



# Southland Regional Development Strategy

TE IWI ME ORANGA RAUEMI

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## Southland Regional Development Strategy

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Submission on proposed changes to the Essential Skills visa, May 2017

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### 1. About the Southland Regional Development Strategy

The Southland Regional Development Strategy (SoRDS) was initiated by the Southland Mayoral Forum in late 2014 with the simple goal of attracting 10,000 more people to live and work in Southland by 2025.

SoRDS is a collaboration involving a range of local organisations committed to Southland's social and economic future. It includes Environment Southland, Gore District Council, Invercargill City Council, Southland District Council, Venture Southland, Otago Southland Employers' Association, Southland Chamber of Commerce, Community Trust of Southland, Invercargill Licensing Trust, Southern Institute of Technology, Ngai Tahu, businesses and sector groups, and central government including Ministry of Business, Innovation and Employment, Ministry for Primary Industries, Ministry for the Environment and Department of Conservation.

Despite the strong recent economic growth record in Southland, there is continuing local concern about the region's social and economic viability and vulnerability. The matter that concerns Southlanders most is depopulation. If the regional population remained static for the next 10 years, it would fall to 1.8% of New Zealand's population (currently 2.3%). Little or no population growth, together with the impact of an ageing population, could mean the region loses ground against the rest of New Zealand and would likely have a deflating effect on services, business, lifestyle, quality of life and morale.

In this context, long term and temporary immigration presents a huge opportunity to help meet some of the challenges faced by Southland migration, which is vital for the long-term success of the region.

### 2. Proposed Changes to immigration policy settings

SoRDS welcomes the opportunity to provide a submission on proposed changes to temporary migration settings aimed at managing the number and settlement expectations of new migrants coming to New Zealand.



SoRDS notes that Cabinet has agreed in principle to a number of proposed changes to the Essential Skills visa policy settings. Before making final decisions on these proposals, SoRDS wishes to ensure that the consequences are fully understood and where necessary changes are made to remedy unforeseen impacts prior to their implementation.

### **3. Proposal to use salary information to help determine the skill levels**

It is proposed that the remuneration levels replace the Australian and New Zealand Standard Classification of Occupations (ANZSCO) as the main determinant of the skill level of an Essential Skills visa holder and associated visa conditions. SoRDS respectfully opposes this change.

A national remuneration level does not reflect regional circumstances and would cause negative consequences for Southland, and likely other regional centres in New Zealand.

The proposed remuneration threshold for a lower skilled visa is an annual salary of \$48,859 (based on a 40 hour week). This may be an appropriate threshold for Auckland, Wellington or Christchurch, but is too high for Southland and does not reflect our region's salary expectations nor our lower living costs. Southland has one of the lowest unemployment rates in the country. SoRDS acknowledge and understand that the Government aims to devise a policy that balances the right of New Zealanders to work first and foremost but Southland needs to be recognised as having a unique set of problems which include a labour shortage that can and is currently filled by migrant workers. The Government has shown a willingness to recognise differing cost of living threshold across the country through its Kiwisaver home-start grant and first home differential threshold and we suggest it would be appropriate in this forum to also look at a pro-rated salary threshold. This could also have the added advantage of encouraging migrants to the regions thus easing some of the bigger centres woes.

Tourism has been identified in the SoRDS strategy as the leading industry that can be scaled significantly to drive greater diversity in the Southland economy. Tourism is labour intensive and reaches across our region from Te Anau through to the Catlins. The industry creates a high level of low to medium skilled and relatively lower paid jobs. An example, where we are already experiencing a shortage is a trained chef in Southland might earn an annual salary of \$38,000 and live quite comfortably but would not make the necessary salary threshold.

Labour supply has been identified as a critical issue for the primary sector. An example is a farm labourer might earn an annual salary of \$40,000 and again live quite comfortably with the lower cost of living here in Southland but would not make the salary threshold.

Should the Government wish to pursue a remuneration based system, SoRDS suggests that the remuneration levels be regionally adjusted to reflect local salary and living cost conditions.

Should the Government implement a review of the ANZSCO criteria, the dairy industry is a good example where it does not currently align with industry practice. While we acknowledge that there is an existing process and framework for this and it is tied to a cross-country process. There are some industries such as Tourism and Dairy that should be given higher priority in that review process.

#### **4. Proposal to set a maximum duration of three years and a stand down period of one year**

It is proposed that there be a maximum duration of three years for lower-skilled Essential Skills visa holders, after which there will be a minimum stand down period of 12 months before they can apply for another lower-skilled Essential Skills visa.

SoRDS considers that these proposals would be detrimental to Southland's workforce challenges in two ways.

Firstly, these conditions will make New Zealand less attractive for migrants considering working in New Zealand. This in itself would compound Southland's existing challenges to meet our labour force requirements.

Secondly, the requirement for a 12 month stand down period would lead to an unstable workforce and an unnecessary revolving pool of labour whereby every three years employers would be forced to let go of valuable employees regardless of the market conditions at that time.

Migrant workers, after three years of employment, are generally highly capable and have built up valuable local experience. Losing the ability to retain this workforce will not only be detrimental to businesses, but will also limit their ability to bring in and train young New Zealanders wishing to participate in the Southland economy. Experienced migrant workers are a key component of integrating and training new staff from within New Zealand as well as other migrant workers.

SoRDS suggests that the maximum duration of three years and minimum stand down period of one year should not be implemented. Instead, SoRDS recommends that local labour market conditions be the key determinant for the length of visa durations and renewals.

One of the elements of successful settlement is certainty. Many of the migrant workers to our region are committed to staying, settling and contributing culturally and financially to the region. The level of uncertainty that arises from the three-year cap prevents certainty and again fails to recognise the dynamics of Southland's unique labour market matrix.

SoRDS believes that a labour market test is a viable alternative to determine the need for migrant labour. Pushing this to be regional (as the hospitality industry did in Queenstown) is essential to account for the differences between the major cities and the regions.

#### **5. Proposals to align the ability of Essential Skills visa holders to bring their children and partners with them, with the new skill levels**

It is proposed that partners and children of lower-skilled Essential Skills visa holders be required to meet the requirement for a visa in their own right.

SoRDS view on this proposal is that if one party to the relationship can financially support the family then the rest of the family shouldn't have to meet the criteria apart from the English language requirement that is important to help migrants integrate more effectively into our community and ensure their skills are well utilised in the economy.

SoRDS also recommend that the Government continue to allow school age children of Essential Skills visa holder to be educated at primary and secondary school level as domestic students (not having to pay)

**6. Proposals to reinforce that Essential Skills visas should only be granted for the period for which the employment is offered**

It is proposed that it be made explicit that for Essential Skills workers in seasonal occupations, the offer of employment (and as a result the duration of the visa) must not be longer than the length of the season.

SoRDS has no view on this proposal.

**7. Concluding comments**

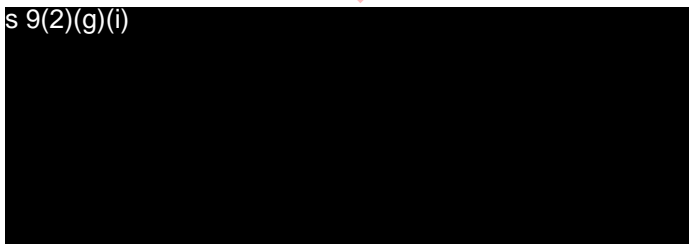
SoRDS is grateful for the opportunity to provide a submission on the proposed changes to the Essential Skills visa policy settings. SoRDS hopes that this submission highlights some of the unintended consequences of the current proposal so that they can be addressed before any final changes are implemented.

More generally, it is hoped that this submission points to a broader issue around the need for regional specific immigration policies. The challenges faced by Auckland and other urban centres are quite different to the challenges faced in Southland. When developing national policies like this, it is critical that regional specific issues are taken into account and provided for.

SoRDS would welcome the opportunity to work with MBIE and other government departments to explore regionalised policies that would provide greater benefit to New Zealand and the regions within it. SoRDS is happy to present this submission in person should that opportunity be available.

Yours faithfully

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Chair