



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
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Public consultation on a new approach to employer-assisted work visas and regional workforce planning

Version 1 – 11 Feb 2019

A decorative graphic at the bottom of the page consisting of three overlapping trapezoidal shapes. From left to right, they are light blue, green, and teal. The green shape is the largest and overlaps the other two.

WHY ARE CHANGES BEING PROPOSED?

- **Displacement of New Zealanders** through the use of employer-assisted temporary work visas, which have been growing considerably since 2011/12.
- **Growth in lower-skilled temporary migrant workers** in sectors that have traditionally employed large numbers of domestic welfare beneficiaries and also in regions where unemployment remains above the national average.
- **Unresponsive labour market test** which cannot be made harder or easier to respond to the different labour market needs of regions and sectors.
- **Lack of incentives** for employers with high ongoing labour shortages to take steps to recruit or train more New Zealanders, to improve pay and employment conditions, to invest in capital and technology, to increase productivity or to change business models.
- **Inadequate signals** to trigger adequate integrated responses from the broader domestic labour market (education/skills and welfare). The underlying problem is not addressed at a strategic level and the reliance on migrant workers is not being reduced over time.
- **Limited compliance** on employers hiring migrants. Some employers with poor track records are still able to access migrant workers, which increases the risk of exploitation.
- **Operational complexities** with a number of visa options and processes designed around migrant workers rather than employers. This makes it difficult to navigate resulting in inefficiencies and unnecessary hoops and delays.



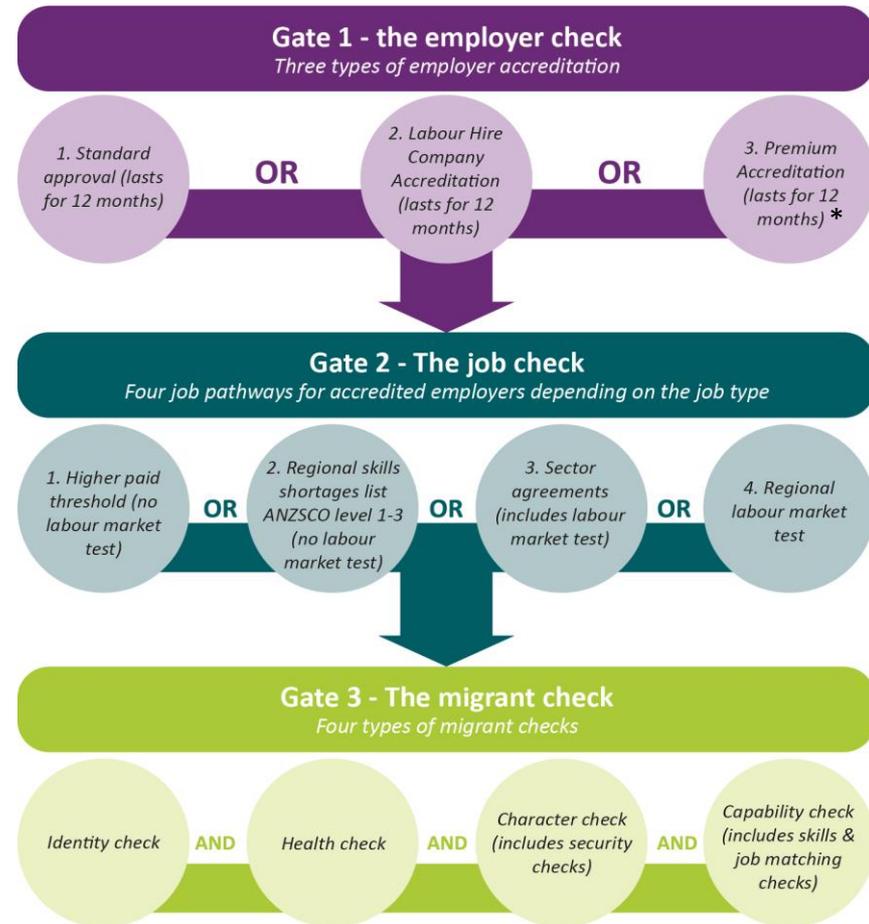
STRATEGIC OUTCOMES AND POLICY OBJECTIVES

- The proposals out for consultation are focused on achieving the following outcomes:
 - employers place more New Zealanders into jobs, which help their businesses to grow and thrive, and result in better jobs for New Zealanders; and
 - temporary migrant workers, when they are employed, are not exploited and have wages and conditions that are consistent with New Zealand values.
- These outcomes are proposed to be met with a set of proposals intended to:
 - strengthen employer standards and improve employer incentives and compliance;
 - tailor labour market test to types of skill shortages, sectors and regions;
 - trigger integrated responses to demand for temporary migrant workers from the skills/education and welfare/employment systems to improve domestic labour supply; and
 - simplify immigration processes making it easier.



THE GATEWAY FRAMEWORK

- It is proposed that the current six employer-assisted temporary work visa categories are unified under one category called the **‘employer-assisted temporary work visa.’**
- The new category will be comprised of three ‘gates’ where checks are completed by INZ with an emphasis on the process being employer-led. The three gates are:
 - The **employer gate** where employers are accredited to employ temporary migrant workers;
 - 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
 - The **migrant gate** where checks are made on a migrant worker’s identity, health, character and capability.



* Premium accreditation will initially last for 12 months, but then will be renewed every two years for subsequent renewals



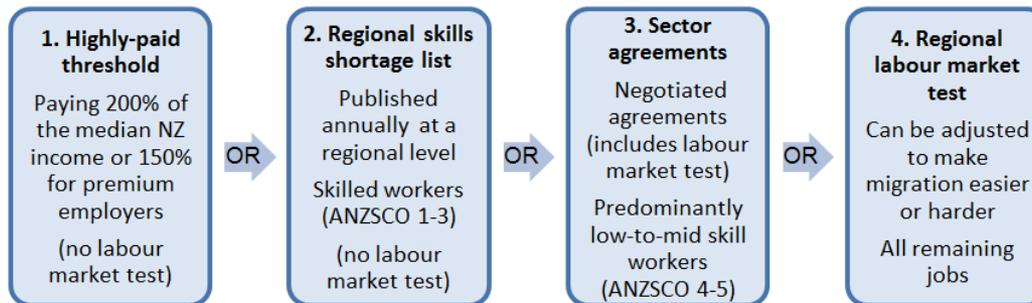
GATE ONE: THE EMPLOYER GATEWAY

- The employer gate will introduce compulsory accreditation for all employers that want to recruit temporary migrants. There will be three tiers of accreditation depending on the employer type and preference for additional incentives.
- Accreditation will require employers to demonstrate that their business practices:
 - incentivise training and upskilling of New Zealanders;
 - put upward pressure on wages and conditions;
 - meet minimum immigration and employment regulatory standards to minimise the exploitation of migrant workers; and
 - maintain the integrity of the immigration system.

	Standard Accreditation	Labour Hire Company Accreditation	Premium Accreditation
Employer type	Available for employers recruiting five or fewer temporary migrant workers in 12 months	Compulsory for labour hire companies	<ul style="list-style-type: none"> • Compulsory for high volume employers (recruiting six or more migrant workers in a 12 month period) • Voluntary for low volume employers who want to access more benefits
Standards	Base standard for low-risk employers (minimum standards)	Enhanced standards for pastoral care, active engagement in workforce programmes and endorsement by third parties	
Duration	Approval lasts for 12 months and requires annual renewal to maintain accreditation	Approval lasts for 12 months and requires annual renewal to maintain accreditation	Initial accreditation lasts for 12 months and requires renewal every two years for subsequent renewals
Incentives	Access to temporary migrant workers subject to job checks being met		Additional benefits to accessing temporary migrant workers include: <ul style="list-style-type: none"> • Ability to offer work-to-residence for skilled migrants • Three-year visas for lower-skilled migrants in regions with tight labour markets

GATE TWO: THE JOB GATEWAY

- The job gate will introduce four job pathways available to employers to recruit temporary migrant workers.
 - **Highly paid threshold:** no labour market test will be needed for workers paid a high remuneration. The threshold will be 150% of the national median income for premium accredited employers; or 200% for all other employers (the current median income is \$25 per hour or \$52,000 annually).
 - **Regionalised skill shortage lists:** the current skills shortage lists will be recast by region in April 2019 to better reflect skills shortages. Further changes are being considered, including what occupations are on the lists and how these lists will signal a domestic labour market supply response.
 - **Sector agreements:** negotiated with sectors that rely heavily on low-mid skilled migrant workers to provide certainty of access to workers, while requiring employers improve industry productivity and training of domestic workers. Initially to be negotiated with the residential aged care and tourism/hospitality sectors.
 - **Regional labour market test:** review of the labour market test based on labour market indicators which reflect the relative labour demand/supply challenges facing each region.



Sector agreements

Sector agreements are proposed to be negotiated between government and sectors that have demonstrated that they are facing significant supply issues for low-mid skilled labour and are relying heavily on migrant labour to fill these positions. The agreements are proposed to be compulsory for businesses which are hiring migrants in the occupations covered by the agreement and are proposed to be reviewed on a three yearly basis.

Sector agreements are intended to provide employers with the benefit of greater certainty of access to temporary migrant workers and may also provide immigration benefits such as faster processing and more favourable visa conditions. Industry will need to match this with tangible actions to reduce reliance on migrant labour in the long term, improve productivity and provide better wages and conditions.

- **What will the terms be?** As these agreements will be negotiated, the specific terms will be agreed as part of negotiations.
- **Who will negotiate them?** The same approach may not be appropriate for each sector, so as part of consultation, we are seeking industry views on how to structure sector representation that has both a mandate to negotiate, and is of a manageable size.
- **How do they work with employer accreditation?** Employers will still need to be accredited, however if any of the employer activity under a sector agreement is in the same key areas as accreditation requirements, this would be recognised.



LABOUR MARKET INDICATORS TO INFORM THE LABOUR MARKET TEST AND GOVERNMENT RESPONSE

- As part of the proposal for a regionalised labour market test, it is proposed that a set of labour market indicators are developed which reflect the relative labour demand/supply challenges facing each region.
- The regional indicators will be based on a set of measures, including
 - Labour supply*: unemployment, underutilisation, and employment and those undertaking and leaving education or training
 - Labour demand*: forecast economic growth, vacancy growth and future forecast reports
 - Other data reflecting demographic change and ability of the region to cope with population growth*: infrastructure constraints, investment and level of dependency on immigration.
- The matrix sets out how different regional dynamics may trigger different immigration and supply side responses.

	Labour demand	
Domestic labour supply	High	Low
High	<ul style="list-style-type: none"> Harder labour market test to access migrant labour High investment in domestic response (education/welfare) More obligations on employers i.e. recruiting and training New Zealanders 	<ul style="list-style-type: none"> Harder labour market test to access migrant labour Moderate investment in domestic response (education/welfare) Some obligations on employers i.e. training and wages
Low	<ul style="list-style-type: none"> Relaxed access to migrant labour, subject to infrastructural constraints Moderate investment in domestic response (education/welfare) Some obligations on employers i.e. training and wages 	<ul style="list-style-type: none"> Moderate access to migrant labour Low investment in domestic response (education/welfare)

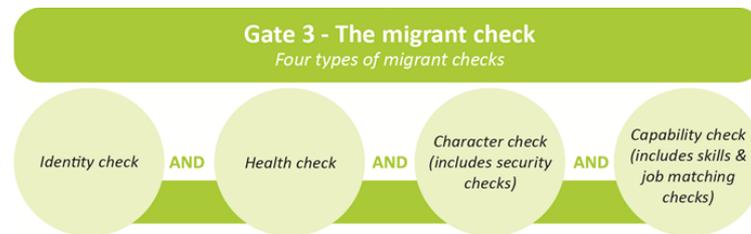
THE DOMESTIC LABOUR MARKET SYSTEM & CROSS-SYSTEM ALIGNMENT

- There are opportunities to improve the alignment of the immigration, welfare and education/skills system, including:
 - **The development of regional labour market plans, which could be paired with the establishment of regional skills bodies:** this proposal will initially be focused on the regional indicators and how these can inform local labour market responses and coordinated actions such as workforce planning between employers, the Ministry of Social Development and the Ministry of Education.
 - **The establishment of cross-agency regional hubs:** to support skills matching of domestic workers and to undertake, or provide advice to inform, the labour market test on behalf of key agencies in key regions.
 - **Regional skills bodies:** could help improve coordination across the education/skills, welfare/employment and immigration systems by being responsible for, for example:
 - bringing together all the key people and organisations in a way that suits the region;
 - contributing to the evidence base including identifying emerging issues together;
 - co-developing solutions to support local engagement; and
 - making recommendations to central government on what steps would be needed at a regional level.



GATE THREE: THE MIGRANT GATE

- The migrant gate which will require migrants to pass identity, health, character and capability checks (including skills and job matching) is proposed to remain largely unchanged from current INZ processes.
- As outlined in the 'gateway framework section', it is proposed the employer rather than the migrant will lead the visa application process. This means migrant workers will only be able to apply for a visa once the employer is accredited and the job has been cleared through one of the four job pathways.
- There is scope to potentially 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.



OTHER POLICY SETTINGS TO SUPPORT THE NEW GATEWAY FRAMEWORK

- Additional changes to policies impacting lower-skilled temporary migrant workers are proposed to support the new gateway framework, including:
 - **Increasing the remuneration threshold for mid-skilled workers:** raising the mid-skilled remuneration threshold to 100% of the national median wage to align with the requirements of the Skilled Migrant Category. This will ensure that some groups of temporary migrant workers are not able to continuously roll over their visa without having the stability of a pathway to residence.
 - **Reinstating family entitlements:** reinstate the right for lower-skilled temporary migrant workers to bring their partners and dependent children to New Zealand for their length of stay in New Zealand. Partners would be granted a visitor visa, unless they applied for an employer-assisted work visa in their own right.
 - **Reviewing the stand-down period for lower-skilled migrants:** those 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 to prevent a pool of lower-skilled, lower-paid migrants from becoming well-settled in New Zealand with no pathway to residence. No proposal is being made, but views on this current policy are being sought.



TIMING OF PROPOSED POLICY CHANGES

- Decisions on the final proposals are intended to be announced by Government in mid-2019.
- It is proposed that the proposals in this discussion paper are implemented as follows:
 - Some changes related to the highly-paid threshold and all changes in other arrangements impacting lower-skilled workers would be implemented in August 2019.
 - The first two sector agreements (the aged care sector and the tourism and hospitality sector) would be negotiated in the second half of 2019 and operational in early 2020.
 - The gateway framework would be fully implemented between April and June 2020. Labour market test improvements and regional differentiation could be implemented earlier depending on consultation and final decisions.
 - The next two sectoral agreements (the dairy farming sector and road freight and transport) would be negotiated in the first half of 2020 and operational by the end of 2020.
 - An integrated work programme between the education/skills, welfare/employment and immigration system will be operational by January 2020.



PUBLIC CONSULTATION ON A NEW APPROACH TO EMPLOYER-ASSISTED WORK VISAS AND REGIONAL WORKFORCE PLANNING

- Consultation is now open and closes on 18 March 2019.
- The consultation document and related Cabinet paper can be found on the website of the Ministry of Business, Innovation and Employment at <https://www.mbie.govt.nz/have-your-say/consultation-on-a-new-approach-to-employer-assisted-work-visas-and-regional-workforce-planning/>
- You can submit your views either via online survey or by completing a submission form.

