

## **Submissions by NZAMI in response to consultation by MBIE on proposals for Essential Skills visa settings**

The New Zealand Association for Migration and Investment (NZAMI – the Association) appreciates the opportunity to comment on the Government’s proposals. NZAMI is the largest membership organisation representing immigration professionals in New Zealand and internationally. Our members have expertise and broad first-hand knowledge of how immigration policies affect migrants and New Zealand businesses.

By way of introduction, we acknowledge that immigration policies are to serve New Zealanders in the first instance. The Essential Skills work visa settings are to support economic growth, while ensuring that employment opportunities for New Zealand citizens and residents are protected.

The rationale underlying the presently proposed amendments, it appears to us, is that reducing the attractiveness of international recruitment of ‘lower skilled’ workers to employers and temporary migrants alike, will:

- enhance the employment prospects of New Zealanders,
- ensure increased efforts by businesses to train New Zealanders,
- encourage wage growth, and
- send a message to lower skilled temporary migrants that they do not have a pathway to residence in New Zealand.

The Association is sceptical that this theoretical ‘limit supply, increase price’ model will work in the current economic and immigration context. Our members’ experience is that there simply is an insufficient domestic labour supply for many of the industries most affected by the proposals:

- health care (and aged care)
- agriculture
- tourism/hospitality
- retail
- transport, and
- construction.

Relevant, in this context, is that the unemployment rate is low (4.9 %), and tracking down. Conversely, in the March 2017 quarter, the number of ‘employed people’ was up 5.7% from a year ago. Personal factors and limited mobility prevent unemployed New Zealanders from benefiting from existing employment opportunities already. Tight labour supply is a brake on economic growth for a significant number of New Zealand businesses.

Moreover, the proposed changes will significantly affect temporary migrants: they will result in disadvantages and possibly harshness to them by limiting the duration of employment, requiring stand

down periods, and by preventing them from supporting work visas for partners and student visas for dependent children's elementary education.

If we had confidence in the envisaged benefits to New Zealanders being attainable, the resultant disadvantages to temporary migrants might be justifiable. We do not, however, believe that Kiwi workers will benefit, and the concomitant harshness to temporary immigrants is, with respect, simply not warranted.

Lastly, the Association considers that the brunt of the disadvantages will be borne by small New Zealand employers. Many of the industries listed above simply cannot absorb higher cost pressures. Increased incomes, for example, are simply not a realistic solution in the health and aged care industries, presently heavily relying on supposedly 'lower skilled' migrant workers.

Overall, the NZAMI apprehends that the proposed changes will not achieve the desired outcomes. Conversely, they have the clear potential to:

- limit economic growth
- disadvantage New Zealand businesses by limiting labour supply and increasing costs
- disrupt migrants' employment and impose social isolation without improving New Zealander's employment prospects.

### **Specific proposals by MBIE**

We note that the MBIE consultation documents confirm that Cabinet has already decided in principle to impose strict time limits and stand down periods for supposedly lower skilled temporary migrants. This undermines the significance of the present consultation. This notwithstanding, we ask for our views to be considered.

#### **Proposal 1 – introducing remuneration thresholds**

Based on feedback from our membership, the NZAMI is not in the position to support the proposed remuneration thresholds.

Moreover, we strongly suggest that, even if the government was to proceed with remuneration thresholds (which we understand are linked to Skilled Migrant Category changes already agreed by Cabinet) it remove the requirement to earn more than \$35.24 per hour for ANZSCO skill levels 4 and 5, in order to avoid the disadvantageous classification as 'lower skilled'.

If there is to be a salary 'hurdle' at all it should be the same regardless of ANZSCO skill level. If income is used as a proxy for the level of skill, how can it be justified to have an additional requirement? The very

reason for the imposition of remuneration thresholds (if we understand this correctly) was the unreliability of the ANZSCO classification in the first place. It is a statistical instrument that does not always adequately reflect industry practice and is frequently outdated.

Specific questions by MBIE: What implications do we foresee? What sectors or occupations would be affected?

We apprehend significant disruption to employers in the hospitality/tourism, retail, farming, and healthcare/aged care sectors. There is also a risk (perhaps to a lesser degree) for the construction sector and the transport industry.

These sectors will struggle, we believe, to attract sufficient numbers of suitably qualified temporary migrants if they are unable to have their families with them and face the disruption of strictly limited employment periods. Equally, from an employers' perspective, the three year limitation is imposing additional and unnecessary costs and disruption, especially when the domestic labour supply is simply inadequate.

In short, the Association considers that the proposals will result in a greater turnover of potentially lower skilled temporary migrants, to the disadvantage of New Zealand employers and consumers.

#### **Proposal 2a and b– maximum duration and stand down period for lower skilled migrants**

The Association opposes these measures as leading to unnecessary disruption and costs for both employer and migrant. Specifically, we do not perceive as realistic the underlying rationale that these limits would benefit the domestic labour market.

It is to be remembered also that for 'lower skilled migrants' there is already a limit of 12 months of the usual duration of a work visa. On expiry of that 12 months visa, the potential employer has to go back to the domestic labour market, before being able to support a further application by a migrant. That application itself will be labour market tested again.

NZAMI does not consider that either of the two limbs of this policy advances the economic interests of New Zealanders, whether employers or employees. They are also unnecessarily harsh for the immigrant.

This is not a 'win-win' but a 'lose-lose' scenario for new Zealanders and immigrants alike.

### **Proposal 3 preventing 'lower skilled' temporary migrants from supporting work visas for partners**

We are concerned about the implications for temporary migrants. This has been described by an academic commentator as leading to a 'guest worker' scheme which marginalises immigrants and is likely to lead to their social isolation<sup>1</sup>.

We are also concerned that aspect of the proposals will limit the ability of employers to access the best international candidates. For example, in the aged care sector it may lead suitably qualified workers to prefer other (western) countries and lead to a drop in the standards of aged care overall by reducing availability and experience levels of workers in the industry.

### **Proposal 4 preventing 'lower skilled' temporary migrants from supporting student visas for children**

We oppose this proposal for the same reasons as identified in our response to proposal 3.

### **Proposal 5 limiting seasonal work visas strictly to the seasons**

The Association is not aware of New Zealanders' employment opportunities being negatively impacted by the current approach. While there is no opposition in principle against limiting seasonal employment to the actual season, it would seem to us that leaving the duration of employment to the employer to determine (in negotiations with the employee) would be the appropriate default position.

### **Conclusion**

We prefaced our submissions by acknowledging the importance of the national benefit as the touchstone of immigration policy development. We conclude by reiterating our concern that the proposed policy amendments will not advance the economic or other interests of New Zealanders. There is a clear risk the suggested changes will be detrimental to New Zealand businesses and may present a fetter on economic growth. The changes will also impose disadvantages on temporary migrant workers without any parallel benefit to the New Zealand workforce.

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<sup>1</sup> Francis Collins, The New Zealand Herald, 21 April 2017  
[http://www.nzherald.co.nz/opinion/news/article.cfm?c\\_id=466&objectid=11841828](http://www.nzherald.co.nz/opinion/news/article.cfm?c_id=466&objectid=11841828)