

## Submitter information

Please provide your name and phone number, and preferred email address for contact if it is different from the one used to send this form:

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In what capacity are you providing feedback?

e.g. on behalf of: your company, the company you work for, an industry organisation, a union, a licensed immigration adviser etc.

I am making this submission on behalf of the Summerset Group of companies ("**Summerset**"). Summerset Group Holdings Ltd is publicly listed on the NZX.

If you are representing a company or group, what is the name of that group?

Summerset is the third largest retirement village operator, and the second largest developer of villages in New Zealand. We have 21 retirement villages throughout New Zealand from Warkworth to Dunedin, as well as six sites for development across the country. More than 4,000 people call a Summerset village their home.

We currently have more than 1,000 staff supporting more than 4,200 residents, and we look forward to welcoming more residents and staff in the years to come.

What industry or industries does that group work in?

We operate in the aged care / retirement village sector.

We build and operate villages that integrate into the local environment and provide our residents with warm, welcoming and vibrant communities that they can call home. We also provide a continuum of care services to our residents – this includes in-home care (such as housekeeping, cleaning and personal laundry) through to rest home care and hospital-level care.

In your company or industry, what are the most common occupations for migrant workers?

Care givers form the biggest group of employees at Summerset.

Care giver is also the common occupation for migrant workers at Summerset.

What visa categories are commonly used by those workers?

I.e. resident visa, Essential Skills work visa, Work-to-Residence work visa (under the Talent or Long Term Skill Shortage List categories), Post-Study work visa (open or employer assisted), open work visa.

Essential Skills work visa and Resident visa

*Only answer the following questions if you directly employ migrant workers:*

How many migrant workers do you currently employ? (Refer to the visa categories in the question above)

Work visa – about 93

Resident visa – about 204

Summerset's total employees is about 1,000. Around 30% are therefore migrants.

Of those workers on a work visa, about 60 are the primary applicant of the visa with the remainder being on dependant or spousal visas

Have you supported an Essential Skills visa application for any of these workers?

Yes

## Using wage or salary information to help determine skill level and access to Essential Skills migrants

*Proposal 1: 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.

Our immigration policy ought to enable employers to recruit migrant workers efficiently when suitable local labour is not available or is insufficient to meet local needs. As such, immigration policy ought to be informed by the level of need for migrant workers. The focus ought to be on the gap between the demand for workers and the supply of suitable local workers. We submit that the introduction of remuneration thresholds to determine skills level and visa conditions for Essential Skills work visa will discourage employers from training, investing and retaining its migrant workers where there is a mid or long term gap in the local workforce.

The remuneration level of a job or an occupation does not correspond directly with the level of skills or the level of need for a particular job or an occupation. By way of example, lawyers and general accountants may be highly paid, but that does not mean there is a high level of need for lawyers and accountants from overseas. The proposed changes in immigration settings will not aid our economy, as it will discourage migrant workers, who are paid below the median income, from working in New Zealand. These workers, particularly in aged care, perform a much-needed function of caring for the elderly and filling a recognised gap in our workforce.

There is a shortage of suitable local labour to work as care givers. Although the work is regarded as relatively low-skilled, the pool of suitable local labour is often not enough to meet the demand in an expanding sector and aging population. The use of migrant workers is vital to facilitate the provision of care services to an aging population in New Zealand.

Based on the discussion document, the Government seems to believe that there will be an impact on some migrant workers in 'low paid employment'. But that is not accurate, as it downplays the scope of the potential effects. The changes will affect migrant workers who are paid at less than the 'median income' in New Zealand. As such, the proposed changes to the Essential Skills work visa would affect more than just workers in 'low paid' employment.

We also consider that the proposed changes will have a disproportionate effect on towns and regions. It is well known that incomes are higher in cities, such as Auckland and Wellington. The Government has acknowledged that there is a need for further growth in the regions. It would be counter-productive to make it harder for employers to attract and recruit for jobs where suitable local labour is not available or is insufficient. The proposed changes will not be conducive to growth, and it will have the effect of disadvantaging some migrant workers who are employed to work in certain regions and who are paid less than the median income in NZ.

## **Reinforcing the temporary nature of the Essential Skills visa and managing the settlement expectations of temporary migrants**

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

Consider the option of a 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.

Imposing a maximum duration of three years would have a significant effect of reducing the ability of employers in New Zealand to attract a suitable pool of high calibre migrant workers to fill the mid to long term gap in the local workforce in New Zealand.

A substantial portion of workers in aged care are migrant workers, and this is expected to continue. Migrant workers form a vital part of the aged care workforce. At Summerset, we estimate that around 30% of the workers in aged care are (or were) migrants – about 10% are on work visas, and about 20% are on resident visas. Many work visas are held by care givers. It is also noted that nearly all of the 10% on work visas earn less than the \$48,859pa threshold.

The current pool of potential migrant workers, particularly from the Philippines, has a strong reputation for being skilled, reliable and good carers. Some migrant workers have nursing or similar qualifications from their home country, which may not be recognised in New Zealand. The current work visa settings provide them an opportunity to work in New Zealand, and gain the confidence to eventually study towards nursing qualifications over time.

Although there is currently no limit on the number of times a migrant worker can be granted

an Essential Skills work visa, the labour market test must continue to be met. The labour market test requires employers to provide evidence that they have tried to recruit or train suitable New Zealanders who are available to do the work. That means the parties must provide proof that the employer has not been able to identify suitable local workers. In the case of care-givers, the labour market test has to be met regularly (annually) when their work visa expires.

The current settings of the Essential Skills work visa policy allow some migrant workers to continue working in New Zealand beyond three years in order to meet longer term regional labour market needs. The introduction of a maximum duration will mean that employers are not able to retain a migrant worker for more than three years, even if the shortage of suitable local labour continues to persist, if the worker's rate of pay is less than NZ\$48,859 per year or NZ\$23.49 per hour (or the median income, as reviewed annually).

The proposed changes are essentially equating the remuneration level of a job with the type and the level of skills required in New Zealand. If the remuneration is lower than the median income, the worker will not be able to continue working in New Zealand for more than three years, irrespective of whether his or her skills are still required by the employer.

The proposal for remuneration thresholds coupled with the maximum duration is expected to make it significantly less attractive for some migrant workers to work in New Zealand, as it would mean leaving their country and established career and networks for a temporary right to work in New Zealand, where there is no stability or security. This is likely to have an adverse impact on the ability for employers to attract and recruit a suitable pool of migrant workers to New Zealand, particularly in sectors where the pay is below the median income. This may include a substantial portion of the aged care sector and the tourism industry, both of which are important to the New Zealand economy and population.

We understand that the proposed maximum duration is not intended to prevent employers from hiring migrant workers. Where an employer continues to meet the labour market test, it would still be able to hire a migrant worker after the three-year period. However, employers would be prevented from hiring the same migrant worker for more than three years. This could potential lead to a no-win situation for the employer, the worker and the public.

The employer would lose the benefits and training already invested in the migrant worker, who could otherwise continue to contribute to the workplace. The worker would lose the right to continue working in New Zealand after 3 years. Where the shortage of suitable local workers continues to persist, the employer will be compelled to find other migrant workers and this can lead to a situation where skills and experience are lost for no good reason.

The level of unemployment in New Zealand is currently very low, and the pool of local labour to fill care-giving positions is very limited. It is noted that WINZ referrals are often presented with criminal convictions and/or alcohol and drug issues. Care givers are expected to interact closely and intimately with the elderly. The vulnerability of many residents will mean that a high level of trust and confidence are reposed on care givers. Many of the candidates referred from WINZ are simply not appropriate and unsuitable for working as care givers for the elderly.

It is further noted that the equal pay settlement is expected to increase pay rates in the aged care sector, but this is not likely to exceed the median income. The increase in pay rates may increase the attractiveness to work in the aged care sector, but it is not likely to result in a much larger pool of local labour. It is estimated that by 2027, around 10,000 new carers will

be needed in the aged care sector. This is roughly an additional 1,000 per annum. As such, migrant workers will continue to be a vital part of the aged care workforce in New Zealand.

It is in the public interest to ensure that employers are able to attract and recruit a high calibre pool of migrant workers to New Zealand to supplement the efforts to hire and train local workers. Once they are employed, it is also in the public interest to enable employers to train and invest in its workers, irrespective of whether they are local or migrant workers. It is of serious concerns that the introduction of a maximum duration and a stand down period could limit the incentives for employers to invest in and train migrant workers. Any such under-investment in the aged care sector would not be in the public interest.

In summary, where a migrant worker, who is paid less than the median income, continues to be required in New Zealand because there is still a shortage and the labour market test continues to be met, the money invested in better wages and quality of care in the aged care sector (through the equal pay settlement) will be wasted if we cannot retain the skills and experience developed after three years.

*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.

The proposed stand down period is connected with the proposed maximum duration. As such, we repeat our submissions provided above.

In circumstances where employers already have to continually meet the labour market test; there is no reasonable justification for imposing an arbitrary maximum duration of three years and a minimum stand-down period of one year. Employers already have to provide evidence that they have tried to recruit or train suitable New Zealanders who are available to do the work each time an expired visa is being renewed.

Where a worker, who is paid less than the median income, continues to be required in New Zealand because there is still a shortage and the labour market test continues to be met, the money invested in better wages, training and quality of care in the aged care sector will be wasted if we cannot retain the skills and experience developed after three years.

*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.

Where a migrant worker is able to work in New Zealand temporarily, but his or her partner is not able to do the same, it will limit the attractiveness of working in New Zealand and the pool of potential migrant workers willing to work in New Zealand.

*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.

The cumulative effects of requiring partners to qualify for a work visa, and requiring payment of overseas student fees will effectively preclude children from education in New Zealand. This will significantly reduce the attractiveness of a work visa, and the ability for employers to attract and recruit migrant workers to New Zealand. This would apply particularly for migrant workers in their thirties and early forties, who are more likely to have young families and have developed some momentum in their established careers in their home countries.

## **Reinforce that Essential Skills visas should only be granted for the period for which the employment is offered**

*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.

N / A

Consider the list of seasonal occupations being considered.

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

N / A

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)?

N / A