



Meat Industry Association of New Zealand (Inc)

Submission to the Ministry of Business, Innovation and  
Employment

On Suite of Proposed Changes to the Essential Skills Visa

21 May 2017

This submission contains confidential and commercially sensitive information which should not be published or disclosed to any third party without the MIA's prior written consent.

Where there are obvious areas of commercially sensitive information such as wage records we have indicated this in red text above the data and/or set out in appendices, however other confidential and commercially information is scattered through the document. We have done our utmost to indicate this by square brackets, however would ask that if MBIE intends to disclose or publish the submission, including on its website it consult with MIA first and obtain its approval as to appropriate redactions.

#### General Discussion

1. MIA's involvement with industry immigration issues largely concerns the engagement of overseas based halal slaughterers.
2. By way of background, in order to sustain and grow export revenue, effectively all red meat in New Zealand is processed as halal. This commercial model provides industry the flexibility to direct any cut from a carcass to the market commanding the highest price whether halal regulated, or non-regulated yet demanding halal product. Halal production also differentiates New Zealand production in overseas markets and adds value.
3. The law (via an Animal Products Notice issued by the Ministry for Primary Industries pursuant to the Animal Products Act), requires that for meat to be exported as halal the livestock must be slaughtered by a halal slaughterer who must be a practising Muslim deemed religiously suitable and who has attained particular NZQA qualifications.
4. Overall industry employs around 24,700 workers. Of this figure, around 240 halal slaughterers are required for meat processing plants to operate which are predominantly located in regional and rural New Zealand. Industry seeks to engage New Zealanders first and around 100 halal slaughterers are New Zealand citizens or

resident visa holders with the shortfall of around 135, representing ~0.5% of the overall industry workforce, recruited from migrant workers.

5. Currently, each year for around 17 years, MIA submits an Approval in Principle Application for its members to recruit and engage (via Essential Skills individual work visa applications) overseas based halal slaughterers. This is necessary as there is a sustained and genuine shortfall of New Zealanders available to undertake this specialist role, particularly because of the religious legal requirement and that individuals cannot be trained to be Muslim.
6. In its current form industry finds the INZ AIP process and requirements long-winded, resource intensive and uncertain. The uncertainty is driven by the need to apply every twelve months for an AIP which takes some four to five months to process, and the variety of issues raised as concerns by INZ each year. More recently it has become evident that information is being shared between the Labour Inspectorate and WorkSafe New Zealand, on the face of it this is a positive step and should drive efficiencies into the process. However, the information being shared lacks detail and is not cross-checked or explored for relevance before it is used to cite concerns over statutory breaches. By way of example concerns have been raised with MIA around [42 different] “exchanges” between member companies and WorkSafe. No dates or details were provided about the “exchanges” and when MIA requested further details it was advised INZ does not hold this information. Significant improvements could be made in this area to ensure if INZ are raising concerns around compliance there is a basis for this and information provided to employers to enable them to appropriately respond.
7. Currently work visas issued under the MIA AIP are limited to a plant, rather than an employer, accordingly if halal slaughterers wish to move to a different plant a new work visa application needs to be made and ‘counts’ as part of the AIP cap. If work visas could be issued to the employer company, this would allow greater flexibility of the movement of staff between plants and may reduce the number of work visas ultimately used or required. Also, efficiencies may be gained from broadening the description of the role associated with a work visa, for example labour efficiencies are likely to be gained if halal slaughterers were able to also undertake more generic meat processing duties.
8. MBIE seems to hold the view that the current employment structures create incentives for employers to favour utilising overseas based halal slaughterers. However, this is not the case. Halal slaughterers, whether they are overseas based or New Zealanders, are subject to the same terms and conditions of employment, including protective mechanisms providing minimum payments despite processing levels reducing. Seasonal layoff policies are historically embedded across industry and have developed through many years of negotiations between the Meat Workers Union and companies. Such policies do not create any favouritism, rather apply equally to all workers and transparently establish the drivers for seasonal layoff. As discussed in further detail below the seasonality of a plant varies across industry and years.
9. As a general point current INZ policy does not accommodate the genuine and sustained industry need for a small number of specialist migrant workers. Instead of developing INZ policy that better reflects industry need, the proposed changes will make recruiting and engaging overseas based halal slaughterers even more of a challenge, creating further business risk and uncertainty.

10. For a number of year's industry has asked INZ and Government to consider developing a special programme to enable it to more securely access the necessary overseas halal slaughterer resource, or to look at creating efficiencies within the current AIP process such as issuing a multi-year Approval in Principle. However, subject to exploring how in practise industry could utilise current INZ Work Instructions allowing up to 20 Indonesian nationals to work in halal slaughterer roles for a period of up to three years (an initiative which flowed out of the ASEAN-Australia and New Zealand FTA), such requests have been rejected. Industry has also made applications for the role to be placed on the Long-Term Skills Shortage List. However due to the 'low skilled' ANZSCO classification of the halal slaughterer role, such applications have been rejected and MIA has been advised that policy direction is that shortage lists focus on highly skilled roles. Despite a sustained and genuine shortfall of domestic resource, there appears to be a level of discomfort developing a special immigration programme for Muslims.
11. MIA is strongly of the view that the proposed policy is flawed in that it assumes that a worker's remuneration is a suitable proxy for the workers output value. In the meat industry's case 240 halal slaughterers underpin the industry's \$7.5 billion export earnings. Not only are 25% of exports halal certified, it is necessary to process virtually all product in the halal manner in order that each part of a carcass can be exported to Muslim customers.
12. The reasons behind the proposed changes as stated on page 11 of the MBIE Discussion Document include:
- encouraging low-skilled migrant workers to upskill or pursue professional development to qualify for higher skilled roles (which would not be subject to the proposed three year maximum duration);
  - encouraging employers to look at other ways to fill low-skilled vacancies including training local workers or developing existing employees; and
  - encouraging employers to invest in ways to improve productivity and become less reliant on labour intensive business models.

However, relevant to the red meat processing industry and halal slaughterer:

- A local New Zealander cannot be trained to be Muslim.
- The 2013 Census as published by Statistics New Zealand established that although the Muslim population has increased since the 2006 census, this group still only makes up around 1% of the "usual resident population". Industry is able to fill around 45% of industry need from this small population.
- The law requires this role not to be automated. The current Animal Products Notice "General Export Requirements for Halal Animal Material and Halal Animal Products" dated 23 December 2016 establishes detailed requirements around halal slaughter and the certification of halal meat product. Section 5.4.3 of the document sets out "*minimum slaughter requirements*", sub clauses 5.4.3(4), (5) and (7) state:

*"(4) The halal slaughter person must slaughter each animal by severing the trachea, the oesophagus and both the carotid arteries and jugular veins of that animal in one cut using a sharp and clean knife.*

*(5) The death of a halal animal during slaughter must only result from the act described in sub clause (4) and the resulting spontaneous bleeding out of the animal.*

*(7) The halal slaughter person must not use any slaughter tools other than knives or blades when slaughtering a halal animal."*

A full copy of the General Export Requirements for Halal Animal Material and Halal Animal Products can be found here: [www.mpi.govt.nz/document-vault/12867](http://www.mpi.govt.nz/document-vault/12867) ; and

- d. Despite the halal slaughterer role being specialised and commanding a good wage (refer below for further details) under current policy and as proposed, halal slaughterers remain classified as 'low-skilled' largely due to the continued relevance of the ANZSCO skill classification level. This skill classification system is flawed in that it fails to take into consideration the value a business or industry places on a role. As halal slaughterers become more experienced they can become halal supervisors; however we understand a more senior position in this area would still remain classified as ANZCO level 4.
  - e. Industry has made good gains around productivity and efficiency. By way of example in 1990 a typical sheep chain employed more than 50 people and processed around 3000 sheep per day, in 2015 a typical sheep chain employs around 30 people and processes 4000 sheep per day. Also, in 1990 the volume of meat exported per worker was 23 tonnes, in 2013 the volume was 43.2 tonnes; a productivity gain of at least 88%. This data was sourced from a survey of MIA members. Introducing further restrictions in the manner industry is able to source overseas based halal slaughterers will not cause further productivity gains, rather business risk of processing plants being unable to securely access necessary overseas resource.
13. The need for industry to engage migrants is not caused by a lack of engagement with the local labour force, government agencies or the lack of commitment to train individuals for roles. By way of example across industry, companies take a variety of initiatives such as:
- a. providing accommodation for staff, others subsidise rental accommodation costs or assist in finding accommodation;
  - b. paying or subsidising the cost of power and telephone line;
  - c. providing work experience opportunities;
  - d. establishing close interactions with Workbridge;
  - e. providing transportation to work; for the convenience of staff and to negate the need for the worker to have a vehicle and valid drivers license;
  - f. working closely with WINZ; and
  - g. consistently advertise in national and local newspapers as well as on-line;
14. In general, industry is struggling to fill roles from the domestic labour force. Government would consider such roles low-skilled and accordingly seeking to further limit the ability of industry to access overseas labour resource to fill these roles on the premise that New Zealand would more readily benefit from skilled migrants. Such a policy position fails to reflect the needs of the meat processing industry and demonstrates a complete disconnect between what industry continuously voices and policy making. To quote one of our members: *"Despite our continued best efforts and working with a multitude of different agencies including Work and Income NZ, Probation Officers, Corrections Department and regular advertising we are still struggling to maintain our manning numbers to meet the level of production which is required. At the moment we are currently being restricted on our daily kill tally and therefore our financial viability because we are unable to effectively recruit from our local labour market, maintain our optimum manning level and achieve reasonable attendance. If we were unable to recruit employees outside of New Zealand, or if we were to lose our current immigrant employees because of a change in Immigration rules, this would have a devastating effect on our Company."*

15. MIA is also of the view that for the meat processing industry, the policy in its current form creates a domestic Non-Tariff Barrier to trade, particularly because of the large number of halal slaughterers who shall remain classified as lower-skilled and therefore subject to a maximum duration of three years and a stand down period. The recruitment and training costs industry would be subject to every three year period are significant as is the uncertainty that would be created by the insecure access to such a critical resource – that cannot be sourced from the domestic labour market. Such costs would also be lost every three years. There is a serious disconnect between the proposed INZ policy changes and the Government's overall goal to increase the ratio of exports to GDP to 40 per cent by 2025 as set out in the Business Growth Agenda.

#### *Other Migrant Workers Across Industry*

16. The focus of the MIA submissions is halal slaughterers, as it is with this role that MIA has direct involvement. However during our consultation with members relevant to the preparation of these submissions members voiced concerns about the implications for more processing roles. Despite significant effort to engage New Zealanders first, some plants are forced to look overseas to resource other less specialised roles such as general slaughterers, butchers, meat boners, slices and maintenance roles. By way of example one member has advised that since October 2016 it has interviewed 81 people referred by WINZ, following interview and drug-screening 50 were offered positions, 5 did not commence work and a further 28 have left employment for a variety of reasons, including attendance issues and abandonment of employment.

17. Based on a survey of membership, in addition to halal slaughterer, industry has been forced to utilise an overseas resource in around 352 other roles. Also of note is that MIA members report that the absenteeism and turn-over rate of such overseas resource is significantly lower than for the domestic labour force.

### **Comment on Specific Proposals**

*Proposal 1a: Introduction of Remuneration Thresholds to Determine Skill Levels and Associated Visa Conditions for Essential Skills Visas*

Consider the proposal of aligning the remuneration thresholds for the Essential Skills visa with the remuneration thresholds for the Skilled Migrant Category.

What impacts or implications do you foresee from defining lower-, mid- and higher-skilled Essential Skills migrants in this way?

Give details of the occupations or sectors and wage or salary levels you are thinking of.

18. MIA is generally supportive of the concept that wage/salary information should be taken into account when assessing the skill classification for a role, in particular because what someone is paid better demonstrates the value associated with the role by the particular employer and/or industry.

19. However the salary bands mooted in the proposal are very high, reflecting remuneration thresholds for the Skilled Migrant Category.

20. In relation to halal slaughterers, the proposal provides limited value. Based on the remuneration data we hold, only a small proportion of halal slaughterers would fall within the higher-skilled remuneration threshold and accordingly could be re-classified as 'higher-skilled' gaining greater immigration benefits.

9(2)(a)

22. The proposed policy requires those roles with an ANZSCO 4 classification to earn at the highest remuneration threshold to be reclassified from a low-skilled ANZSCO rating. By contrast roles classified as ANZSCO levels 1/2/3 are not required to earn the high income threshold to enjoy greater immigration benefits, particularly not being subject to a stand-down period. For roles with a 4 or 5 ANZSCO rating, the proposed policy approach is extreme, requiring a remuneration level so out of kilter with traditional (ANZSCO) skill classification systems that it will have little impact.

23. To have practical impact and genuinely capture valued traditionally 'low-skilled' roles a less 'exclusive' approach is required. MIA urges MBIE to create a skill classification system which integrates the value industry places on a position. Halal slaughterers enable meat processing chains around the country to operate and produce meat that can be exported as halal in accordance with New Zealand law and international market export requirements. Halal slaughterers enabled the \$7.5 billion in export revenue the industry earned in the year ended June 2016. Further, it is the law which dictates that this role requires special skills that cannot be trained or readily found in New Zealand – for an individual to be a practising Muslim. Remuneration alone is not a good proxy for determining the ultimate commercial output which a role creates.

24. The proposed remuneration thresholds do not reflect the value industry places on this role, the special skill set required to undertake it as established by law, and the legal necessity for this role to be integrated into a skill classification assessment. Accordingly MIA is of the view an exception should be applied for halal slaughterers enabling this role to access the immigration entitlements currently proposed for higher-skilled roles only.

25. MIA suggests that if a general exception for halal slaughterers from the proposed policy changes cannot be created and MBIE proceeds with a remuneration threshold model to help assess skill-level, then at a minimum, it re-examine the ANZSCO classifications that can meet the mid-skilled threshold. Presently halal slaughterers are excluded from complying with the mid-skilled threshold because they have an ANZSCO level 4 rating, rather than a 1, 2, or 3. 9(2)(b)(ii)

[REDACTED]

26. As a means of illustrating the wages earned by halal slaughterers we set out below tables illustrating the average wage rates for halal slaughterers by company and the

<sup>1</sup> This figure excludes those halal slaughterers who we believe will be eligible for a South Island Visa – around 21.

<sup>2</sup> Refer to comment at footnote 1.

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quantum of halal slaughterers that fall within the proposed remuneration thresholds. We attach at appendix 2 further tables illustrating actual wage rates for individual plants. Please note the data is not representative of every MIA member, simply data that MIA has quick access to, but a good illustration of the spread of wage rates for halal slaughterers generally.

27. 9(2)(b)(ii)

9(2)(b)(ii)

28. As MBIE and INZ are aware, the meat processing industry is strongly productivity driven and wage structures help incentivise this approach. The use of piece rate wage structures is common place. MIA strongly supports developing INZ policy which recognises the use of a piece rate wage structures and acknowledges that multiple factors will determine the ultimate wage/hourly rate.

29. As noted above a halal slaughterer can move to a halal supervisor role as they become more experienced, but despite this will remain classified at an ANZSCO level 4. MIA does not currently hold information relevant to how halal slaughterers move up remuneration scales across different employers. However if this information would be of use we are happy to explore this area further with our membership.

*Proposal 2a: Introduction of a maximum duration for lower-skilled Essential Skills migrants*

Consider the option of three years for a maximum duration for lower-skilled Essential Skills visas.

What impacts or implications do you foresee from the proposed maximum duration for lower-skilled Essential Skills visa holders?

Give details of the occupations and industries you are thinking of.

30. The impact of introducing a three year maximum duration for lower-skilled visas will have significant detrimental implications for the meat industry. To provide context, we set out below a breakdown of how many years each halal slaughterer engaged by industry has been in New Zealand pursuant to a work visa issued under the MIA AIP.

***Breakdown of Overseas Based Halal Slaughterer Industry Engages Grouped By Years in New Zealand***

Years	1	2	3	4	5	5 + yrs
Number of Halal Slaughterers	5	12	24	34	21	37
Running Total	5	17	41	75	96	133

***The same breakdown excluding halal slaughterers who have worked in New Zealand for over five years and currently based in the South Island (21).***

Years	1	2	3	4	5	5 + yrs
Number of Halal Slaughterer	5	12	24	34	21	16
Running Total	5	17	41	75	96	112

31. Post a three year implementation period, all overseas based halal slaughterers currently engaged by industry would be required to leave and be replaced. 87.2% of these individuals have been in New Zealand for three or more years. Overseas halal slaughterers tend to stay in New Zealand; these workers build up experience and become very valuable to industry. Members note that migrant workers have better attendance and much lower turnover rates than New Zealand workers. By way of example one member reports that between November 2016 and May 2017 their turnover rate of staff engaged via WINZ was 62%. In contrast, turnover rates for migrant workers was 30% and specifically for halal slaughterer only one staff member of three had moved on over the last year with one halal slaughterer remaining with the company for over 17 years and the other nearly five – both of whom work in the North Island and accordingly will be ineligible for the 'one-off' South Island visa.
32. Finding and training around 130 Muslims from overseas countries to come to New Zealand to undertake a halal slaughterer role would be an immense and expensive challenge. As noted above regulation requires halal slaughterers to complete certain NZQA qualifications (NZQA21623, 25926, 25927) and be deemed religiously suitable. Such a role also requires a good command of English to ensure instructions are followed, particularly in connection with health and safety on a processing plant.
33. Overseas recruitment and training programmes would need to be developed and implemented with multiple countries requiring significant resource and coordination between industry and a number of agencies such as MPI, INZ, MFAT and training institutions. Also, significant experience and skill will be lost from industry.



34. By way of illustration, at present it costs around \$2000 per individual for a company to recruit a migrant worker via a corporate immigration agency and around \$600 to train a halal slaughterer. Extrapolating across industry as a whole and excluding individuals who we think would qualify for the South Island Visa or who would fall within the higher-skilled category, at a minimum, the introduction of a three year maximum term would cost industry ~\$218,400 every three years period and would be lost each cycle. Also, this figure does not take into account the internal resource cost associated with establishing international recruitment programmes or the resource of various government agencies.
35. It is likely that the impending end of a visa and the application of a stand-down period will also cause higher turnover rates of migrant resource, placing further resource pressure on industry and ultimately increase the cost of production.

*Proposal 2b: Introduction of stand down period for lower-skilled Essential Skills migrants*

Consider the option for a year-long stand down period following the maximum duration for lower-skilled Essential Skills visas.

What impacts or implications do you foresee from these proposed changes?

Give details of the occupations and industries you are thinking of.

36. The proposed twelve month stand down period will create significant disruption to industry. There is a genuine and sustained shortfall of domestically available halal slaughterers to work in meat processing plants across the country; this is evidenced by some 17 years of successful AIP applications. Having to send home around 64% of overseas based halal slaughterers every three year cycle creates significant business uncertainty, causes industry to be unable to retain a stable, skilled experienced labour force and high recruitment and training costs as noted in paragraphs above. Also, it will be challenging re-connecting with individuals in overseas countries after a twelve month gap and a drain on resources having to then re-apply for work visas.
37. As noted in the General Discussion section of these submissions, MIA believes the proposed changes to INZ policy, in particular the application of a maximum three year term and stand down period under which around 84 (out of 130 overseas based halal slaughterers) would fall, amounts to new Non-Tariff Trade Barrier which will have a significant and restrictive impact on the ability of the meat industry to continue to export and grow. The proposed changes will further increase the costs and complexity of recruiting critical overseas resources – a process which is already unduly long-winded, resource intensive and uncertain. The proposed changes will increase this uncertainty and will put at risk a core pillar of the industry's commercial model – namely to process over 90% of animals in the halal manner so as to have the flexibility to match product to consumers around the world. The overall impact of the proposed policy change will be to restrict the ability of the industry to produce and export value-add products to Muslim consumers around the world. It is worth noting that halal certified exports are 25% of the total red meat exports and earned over \$1.8 billion export revenue in the year ending December 2016. However that 24% comprised the components of many carcasses, not a whole carcass, requiring the majority of livestock to be processed as halal. As a point of comparison, wine and kiwifruit exports are around \$1.6 billion each.

38. MIA is therefore of the view that there is a serious disconnect between the proposed changes and the Government's overall goal to increase the ratio of exports to GDP to 40 per cent by 2025 as set out in the Business Growth Agenda. A key focus of the Business Growth Agenda is ensuring businesses have the motivation and the confidence to invest to support the growth of the economy, including to grow exports. The proposed changes to the essential skills visa will undermine the motivation and confidence of the meat industry to further invest in the production of differentiated value-add products, the export of which contributes to the Government's overall economic growth objectives. Furthermore, both the Business Growth Agenda and the recently released Trade Agenda 2030 make a strong case for government action to address Non-Tariff Trade Barriers that affect New Zealand exports. While the focus traditionally has been on Non-Tariff Trade Barriers in offshore markets, it is also important to ensure that the domestic regulatory regime does not create unnecessary costs and barriers to export.
39. The MIA strongly argues that these proposed changes be reviewed through the lens of an export-focused industry that is heavily reliant on the engagement of overseas based halal slaughterers and has little flexibility to find alternative ways to fill this resource requirement, particularly because there are strict regulatory requirements that set out the attributes and qualifications of halal slaughterers.

*Proposal 3: Require the partners of lower-skilled Essential Skills visa holders to meet the requirements for a visa in their own right*

Consider the proposal to require the partners of lower-skilled Essential Skills visa holders to meet the requirements for a visa in their own right

What impacts or implications do you foresee from these proposed changes?

Give details of the occupations and industries you are thinking of.

40. This approach risks candidates viewing coming to New Zealand much less appealing. New Zealand is an attractive destination offering a stable political environment with good public education and health services; arguably it is most attractive to those with family. By way of illustration on a survey of members, by far the majority noted that halal slaughterers have a partner or both children and partner with them in New Zealand.
41. The reality is that preventing an individual from automatically being able to bring a partner or children with them to New Zealand will narrow the labour pool which industry could source halal slaughterers from, creating yet further difficulties accessing genuine resource needs.
42. Only being able to recruit single men or a man separated from his family risks disrupting the halal slaughterer workforce. Family generally provides for a stable home environment helping to prevent personal issues developing which ultimately impact the workplace, for example absenteeism or drug and alcohol use. Such issues are particularly significant for halal slaughterer as the law requires them to effectively be 'religiously suitable' as determined by an "approved halal organisation" and specifically requires they do not take intoxicants prohibited by the Quran. The law also requires that such competencies are regularly assessed. We attach a copy of the Animal Product Notice titled "General Export Requirements for Halal Animal Material and Halal Animal Products" dated 23 December 2016 and refer MBIE to Part 8.

*Proposal 4: Require the children of lower-skilled Essential Skills visa holders to meet the requirements for a visa in their own right*

Consider the proposal to require the children of lower-skilled Essential Skills visa holders to meet the requirements for a visa in their own right.

What impacts or implications do you foresee from these proposed changes?

Give details of the occupations and industries you are thinking of.

43. Refer to comments above.

*Proposal 5: Make it explicit how the 'period of employment' condition applies to seasonal work*

Consider the option to reinforce that Essential Skills visas for seasonal work are only for the length of the season and that the offer of employment must match the length of the season.

What impacts or implications do you foresee from these options?

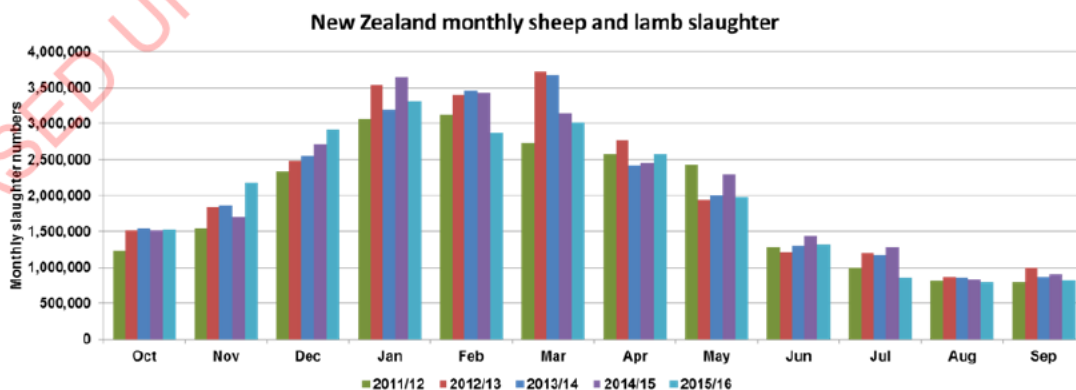
Give details of the occupations or sectors you think are likely to be affected.

44. The notion of only issuing a visa for the length of a season or even the peak of a season is likely to be problematic because:

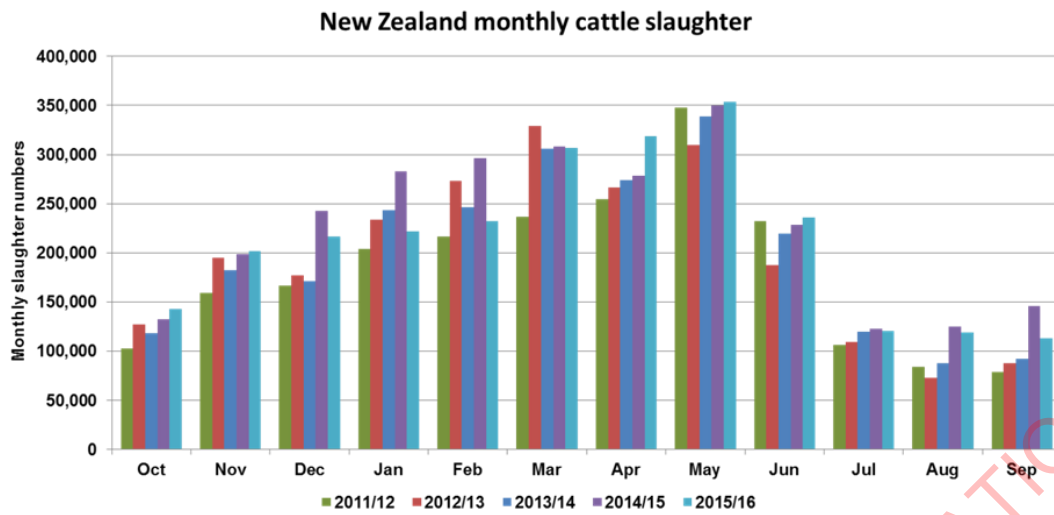
- a. of the unpredictable nature of a meat processing season;
- b. some plants are more seasonal than others; and
- c. halal slaughterers are required at all times when processing occurs – no matter what the level.

45. Processing levels are subject to livestock availability; this is dynamic and can be subject to change at very little notice, for example a week. This unpredictable variability is driven by the weather and also changes in international market demands.

46. The graphs below illustrate the general pattern of industry processing levels across a twelve month period for sheep, lamb and beef.



Source: Compiled by MIA from Statistics New Zealand livestock slaughter data



Source: Compiled by MIA from Statistics New Zealand livestock slaughter data

47. As demonstrated above, there can be significant variations in the monthly slaughter patterns from year to year. If there are mild climatic conditions and good grass growth, farmers are more likely to retain stock until later in a season to maximise weight gain. Conversely, when there are drought conditions and therefore less feed available, there are often high levels of slaughter early in the season.
48. The timing and length of the each plant's seasonal shutdown will vary from year to year, depending on factors discussed above such as the location of the plant, climatic conditions, availability of stock and the time required for any capital work or maintenance to be undertaken. Also, some plants will continue to operate year round but at lower processing levels.
49. Due to these variances, it is impossible to determine in advance the precise period over which overseas based halal slaughterers will be required at each plant. It is vital that any 'seasonal' limitation policy imposes in this area provides companies sufficient flexibility to enable them to employ the right number of halal slaughterers at the right times to efficiently run their operations. MBIE should be wary of taking a blanket policy approach to only providing a visa for a specific 'seasonal' period.
50. In addition to the unpredictable nature of a season, the other important aspect to emphasise is that if processing is occurring (no matter at what level) halal slaughterers are required to be operating to enable meat product to be legally classified as halal. Subject to some exceptions relevant to the size of a plant and shift patterns, halal slaughterers will generally be required to the very end of a season or, if a plant is not operating on a seasonal basis, throughout the year.

Consider the list of seasonal occupations being considered.

Are there any seasonal occupations that should be added or removed from this list? Why?

51. No additional comment. However we would note that based on recent discussions with MBIE how INZ define seasonal employment may be distinct from how industry views seasonality. We would be happy to have further discussions around this point if useful.

Consider the list of seasonal occupations being considered.

If you employ seasonal staff, or represent a sector with seasonal staff:

- What are the occupations of the seasonal staff within the sector that you are commenting on?
- For each of the occupations that you have identified, what is the typical period that you require seasonal staff to cover (e.g the peak of the season)?

52. As referred to above the MIA submission focuses on halal slaughterer roles. However due to the inability to recruit and retain New Zealanders, particularly in rural areas, industry also engages other types of overseas workers; as referred to above, based on a survey of our members, at least an additional 350. MIA strongly advocates that INZ policy consider and address the specific needs of regional and rural areas relevant to migrant workers. It is clear that in these areas there is a genuine need for migrant workers to fill meat processing roles; the need does not arise from failing to engage with the local labour market or taking jobs away from New Zealanders, rather the reality that

it is very difficult to find and engage New Zealanders in meat processing roles. The MIA does not immediately have access to data relevant to these more general roles, but would be happy to work with MBIE and INZ to examine these issues in further detail.

53. To assist MBIE better understand seasonal length within the meat processing industry, we attach at appendix 3 a spreadsheet which identifies seasonal length patterns. Over more recent years a season has ranged from 9 to 11 months of the year, with some plants operational all year round.

#### **IV: Conclusion**

54. Circa 130 migrant workers in the specialist role of halal slaughterers underpin the commercial viability and future growth of meat processing and export as well as the employment of around 24,000 workers. Around 21 halal slaughterers appear to be eligible for the South Island Visa and a further 28 meet the higher remuneration threshold allowing them to comply with the higher-skilled visa requirements. However, the majority of halal slaughterers, 84, will remain classified as lower-skilled.

55. The law requires that in order for meat to be processed as halal, halal slaughterers be used and be a practising Muslim. There are insufficient New Zealanders available that meet the special criteria the law applies to this role. Industry cannot 'train' its way out of the resource issue - no one can be trained to be a Muslim and most New Zealand Muslims reside in urban populations. Current immigration policy provides no certainty that industry is able to access overseas based halal slaughterers. The proposed policy changes will make accessing this critical resource even more difficult – MIA members describe the proposal in its current form has having the potential to have a devastating impact for industry, particularly because the majority of overseas based halal slaughterers will fall within the lower-skilled category and accordingly be subject to a three year maximum term and a stand down period. The proposed policy has the potential to interrupt the supply chain, and therefore allow international competitors to exploit steady demand in the market place, placing New Zealand farmers, meat processors and exporters at a disadvantage in a highly competitive market. MIA's strong view is that the policy as currently proposed will act as a Non-Tariff Trade Barrier.

56. The three year maximum term and twelve-month stand down period applicable to around 84 of the 130 halal slaughterers will subject industry to resource disruption, business risk and create significant costs arising from necessary cyclical recruitment and training – and the majority of these costs will be lost each cycle. The proposed policy approach will also cause the loss of an experienced and vital labour resource. Limiting a visa to the length of a season needs to be approached with care given the unpredictability of a season length and the variation from plant to plant. Also, a processing season may be extended with very little notice and seasonal shutdown may be over a very short period, for example a week. The consideration of remuneration level as part of a skill assessment is welcomed, however the high remuneration threshold imposed on roles with an ANZCO level 4 classification, cause this policy approach to have little impact. Further, the approach to skill classification still fails to take into account the value industry places on a particular role. Relevant to halal slaughterers', remuneration is not a good proxy for establishing whether the role results in high commercial output and ultimate contribution to the New Zealand GDP.

57. MIA's view is that for the majority of halal slaughterers who will remain classified as low-skilled, a policy exclusion (in particular relevant to the proposed maximum

duration of time, associated stand down period and ability to bring a partner and family) should apply, in particular because:

- a. the role is subject to a genuine and sustained domestic shortfall largely arising from the legal requirement that such an individual be a practising Muslim and that processing plants are generally located in rural areas; and
- b. the critical nature of the role for the meat processing industry which earned \$7.5 billion in export revenue in the year ended June 2016, and is New Zealand's second largest export industry.

There are probably a number of ways this could be achieved; one suggestion could be to allow halal slaughterers to fall within the mid-skilled visa category by deeming that the role complies with the ANZCO requirements despite only being at a level 4. This would also allow for a visa to be issued for a period of up to three years which would be a welcome improvement from the current one year and for individuals to bring a partner and children. As discussed with MBIE, as a general point, if a plant is genuinely seasonal then there would be no issue with halal slaughterers returning home for seasonal shut down. However as noted above there must be sufficient flexibility around determining the end of a season.

58. Alternatively a special visa programme should be developed for halal slaughterer to reflect the genuine, sustained industry need for this critical and specialist resource.
59. The MIA *also* strongly moots that the on-off South Island visa should be extended to include long-term migrants in the North Island and if this is unrealistic, at least for particular roles such as halal slaughterers where a sustained skill-shortage has been demonstrated via AIP applications over an extended period. The MIA estimates that such an extension would capture an additional 37 halal slaughterers who have been in New Zealand for five or more years. This approach could significantly reduce the number of work visas the industry must apply for on a yearly basis, assist in providing security of halal slaughterer resource and ensure retention of experienced and skilled specialist workers. However care should be taken to recognise that this 'one-off' exercise will not alone address the long-term skill shortage of halal slaughterers.
60. In respect of less specialised roles where industry finds it necessary to engage migrant workers, MIA is of the view that rather than apply one blanket policy, regional labour limitations should be taken into account. Industry has genuine ongoing issues finding and retaining New Zealanders for jobs within the meat processing sector; INZ policy needs to address these genuine shortfall issues.

### **MIA Contact**

For any queries relating to this submission or if further information about certain aspects of the submissions would be useful, please contact Sarah Mann, [sarah.mann@mia.co.nz](mailto:sarah.mann@mia.co.nz) or 04 4958371.

Meat Industry Association of New Zealand (Inc)

**19 May 2017**

## Appendix 1: About the MIA its Members

### About the Meat Industry Association

1. The Meat Industry Association ('MIA') is the voluntary trade association representing New Zealand meat processors, exporters and marketers.
2. The New Zealand meat industry earned \$7.5 billion in export revenue in the year ended June 2016, and is New Zealand's second largest export industry. The industry processes around 28 million sheep and cattle every year, exporting more than one million tonnes of red meat and co-products to more than 120 markets around the world. MIA member companies operate processing plants throughout the country that employ around 24,700 workers.
3. MIA
  - provides a collective voice for New Zealand's red meat processors and exporters;
  - facilitates policy formation on economic, trade policy, market access, industrial relations, compliance costs, environmental, animal welfare, technical and regulatory issues facing the industry;
  - coordinates a number of whole of industry services, research and development; and
  - is interface between the meat industry and government.
4. A list of Association members is set out below.

### Consultation

5. In developing the submission MIA members and affiliate members were consulted and asked for input, although individual members may also make their own submissions specific to the view of their operations.

### Current Association Members and Affiliate Members

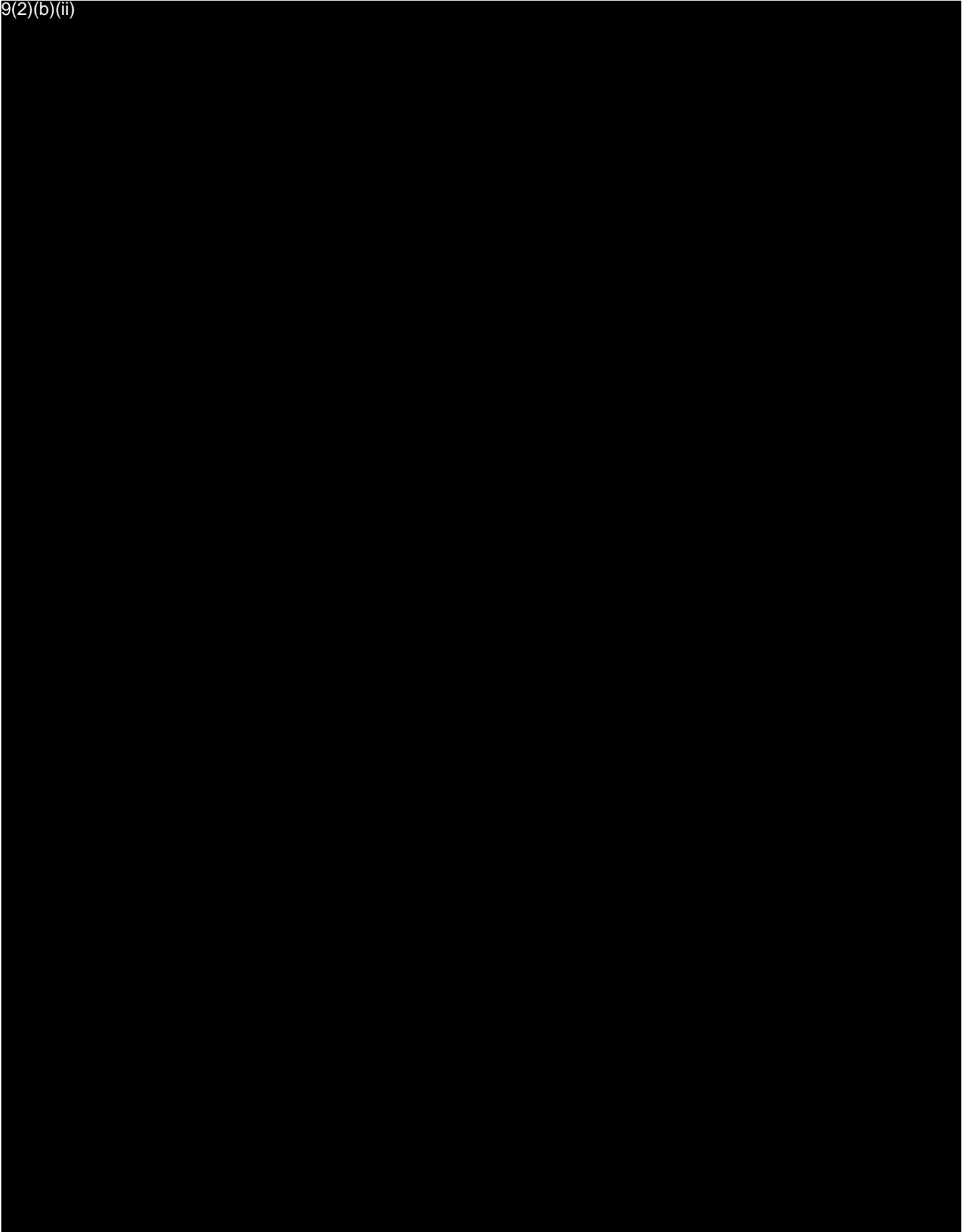
Members
Advance Marketing Ltd
AFFCO New Zealand Ltd
Alliance Group Ltd
ANZCO Foods Ltd
ANZPAC Foods Ltd
Auckland Meat Processors Ltd
Bakels Edible Oils NZ Ltd
Ballande New Zealand Ltd
Blue Sky Meats (NZ) Ltd
Columbia Exports Ltd
Crusader Meats New Zealand Ltd
Davmet New Zealand Ltd
Fern Ridge Ltd
Graincorp Commodity Management NZ Ltd
Greenlea Premier Meats Ltd
Harrier Exports Ltd



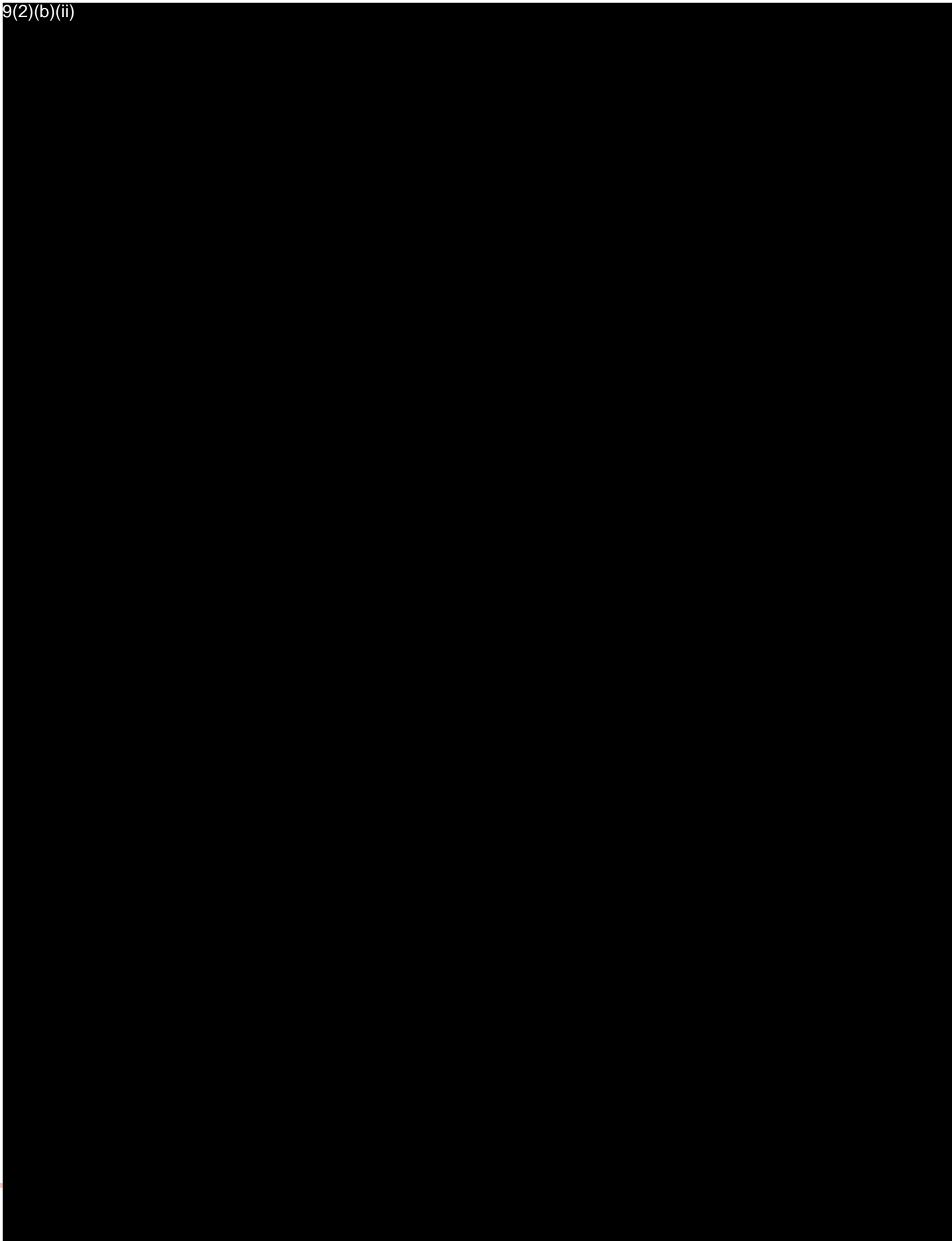
Kintyre Meats
Lanexco Ltd
Lean Meats Oamaru Ltd (Oamaru Meats Ltd)
Lowe Corporation Ltd
Mathias International (Mathias Meats NZ Ltd)
Ovation New Zealand Ltd
Prime Range Meats Ltd
Progressive Meats Ltd
PVL Proteins Ltd
SBT Group
Silver Fern Farms Ltd
Standard Commodities NZ Ltd
Taylor Preston Ltd
Te Kuiti Meat Processors Ltd
Universal Beef Packers Ltd
Value Proteins
Wallace Corporation
Wilbur Ellis NZ Ltd
Wilmer Gavilon
<b>Affiliate Members</b>
Abattoirs Association
AgResearch-MIRINZ Centre
Alfa Laval
Allied Envirotech
Aon New Zealand Limited
Auspac Ingredients NZ Ltd
CentrePort Wellington
Conveyor Industries Ltd
Cool Tranz 2014 Ltd
Direct Fats and Oil Ltd
Ecolab Pty Ltd
Foodcap
GTech Separation
Haarslev Industries Ltd
Hamburg-Sud New Zealand Ltd
Hapag-Lloyd (New Zealand) Ltd
Intralox Ltd
Jasol New Zealand
Kemin Industries NZ Ltd
Liqueo Bulk Storage
Maersk New Zealand Ltd
Milmeq Ltd
Oceanic Navigation Ltd
Port of Napier
Port Otago Ltd
Pyramid Trucking Ltd
Rendertech Ltd
Scott Technology Ltd
Sealed Air (New Zealand)
Vero Marine Insurance

**Appendix 2: Wage Information**

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