

PERSONAL SUBMISSION TO MINISTRY FOR BUSINESS,
INNOVATION & EMPLOYMENT

Proposed Changes to the Essential Skills work visa

May 2017

OVERVIEW

Bakers Delight Mt Maunganui is a scratch bakery based in Mt Maunganui. We make all products from scratch within the bakery and sell through the retail area of the shop. We employ seven FTE staff which includes New Zealand residents, (former) immigrants with permanent residency, immigrants on work visas.

Currently all our bakers are immigrants on work visas due to the fact that we rarely receive applications from New Zealanders. I have placed three advertisements nationally in the past 18 months and have received 63 CV's and applications. Of these 62 were from immigrants and one (1) from a New Zealander.

SUBMISSION

I appreciate being provided with the opportunity to make a submission to the Governments proposed changes to the Essential Skills work visas. It is clear that Essential Skills visas are crucial to ensuring New Zealand employers generally, and small business employers in particular, are able to access the skills they require to run their businesses efficiently in order to grow the local and national economies.

This submission would support any approach to better manage the number and settlement expectations of new migrants coming to New Zealand on Essential Skills work visas, and to particular provide more certainty for migrants around potential residency pathways, as long as it is being done in response to identified problems with the existing system and is NOT being done for political expediency. I am **not** convinced however that any real problems have been identified.

- 1. Proposed introduction of 3 Essential Skills skill levels based on remuneration levels to determine the Skill level for a Essential Skills visa.***

I do not support this proposal as the level of wages paid is not only a function of skill levels but also that particular industries economics,

individual business costs (overheads, cost of goods etc), competition and other factors.

Increasing my bakers hourly rate to \$23.50 per hour is unsustainable and would cost my business an extra \$41,600 per year plus Kiwsaver etc costs. It will also create distortions in the relativities with other staff. In view of predatory pricing by supermarkets we would be unable to recover this via price increases. This would seriously jeopardise the viability of our business (and many other bakeries) with the loss of up to seven FTE positions if we have to close.

- 2. Introducing one year visas (renewable) with three years maximum duration for lower-skilled and lower paid Essential Skills visa holders, after which a minimum stand down period will apply before they are eligible for another lower-skilled temporary work visa.***

I do not support the above proposal. Visa renewals invariably involve often unnecessary bureaucratic processes and create uncertainty (eg around approvals) which impact greatest on small businesses. This is contrary to stated government policy to actually reduce bureaucratic imposts. It will also lead to increased training and recruitment costs while inhibiting a business from being a 'good' employer who looks after long-term loyal staff. For these reasons it is likely to actually exacerbate the 'low-wage' culture as employers seek to minimise the continual costs of training and recruitment.

SUMMARY

I believe that the current visa arrangements are largely working without major issues. The majority of the proposed changes smack more of a knee-jerk reaction to negative publicity stirred up by other political parties rather than a considered approach to a real problem. Such changes have the potential to cause a huge number of staffing problems for a wide range of industries and services. This will cause another re-think in the future but only after businesses have had to endure the fall out.

My experience over 15 years of employing both domestic and immigrant staff is that the immigrants are extremely hard working, reliable and in almost every case have gone on to be valuable contributors to our community. Based on the complete lack of applications when I advertise for bakers, the same can not be said of all those New Zealanders currently unemployed.

Bruce Ingram
Franchisee and Director
Bakers Delight
Mt Maunganui