters who supported sector agreements were that these could:

- Benefit both employers and migrants
- Help to address labour shortages in particular sectors
- Complement regional lists and help to monitor and accurately assess sector skills shortages
- Provide a mechanism to ensure good terms and conditions for workers while also ensuring sectors that employ large migrant workforces are well supported

Comments from submitters who supported sector agreements:

*A blanket sector agreement will encourage employers to offer better packages if employees know that they can move around a bit more.*

*Sector agreements cannot be compulsory. If they are then this potentially useful tool will not come to fruition at all. For example, for the aged care or tourism or dairy farm sector, it will be virtually impossible to have all employers sign up. In the dairy industry alone there are over 10,000 employers and complicated employment arrangements. It cannot be compulsory or it will never work.*

Comments from submitters who were not supportive or were unsure about sector agreements, included concerns about:

- The potential for migrant exploitation
- The lack of flexibility for individual employers to offer prospective employees remuneration reflective of the labour market
- How the agreements would be drafted and how employers would be held accountable to delivering on them
- The ability of one agreement per sector to be applicable to different sized businesses with different labour market requirements

Comments from submitters who were unsure, or did not support sector agreements:

*Businesses struggle to attract some types of workers. Sector agreements are a good starting opportunity to address this but market testing will slow everything up for businesses that need to recruit quickly, which is normally the case.*

*Employers have to be accredited to recruit, but will be restrained if not meeting the high salary threshold requirements. The realistic view is that we need people on the ground. The level of wages is not sustainable for individual farmers. The concept of sector agreements is vague and leaves a lot to interpretation.*

Submitters were asked for their opinions on what could be included or excluded from the sector agreements.

Recurring themes were that sector agreements should include:

- Minimum terms and conditions
- Recognition of smaller sectors
- A pathway to residency, no labour market test for jobs included in sector agreement
- 5-10 year visas for migrant workers
- Other visa categories – specifically the Recognised Seasonal Employer scheme and Pacific Access Category
- Flexibility for exemption in certain circumstances, for example building or opening new facilities

And that sector agreements should exclude:

- Stipulation of wage or salary rates
- A cap on the number of migrants, but possibly could include a cap on the percentage of total employees who are migrants
- Any duplication of existing agreements/legislation e.g. training commitments in equal pay settlement

Comments from submitters:

*It is vital that any sector agreement is seen to drive up wages.*

*I do not think sector agreements to reduce the number of migrants hired over a certain time period is realistic for the hospitality industry. Look at every restaurant in the US, Australia, Spain, England - they all rely on migrant labour. It is not going to change.*

*Greater flexibility and certainty in terms of migrant recruitment - putting a cap on total amount of migrants under a three-year sector agreement would not provide sufficient flexibility and be a barrier to individual companies' ability to address seasonal labour shortages in a timely manner. Clarity on how lift in wages and conditions would be aligned with the minimum entitlements, such as leave entitlements, minimum wage increases and/or living wage adjustments. Sectors with a unionised workforce employing migrants on terms and conditions of prevailing collective agreements - this would avoid introducing further complexity for employers.*

PROACTIVELY RELEASED

# Proposal Four: Regionalise the labour market test

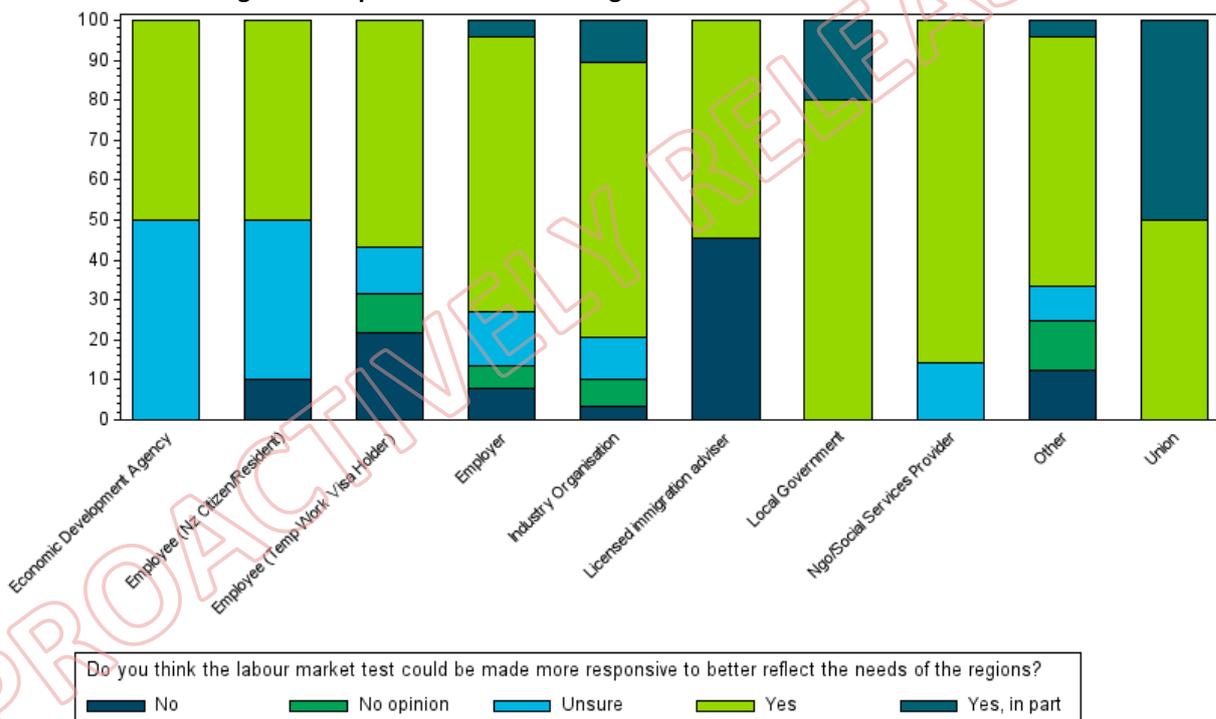
## What was proposed

The labour market test will be reviewed to make it easier or harder to recruit temporary migrant workers in a region to reflect regional labour market dynamics, particularly domestic labour demand and supply.

## Summary of responses

Regionalisation of the labour market test was supported by two-thirds (66%) of submitters. There was particularly strong support from employers in Canterbury and the Queenstown Lakes regions. 14% of submitters did not support this proposal and almost the same number (13%) were unsure.

Figure F: Proposal Four Results – regionalised labour market test



Recurring themes among those who were supportive of regional labour market tests were that this proposal:

- Reflects specific and unique regional need
- Should make it easier to access to migrant labour where it is needed
- Makes sense/is appropriate

Recurring themes among those who were not supportive of regional labour market tests were that this proposal:

- Might not reach accurate conclusions about a particular labour market
- Relies on Work and Income sending suitable applicants
- Might not adequately take into account when there are no New Zealanders willing to do the work

## Responding to regional needs

Further questions were asked of submitters about how the labour market test could be re-designed to make it more responsive to regional needs and what general improvements might be made.

Recurring themes from submitters on how the labour market test could be more responsive to regional needs:

- Should be easier for employers to access migrant labour in regions with tight labour market and low unemployment
- Dynamic and flexible approach to meet needs of local and regional industry shortages
- Regular consultation with industry and stakeholders
- Improve and encourage migration to the regions
- Labour market should recognise regional and seasonal differences
- Recognise difficulty in filling “unattractive” roles in the regions
- Regularly monitor and edit lists in response to industry feedback (at least six-monthly)
- Improved centralised data collection and analysis from Work and Income
- Align labour market test with sector agreements and informed regional skills lists
- Liaise with industry organisations specific to each industry to gain better information and understanding as to what positions are in demand and tailor immigration policy to this
- Local-level labour market testing can be made more responsive to local conditions through the direct involvement of regional skills groups / bodies

Comments from submitters included:

*Responsiveness of the proposed labour market testing system is critical: industries such as viticulture and tourism are highly seasonal in nature and often require migrant workers for a short time period, and within this period their level of demand for migrant workers can also vary considerably.*

*The current labour market testing process is fair, if common sense is applied, particularly in the regions. If a regional employer can't find suitable staff particularly in the “low and mid skilled occupations” then they should be trusted to employ the best candidate available – be they migrant or local.*

*The current Exemption List in Queenstown helps to recognise that there are unique challenges there. We consider that a regional labour market test that further recognises these types of challenges would be beneficial.*

Recurring themes from submitters on what improvements could be made to the current system:

- The training requirement should be removed from the labour market test
- Giving flexibility to adapt to current methods of recruitment (websites, social media)
- Improve the timeliness of labour market tests
- Ensure consistency of approach between Work and Income and MBIE
- The general approach should be through industry lens rather than regional
- Work and Income should list the exact employer requirements of vacancies – not what they deem from ANZSCO to be the requirements – these are two very different things
- Recognise shortages of certain unique specialised positions
- Provide certainty of visa duration to enable accurate workforce planning
- Clarify processes and criteria for labour market testing
- Provide channels for industry to provide feedback on labour market needs
- Make some occupations exempt from the labour market test
- Review the Skills Match Report process

Comments from submitters:

*Different jobs require different levels of training. Considering employers have to meet the training and upskilling requirement with the accreditation application, this requirement should be removed completely from the labour market test. Greater consideration needed of the soft skills and company fit that forms part of informed recruitment processes. Those administering the labour market test at INZ and Work and Income need better training on these issues.*

*The Skills Match Report (SMR) system is flawed. Inconsistencies of approach from INZ and Work and Income have created significant issues. We have experienced situations where an SMR has been refused as Work and Income believed the role was a Level 3 ANZSCO role. INZ then refused to grant a visa as the application was not supported by an SMR. The two agencies held differing interpretations of the role, and neither was prepared to budge on their view. There needs to be consistency of approach.*

PROACTIVELY RELEASED

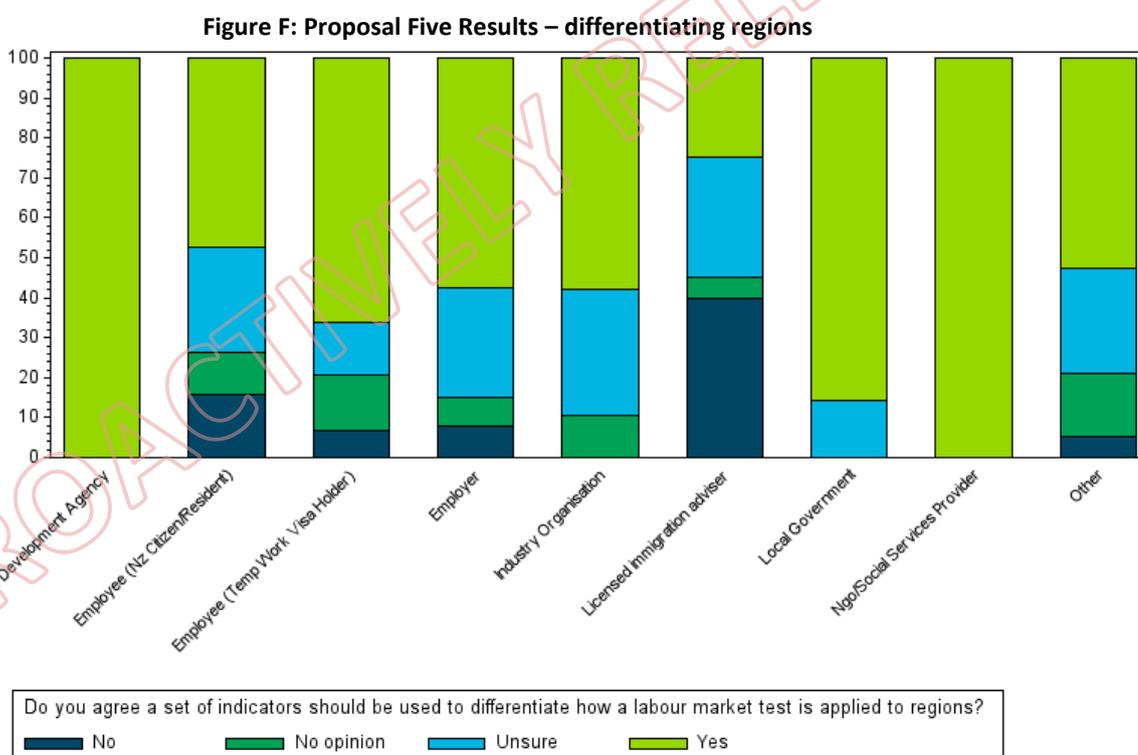
# Proposal Five: Differentiate regions based on indicators reflecting labour market dynamics and growth pressures

## What was proposed

Regions will be differentiated based on a set of indicators and measures which reflect the labour market dynamics and growth pressures of the regions. The dynamic nature of the labour market means the characterisation of the regions could fluctuate regularly. The regional indicators framework would therefore be monitored on a regular basis to make adjustments as circumstances change.

## Summary of responses

Introducing a set of indicators to differentiate the regions was supported by 59% of submitters. 9% did not support the proposal and 22% were unsure. Again, there was particularly strong support from employers in Canterbury and the Queenstown Lakes regions.



Recurring themes among submitters who were supportive of differentiating the regions included that:

- Different treatment will help to resolve labour shortages
- There are different labour market needs between regions, but also sometimes within regions
- Different remuneration thresholds should apply to different regions

Comments from submitters who were supportive:

*We agree in principle. However, history shows us that the labour market shortage in our industry is nationwide, and will continue to be. We do not believe the indicators will determine different labour market information. We already, and will continue to recruit from around New Zealand for these roles. The same challenges are faced in all areas.*

*Allowing more flexibility would be viewed as positive as long as it was reviewed regularly and adjusted to the market changes.*

Recurring themes among those who were not supportive of differentiating the regions included that:

- This adds complexity, especially for businesses operating across more than one region
- Regional skills shortages lists negate the need for regionalising the labour market test
- The labour force is non-existent in some places

Comments from submitters who were not supportive:

*I'm afraid that will make the new policy settings over-complex, while it seems the benefit does not exceed what it will cost significantly. The labour market test is the last resort when regional shortage and sector agreements do not apply. In other words, it is assumed when labour market test is involved, the position is not prioritised or most needed in such a region or industry.*

*The proposed regions would not provide the granularity required for the policy objectives to be achieved. For example, Queenstown and Dunedin are included within the Otago region, but have significantly different employment market dynamics. It is important to take account of "local" conditions. This could be achieved by INZ complementing any regional list with a sub-region, or specific location, list that has labour dynamics peculiar to them. For example, Queenstown could be included as a sub-region.*

*The proposal document states there will be sixteen regions but does not outline how the regions will be split, only that they will fluctuate regularly. It would be an onerous task on business to be able to understand and identify of our 80+ branches as to what region they fit into at any one time and the different criteria to recruit in each region. We should be able to recruit based on our business needs not be sequestered by other factors outside our realm of control.*

PROACTIVELY RELEASED

# Proposal Six: Job pathways trigger a domestic labour supply response

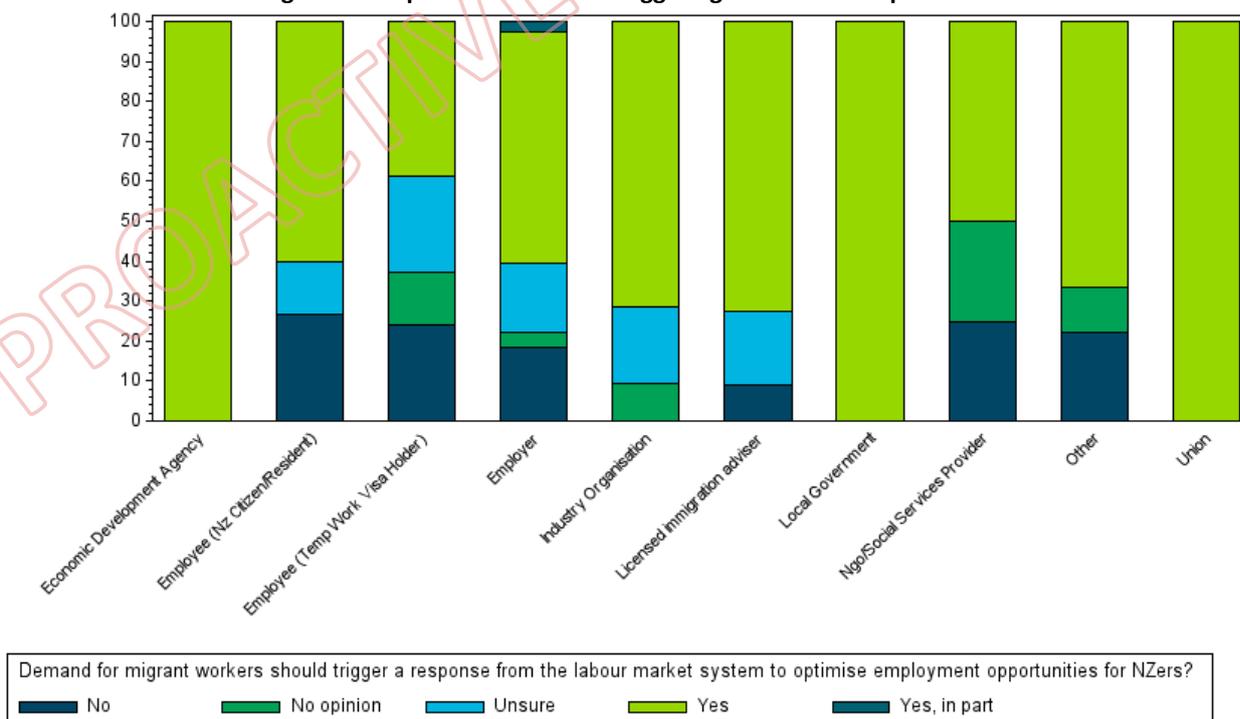
## What was proposed

Among other outcomes, the education/skills and welfare/employment systems help prepare New Zealanders for employment and for further education. There is an opportunity to improve how these systems work alongside the immigration system to contribute to labour market outcomes for New Zealanders, through better alignment with each other and with employers' needs. At present, neither the labour market tests undertaken for visa purposes, nor the inclusion of occupations on the immigration skills shortage lists elicit a strong response from the education/skills or welfare/employment systems to address the implied skills shortage and optimise opportunities for New Zealanders. Proposal Six establishes that demand for migrant workers triggers such a domestic response.

## Summary of responses

Submitters were asked whether they agreed that the demand for temporary migrant workers should trigger a response from the labour market system to optimise employment opportunities for New Zealanders. Of those who answered, 59% of submitters agreed with this statement. An almost equal number of submitters did not agree (18%) or were unsure (17%).

Figure G: Proposal Six Results – triggering a domestic response



Recurring themes among those who agreed with the statement included that:

- The success of these proposals will depend on building stronger regional capacity for employment support and coordination, to ensure more New Zealanders are work-ready
- There is a need to take a long-term view as employers will require migrant workers while the local workforce acquires the necessary skills
- A flexible immigration approach is needed to recognise niche industries

Comments from submitters who agreed with this statement:

*Employers need to invest in the long term workforce development strategies to identify and build up their current and future labour requirements. Immigration fills a vital link to allow employers to train and upskill New Zealanders.*

*Apprenticeships to be a focus for those people not wanting a university education. Start within the secondary school system working with the local companies in the building and engineering industry along with students who have a technical background. This would cover many areas of the building sector.*

Recurring themes among those who did not agree included that:

- Employers only employ migrants when there are no New Zealanders available
- There is an insufficient supply of domestic labour
- Employers are hiring migrants because New Zealanders are unwilling to do the job

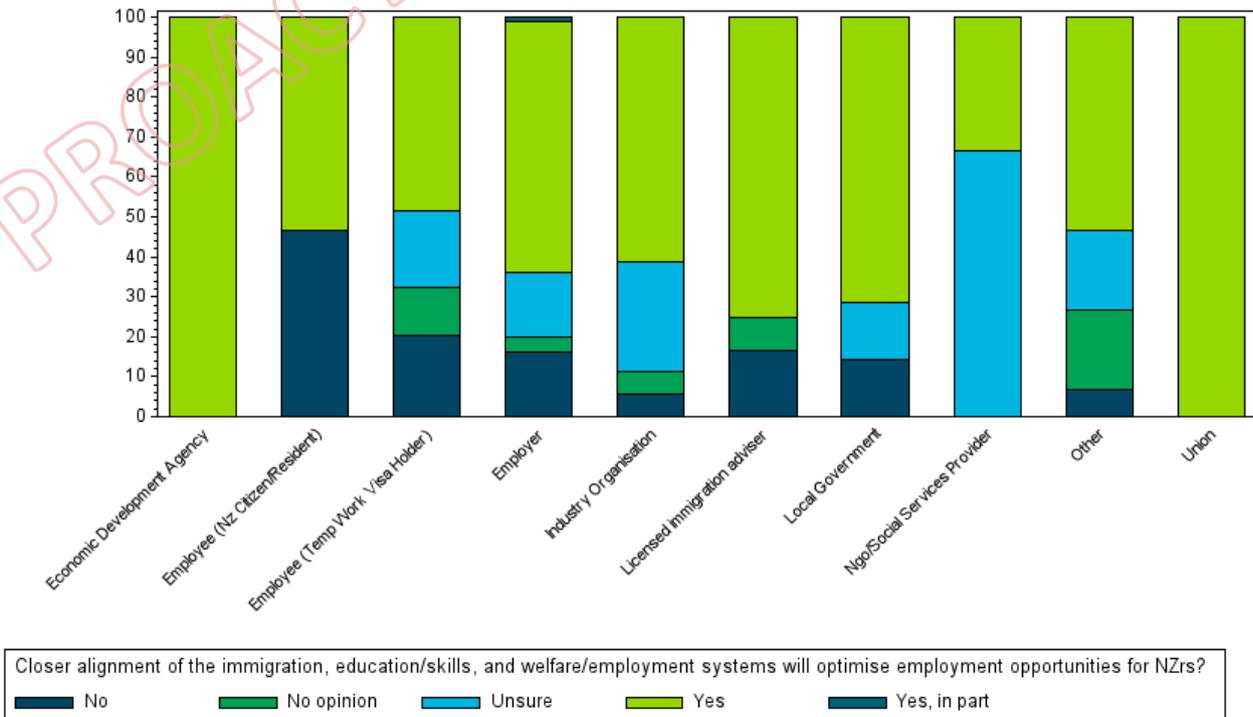
Comments from submitters who were not supportive:

*There is no "optimisation" required for New Zealanders to get these jobs, if they turn up and are good at the job they do not need further handouts plus businesses would prefer to employ a New Zealander as they do not need to deal with immigration.*

*This concept is back to front. We should be trying to optimize employment of locals anyway. The demand for temp migrants comes when the local employment is either optimized or the locals have no interest in the roles available.*

Submitters were also asked whether they agreed that closer alignment of the immigration, education/skills and welfare/employment systems would optimise employment opportunities for New Zealanders. Of those who responded, 59% agreed with this statement. An equal number of submitters did not agree with this statement or were unsure (17%).

**Figure H: Proposal Six Results – alignment of immigration, education/skills and welfare/employment systems**



Recurring themes among those agreeing with this statement included that:

- Effective collaboration will enhance opportunities for New Zealanders
- Closer alignment will enable higher accuracy of information on labour market
- New Zealand/ employers still need migrant workforce in the immediate and medium-term

Comments from submitters who agreed:

*Under the current model, we have become a low wage economy and that doesn't benefit anyone in the long term.*

*Lots of industries have long cried out that they are foreseeing a skills shortage and labour market shortage, with nothing strong enough happening to stop the oncoming train. We need to try to meet the demand from industry with a supply from the indigenous New Zealand market - BUT in the interim before we meet this magical state of equilibrium, we have to recognise where we do actually have shortages and how we fulfil them with migrant support in a positive and humane way for both employers and employees.*

*There is support for improved feedback loops between parts of the labour system to improve employment outcomes for both New Zealanders and migrants. As an industry, we have a large number of educational pathways available to train and upskill workers into different roles. Despite this investment into training & education, we still face a shortage in many roles due to the demand and seasonal nature of the industry.*

Recurring themes among those who disagreed with the statement included that:

- New Zealanders already have the opportunities but don't want them
- This will lead to higher cost and less efficiency

Comments from submitters who disagreed:

*This has never worked in its current form. The triggers need to be tailored more closely to each industry and that takes time, enormous effort, expertise and money. Politics usually stands in the way of this occurring.*

*It has been my observation that no matter how systems or settings are tweaked, there will be perennial shortages in certain jobs and job environments, and these are best filled by migrants and guest workers.*

# Proposal Seven: Regionalise the domestic labour supply response

## What was proposed

There is a need to gain a better understanding of skill needs at a regional level, so that solutions can be developed to bring educators, employers and potential employees together. Differentiating the regions would allow priority areas to be identified and responses targeted more effectively.

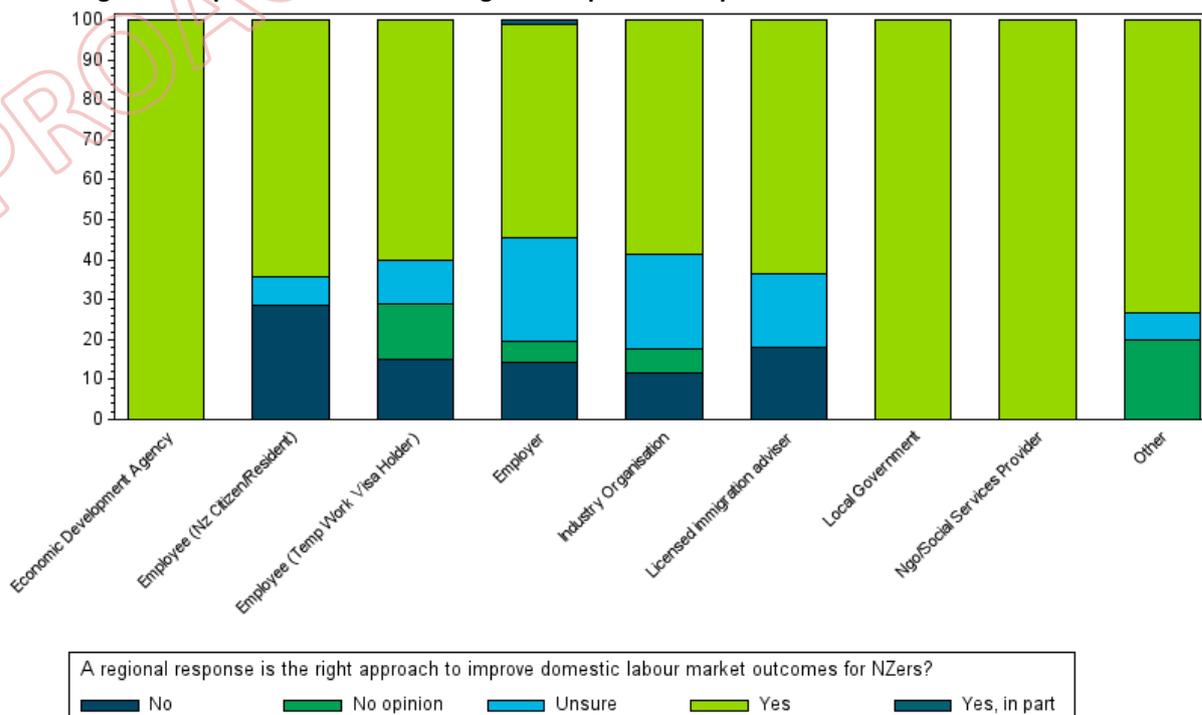
In particular, agencies are considering how to get better regional planning, information flows and more coordination between the education/skills and welfare/employment systems, to support regional and national labour markets. This could mean using existing structures which have a demonstrated track record or developing new mechanisms. Importantly, the development of new and existing mechanisms will likely progress alongside reviews in the education and welfare systems. Submitters were asked about three concepts:

- regional labour market strategies and plans
- regional decision-making and coordinating bodies/groups
- regional education, skills and employment hubs

## Regional response

Submitters were asked whether they agreed that a regional response was useful to improve domestic labour market outcomes for New Zealanders. Of those who answered, 61% of submitters agreed that this was a useful approach. 14% of submitters did not support this proposal and a higher number (17%) were unsure.

Figure 1: Proposal Seven Results – regional response to improve labour market outcomes



Recurring themes among submitters supporting a regional response included that:

- This will identify regional needs
- This adds increased flexibility/agility to respond to local needs
- There is no “one size fits all”

Comments from submitters who were supportive:

*In principle a regional approach is right. The challenge in this is catering for the nuances of sub-regions. It will also be important that the collaborative response is done in collaboration with regional organisations such as Chambers of Commerce, employers’ organisations, industry associations and so on, which generally understand both their regions and the businesses within them.*

*Better intelligence will support residency and work permit policies suited to each region and be utilized to move/attract both domestic and foreign labour to identified regions.*

Recurring themes among submitters who did not support, or were unsure about a regional response included that:

- This would be more bureaucracy
- This does not solve the problem of New Zealanders unwilling to work
- It is difficult for national employers with small regional presences to engage

Comments from submitters who were not supportive or were unsure:

*We are a company providing services to the whole of New Zealand, where we are based is not necessarily where we are providing the service. Based in Auckland, but providing services to all North and South Island. This would not align with our business.*

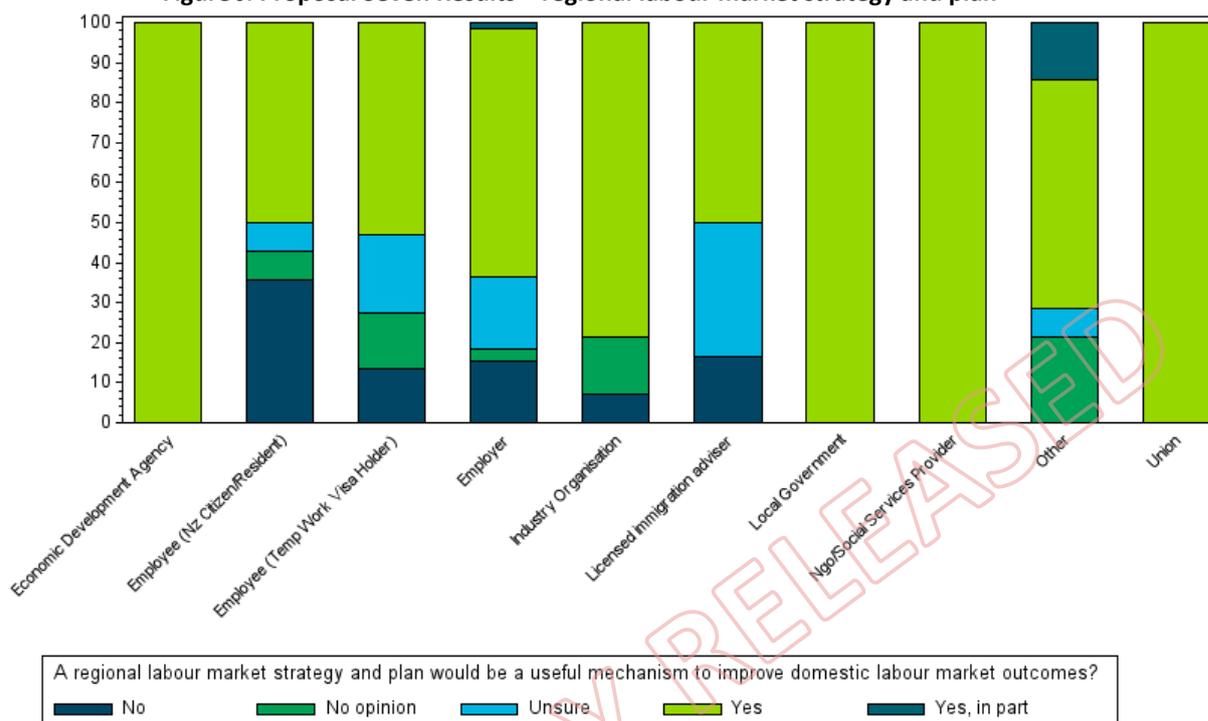
*Unsure how we stop Urban drift – it will always exist and as such regional responses are generally short to medium term options.*

### **Regional labour market strategy and plan**

Submitters were asked whether a regional labour market strategy and plan would be a useful mechanism to improve domestic labour market outcomes, what its purpose and focus might be and who should be responsible for developing and implementing it.

Among submitters who answered this question 63% agreed that a regional labour market strategy and plan would be a useful mechanism to improve domestic labour market outcomes. 14% of submitters did not support this proposal and a slightly higher number (16%) were unsure.

**Figure J: Proposal Seven Results – regional labour market strategy and plan**



Submitters tended to list similar themes for the purpose and focus of regional labour market strategies and plans; that these should:

- Identify skill shortages
- Provide training to fill skill gaps
- Incentivise locals to work in industries with labour shortages

It was also noted by most submitters who responded to this question that these strategies and plans would need to be agile and flexible to respond to changes in local labour markets.

Comments included:

*The principle of this is sound, but sub-regional nuances must be kept front of mind. The effectiveness of such a strategy and plan will depend on the availability of data, true collaboration between Government and business and the ability of those on the ground to analyse and use the data to inform their planning and the availability of capable resources with the capacity to execute on the plan. There needs to be a clear tie back to the economic development strategy for the region and to identified key areas of need for industry considering short term through to long term planning implications.*

Submitters were also asked who should develop and implement a regional labour market strategy and plan.

Most submitters who answered this question suggested representatives from a mixture of government departments and agencies, local councils, employers, tertiary bodies and sector representatives. Some suggested that it should be a public and private sector collaboration. Most agreed that it should be led by government and that there should be regional representatives involved in development and implementation and that local businesses, including small businesses, would need to have a strong voice.

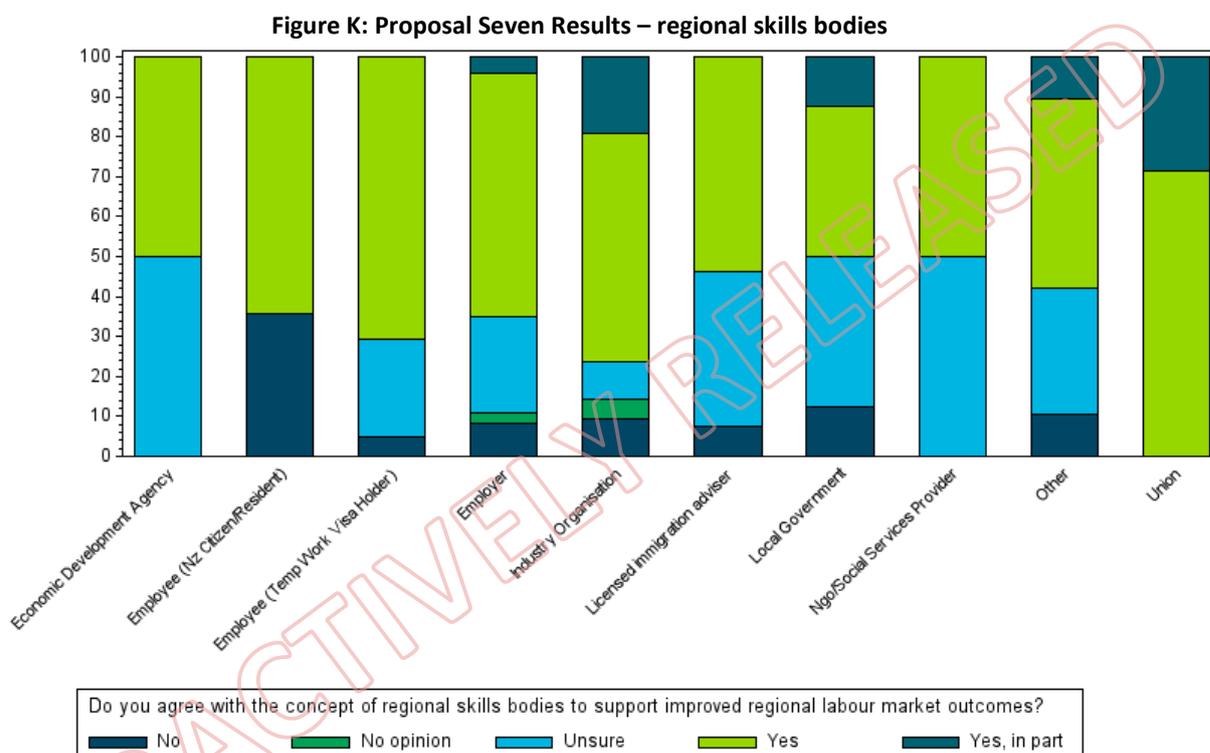
Comments included:

*Ultimately, the process of developing the strategy should be led by central government with key industry and local stakeholders having a constructive opportunity to have their views heard and taken into account. Because of the need to create tailored strategies for each region, while there are bound to be some common elements, we expect to see a diverse range of strategies and solutions.*

*This should be a joint effort involving MSD, Ministry of Education, INZ, employer groups and local government representatives. The strategy and plan should also involve representatives from these groups based in the regions and not just those based in government offices in Wellington.*

### Regional skills bodies

Submitters were asked whether they agreed with the concept of regional skills bodies to support regional labour market outcomes. Two-thirds of submitters who answered this question (66%) agreed. 9% did not agree and almost a quarter (23%) were unsure.



Recurring themes from submitters supporting regional skills bodies included that:

- This provided the ability to focus on/be responsive to regional needs
- This provided specific regional knowledge
- Business and industry need to be involved in the process

Comments from submitters who were supportive:

*As an organisation that promotes a collaborative, joined-up approach between industry, education providers and government to address the workforce shortages in the primary sector, we support initiatives with a similar approach. A co-ordinated approach reduces duplication, competition and allows for greater scalability and more cost-effective investment. However, to avoid “reinventing the wheel” in each region, there needs to be a mechanism between the regional skills bodies to enable sharing of ideas and solutions.*

*Being region-specific would ensure positive outcomes; the agencies working in that region would have a greater understanding of the needs of employers and beneficiaries in terms of ongoing support needed.*

Recurring themes from submitters who did not support, or were unsure about a regional response were:

- The unnecessary layer of bureaucracy
- Uncertainty of how they will function
- The added costs

Comments from submitters who were not supportive or were unsure:

*Many occupations have professional bodies which already have a good view about the workforce profile. Regional government should proactively collaborate with them, instead of establishing new institutions.*

*In principle such a body may be beneficial however we have insufficient information as to how this body might work especially with regard to the implications for regional vocational education bodies/ITPs.*

Submitters were asked what useful functions a regional skills body could perform.

Recurring themes were:

- The training for local industries
- The central co-ordination point for relevant agencies
- The earlier identification of skills shortages
- Encouraging growth
- Finding skilled New Zealanders to fill vacancies and/or help them upskill
- Clearly communicating regional skills shortages
- Allowing more flexible and efficient allocation of migrant labour

Comments included:

*Linking industry to schools and reducing the focus on tertiary education as the only acceptable pathway post-secondary school. Ensure when it is required due to low unemployment rates or the like, that employing migrants is made as simple as possible for employers to maintain productivity. Ensure connections are easily made between ITOs/ Industry Skills Bodies and employers to engage them further in training.*

*The regional body will assist in the co-ordination and execution of regional labour market plans and goals. It will link up stakeholders and enable them to work collectively to improve the regions.*

Submitters were asked how regional skills bodies might work and what powers they would need to have.

Responses varied on this question, and while many submitters advocated for wide-ranging decision-making powers for these bodies, others felt that this would not be appropriate.

Comments included:

*For regional skills bodies to have any effect they will need to operate in partnership with central government, and not simply fill an advisory role.*

*They need to be able to change the Regional Skills Shortages list.*

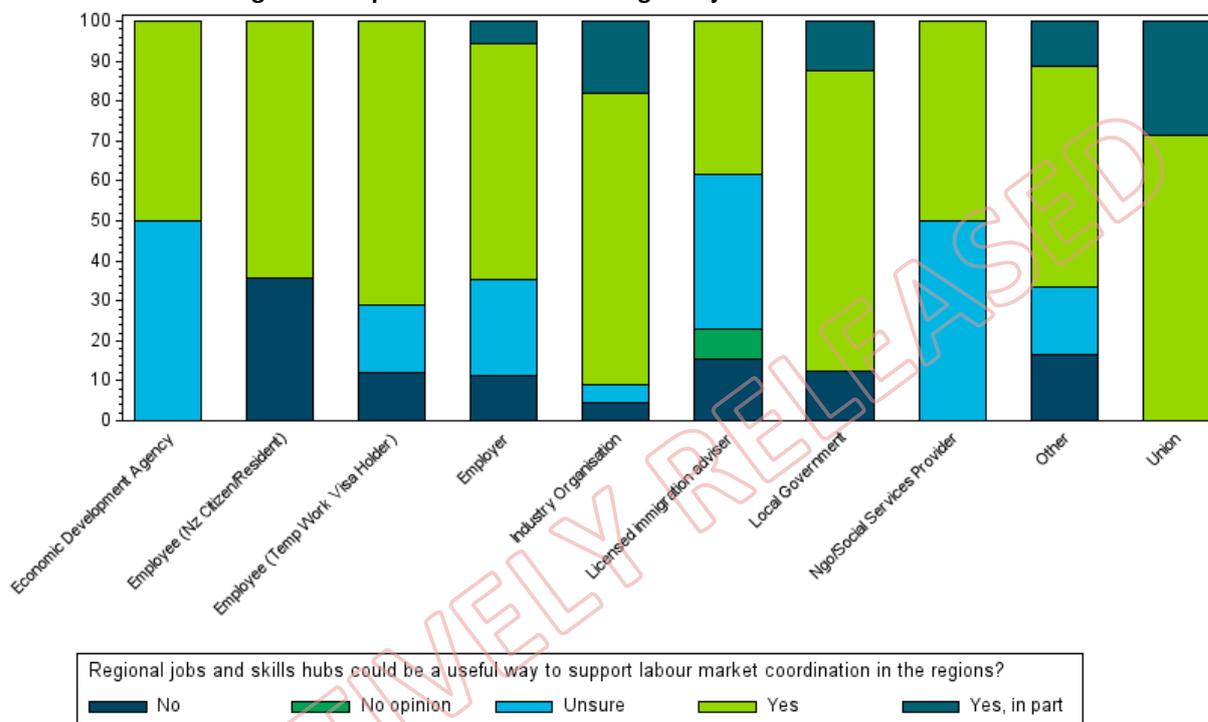
*The regional body should have powers to amend skills shortage lists and funds to support employers in training/upskilling New Zealanders in their regions.*

*We would be nervous about such a body having the power to direct any sector.*

## Regional jobs and skills hubs

Submitters were asked whether they thought that regional jobs and skills hubs could be a useful way to support coordination in the regions. Of those who answered the question, 69% agreed. 12% of submitters did not agree and a higher number (18%) were unsure.

Figure L: Proposal Seven Results – regional jobs and skills hubs



Recurring themes from submitters supporting regional jobs and skills hubs were that:

- Local labour market knowledge would be more efficient for employees and employers
- Collaboration and co-ordination would be needed between hubs to fill vacancies and ensure all regions are equally well supported

Comments from submitters who were supportive:

*The concept is welcomed as the unique challenges facing businesses in different regions are not always understood centrally. However, it is important that hubs are located in the right areas and that they have relevant decision-making authority. It should also be considered that business and industry have an active role in them. Business and industry may need active involvement across multiple regions or hubs.*

*We support the implementation of regional skills hubs (such as was in Canterbury, as that initially worked well and cut bureaucracy in the process). However, the hubs need to remain small, lean and fast-moving. If they include too many players and stakeholders, then they could become cumbersome and stymie progress and efficiency.*

*Hubs could act as regional employment services and support full employment of New Zealanders in meaningful and decent work, with responsibility for carrying out regional labour market tests, for assisting workers through changes such as redundancies and industry restructuring, and for working closely with tertiary education institutions, Industry Skills Bodies, Work and Income, employers, workers and unions.*

Recurring themes among those who did not support, or were unsure, included that:

- This would not be beneficial for national employers
- This adds complication
- The Canterbury Skills Hub was not a success

Comments from submitters who were not supportive or were unsure:

*Engaging with the Canterbury Skills Hub was incredibly painful for employers. As long as this can be learnt from, and feedback is sought from those employers to ensure those mistakes are not repeated, it could work. Often smaller employers find it difficult to engage with these bodies as they are not a priority.*

Submitters were asked what they thought would be critical to making the hubs work effectively.

Recurring themes were:

- Robust consultation process with local businesses and employers
- Clearly legislated objectives which incentivise employers
- Adequate funding and staffing, with appropriately skilled and knowledgeable staff
- Ensuring workers being placed are “work ready”
- Collaborative engagement with local industry, training providers, employers and other agencies
- The ability to be flexible and provide timely, accurate and consistent responses to requests
- Having detailed sector knowledge

Comments from submitters:

*Because we assume that the creation of any such regional hub would take some time and investment, there is unlikely to be any flexibility for the hub, its staff and the investment in time and cost to be disbanded or easily/practically shifted to another region or area that might require it. Therefore, if hubs are to be created, we would suggest that that they are short-term, targeted, quick-response groups which require minimal infrastructure and cost investment and are agile enough to move around where needed.*

*Employer feedback on the performance of the Canterbury Hub shows that it took over two years to successfully bed-in efficient processes, largely due to the high turnover of staff leading to inconsistent decision-making. This was hugely frustrating for employers – and also for migrant workers relying on the ‘Hub letter’ to start or continue working in the region. We would expect that lessons have been learnt from this, and regional hubs set up elsewhere in the country would not have these start-up issues.*

### **Supporting regional labour market alignment**

Submitters were asked how regional labour markets could work better to place more New Zealanders into better jobs and reduce reliance on temporary migrant workers.

Recurring themes were:

- Training and development opportunities and facilities, including tertiary funding specifically aligned to job shortages and subsidised or free courses
- Apprenticeship programmes
- Encouraging New Zealanders to move to the regions for example through relocation grants
- Investment in the regions
- Aligning with the education system to recruit of school leavers into industries where there are skills shortages
- Incentivising employers to train and develop local workforces through subsidies or tax breaks
- Providing a pathway to residence for migrants working in certain industries

Comments from submitters:

*Look at fringe benefit tax settings to encourage employers to provide assistance for housing; Build worker accommodation; Provide tertiary funding specifically aligned to job shortages, not just 'any' study; Ensure a labour market test for more highly skilled, high remuneration roles to secure New Zealanders in higher paid roles where young New Zealanders can see an exciting pathway to the top.*

*New Zealand's complete labour market demand will not be met by New Zealanders alone and the benefits offered by the diversity brought by a partially migrant labour force are well known. If New Zealand ceased to need temporary migrant labour, this may well be an indicator that growth has slowed significantly – not a situation that will help us to attain our economic development objectives.*

Submitters were asked what they thought the costs and benefits of a regional approach might be.

Recurring themes were:

Benefits	Costs
<ul style="list-style-type: none"><li>• Improved regional employment</li><li>• Regional growth</li><li>• More opportunities for locals</li><li>• Aligning education to employment</li><li>• Regional sharing of information and resources</li><li>• Reduced migrant exploitation</li><li>• Support in finding staff</li></ul>	<ul style="list-style-type: none"><li>• Set up and staffing costs</li><li>• Development costs</li><li>• Increased costs for employers needing to employ migrants</li></ul>

Comments from submitters:

*The benefits would be more New Zealanders would get an opportunity, training and support to better themselves and the regional economy. The costs would be the government's concern but ultimately upskilling more New Zealanders could outweigh costs.*

*There would be far greater benefit to cost if the existing system was adjusted and existing frameworks used effectively. The regional approach should be implemented. However, costs could be greatly reduced by using many existing processes and structures. For example the Immediate and Long-Term Skills Shortage Lists are already able to include regional specifications. Also Work and Income and other government agencies should already collect, store and share data effectively and efficiently.*

Submitters were also asked what aspects of overseas approaches to improving labour market outcomes they thought would work in New Zealand. There was very little comment from submitters on this question.

One submitter cited examples from Scotland and Australia:

*The Regional Skills Assessments and Skills Investment Plans systems used in Scotland to meet labour demands and the labour agreement system used in Australia to hire genuine skilled labour migrants would assist to improve labour market outcomes in New Zealand.*

And another suggested looking at the UK Visa system:

*There is a threshold of GBP 30,000 or more that a migrant needs to earn before they can apply for Indefinite Leave to Remain after 5 years. Lower income means they will not be able to settle. Low skilled migrants should not be able to settle. To meet the demands of regions and various sectors, temporary migration should be allowed but with very*

*strict conditions and limitations on being able to receive permanent residence. This will mean that New Zealanders will have a better chance of securing employment at all levels and our systems/infrastructure is not overburdened.*

Another submitter was not sure that overseas examples were relevant to New Zealand's situation:

*A word of caution about overseas examples – they often do not translate to New Zealand because of our low population density, lack of public transport and long travel times. Having worked in Scotland it is easy to travel between towns and cities on fast roads or frequent trains and buses. This effectively shortens distances and encourages labour mobility. Population density is also a key factor, the population density is 65/km<sup>2</sup> in Scotland vs. New Zealand 15/km<sup>2</sup> and Marlborough 3.7/km<sup>2</sup>. In Marlborough the next nearest urban centre is Nelson (a minimum 90 minute drive one-way) and people are not going to travel those distances when both areas are labour short.*

PROACTIVELY RELEASED

## Proposal Eight: Migrant identity, health, character and capability checks will largely remain the same

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### What was proposed

It is proposed that migrant checks remain largely as they are to ensure the risks associated with temporary migrant workers are managed. There is potential scope to allow employers, rather than INZ, to undertake capability checks to ensure that the migrant genuinely has the skills required to do the job. This is because there is an incentive for the employer to only hire workers that have the skills, experience and knowledge required to do the job. However, there are also risks with this approach as it could increase the risks of migrant exploitation or provide a 'backdoor' to immigration.

### Summary of responses

Submitters were asked whether they agreed that employers rather than INZ should carry out the capability checks on migrants and for their views on this. A very slight majority (53%) of submitters supported employers carrying out capability checks. 30% of submitters did not support this proposal and 12% were unsure.

Recurring themes from submitters supporting employers carrying out migrant capability checks included that:

- The proposed gateway framework provides sufficient checks
- Accredited employers deserve to be trusted to hire a suitably hired candidate
- Employers can verify/assess qualifications, no need for double-handling
- INZ do not have the expertise to judge whether qualification fits the job or not
- Experience/transferrable skills should be able to substitute/complement qualifications
- It is unnecessary for INZ to question capability where this has already been assessed (in the case of candidate holding professional registration/qualifications checked by relevant New Zealand registration body)

Comments from submitters who were supportive:

*For many occupations, there are registration, professional membership, or prior experience (such as specific internship) requirements before commence to practice. These are sufficient evidence to prove that the applicant is suitable for the position. Australia Immigration and Canada Immigration always refer the matching (if required) to an external organization which has expertise in the area.*

*If an accreditation process has been completed and is monitored, and a sector agreement is in place, then the candidate selection process undertaken during recruitment is essentially a capability check.*

Recurring themes from submitters who did not support employers doing migrant capability checks included that:

- There should be more stringent checks because of fake qualifications
- There is a need to have minimum standards and level playing field
- Qualifications should be tested by both INZ and employers
- Risk should be minimised

Comments from submitters who were not supportive:

*Unskilled workers brought in bulk by recruitment companies has seen an increase in migrant exploitation. I am sure if the carpenters from China were suitably skilled then they would have had jobs and would not be without work for six months as there is a skill shortage of carpenters. Companies cannot afford to pay recruitment companies high hourly rates for unskilled workers.*

*In all fairness qualifications need to be tested by both INZ and employers so that we are sure of the ability of recruits to out-perform local candidates.*

*These checks must remain within the hands of an independent body to avoid a chance of corruption and exploitation. With employers doing the checks, migrants will be completely reliant on the employer to get their visa to work here and that puts them in a position of power imbalance. It also gives the employer the opportunity, as they do now, to ignore their qualifications and to change what the workers actually do.*

PROACTIVELY RELEASED

## **Proposal Nine: Raise mid-skilled remuneration threshold to 100 per cent of the median wage, allow lower-skilled migrant workers to bring dependents to New Zealand and review the stand-down period**

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### **What was proposed**

It is proposed that the mid-skilled remuneration threshold is raised to 100 per cent of the national median wage. This would bring it into line with the threshold for the Skilled Migrant Category and ensure some groups of temporary migrant workers are unable to continuously roll over their visa without having the stability of a pathway to residence.

It is proposed to reinstate the right for lower-skilled temporary migrant workers to bring their partners and dependent children to New Zealand for the length of their stay in New Zealand. The partners of migrant workers would be granted a visitor visa and would be able to work if they obtain an employer-assisted work visa in their own right via the new gateway framework. School aged children would be granted domestic student visas for the same length of time as the principal applicant's visa.

No proposal was made with regard to the stand-down period, but feedback was sought on other ways to meet the policy objectives. Changes made in August 2017 mean that lower-skilled migrants who have worked in New Zealand for three years are subject to a stand-down period which requires them to leave the country for 12 months. Prior to this, these migrants could roll over their visas indefinitely provided their jobs continued to pass a labour market test. The policy objectives behind the stand-down period are to avoid the following negative impacts:

- Preventing a pool of lower-skilled, lower-paid migrants building up in New Zealand that are well-settled but have no pathway to residence
- Reduced incentives for employers to recruit New Zealanders meaning that potential local workers are substituted with temporary migrant workers.

### **Summary of responses**

#### **Increasing the remuneration threshold**

Submitters were asked for their comments on increasing the remuneration threshold for mid-skilled work from 85 to 100 percent of median income. Over 70% of submitters did not support this proposal.

Recurring themes were that:

- This is unfair to small businesses
- This is unaffordable for employers
- This is unrealistic and unsustainable, particularly in rural areas
- Wages are based on industry/role/region and should not be tied to the national median income
- The threshold could potentially increase but this amount is too high; should be a phased approach
- Employers would lose employees after a year and would need to retrain someone
- There would be a negative impact on the economy as a result, with job losses and businesses closing
- This provides the potential for exploitation
- The numbers of lower-skilled workers will increase if mid-skilled remuneration is increased

Comments from submitters:

*There are many negatives that will result from this for New Zealand businesses. There is no ability to set the wage in accordance with the skills competency and experience of the worker and what they will bring to the employer. Our position is that migrant worker wages must keep pace as wages increase, while not placing additional pressure on either wage growth or job growth for New Zealanders.*

*Pushing wage rates up will not attract New Zealanders into low and mid-skilled employment - especially not in the regions as they simply do not wish to move from the cities or more populated areas. We need migrants and there should be a pathway to residency for mid-skilled migrants.*

### **Allowing lower-skilled migrants to bring partners and dependent children to New Zealand**

The majority of submitters supported this proposal.

Recurring themes were that:

- This is fair and a humanitarian approach
- Migrants will be more settled
- Migrants contribute culturally and socially as well as economically
- The children of migrant workers should be eligible for free education in New Zealand

Of submitters who were concerned about this proposal, a recurring theme was that this would undermine the nature of a temporary visa, and provide (potentially false) hope for residency. Some felt it should be dependent on work duration and accommodation provisions. There was also some concern that these migrants may not have the financial means to support their dependents.

### **Reviewing the stand-down period for lower-skilled migrants**

Submitters were asked for their views on the stand-down period, and whether there were other ways to meet the policy objectives behind the stand-down period.

The majority of submitters felt the stand-down period was unfair, or that the policy objectives behind it could be better achieved by other means, and wanted to see it removed.

The following alternative options were suggested by a number of submitters:

- The need to establish realistic pathways to residency for migrants who stay in the same job, upskill, or “prove their worth” without undermining the Skilled Migrant Category
- Training and development programmes to upskill migrants
- Allow the employer to support residency
- Enable an employer check and industry specific skill analysis
- Use the labour market test to determine if a migrant needs to leave New Zealand

In addition there was concern about how the cohort of lower-skilled migrants who have been in New Zealand since before August 2017 (when the stand-down period was introduced) will be treated.

Comments from submitters:

*Remove the stand-down period if a migrant satisfies one of the new job gateway pathways. Or, extend to 4-5 years before stand-down so employers can upskill employees into higher remuneration/skill bands. There is considerable concern that in 2020 when first stand-down periods become effective many employers will lose valuable and productive employees, potentially creating the ironic situation of replacing them with another migrant.*

*Employers pay a premium into a state-administered insurance scheme to cover event of injury etc. Fund partly subsidises education or scholarships so New Zealand benefits from talented migrant children. Increased costs of employing low-skilled migrant workers could incentivise employment of New Zealanders.*

*If it can be shown there are no New Zealanders available then that should be sufficient to renew visas.*

*The solution lies in promoting enhanced information and support for migrants on temporary visas, including requiring employers to provide access to in-work training and skill development that will allow migrants to progress into jobs that provide a pathway to residency. To provide sufficient time for this transition, the limit on visa renewals would need to be substantially extended, or removed altogether.*

*The stand-down should apply to the position and not the person. Three years is sufficient time for the employer to be able to upskill or improve their wages and employment conditions to enable them to be competitive in the local labour market.*

PROACTIVELY RELEASED

## Proposal Ten: Gateway framework is operational by mid-2020

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### What was proposed

The implementation timeframe was proposed as follows:

Mid-2019:	August 2019:	2019-2020:	April-June 2020:	Jan 2020:	Dec 2020:
Decisions on the final proposals.	Some changes related to Proposal 3 (Highly Paid threshold) and all changes in Proposal 9 (arrangements impacting lower-skilled workers) implemented.	2019-2020: First two sector agreements (aged care and tourism and hospitality) negotiated in second half of 2019 and operational in early 2020.	April-June 2020: Gateway framework fully implemented. Proposal 4 (labour market test improvements) and Proposal 5 (regional differentiation) could be implemented earlier depending on consultation and final decisions.	Jan 2020: Integrated work programme between the education/skills, welfare/employment and immigration system will be operational	Dec 2020: Further sector agreements (dairy farming and road freight) negotiated in the first half of 2020 and operational by the end of 2020

### Summary of responses

Submitters were asked what information and tools would be useful to help in the transition to the new gateway framework.

Recurring themes from submitters were to provide:

- Clear, simple and concise guidelines on new process
- Templates, FAQs, fact sheets, available online across various government departments' websites, key contact for employers
- Full details of what is required for accreditation levels and how long process will take
- Guides to decision-making process
- Seminars or workshops nationwide with Q&A sessions
- Online processing of applications
- More time, with changes phased in more slowly to allow adequate lead time for employers to respond and change
- Clarification of pastoral care policy

Comments from submitters:

*If the Premium Accreditation group progresses as proposed, tools which provide examples for the accreditation application process would be useful [and also] information sheets for our existing migrant workers and how these changes may affect them.*

*Sub-regions identified as having an employment crisis and the sectors involved should be given a fast track system to fill positions with migrant workers.*

*Successful implementation of the proposals will require greater regional capacity for employment support and we recommend the establishment of regional employment services to coordinate this work.*