



COVERSHEET

Minister	Hon Michael Wood	Portfolio	Immigration
Title of Cabinet paper	Immigration Rebalance – determining the green list and sector agreements	Date to be published	12 July 2022

List of documents that have been proactively released

Date	Title	Author
April 2022	Immigration Rebalance – determining the green list and sector agreements	MBIE
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Information redacted

YES / NO [select one]

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In Confidence

Office of the Minister of Immigration

Cabinet

Immigration Rebalance – determining the green list and sector agreements

Proposal

- 1 This paper reports back with further detail on the Immigration Rebalance changes for employer-assisted workers and their partners [CAB-21-MIN-0554 refers]. It seeks agreement to finalise arrangements for different occupations and sectors under these changes and progress with select sector agreements.

Relation to government priorities

- 2 The Immigration Rebalance proposals support our economic recovery from COVID-19 by outlining the new enduring temporary work visa settings which support the transition to a more productive and sustainable economy.

Executive Summary

- 3 In December 2021, Cabinet agreed to the key Immigration Rebalance changes for employer-assisted workers and their partners. These changes shift our future migrant workforce to be higher skilled and build on the productivity gains seen over the past several years while the borders have been largely closed [CAB-21-MIN-0554 refers]. There are outstanding decisions required that relate to some of these changes. I am seeking decisions on the occupations for, and the immigration settings in the green list; where to progress sector agreements; and if there are any other arrangements we want to make. The agreed median wage threshold and partner visa changes can be implemented without further Cabinet decisions.
- 4 I am seeking agreement to facilitate easier entry for selected globally in-demand highly skilled occupations on the green list by providing two streamlined and prioritised residence pathways: a fast-tracked straight to residence path, and a work to residence path that provides residence after two years. I propose a list of occupations that these pathways will apply to, including a number of medical and health practitioners, engineers, select digital technologies professions, and other construction and infrastructure roles. I am also seeking decisions about how to treat the dairy sector within the changes for temporary workers.
- 5 In certain circumstances, it is necessary to provide some special arrangements for a few targeted sectors that have relied on below median wage labour of employer-assisted visa holders and partners. I am putting forward five sector agreements, for the Care Workforce, Construction and

Infrastructure, Meat Processing, Seafood, and Seasonal Snow and Adventure Tourism sectors. With Cabinet agreement, these will be progressed by engaging with sector peak bodies and unions to finalise details and present back to Cabinet in June. I am requesting support from colleagues that have Ministerial portfolios relevant to these agreements, to support in progressing these.

6 Confidential advice to Government
[Redacted]

7 Following Cabinet agreement to these proposals, most of the Immigration Rebalance changes for temporary workers will come into effect from July alongside the Accredited Employer Work Visa. I will report back for final decisions on sector agreements in June. I am seeking agreement to put in place transitional arrangements for the Care, Construction and Infrastructure and Seafood sectors from July, ahead of finalised sector agreements coming into place from September.

Background

8 The Immigration Rebalance will shift New Zealand toward a higher skilled migrant workforce which is better aligned to the skill gaps in our economy. It follows the heavily restricted migration over the last few years due to border restrictions under COVID-19, and the visa extensions and 2021 Resident Visa which have ensured most of the current migrant workforce can be retained.

9 The shift we are making through the Rebalance ensures we build on the productivity gains seen over the past few years as many businesses made improvements to secure their workforce. We have seen New Zealanders picking up more work across the board and moving from sectors with fewer jobs to those with vacancies.

10 In December 2021, we agreed to progress the Immigration Rebalance for employer-assisted visa holders and partners to achieve these shifts in the future composition of the migrant workforce [CAB-21-MIN-0554 refers]. The Rebalance changes include:

- 10.1 a wage threshold indexed to the New Zealand median wage for employer-assisted visas (unless an occupation is exempted by another setting)
- 10.2 a green list which facilitates easier entry for specified high skilled or hard to fill and high national importance roles

- 10.3 Confidential advice to Government
- 10.4 a new framework for sector agreements in a small number of sectors, primarily where there is short-term or ongoing need for capped access to migrants below the median wage
- 10.5 restrictions to the work rights of most partners of migrant workers by requiring them to obtain an Accredited Employer Work Visa with a job paying median wage or more, but allowing them to work less than 30 hours per week, and
- 10.6 extending accreditation to require all employers to be accredited to hire a migrant worker, including those with open work rights, from 2023.
- 11 Applying the median wage threshold and partner visa changes is the main way to achieve the shift to higher skill migrant workers and has already been decided. The median wage threshold will apply to the Accredited Employer Work Visa (AEWV) when it goes live in July, set at the 2021 median wage of \$27.76 per hour (\$57,740.80 per annum based on a 40-hour work week). From December, partners of migrant workers will also be required to obtain an AEWV or can alternatively obtain a Visitor Visa. Prior to that they can still be issued visas with open work rights.
- 12 In most cases under the Rebalance changes, special arrangements are not needed for employing skilled migrant workers into vacancies, and many workers will be likely to qualify for residence under current settings. A migrant worker can be recruited if a role pays median wage or higher and no suitable New Zealander can be found (based on an employer declaration). Migrants with open work rights (e.g., students, and working holiday makers) can still be recruited into roles regardless of the median wage. In many cases, migrant workers will have residence pathways after a period in these jobs through the usual skilled residence pathway (currently the Skilled Migrant Category (SMC)). Migrant workers paid two times median wage or higher also have a work to residence path available to them after two years paid at that rate.
- 13 The remaining elements of the Rebalance changes create special arrangements for selected occupations or sectors to improve settings where needed, or to restrict hiring migrant workers. I was asked to report back to Cabinet with further details [CAB-21-MIN-0554 refers].

Analysis

- 14 The green list and sector agreements will provide favourable immigration settings to support select sectors. To ensure that we are pursuing a higher skilled migrant workforce which is better aligned to our future economy, priority has been placed on occupations and sectors that are either:
- 14.1 vital to support the health and wellbeing of New Zealanders
- 14.2 pivotal in a value chain, or

- 14.3 strategically important for Government objectives.
- 15 In addition, the select circumstances that warrant favourable immigration settings are where there has been:
- 15.1 highly skilled and globally in-demand occupations, and a competitive offer is required to attract the highly skilled migrant workers we need, which can be provided through the green list, or
- 15.2 reliance on significant numbers of migrant workers paid below median wage in the sector, and support is needed to avoid severe and unpalatable impacts on the sector as we introduce the Rebalance – this can be supported through sector agreements.

The green list will secure important skills that are needed in New Zealand over the long term

- 16 To secure highly skilled migrant workers in globally in-demand occupations that are hard to fill, I propose that the green list provides two residence paths which provide prioritised processing and are streamlined (like the 2021 Resident Visa) to facilitate the easiest possible entry into New Zealand.
- 17 I propose the two residence paths provided by the green list are:
- 17.1 a fast-tracked 'straight to residence' pathway that can be accessed from offshore after a relevant job offer
- 17.2 a work to residence pathway which will require the migrant to work in a job for two years before being eligible for residence.
- 18 Both residence pathways will require a job offer paying median wage or higher, and for applicants to meet health, character, and English language requirements, as well as be aged 55 or younger (aligned with skilled residence requirements). Applicants who are older than this age requirement will be able to obtain a temporary work visa but will not have a dedicated residence path. Open work rights will be provided for partners of migrants in green list jobs until they are granted residence, and any dependents of the applicant will also be eligible for residence.
- 19 I am also seeking agreement to the proposed list of occupations to be provided the fast-track to residence or work to residence offer, as outlined in Table 1. To create this list, officials reviewed skills shortage lists, border exceptions, Industry Transformation Plans (ITPs) and spoke with government agencies with sector responsibilities, as well as a targeted group of sector peak bodies.

Table 1: Proposed green list

Fast Track 'Straight to Residence'	
Construction project manager Project builder Quantity surveyor Surveyor Chemical Engineer Civil engineering technician Civil Engineer Electrical Engineer Electronics Engineer Electrical Engineering Technician Technician Electronic Engineering Technician Technician Environmental Engineer Geotechnical Engineer Industrial Engineer Materials Engineer Mechanical Engineer Production or Plant Engineer Structural Engineer Engineering Professionals (not elsewhere classified) Telecommunications engineers Telecommunications network engineers	A group of medical practitioner roles, including: General Practitioner Anaesthetist Psychiatrist Specialist Physicians (not elsewhere classified) Surgeons (including General Surgeons, Cardiothoracic Surgeon, Neurosurgeon, Orthopaedic Surgeon, Otorhinolaryngologist, Urologist and Vascular Surgeon) Other Medical Practitioners (including Dermatologist, Obstetrician and Gynaecologist, Ophthalmologist, Diagnostic and Interventional Radiologist, and Radiation Oncologist) Resident Medical Officer Clinical Psychologists and Psychologists Medical Laboratory Scientist Physicist (Medical) Orthoptist Veterinarian Other Spatial Scientist Environmental Research Scientist Food Technologist Where they are paid \$120,000 or higher (indexed to the median wage on ongoing basis): - ICT Managers - Software Engineer - ICT Security Specialist Multimedia Specialists where they are paid \$95,000 or higher (indexed to the median wage on ongoing basis)
Work to Residence	
Anaesthetic Technician Medical Laboratory Technician Medical Imaging Technologist Medical Radiation Therapist Occupational Therapist Sonographer Podiatrist Audiologist	Midwife All Registered Nurses (including but not limited to Aged Care) Teachers - Secondary with specialisations and ECE Automotive Electrician Diesel Motor Mechanic (including Heavy Vehicle Inspector) Electrician (General) – registered Plumber – registered

- 20 The most highly skilled roles have been provided a fast-track residence offer as they pose little risk of coming to New Zealand and leaving the highly skilled jobs we want them to do, or, displacing New Zealanders.
- 21 Roles where there is a globally competitive market, but some risk that migrants will leave the occupation after gaining residence owing to conditions have been provided a work to residence offer instead. This will ensure that the skills shortages we are seeking to fill will be addressed for at least two years by all migrant workers in these roles. Registered nurses and midwives are included in this group because we see a higher exit rate of internationally qualified midwives and nurses relative to their domestically trained counterparts. For midwives in 2020 this was 10% vs 6% and for nurses this was 6% vs 4%.

- 22 Following Cabinet agreement to the green list, relevant sector agencies will be asked to support in determining how qualifications or other relevant skills and experience will be considered for each occupation. The green list will be implemented alongside the AEWV from July.
- 23 Certain eligibility requirements for the green list residence paths under the Rebalance (through the green list, two times median wage work to residence path, and relevant sector agreements) will be aligned with the SMC Resident Visa. These requirements include meeting criteria for age (aged 55 or younger), health, character, and English language, and may be revised as part of the review of SMC later this year.
- 24 Some roles which have been experiencing labour shortages have not been included on the green list, particularly agriculture roles, because an ongoing shortage once the border reopens is unlikely. The ability to recruit over median wage once the border reopens should be sufficient to resolve labour need without additional attraction mechanisms. This includes dairy farm workers, agricultural and horticultural mobile plant operators, and accountants, for example, which generally recruit migrants into positions paying above the median wage already.

Green list options for Dairy roles

- 25 The proposed green list does not include dairy farm worker or dairy farm manager roles because these roles do not appear to have an issue in attracting the workforce they need. There have been large numbers of migrant workers coming into these roles in previous years before the pandemic border restrictions and the reopening of the border should facilitate this again, even with a median wage threshold in place. For the border exceptions for Dairy, including the recently agreed expansion, we have required the sector to pay at least \$1 above the median wage. There is also work underway in the sector on workforce resilience, which should be encouraged. The more attractive immigration system settings available through the green list could be considered after this work is completed and it is clear whether SMC review results in likely pathways for these roles.
- 26 Alternatively, we could place dairy farm worker roles (both managers and assistants) on the work to residence pathway of the green list now, which would give migrant workers paid above median wage in the sector some certainty about their ability to secure residence. The work to residence placement reflects some concerns about retention issues, similar to other occupations.

Sector agreements will provide limited exceptions to the median wage requirement in exchange for improvements

- 27 I am seeking agreement to progress sector agreements which provide favourable immigration settings like exceptions to the median wage threshold, and place clear expectations on the sectors that are granted these opportunities to make improvements in order to retain such favourable

settings in future. This will allow transitions while the attractiveness of jobs to New Zealanders are improved. In some cases, this will be alongside other immigration settings that are similarly favourable to the sector, like work to residence pathways. The detail within sector agreements is outlined in Appendix One.

- 28 I propose to progress sector agreements for the Care Workforce, Construction and Infrastructure, Meat Processing, Seafood, and Seasonal Snow and Adventure Tourism sectors.
- 29 These sectors have all been highly reliant on below median wage migrant labour over previous years and we cannot afford to risk shifting to median wage migrant labour without considering wider repercussions for New Zealand in these areas. For example, we have an ageing population, and we need to ensure that as that population grows our workforce capacity to care for older people also does.
- 30 Previously, sector agreements presented as negotiations with sectors about some constraints and additional flexibility for migrant recruitment in exchange for expected improvements for New Zealanders. The new sector agreements start from a different position of considering granting access to some lower paid workers under specific conditions. These will be quicker to finalise and are policy settings consulted with sectors but ultimately set by Government, rather than negotiated agreements.
- 31 Table 2 outlines in brief why each sector was selected for an agreement, the likely length of the agreement, the improvements that are being sought and the immigration settings that will apply. Government agencies have progressed work to develop initial details for the proposed sector agreements and this is outlined in Appendix One). These details are not finalised and will be developed further and then consulted with the sectors following Cabinet approval.

Table 2: Overview of proposed sector agreements to be progressed

Sector	Confidential advice to Government
Care Workforce <i>Medium-longer term</i> Personal Care Assistants and other care worker roles that have been staffed by migrants paid below median wage	
Construction and	

<p>Infrastructure <i>Medium term</i> Focus on trades roles where some migrant workers are paid below median</p>	<p>Confidential advice to Government</p>
<p>Meat processing <i>Longer term</i></p> <p>Various seasonal roles paid below median</p>	
<p>Seafood</p> <p><i>Short-medium term</i></p> <p>Roles covered by the Foreign Fishing Crew Visa and seasonal onshore processing roles</p>	
<p>Seasonal Snow and Adventure Tourism</p> <p><i>Short-medium term (transitional)</i></p> <p>Six select seasonal and globalised roles, pivotal to the operation of these activities</p>	

32 It should be noted that the Care Workforce sector agreement may apply pressure to lift wages across the workforce and that this is likely to intersect with the Crown’s contracts process. While it is strictly the role of the individual provider, as an employer, to set its employees’ wages, the Crown is the sectors’ primary workforce funder.

Other sectors considered for agreements

33 The option of a strictly transitional sector agreement for other tourism and hospitality roles that have been impacted by pandemic restrictions is outlined later in this paper [Confidential advice to Government]

34 Other possibilities for sector agreements were discussed with government agencies and sector peak bodies. There are no other agreements that need to be progressed at this time. However, officials are monitoring some areas where the median wage threshold could increase workforce pressures, such as port workers.

35 Future developments in ITPs could surface areas that should be supported through the green list or sector agreements. The most advanced ITPs have been considered in the development of the green list and sector agreement proposals, particularly the contexts of the Construction, Tourism and Digital Technologies ITPs. It is my intention that future changes or additions to the green list or sector agreements are responsive to areas where robust work has been done to understand and improve how sectors recruit, train and retain their workforce, such as in ITPs.

Progressing Sector agreements

36 With agreement to progress the sector agreements, officials from the Ministry of Business Innovation and Employment, alongside other relevant government agencies will progress further work to refine the details as outlined in Appendix One. Following this consultation with the sectors will begin, including the relevant peak bodies, and unions for each sector. This will occur in April and May to ensure the arrangements are workable, and to iron out remaining details including minimum pay thresholds. Following this, I will report back with finalised sector agreements in June, as invited [CAB-21-MIN-0554 refers].

37 To progress the sector agreements through a period of engagement and refinement, I will need the support of colleagues with relevant sector portfolios, as well as the education, employment and training Ministers, and adequate resource from the agencies which support them. This includes Te Waihanga (New Zealand Infrastructure Commission). I request the support of the following portfolio Ministers and associated agencies in this work as outlined in Table 3.

Table 3: Portfolio Ministers requested to support sector agreements

Sector Agreement	Minister(s)
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I N C O N F I D E N C E

Care Workforce	Minister of Health Associate Minister of Health Minister for Disability Issues
Construction and Infrastructure	Minister of Housing Minister of Building and Construction Minister for Infrastructure Minister of Transport
Meat processing	Minister of Agriculture
Seafood	Minister for Oceans and Fisheries
Seasonal Snow and Adventure Tourism	Minister of Tourism

38 Different Pacific programmes are also proposed for most of these sectors, with the exception of Snow and Adventure Tourism. I expect these programmes will be low volume compared to current Pacific labour mobility volumes through the Recognised Seasonal Employer scheme. [REDACTED]

Confidential advice to Government [REDACTED]

[REDACTED] The Pacific resilience approach, views of Pacific communities in New Zealand and the All-of-Government Pacific Wellbeing Strategy will be taken into account as these proposals are developed.

39 Given the situation for many Pacific Island nations in responding to COVID-19 outbreaks, as well as the eruption recovery efforts in Tonga, I will progress Pacific programmes on a slower track. I will report back in June with further details of proposed programmes (including the level of sector interest), for consultation to progress with Pacific countries after Cabinet agreement at that time.

Confidential advice to Government [REDACTED]

Confidential advice to Government



Confidential advice to Government

- 49 Additionally, if we want to provide more support, we could also provide a six-month transitional arrangement for the Tourism and Hospitality sectors which would support them in their recovery as our numbers of visitors and open work rights visa holders including working holiday makers increase.
- 50 If we agree that this support is warranted and aligns with our strategic and economic direction, I propose that we create an arrangement that provides a lower wage threshold of \$25 (which is approximately halfway between the living wage and the median wage) for six months (from July 2022 – January 2023) to recruit specified roles that are unique to this sector. During consultation the sector had requested a two-year transition period to the median wage threshold.
- 51 We have a choice to make about how much this is focussed on skilled roles in the sector (ANZSCO Levels 1-3 in Table 4), or whether we take a more generous approach by including all of the roles in Table 4. I am not proposing that either approach includes Confidential advice to Government chef, or the specific seasonal snow and adventure tourism roles to be addressed through a sector agreement. These roles would all be required to meet the median wage threshold from July 2022 (however, the sector agreement for seasonal snow and adventure tourism will be in place from September).

Table 4: All Tourism and Hospitality specific roles that could be included in this transitional arrangement, split by ANZSCO skill level

ANZSCO Level 1, 2, and 3 roles (skilled or trades)	ANZSCO Level 4 or 5 roles (lower skilled)
<ul style="list-style-type: none"> • Hotel Service Manager • Hotel or Motel Manager • Accommodation and Hospitality Managers not elsewhere classified • Licensed Club Manager • Conference and Event Organiser • Travel Consultant • Travel Agency Manager • Tour Guide • Caravan Park and Camping Ground Manager • Diving Instructor (Open Water) • Hunting Guide • Gallery or Museum Technician • Trekking Guide 	<ul style="list-style-type: none"> • Waiter • Commercial Housekeeper • Kitchenhand • Barista • Hotel or Motel Receptionist • Bar Attendant • Fast Food Cook • Food Trades Assistants not elsewhere classified • Hospitality Workers not elsewhere classified • Cafe Worker • Pastrycook's Assistant • Doorperson or Luggage Porter • Gaming Worker • Travel Attendants not elsewhere classified

- 52 If we decide to progress this transitional sector agreement support for Tourism and Hospitality, I am not proposing to consult the sector ahead of implementation. This is because the preference in this case would be to create six-month transitional arrangements and put them in place immediately alongside the Accredited Employer Work Visa from July 2022 (when transitional arrangements for other, longer-term sector agreements are also being put in place). A period of consultation would mean this arrangement

would not be in place until September, which does not provide the more immediate support we would intend.

There will be monitoring, and review of the changes

- 53 For both the green list and Confidential advice to Government I intend that there will be a review after one year to ensure the settings we agree today are supporting the inflow of the higher-skilled migrants our economy needs. This review will use the same considerations that informed the proposals in this paper, Confidential advice to Government I will bring any proposed changes to Cabinet.
- 54 Following this early review, the green list and Confidential advice to Government will be reviewed every three years. However, should evidence arise that indicate a role should be added or removed from either the green list, Confidential advice to Government such as through development of an ITP, it can be added with approval from Cabinet.
- 55 Sector agreements will each have their own review periods and monitoring requirements which will be outlined to the sector. Reviews will be reported to the appropriate portfolio Minister(s) and the Minister of Immigration who will seek Cabinet approval of any variations as necessary.

Impacts

- 56 Most migrant workers that are currently in New Zealand are eligible for the 2021 Resident Visa and will not be affected by the Rebalance changes. Workers currently earning under median wage will be able to remain in New Zealand for the duration of their current visa (many of which will have up to two years remaining), and beyond that if they can then secure a higher skilled role. I have agreed that onshore migrants on Essential Skills Visas that expire before the end of 2022 will be granted a visa with open work rights for a further two years, along with post-study work visa holders and partners of New Zealanders in the same position. This means there will be limited impact on the current workforce wishing to remain in New Zealand. Any impacts on current migrant workers will not be noticeable until 2023 at the earliest.
- 57 From July 2022, roles that are paid above median wage where no suitable New Zealander is available will be able to be filled by migrant workers and will not be impacted by the Immigration Rebalance changes.
- 58 However, the migration levels in the coming months and years as borders are reopened are not able to be accurately predicted. The analysis for developing the proposals is based on pre-pandemic immigration levels, however it may take some time to return to this. The degree to which the changes increase numbers of skilled migrants filling vacancies will be limited by migration flows, by vacancies in the occupations, and the availability of New Zealanders to do these jobs.

59 Sectors that have roles on the green list or in sector agreements will benefit from the changes by having clearly outlined immigration settings. In contrast, those sectors which have lower paid roles will need to adjust to restricted future migration flows into these jobs, hire within other visa categories or adapt their domestic recruitment strategy. Failing that, they will need to change worker need by looking at alternative operating models or technology or raise wages in affected occupations to hire employer-assisted migrant workers. This may in turn attract more New Zealanders at a new pay rate.

60 Confidential advice to Government
[Redacted]

61 Confidential advice to Government
[Redacted]

Partners of migrants' work rights after family violence incidents

62 A concern was raised in consultation that the lack of open work rights for partners of migrant workers after family violence incidents may mean that fewer partners are empowered to leave abusive relationships, especially because of a lack of economic independence. This is an existing issue for partners of migrants, who are not eligible to be granted work rights in this situation. I have directed officials to progress work ensuring migrant partners are suitably supported by the immigration system after situations of family violence. This work will occur within the next 12 months. In the meantime, I consider that the Rebalance changes for partners of migrant workers to be labour market tested should progress as agreed with implementation scheduled from December 2022.

Implementation

Work visa settings

63 The work visa settings for the median wage threshold, and green list will come into effect through the AEW which opens for migrant applications on 4 July 2022. At this time the 2021 median wage of \$27.76 per hour will also be introduced, along with changes to how an hourly rate is calculated by Immigration New Zealand that better allows for the guaranteed wage packet of migrant workers. Confidential advice to Government
[Redacted]

- 64 The median wage threshold will only apply to the AEWV at this stage, with further consideration to be given to applying it to the Foreign Fishing Crew Work Visa in the context of the potential Seafood sector agreement. The median wage is updated for the immigration system each year in February, to reflect the most recent median wage determined by the Household Labour Force Survey.
- 65 The green list will be operational from implementation of the job checks in June. Employers will not need to advertise these roles and applications for work visas will be prioritised above other AEWV applications.
- 66 The changes to require partners to obtain an AEWV without a 30-hour work requirement will come into effect from December 2022. Until that time, partners of all migrant workers earning at, or above median wage will continue to receive open work rights. Once the change comes into effect, partners of workers in green list roles will continue to be granted open work rights, but partners of other workers will need to have a job paying median wage or higher to obtain an AEWV. If they cannot, or chose not to, they can apply for a Visitor Visa based on their partnership.

Residence pathways for green list roles

- 67 The skilled residence application for people in green list occupations will open in September 2022 to people both in New Zealand and offshore. It is not possible for the application to open earlier in line with the rest of the proposals in July due the volume of change being implemented within Immigration New Zealand leading up to July, in particular related to Reconnecting New Zealand work programme.
- 68 The new residence pathway will form a sub-category of the existing SMC, separate to the existing points-based SMC application. It will be available to people who:
- 68.1 Have an ongoing job offer that they are qualified for in one the listed occupations from an accredited employer;
 - 68.2 Are aged 55 or younger (aligned to the SMC Age limit);
 - 68.3 Meet the English language requirements set out in the SMC;
 - 68.4 Meet standard health and character requirements for residence.
- 69 The applications of people applying for residence based on a green list role would be prioritised above any other SMC applications. Additionally, the new arrangement will allow people to apply directly for SMC. The normal SMC process of an expression of interest followed by an invitation to apply will not be required.
- 70 The total application fee and immigration levy for the SMC is currently \$3,310 for someone applying from outside New Zealand. I am currently consulting Ministerial colleagues on new interim fee and levy levels to be in place from

August this year. Confidential advice to Government

Sector agreements and transitional measures

- 71 I will present final sector agreements for agreement to Cabinet in June, which will then be implemented from September. Further detail on the implementation of sector agreements will be provided in June, however I wish to emphasise that an earlier implementation (for example, in July) is not possible given the potential for consultation to alter some of the proposals and likely system changes required to enable these agreements to operate.
- 72 I recommend that we agree to initial transitional settings for some of the sector agreements from 4 July, alongside the opening of the AEWV. Not all of the proposed sector agreement sectors require this - the meat processing and seasonal tourism contexts (as well as Dairy, should we decide to progress a sector agreement) mean that sector agreements coming in from September (after time for consultation, further Cabinet decisions, and implementation) is sufficient to support their upcoming seasonal needs. In the meantime, recruitment at median wage is available to them if needed.
- 73 I propose transitional settings for the Care Workforce, and Construction and Infrastructure sectors to allow employers to recruit specified carer, and construction and infrastructure roles. Wage thresholds below median wage would apply for these measures:
- 73.1 90 percent of the median wage for construction roles (approx. \$25)
- 73.2 \$25.39 for carers (or in line with the equivalent band of any pay equity arrangement at that time)
- 74 These roles would have a visa requirement that migrants recruited under the transitional arrangements must leave New Zealand after two years of work. These arrangements will be in place from 4 July while the sector agreements are finalised (including immigration settings and expectations of and requirements on employers), and the new settings are prepared for implementation. The final sector agreements would then be implemented from September 2022.
- 75 I also propose the border class exception for onshore seafood processors is amended to include a \$24 wage threshold from late April 2022. Onshore seasonal processors would receive 9-month visas and the existing allowance for recruiting 150 workers would be lifted to 200. This exception will lapse when the sector agreement comes into place, from September.
- 76 The proposed roles for Care and Construction transitional arrangements are the same as those outlined in the sector agreement detail in Appendix One.

Table 5: Carer and Construction roles to be included in transitional measures

Carer occupations	Construction and Infrastructure occupations
<ul style="list-style-type: none"> • Kaiāwhina (Hauora) (Māori Health Assistant) • Disabilities Services Officer • Residential Care Officer • Aged and Disabled Carers • Nursing Support Worker • Personal Care Assistant • Therapy Aide • Child or Youth Residential Care Assistant 	<ul style="list-style-type: none"> • Metal fabricators • Welders • Fitters (general) • Fitter-welder • Painting trades worker • Fibrous plasterer • Solid plasterer • Wall and floor tiler

77 The remaining sector agreements are either seasonal in nature and do not require implementation until September or later or have short-term labour needs provided for by existing border exceptions.

78 The Foreign Fishing Crew visa, which is not subject to the median wage threshold, is not due to reopen until October (when Step 5 currently takes effect). If Step 5 is brought forward I recommend introducing a median wage threshold for this visa until the Seafood sector agreement and further wage floors are agreed. Without this, there would be a period where migrants could be hired at rates below median wage, contrary to the intentions of the sector agreement.

Financial Implications

79 There are no direct financial implications of these proposals.

Legislative Implications

80 There are no legislative implications of these proposals.

Impact Analysis

Regulatory Impact Statement

81 This paper does not require a Regulatory Impact Assessment as it has no direct legislative implications.

Population Implications

82 The intended positive impacts of these changes include better employment opportunities and conditions for groups that are over-represented in under-employment and unemployment statistics. For example, the Māori unemployment rate in the June 2021 quarter was 7.8 percent (above the national rate of 4.0 percent), a 1.2 percent increase on the year prior.

Confidential advice to Government

Confidential advice to Government

- 83 Many of the roles on the green list, Confidential advice to Government and proposed for sector agreements have a greater tendency to be filled by women, including carer professions. Efforts to improve conditions and opportunities in these roles and sectors will benefit both migrant and New Zealand women, who are affected by gender pay gap and pay equity issues. However, the changes to partnership-based work visas will affect migrant women more than men, as the majority of 'Partner of a Worker' work visa applications in recent years have been from women.
- 84 Pacific programmes will benefit migrant workers from the Pacific and would reflect New Zealand's special relationship with the region.
- 85 New Zealand has obligations under the United Nations Convention on the rights of Persons with Disabilities to ensure the rights and dignity of disabled people are upheld, including the right to equal access to healthcare. The inclusion of carers who work in settings beyond aged care that support disabled people in the Care Workforce sector agreement supports this.

Human Rights

- 86 This paper is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

- 87 The following agencies were consulted in the development of this Cabinet paper: the Department of the Prime Minister and Cabinet, the Ministry for Ethnic Communities, Ministry of Education, the Ministry of Foreign Affairs and Trade, the Ministry of Health, the Ministry of Housing and Urban Development, the Ministry of Transport, the Ministry for Pacific Peoples, the Ministry for Primary Industries, the Ministry of Social Development, the Office for Disability Issues, the Ministry for Women, and the Treasury. Tourism and Industry Policy teams within the Ministry of Business, Innovation, Employment were also consulted.
- 88 The following sector bodies were consulted in the development of the proposals referred to in this Cabinet paper: Business New Zealand, Employers and Manufacturers Association, Union Network of Migrants, Council of Trade Unions, Dairy New Zealand, Federated Farmers, Meat Industry Association, Seafood New Zealand, Forestry Independent Contractors Association, Horticulture New Zealand, Summerfruit New Zealand, New Zealand Winegrowers, Aged Care Association, Home and Community Health Association, Construction Sector Accord members and workforce leads, Bus and Coach Association, Ia Ara Aotearoa – Transporting New Zealand, Hospitality New Zealand, Restaurant Association, Tourism Industry Association, Ski Areas Association New Zealand, Retail New Zealand, NZTech, and IT Professionals New Zealand,

Communications

- 89 I intend to announce these changes soon after decisions are taken. I will announce which sectors have been provided sector agreements, and that this will include allowance to recruit migrant workers below median wage, but the full details will only be announced once final decisions are taken in June.

Proactive Release

- 90 This paper will be proactively released subject to redactions as appropriate under the Official Information Act 1982 after announcements are made.

Recommendations

The Minister of Immigration recommends that the Committee:

- 1 **note** that in December 2021, Cabinet agreed the Rebalance package [CAB-21-MIN-0554 refers], which includes:
 - 1.1 a median wage threshold indexed to the New Zealand median wage for employer-assisted visas (unless an occupation is exempted by another setting);
 - 1.2 a green list which facilitates easier entry for specified high skilled or hard to fill and high national importance roles;
 - 1.3 Confidential advice to Government
[Redacted]
 - 1.4 a new framework for sector agreements in a small number of sectors where there is short-term or ongoing need for capped access to lower skilled migrants;
 - 1.5 restrictions to the work rights of most partners of migrant workers to qualify for an Accredited Employer Work Visa by obtaining a role paying above median, but allowing them to work less than 30 hours per week, and;
 - 1.6 extending accreditation to require all employers to be accredited to hire a migrant worker, including those with open work rights, from 2023;
- 2 **note** that the median wage threshold will apply to the Accredited Employer Work Visa from July 2022;

Green list

- 3 **agree** that the green list facilitates easier entry by providing two prioritised and streamlined residence pathways:
 - 3.1 a fast track straight to residence path, and;

I N C O N F I D E N C E

- 3.2 a work to residence path, which requires two years in a job on the list to qualify;
- 4 **agree** that the green list is implemented with selected occupations including some health practitioners, engineers, construction and infrastructure roles and IT professionals provided residence pathways as outlined in Table One;
- 5 **note** that to give effect to these green list settings, a new application process within the Skilled Migrant Category will be established for people in occupations on the green list who:
- 5.1 have an ongoing job offer in one the listed occupations from an accredited employer;
 - 5.2 meet the skill criteria that will be specified for each occupation;
 - 5.3 are aged 55 or younger (aligned to the Skilled Migrant Category age limit);
 - 5.4 meet the English language requirements set out in the Skilled Migrant Category;
 - 5.5 meet standard health and character requirements for residence;
- 6 **note** the existing Skilled Migrant Category process of claiming points in an expression of interest and then being subsequently invited to apply for residence would not apply for people using the green list to apply;
- 7 **note** the Skilled Migrant Category fee will apply, and that this is currently under review;
- 8 **agree** to:
- EITHER**
- 8.1 do not include dairy roles on the green list, with potential changes made once the sector's workforce resilience work has been completed;
- OR**
- 8.2 include dairy farm worker and dairy farm manager roles paid median wage or above a work to residence pathway through the green list;

Sector Agreements

- 9 **agree** that sector agreements for the Care Workforce, Seafood, Construction and Infrastructure, Meat Processing and Seasonal Snow and Adventure Tourism industries, as outlined in Appendix One are progressed to consultation with sector peak bodies and unions;
- 10 **agree** that the following Ministers and associated portfolio agencies support the engagement and any further development of sector agreements:

Sector Agreement	Minister(s)
Care Workforce	Minister of Health Minister for Disability Issues Associate Minister of Health
Construction and Infrastructure	Minister of Housing Minister of Building and Construction Minister of Infrastructure Minister of Transport
Meat processing	Minister of Agriculture
Seafood	Minister for Oceans and Fisheries
Seasonal Snow and Adventure Tourism	Minister of Tourism

- 11 **note** that following a short period of engagement with sectors the Minister of Immigration will report back to Cabinet with the finalised sector agreements in June [CAB-21-MIN-0554 refers];

Additional arrangements

- 12 **agree** to:

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- 13 **agree** to:

EITHER

- 13.1 provide the Tourism and Hospitality sector a transitional sector agreement from July 4 2022, to January 2023 which allows for recruitment at a lower wage threshold of \$25.00 per hour to support these sectors in their recovery after COVID-19 restrictions. can include either:

OR

- 13.2 proceed with all Tourism and Hospitality roles subject to the median wage threshold;

14 if 13.1 is agreed then **agree** to include

EITHER

14.1 the ANZSCO Skill level 1-3 Tourism and Hospitality specific roles (as identified in Table 4);



OR

14.2 all tourism and hospitality specific roles (of any ANZSCO skill level – as in Table 4);

15 **agree** that any transitional sector agreement for tourism and hospitality specific roles (if agreed at 13.1 and 14) will not include the occupations listed at 12 or chef – these roles will be subject to the median wage threshold

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16 **note** that under the Rebalance changes, migrants employed in chef roles will be required to have a relevant qualification deemed equivalent to an NZQA qualification to be eligible for an Accredited Employer Work Visa;

17 **invite** the Minister of Immigration to review the green list 
Confidential advice to Government  one year after introduction, and report back if there are proposed changes;

Implementation

18 **note** that the median wage threshold will be applied to the Accredited Employer Work Visa, and the green list and sector agreements for temporary work visa settings will also be introduced alongside this visa which opens in July 2022;

19 **note** that people in green list occupations on the straight to residence path will be able to apply for residence from September 2022;

20 **note** that affected partners of migrant workers must obtain an Accredited Employer Work Visa (with an exemption from the 30-hour requirement) from December 2022 to be able to work, and before December open work rights will be issued to partners of temporary visa holders earning the median wage or above (as per current policy settings);

21 **note** that given the time required to consult on, agree and implement sector agreements, transitional settings need to be agreed for some of the sectors identified for sector agreements now, to be in place from 4 July, until final sector agreements are in place from September;

22 **agree** that for the following Carer, Construction and Infrastructure roles, employers would be able to recruit using the Accredited Employer Work Visa pathway at or above 90 per cent of the median wage for construction roles, and at or above \$25.39 (or the equivalent rate in any pay equity arrangement) for carer roles, and a 2-year stand down would apply to:

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- 22.1 Construction and Infrastructure roles, including: metal fabricators, welders, fitters, fitter-welder, painting trades worker, fibrous plasterer, solid plasterer, wall and floor tiler
- 22.2 Carer roles, including: kaiāwhina (hauora) (Māori health assistant), disabilities services officer, residential care officer, aged and disabled carers, nursing support worker, personal care assistant, therapy aide, child or youth residential care assistant
- 23 **agree** that the border exception for onshore seafood processors is amended to a lower wage threshold of \$24 per hour from late April 2022, and to increase the cap to 200 workers until the Seafood sector agreement comes into place from September;
- 24 **agree** that should Step 5 of Reconnecting New Zealand commence from July 2022, a median wage threshold for the Foreign Fishing Crew visa is put in place from 4 July 2022 while the Seafood sector agreement is finalised;
- 25 **note** that the Minister of Immigration will report back to Cabinet in June on final sector agreements and to progress development of Pacific programmes [CAB-21-MIN-0554 refers];

Authorised for lodgement

Hon Kris Faafoi

Minister of Immigration

Appendix One: Proposed Sector Agreement details

Appendix One: Sector Agreement details

This appendix includes overviews of the initial details to be included in the five proposed sector agreements. These were developed by Immigration Policy officials and relevant sector agencies. Following Cabinet approval, the Minister of Immigration will confirm these details with relevant Ministers with sector responsibilities before officials consult with sector peak bodies, Māori entities relevant to the sectors, and unions. Oversight will be provided by the Minister of Immigration with support from portfolio Ministers and education, employment and training Ministers.

The Minister of Immigration will report back to Cabinet in June 2022 with the final sector agreements prior to implementation.

The overviews are for:

- Care Workforce
- Construction and Infrastructure
- Meat Processing
- Seafood
- Seasonal Snow and Adventure Tourism.

Care Workforce Sector Agreement details

Why a sector agreement is proposed and what it will achieve

There is ongoing need for migrant labour in this workforce to support the health and wellbeing of New Zealanders. New Zealand has an ageing population, and sustaining a workforce of carers for older people, as well as other people with health and disability needs, is crucial to support the population's needs.

The proportion of migrant workers in this workforce and wider sector has been growing over time. We want to ensure this growth pattern is appropriate and maintain a suitable level of migrant labour in the sector as well as encourage domestic recruitment and retention. In addition to an ageing workforce in some cases, there may be some impacts unique to the COVID-19 pandemic which need to be taken into account in the likelihood of the sector needing to increase the proportion of migrant labour. For example, exposure to COVID-19 and vaccine requirements, etc.

Pay equity arrangements in the sector mean that there has been a consistent minimum pay level over the last few years. In line with these pay rates we want to permit some recruitment of migrants below median wage, given the ongoing need for this labour. The intention is that this would be at a set rate of payment which is indexed to the third tier of the pay equity agreement), and with other settings which incentivise improvements in retention and other factors. (The pay equity agreement expires in June 2022 and the wage threshold may require updating based on next steps in that area).

It should be noted that maintaining this threshold to recruit migrant workers may apply pressure to lift wages across this workforce and that this is likely to intersect with the Crown's contracts process. While it is strictly the role of the individual provider, as an employer, to set its employees' wages, the Crown is the sectors' primary workforce funder. Therefore, where improvements incentivised by the Care Workforce agreement cause labour costs to increase, government expenditure will increase.

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In addition to concerns about the increasing the proportion of migrant labour in the sector, there have been concerns about retention, staffing planning (e.g., shift planning, casualisation), and training provision. The sector agreement will set expectations about improvements in these areas over time. In relation to workforce retention in this sector we will consider the rate at which beneficial workforce transitions occur, e.g., carers becoming nurses.

The occupations included

- Kaiāwhina (Hauora) (Māori Health Assistant)
- Disabilities Services Officer
- Residential Care Officer
- Aged and Disabled Carers
- Nursing Support Worker
- Personal Care Assistant
- Therapy Aide
- Child or Youth Residential Care Assistant

Roles for progressing the sector agreement

Ministers

It is proposed that Minister of Immigration, Minister of Health, Associate Minister of Health and Minister of Disability Issues lead this sector agreement, with support from their respective officials.

Sector peak bodies

Consultation will be with the following sector peak bodies: Aged Care Association, Home and Community Health Association, New Zealand Disability Support Network, Platform Trust, and Le Va (input to Pacific programme work).

Unions

The following unions will be consulted: E Tū, New Zealand Nurses Organisation, and Public Service Association.

Other agencies

The following agencies will provide input as the sector agreement is finalised: Ministry of Social Development (MSD) (Jobseekers' perspective, and establishment of new Ministry for Disabled People), Office of Disability Issues, Toitū te Waiora – Workforce Development Council, ACC, Ministry for Disabled People (Working title, from 1 July 2022), Health New Zealand and the Māori Health Authority (from 1 July 2022), and Aged Care Commissioner.

In addition to these roles, there may be other agencies or organisations who are useful to consult or involve in the work to develop the sector agreement.

The immigration settings proposed for the agreement

- An allowance to recruit some care workers at below median wage, but at no less than a set minimum rate equivalent to the third tier of the current pay equity agreement (currently set at \$25.39 per hour)
- A work to residence pathway for carers paid median wage or higher

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- A 'stand down' requiring care workers that are paid below the median wage after two years to leave New Zealand
- Potentially the development of a Pacific programme.

How these will work

The minimum wage threshold for recruiting carers below median wage:

There will be a wage threshold to restrict recruitment of migrant workers below median wage, promote recruitment of higher skilled migrants, and encourage domestic recruitment and workforce development (where this threshold does not apply). The threshold could be set at the equivalent of the third tier of the pay equity legislation which pays \$25.39 per hour, in order to focus on recruiting higher skilled migrant workers into the workforce. This is the same level as a level 3 qualification or 8+ years' experience under the current Pay Equity Legislation. For context, 69% of support worker hours in aged residential care are currently paid at level 3 and 4, and 82% at level 2 (paid \$23.36 per hour) and above. The current pay equity legislation expires in June 2022 and the wage threshold in the sector agreement could be updated to align with any future settlements.

Beyond this lower wage threshold, we are not proposing to apply a cap to restrict the amount of below wage median recruitment of migrant workers in this sector. Instead, an understanding of the upper limit on the proportion of migrant workers within this sector can be established and may be expressed to the sector. If migrant recruitment exceeds this proportion, is rapidly increasing the amount of migrant recruitment without cause or otherwise fails to meet expectations outlined by the sector agreement, the Government can consider applying a cap to restrict this behaviour. This will be made clear at the outset.

The work to residence path and stand down

A work to residence path will ensure that residence is available to a worker after two years paid median wage or more, meaning they can remain in New Zealand indefinitely, and the employer has opportunity to retain them. On the other hand, a stand-down period which requires workers to leave New Zealand after a period of two years if they are not paid median wage by that point will also be applied. These settings will limit the period to which an employer is guaranteed to retain a worker by virtue of their employer-assisted visa status alone. This is intended to incentivise active efforts to retain workers as well as ensure pay progression and upskilling occurs across the workforce, not just migrant workers.

A Pacific programme

There is potential for a Pacific programme in the care workforce, with further work to come. This would focus on providing an opportunity for participation and training into higher care roles. Pacific people on temporary visas make up a small but not insignificant part of this workforce.

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The expectations on the sector

The sector agreement will lay out expected improvements in:

- compliance and migrant exploitation prevention
- domestic workforce attraction

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- training
- work conditions, and
- retention.

These expectations aim to ensure a sustainable workforce supply and reduce as far as possible the long-term dependency on migrant workers recruited below the median wage in this workforce.

Some expectations outlined for the sector are consistent with the Kaiawhina Workforce Action Plan 2020 – 2025 (the Action Plan). However, it should be noted that the Action Plan does not have formal government recognition and has had varied outcomes so far. The sector agreement should progress separate to the Action Plan and if there are opportunities for alignment these would be encouraged.

The expectations are that:

- The sector peak bodies demonstrate efforts to support employers in progressing education and other work about compliance responsibilities, and proactive efforts to minimise risk of exploitation. In addition, there should be no concerns about these issues within the period of the agreement.
- Attraction and recruitment of domestic workforce is improved, including by partnering with relevant government agencies and sector stakeholders.
- Employers increasingly train their staff using available education and training approaches to respond to sector workforce demand and supply and increasingly complex consumer needs. This could include an expectation of training provision for all workers first employed after 2017 (subject to Reform of Vocational Education (RoVE) funding changes and exceptions).
- The sector will be expected to demonstrate actions which are conducive to workforce retention for New Zealanders, and for migrants who become New Zealand residents (such as those through the work to residence path). This may include actions to improve employment conditions including workforce terms and conditions such as regularised hours of work.

How the expectations will be applied

More specific details on the expectations of the sector will be developed ahead of sector consultation and may require some phasing to ensure they are realistic. It may also be appropriate to sequence some expectations based on external timeframes (e.g. RoVE) and this will be explored in progressing the agreement.

Monitoring the achievement of these outcomes requires the coordination of relevant workforce data and information sources to set achievable targets and benchmarks for monitoring progress. This includes continuing the annual survey of support worker employment, pay and qualifications, and measuring proportions of carers across the four qualification levels.

Failure to meet these expectations will impact on future iterations of the sector agreement.

The period the sector agreement will be in place

The Care Workforce sector agreement is likely to be a long-term arrangement given the ongoing need for growth in the workforce.

A three-year term may be appropriate for the first iteration, with ongoing monitoring of the proportion of migrant workers in the sector and retention rates throughout this time to be

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clear with the industry that expectations are not being met and enable them to improve or in case more urgent attention is required, such as applying a cap.

The agreement will be reviewed to decide if changes are needed after the three-year term. If future pay equity arrangements are decided, then the agreement would also need to be updated to align to this.

The details of the sector agreement that are yet to be developed, or where there are uncertainties

- What an appropriate upper limit could be for the proportion of migrant workers in this sector – likely advice to Ministers
- How expectations on the sector should be sequenced and further detail progressed, such as to what degree expectations are outcomes-based, versus effort-based
- Monitoring and review arrangements, including responsibilities for information and data collection and review, and actions if expectations are not being met.

Construction and Infrastructure Sector Agreement details

Why a sector agreement is proposed and what it will achieve

The Construction and Infrastructure sector is strategically important due to a large pipeline of major infrastructure projects combined with high levels of demand for housing and other buildings. The workforce is currently expanding and has been experiencing significant shortages at all skill levels since the border restrictions came into effect. These are likely to continue in the short to medium term, partly due to high levels of demand for workers across the sector combined with the likely outflow of some workers to Australia now that border restrictions have been lifted.

The sector has a high number of migrant workers (about 9% of the total workforce) across all pay and skill levels. About 24% of the migrant workers are paid below median wage. This means that once border restrictions are lifted, the sector should be able to fill most of the roles it needs to from overseas fairly easily as most are paid at least median wage. In addition, a large range of in-demand skills have been green listed, making it easier for the sector to attract workers to fill them.

The sector is not currently in a position to rapidly shift away from the use of lower paid migrant labour, therefore a sector agreement is proposed. A sector agreement needs to allow the sector to continue to be able to access migrants for roles paid below the median wage where they are genuinely needed, without undermining the overall aims of the rebalance.

A Construction sector agreement should therefore meet the following aims:

- Allow employers to access the labour they need to do the work (contingent on the other aims)
- Ensure migrants are paid fairly for their skills and experience
- Incentivise employers to always recruit and train, where possible, those New Zealanders seeking employment in the sector in the first instance
- Ensure that migrants who are working in low skilled jobs understand that they are not able to stay in New Zealand long term
- Support the sector to eventually be able to transition away from reliance on migrants for lower skilled, lower paid roles – by, for example, encouraging the sector to

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- undertake better workforce planning including developing a better understanding of their long term skills and training requirements, and identifying any workforce gaps
- Ensure that immigration settings will adjust appropriately if the sector changes course from a growth state to a contracting one.

The occupations included

There are two main occupation groupings within the sector that use migrants who are paid below median wage – trades roles and labouring roles. It is proposed that the sector agreement focus trades roles and exclude labouring roles that do not need any specialist skills or work experience as these should be able to be filled by New Zealand workers. Trade roles to be covered are:

- Metal fabricators
- Welder
- Fitters (general)
- Fitter-welder
- Painting trades worker
- Fibrous plasterer
- Solid plasterer
- Wall and floor tiler

There are also many other roles that migrants fill within the Construction sector, however they pay above median wage and therefore do not need to be covered by the sector agreement. Similarly, higher skilled roles such as engineers are covered on the green list.

Roles for progressing the sector agreement

Ministers

It is proposed that Ministers of Immigration and Building and Construction lead this sector agreement, with input from the Ministers of Infrastructure, Housing, and Transport, and support from their respective officials.

Sector Peak Bodies

There is no overarching sector peak body in the Construction sector. However, the Construction Sector Accord provides a platform for the Government to work with construction industry leaders on issues such as workforce and will therefore be the primary mechanism to engage with the sector in development of the sector agreement. Additionally, Te Waihanga will work with the Accord to assist with engagement with industry leaders in the infrastructure part of the sector.

Unions

There are a range of unions operating for workers in the Construction and Infrastructure sector. The most significant are E tū and Amalgamated Trade Workers Union (ATWUNZ), however the Manufacturing and Construction Workers Union (MCWU) and First Union also have some coverage. The sector is not heavily unionised.

The immigration mechanisms and how they will work

Initial settings

Employers able to access workers below the median wage with no cap on numbers of people who can be employed, provided they meet normal work visa policy and additional

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requirements set out below. A wage floor will be set at 90 percent of the median wage, which is \$25 based on the current median wage of \$27.76. This would apply to specified trades roles where the market rate spans the median wage.

There would be a maximum stay and stand-down period for workers who are paid below the median wage, set at two years. Workers could remain in New Zealand if their wages increased to above the median wage within two years.

Further work is required with sectors to determine straightforward ways employers can demonstrate they are investing in recruiting and training New Zealanders. These would have to be met in order for employers to be able to access construction workers below the median wage. Potential examples include:

- Hiring NZ apprentices
- Participating in MSD programmes and/or partnerships including with other government agencies like the Department of Corrections and Te Pukenga.
- Being party to a contract with a government agency that requires them to take concrete actions to recruit and train New Zealanders (i.e., as part of the Broader Outcomes work)
- Having a low ratio of migrants in their business
- Requirements may differ between small and high-volume employers.

Review to take account of workforce planning and targets to support transition away from below-median wage migrant workers

There are a number of workforce planning initiatives currently underway such as the Construction Accord's Sector Skills Strategy and Te Waihanga's work on the infrastructure workforce. These should be factored into sector agreement settings once this work has been completed, and support the setting of sector level targets that work to transition the sector away from use of low paid migrants.

The expectations on the sector and how these will be applied

Initial sector agreement settings will place constraints on the roles that migrants can be recruited below the median wage and employers seeking to do so would have to demonstrate they are investing in recruiting and training New Zealanders (to be agreed). Employers who were only recruiting migrants above the median would not have to provide anything beyond normal visa requirements.

Sector-level commitments will be set once workforce planning processes have been completed. A lack of sufficient progress made to meeting these commitments could result in the end of a sector agreement, or other measures such as an introduction of a cap on numbers of migrant workers who can be employed.

The period the sector agreement will be in place and how it will be monitored and reviewed

It is expected that the sector agreement will be revised in 2023 once workforce planning processes have been completed. The period of the revised sector agreement will be set at that point.

Because the sector agreement allows migrants to be employed below median wage with no cap in place, the volumes of migrants in the sector will be carefully monitored throughout. If it appears they are beginning to take up a larger share of the overall or migrant workforce than they do now, this will need to be raised with the sector (through the Accord) to respond to.

Meat Processing Sector Agreement details

Why a sector agreement is proposed and what it will achieve

The Meat Industry faces a seasonal peak in demand for low-skilled labour. Due primarily to the seasonal nature of the demand, it is extremely difficult for this peak to be filled by New Zealand workers. Additionally, because of the industry's pre-existing relationship with the Pacific, it provides the potential for a good test run for the set up of a Pacific scheme.

According to the Meat Industry Association (MIA), a seasonal unskilled workforce allows employers to redirect their more skilled, year-round workforce purely onto more skilled tasks (with higher piece rates) during peak season. It also ensures sufficient staffing in peak season so no workers need to work too many hours and to allow on-the-job training to continue for the year-round workforce. In these ways, a seasonal workforce supports better conditions for the year-round workforce who are primarily New Zealanders.

The agreement is likely to be needed at least for the medium term, as it is unlikely the issues with finding New Zealanders for a highly seasonal jobs will be resolved over the short term.

The occupations included

The ANZSCO occupation that would be covered would be Meat Process Worker 831311. The actual roles are likely to be packers, cleaners and C grade slaughterers and trimmers.

Grades A and B meat industry workers (who are likely to be categorised in ANZSCO as either Meat Boners and Slicers or Slaughterers) generally earn above median wage, and therefore will not face significant barriers to entry due to the Rebalance. This includes halal slaughterers, who are paid well above median wage once their piece rates are included.

Roles for progressing the sector agreement

Ministers

The Minister of Immigration will lead this sector agreement with the Minister of Agriculture, with support from their respective officials.

Sector Peak Bodies

The Meat Industry Association (MIA) claims to represent 99% of the industry. Consultation with significant employers and with New Zealand Beef and Lamb would also form part of the process.

Unions

The New Zealand Meat Workers Union is the main union. It is a heavily unionised sector with at least 70% of the workforce in a union.

The immigration mechanisms and how they will work

A capped volume of below median wage workers will be allowed for each season, starting from October each year. Visas will be granted for a six to seven-month period from arrival. Employers would only be allowed to fill places with workers from the Pacific (the Meat Industry Association (MIA) indicates their peak season is about six months, but Pacific nations might prefer to align duration with RSE at seven months).

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The sector already recruits workers from the Pacific. This would continue to be allowed while the details of a Pacific programme are being finalised, including consultation with Pacific Island countries.

The proposed number of workers to be included in the scheme is 200. This is based on:

- The highest number of migrant meat process workers the industry has ever had is in January 2020 with 354
- 46% of meat process workers are paid above the median wage, therefore do not need to be included as part of the sector agreement
- This leaves 191 meat process workers below median wage, based on the previous peak.

The industry submission to the Ministry for Primary Industries about their workforce needs in mid-2021 indicates they need about 500 lower skilled seasonal workers, however this significantly exceeds the maximum number of migrant meat process workers they have previously had.

Each year in advance of the season, MIA would provide INZ a list of how the available places are to be allocated across employers each season.

The expectations on the sector and how these will be applied

Pastoral care for Pacific workers

The sector and each employer who wanted access to seasonal workers would need to agree to pastoral care obligations for Pacific seasonal workers. The RSE pastoral care obligations provide a potential starting point. These obligations would need to be agreed to by the employer before an employer could be approved to have access to seasonal migrant workers.

Ensuring appropriate pay and conditions for seasonal workers

This scheme will focus on lower skilled workers, however there are many skilled meat workers in the Pacific. Given the below-median wage pay rate for the scheme, it is important that it particularly targets unskilled workers as skilled workers should be earning more. A requirement to increase pay rates for workers returning in subsequent seasons should also form part of the scheme.

Attraction of New Zealand workers to fill seasonal roles

Pacific workers are unlikely to be able to fill the entire seasonal peak workforce – the industry will need to find seasonal New Zealand workers as well. A mechanism to assist with attraction could be a requirement that in order to access Pacific seasonal workers, employers should have to offer and advertise similar levels of pastoral care to New Zealand seasonal workers coming from other parts of the country (particularly in relation to accommodation).

Employers to continue to work with the Ministry of Social Development

Meat processing is an area where MSD has reasonable success in placing job seekers. Employers seeking access to below median-wage workers would be required to commit to continuing to engage with MSD. Further work will occur with MSD during the development of the agreement how this requirement should work in practice.

Improving working conditions for year-round workforce, particularly during peak season

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The sector has ongoing issues with attraction and retention of New Zealand workers, with the primary issues being around low pay, remote locations and an unpleasant working environment. The MIA has a workforce transition plan to address how the sector can meet some of these challenges, and commitment to that plan will be a requirement for the sector agreement to progress.

The MIA makes the argument that seasonal migrant workers enable the existing New Zealand workforce to have improved working conditions during the peak season as the seasonal workers free them up to take on more of the higher skilled (and paid) parts of the process, work more reasonable hours and undertake training.

The sector would be required to show tangible benefits to the New Zealand workforce in plants that have used seasonal migrant workers when the policy is reviewed. The Meatworkers Union would be an important part of this process.

The period the sector agreement will be in place and how it will be monitored and reviewed

Minor improvements to the Pacific programme can be implemented as issues arise, such as ensuring that the pastoral care obligations put in place were sufficient to ensure well-being of workers.

A full review would occur after three years to consider:

- Outcomes for participating workers
- Level of cap
- Impact on New Zealand workforce.

Seafood Sector Agreement details

Confidential advice to Government

Why a sector agreement is proposed and what it will achieve

This sector agreement focuses on two categories of migrant workers:

A. Sea-based roles covered by the Foreign Fishing Crew Visa

¹ *Te Whakatipu I ngā tāngata o Tangaroa | Growing ocean people*: Report of the Ministerial Inquiry into the use and allocation of migrant labour in the seafood sector.

² We are proposing to make it a requirement of the Foreign Fishing Crew visa that employers pay migrants the market rate. The requirement to pay migrants market rate is already part of the Accredited Employer Work visa job gate check so will apply to onshore processing roles.

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B. Onshore processing roles (under the Accredited Employer Work Visa).

Part A: A separate Foreign Fishing Crew Visa exists for temporary migrants working on inshore and deepsea fishing vessels. This visa places additional requirements on employers due to the particular situation of these workplaces³. While numbers on these visas have been reasonably stable of the last decade, there has been a gradual increase in numbers in the years leading up to the pandemic.

- The sector agreement would cap numbers at pre-pandemic levels (800)
- Pay rates would be initially set at minimum wage + \$4 per hour, with a gradual transition to the median wage threshold
- All roles currently covered by the Foreign Fishing Crew visa would be included in this cap.

Part B: The Seafood sector has ongoing demand for low-skilled onshore processing roles paid below the median wage. While Working Holiday visa holders are the key migrant group who fill these roles, supplementing the domestic workforce, there has been a growing use of migrants on Essential Skills visas in onshore processing. The ANZSCO occupation is 831313, Seafood Process Worker.

- A cap of 200 at any given time would match the highest number of Essential Skills workers in this role prior to the pandemic, but a higher cap could be considered for immediate years to take account of working holiday makers only gradually returning to New Zealand.
- This part would be focused on seasonal roles, rather than permanent processing jobs.
- A minimum pay rate would be set (aligned with the Recognised Seasonal Employer scheme) above the minimum wage.
- There is potential for some or all of these roles to be filled through a Pacific scheme.

Roles for progressing the sector agreement

Ministers

The Minister of Immigration will lead this sector agreement with the Minister for Oceans and Fisheries, with support from their respective officials.

Sector Peak Bodies

Consultation will be with the following sector peak bodies: Seafood New Zealand (which works closely with the five sector representative entities for deepsea, inshore, aquaculture, pāua and rock lobster) and Te Ohu Kaimoana.

Unions

The following unions will be consulted: E Tū and First Union.

Other agencies

The following agencies and entities will provide input as the sector agreement is finalised: MSD (Jobseekers' perspective); Talley's Sanford and Sealord, and other large employers; NZ Fishing Industry Guild and Federation of Commercial Fishers (representing commercial fishermen); and New Zealand Council of Trade Unions.

³ Such as to agree to cover the costs of your accommodation, living expenses, and return home when the work ends.

The immigration mechanisms and how they will work

Administration and allocation of caps

The caps are proposed to be flat; rapid short-term growth is not expected in either subsector such that it would necessitate dynamic caps. However, the Government could increase or decrease caps at the review periods where warranted. Seafood New Zealand would manage allocation of places in the caps, as they have done with border exceptions. The Government would set parameters of allocation, including grandparenting arrangements in the initial allocations where appropriate (particularly for foreign fishing crew).

The cap in Part A will be counted by positions occupied by migrants at one time, while the cap in Part B will be counted by number of job checks approved in the Accredited Employer Work visa.

Labour market testing

Some labour market testing is proposed for seafood processing roles and crew of inshore vessels where there is greater access to the domestic workforce. We will further explore the appropriate approach to labour market testing with MSD.

The expectations on the sector and how these will be applied

Pastoral care of migrant workers

The requirements already in place for Foreign Fishing Crew visas will continue.

The sector would need to agree to pastoral care obligations for Pacific seasonal workers. The RSE pastoral care obligations provide a potential starting point, but we would need to consider which of them are relevant to the industry. We would also need to agree monitoring arrangements that are less resource-intensive than in the RSE scheme, such as requiring Seafood New Zealand to pay for a set number of audits per year.

Attraction, training and retention of New Zealand workers

There will be increased need for the sector to focus on attracting, training and retaining New Zealand workers. These areas are a focus of the sector's Workforce Transition Plan. A key expectation on the sector will be that they implement their Workforce Transition Plan. This will be monitored and taken into account for the review period.

The period the sector agreement will be in place and how it will be monitored and reviewed

We recommend a 'mini-review' after the first year focussing on outcomes for Pacific workers and any changes needed to improve the process for Foreign Fishing Crew visas. There would then be a full review after three years to consider:

- Outcomes for all participating workers
- Level of cap
- Wage thresholds
- Impact on New Zealand workforce.

Confidential advice to Government

Seasonal Snow and Adventure Tourism Sector Agreement details

Why a sector agreement is proposed and what it will achieve

There are a small number of seasonal tourism-specific roles which are part of a globalised workforce that are pivotal to the operation of snow and adventure tourism activities in New Zealand. This group are partially paid below median wage (though there has been pay progression to above median). A sector agreement is proposed to lift wages over time, while being careful to enable this sector to continue offering these high value and key strategic offerings.

This is intended to be a simple and shorter-term transitional arrangement than many of the other sector agreements. As we progress there will be work to confirm whether the entirety of wages for these jobs can be lifted to median wage and higher, or whether for example, an ongoing exception for entry level only is appropriate.

The occupations included

The six ANZSCO occupations proposed to be included are:

- Snowsport Instructors
- Mountain and Glacier Guides
- Mobile Plant Operators not elsewhere classified (snow groomers)
- Outdoor Adventure Instructors (e.g., rock climbing and abseiling instructors)
- Outdoor Adventure Guides not elsewhere classified (e.g., ski safety patrollers, cave and canyoning guides, sky diving instructors)
- Whitewater Rafting Guides

Roles for progressing the sector agreement

Ministers

The Minister of Immigration will lead this sector agreement with the Minister of Tourism, with support from their respective officials.

Sector Peak Bodies

Consultation will be with the following sector peak bodies: Tourism Industry Aotearoa (TIA), NZ Māori Tourism, and Ski Areas Association New Zealand

Unions

The following unions will be consulted: E Tū and Unite.

Other agencies

The following agencies and entities will provide input as the sector agreement is finalised: New Zealand Outdoor Instructors Association (NZOIA) and any other identified supporting bodies recommended by TIA, Skills Active, Te Pukenga, and Ringa Hora Workforce Development Council.

The immigration mechanisms and how they will work

This is a simple agreement with a lower than median wage threshold that will be raised over time. We considered a cap, but there are low numbers of roles available in these seasonal jobs filled by migrant workers (720 on Essential Skills visas in 2019, with a split between above and below median wages) which do not have a high risk of displacing New

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Zealanders. The minimum wage threshold will provide sufficient tension without a cap adding to this.

Allowance for below median recruitment

From July 2022 it is proposed that a minimum wage threshold of \$23.60 is applied to all these roles. This is 85% of median wage and while lower than the current median wage of \$27.76, this will still be a lift of wage rates from 2019 when approximately 40% of migrant workers in these roles earned less than this amount.

From February 2023 when the median wage is routinely updated for the immigration system based on the Household Labour Force Survey result for the prior year's median wage rate, we propose that a revised wage threshold is applied so that it is continued to be indexed to 85% of the median wage.

The following year the wage threshold could be brought to 95% of the median, then finally, after three years of the agreement, in year four, to the median wage. At this point the sector agreement would cease.

The expectations on the sector and how these will be applied

The main expectation on this sector is built into the rising wage threshold mechanism. There is little need for additional expectations to be elaborated upon, though the Tourism Industry Transformation Plan will support the sector to lift training and to identify areas where other inputs such as capital assets or technology could lift labour productivity and wages.

Some of the industry bodies, that represent workers in the roles covered by the agreement already have strategies to lift attraction, skill development and retention of staff (e.g., SAANZ) and the sector agreement could be used to encourage implementation of such strategies.

However, if the sector is increasingly hiring migrant workers to the detriment of available New Zealanders, the Government could vary the immigration settings to raise the wage threshold at an accelerated rate, or cease providing an exception. The risk of this occurring is assessed as low.

The period the sector agreement will be in place and how it will be monitored and reviewed

The agreement would be in place from July 2022 to February 2025, at which point the median wage threshold would apply.

There will be some simple monitoring to look at the proportion of employer-assisted migrant workers in the sector, and to understand the impacts of the rising wage threshold on the sector as it progresses.

The details that are yet to be developed, or where there are uncertainties

The precise arrangements for monitoring and review.