



BRIEFING

Implementation of initial Sector Agreements

Date:	9 September 2019	Priority:	High
Security classification:	In Confidence	Tracking number:	0808 19-20

Action sought		
	Action sought	Deadline
Hon Iain Lees-Galloway Minister of Immigration	<p>Agree that the first Sector Agreements will be progressed with the residential care and meat processing sectors</p> <p>Agree for MBIE to begin engagements with sector representatives ahead of your announcement of the new employer-assisted work visa system.</p>	11 September 2019

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Siân Roguski	Manager, Immigration Policy	04 901 3855	Privacy of natural persons	✓
Nat Christensen	Policy Advisor, Skills and Employment Policy	04 896 5140	N/A	

The following departments/agencies have been consulted
N/A

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



BRIEFING

Implementation of Sector Agreements

Date:	9 September 2019	Priority:	High
Security classification:	In Confidence	Tracking number:	0809 19-20

Purpose

To seek your agreement for the first tranche of implementation of Sector Agreements as part of the new employer-assisted work visa system, and for MBIE to begin engaging with sector representatives ahead of your announcement of the new system.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Agree** that the first Sector Agreements will be progressed with the residential care and meat processing sectors.
Agree / Disagree
- b **Note** that the exact scope and coverage of each agreement will be part of the early stages of negotiation (for instance whether only residential aged care will be covered, or all residential care).
Noted
- c **Agree** for MBIE officials to begin engaging with residential care and meat processing sector representatives, ahead of your announcement of the new employer-assisted work visa system.
Agree / Disagree
- d **Agree** to forward this briefing to the Ministers for Primary Industries and of Health.
Agree / Disagree
- e **Note** that MBIE officials will begin working on the next tranches of agreements following announcement of the new system, including beginning engagement with the dairy, forestry, tourism and hospitality, and road freight transport sectors.
Noted

Siân Roguski
Manager, Immigration Policy
Labour, Science and Enterprise, MBIE

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Hon Iain Lees-Galloway
Minister of Immigration

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Background

1. On 2 September 2019, Cabinet agreed to the implementation of a new approach to employer-assisted work visas, including the introduction and negotiation of Sector Agreements [CAB-19-MIN-0439 refers].
2. Sector Agreements are to be negotiated between government and sectors that are high users of lower-skilled temporary migrant workers. They will provide employers with greater certainty of access to migrants in the short term, in exchange for a range of commitments that support employers to place more New Zealanders into jobs, and as a result reduce their reliance on temporary migrant workers in the medium- to long-term.
3. Following Cabinet's agreement, you need to confirm your preferences for the first two sectors with whom Sector Agreements will be initially progressed.

We recommend that the first agreements be progressed with the residential care and the meat processing sectors

4. In previous briefings [3325 18-19 and 3471 18-19 refer], we advised that negotiations should start in the first instance with sectors that are ready to engage in the process, and offer a good value proposition for the objectives of the policy.
5. We confirm that the residential care and meat processing sectors are therefore well-placed to be the first sectors for the negotiation process, with the dairy sector also a good candidate for an early agreement.

These sectors meet both the value proposition and readiness test

6. The table below sets out some initial information about the residential aged care and meat processing sectors, and how ready they are for a negotiation process. This was previously provided to you in a briefing in June, and is only an initial starting point for a more detailed sector description. The information relates specifically to the residential aged care sector, and there is the possibility that this could be expanded to all residential care (see paragraphs 7 and 8 below).

	Residential Aged Care	Meat Processing
Key occupation at ANZSCO skill level 4 & 5, for initial scoping	Personal Care Assistant (Level 4) Aged or Disabled Carer (Level 4)	Meat Process Worker (Level 5) Slaughterer (Level 4) Meat Boner and Slicer (Level 4)
Approximate number of employees in this sector	33,000	25,000
Approximate number of employer-assisted visas employed currently in coverage	400-500	400-500
Other sectors with occupation overlap	Other Allied Health Services, Other Social Assistance Services, Hospitals	Cured Meat and Smallgoods Manufacturing, Supermarket and Grocery Stores, Sheep-Beef Cattle Farming
Other occupations and ANZSCO skill level within the sector	Registered Nurse – Medical (Level 1) Kitchenhand (Level 5) Commercial Cleaner (Level 5) Cook (Level 3)	Butcher/Smallgoods Maker (Level 3) Meat Packer (Level 5) Commercial Cleaner (Level 5)
Comments on sectors' readiness and capacity to engage in negotiation process and workforce planning, and	<ul style="list-style-type: none"> Well-organised, highly representative sector bodies with experience in bargaining (eg pay equity) 	<ul style="list-style-type: none"> Well-organised, highly representative sector bodies Small number of employers and concentrated, co-ordinated

possible value proposition	<ul style="list-style-type: none"> • Large forecast workforce demand growth (+10,000 carers over 10 years) • High proportion of overall temporary migrant labour, but mostly on open work visas • Low wages (even at higher skill levels) • ANZSCO anomalies to resolve for mid-skilled occupations 	<p>occupational structure</p> <ul style="list-style-type: none"> • Relatively simple occupational structure, concentrated in the sector • High proportion of temporary migrants • Low wages and low skills • Specific issues to address around Halal slaughterers and qualifications
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The exact scope and coverage of the agreements will be negotiated

7. As set out in previous advice, the negotiation process will include the initial scoping of a sector. This gives the process the flexibility to cater to the specific needs of a sector and to maximise the value proposition for government.
8. In respect of the first two sectors, the exact mix of occupations will be negotiated (for instance whether meat packers are covered by the meat processing agreement). Likewise the scope of the sector itself will be a feature of the early part of the negotiation process. For example, residential care could include only aged care residential facilities (eg nursing homes), or it could also include other residential care facilities (eg for residents with disabilities). There is significant overlap in occupations between these two types of residential care facilities (and therefore likely to be similar workforce issues), but there may be good reasons to not combine them in one sector agreement (as the sector representatives are likely to represent different employers). These questions will be investigated during the pre-negotiation preparation phase, and will be confirmed early in the negotiations.

We recommend that officials engage with the first two sectors as soon as possible, ahead of your announcement of the overall policy

9. In order to maximise the time for negotiation, and to support greater and more rapid understanding of the new system for employer-assisted temporary migrants, we recommend that you agree for officials to begin engaging with the key sector representatives as soon as possible.
10. This would be before you make public announcements about the new gateway system, so any engagements would need to maintain confidence and include embargoed materials. However, we consider that this would be an important part of establishing a positive starting point for the negotiation process, and avoid surprising the sector at the point of the public announcement. This is particularly the case for the meat processing sector, which was not identified in the public consultation document as a priority sector for an agreement (although they expressed strong interest in an agreement during consultation).
11. You may wish for your office to arrange your own engagement with sector representatives before, or soon after, public announcements. We can provide additional supporting material. We also recommend that this briefing be forwarded to the Ministers for Primary Industries and of Health, as the portfolio Ministers responsible for the two sectors.

Next steps

12. With your agreement, we intend to begin engaging with sector representatives over the coming week, including providing them with some embargoed material ahead of your public announcement of the new gateway system.

13. We will keep you updated with the progression of the negotiation process, including the development of pre-negotiation material and a government negotiating mandate for your agreement. We expect the pre-negotiation phase to take approximately two to three months (depending on the complexity and capability of the sector), which would mean negotiations taking place in early 2020. Implementation dates for each agreement would depend on what is included through the negotiation, but could be completed as early as early- to mid-2020.
14. Following public announcement of the gateway system, we will also begin talking with other sectors that are in line for a Sector Agreement (dairy, forestry, tourism/hospitality, and road freight transport). This early engagement and work is especially important for the large and complex sectors (such as dairy and tourism/hospitality). We will provide you with further advice about commencing a Sector Agreement with these sectors in the coming months.

PROACTIVELY RELEASED