

A new approach to employer-assisted work visas and regional workforce planning

Consultation discussion paper
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New Zealand Government

Minister's Foreword



New Zealand's immigration system is one of the most innovative in the world. Policies such as the Skilled Migrant Category and the Recognised Seasonal Employer Scheme have rightly been recognised as world-leading.

We cannot afford to stand still, however. Global population growth and increased flows of migration pose challenges to countries everywhere. The Government believes migration is good for New Zealand and that migrants bring to our country skills we need to grow our economy and enrich our society through the infusion of global cultures and connections.

Temporary work visas are one of the most important parts of the immigration system. As a small, advanced nation we will always need the skills and talents of overseas workers. Alongside this, we need to unlock the potential of New Zealand workers by making sure they have the skills and attributes to take up job opportunities in our communities. This means recognising that regional needs are different from Kaitia to Auckland to Queenstown, and that we can do better than a one-size fits all model for migration settings. I am committed to taking a more regional and industry-based approach to migration, one that reflects the diversity of our regions and the industries they support.

My proposals are designed to encourage businesses to increase their use of locals over time by breaking down barriers to putting Kiwis into good work. This means creating better connections between the immigration, education, skills, welfare and employment systems to improve how we work together to deliver better labour market outcomes for New Zealanders. I am committed to working closely with the Ministers of Education, Social Development and Employment and taking a regional approach to make this happen.

My proposals are also intended to streamline the spaghetti junction of different options for work visas into a clear, logical, simple and robust pathway to make the immigration system easier to navigate. These proposals reward good employers while safeguarding migrant workers from exploitation and illegal behaviour.

The proposals in this discussion paper will have implications for many stakeholders including employers, migrant workers, industry and the regions. I encourage you to read the proposals outlined in this discussion document and submit your views.

Hon Iain Lees-Galloway
Minister of Immigration

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1. Introduction

Purpose

On behalf of the Government, the Ministry of Business, Innovation and Employment (MBIE) is undertaking a public consultation on proposed changes to the employer-assisted temporary work visa system and regional workforce planning. This discussion document provides a summary of the proposals and consultation questions.

Scope

The proposals primarily impact all skilled and lower-skilled temporary migrant workers and employers of these workers across the six employer-assisted temporary work visa categories:

- [Essential Skills including the Essential Skills in Demand Lists \(ESID\)](#)
- [Approval In-Principle](#)
- [Talent \(Accredited Employer\)](#)
- [Work to Residence – Long-term Skill Shortage List Occupation](#)
- [Silver Fern \(Practical Experience\)](#)
- [Silver Fern \(Job Search\)](#)

The proposals will also have implications for industry associations, economic development agencies, local government, iwi, trade unions, education providers and other regional stakeholders that have an interest in labour market outcomes.

Employer-assisted visas are generally those in which an employer can demonstrate through labour market tests that there are no suitable domestic workers available. Around 20 per cent (47,000) of the 230,000 temporary work visas issued in 2017/18 were employer-assisted.

The remaining temporary work visas have 'open' work conditions, meaning the visa holder may work in any job. These visas include visas for working holidays, partners of workers and New Zealanders, and post-study work. These visas are out of scope. Temporary work visas obtained under the Recognised Seasonal Employer Scheme are subject to a separate review process and are therefore also out of scope.

Process

The consultation is open to all individuals, groups or organisations. There are some questions which must be answered for data collection purposes. Submitters may otherwise respond to the consultation questions as they prefer.

The consultation will commence on 18 December 2018 and conclude at 5pm on 18 March 2019. It is expected that decisions will be made by the Government by mid-2019. We will keep submitters informed of these decisions and next steps including further consultation opportunities.

Information

We encourage submitters to use evidence to support views in their submissions where possible. This might include independent research, facts, figures or relevant examples. MBIE will use the information provided to inform our analysis and advice to Ministers. We may contact submitters directly if we require clarification of any matters raised.

Responses

Submitters can participate by reviewing this discussion paper and completing the:

- online survey form (preferred) at <https://www.surveymonkey.com/r/TempWorkVisaConsultation> ; or
- 'submission paper' and emailing it to immigration-consultation@mbie.govt.nz.

Submissions must be received **by 5pm on Monday, 18 March 2019**.

Privacy and confidentiality

The Privacy Act 1993 establishes certain principles with respect to the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information you supply to us in the course of making a submission will only be used for the purpose of assisting in the development of policy advice in relation to the proposals in this document.

We intend to publish written submissions on MBIE's website at www.mbie.govt.nz. Please indicate if your submission contains any confidential information or information you would like withheld. This should be mentioned at the beginning of your submission and within the submission where relevant. If MBIE receives a request under the Official Information Act 1982 for a copy of submissions, MBIE will need to make its own assessment of whether the information should be released, including whether it is in the public interest to release the information received. In this case, MBIE will endeavour to consult with the submitters prior to making its decision on the request.

2. Background

Strategic outcomes and policy objectives

The proposals in this discussion paper are focussed on achieving two strategic outcomes:

1. Employers place more New Zealanders into jobs, which help their businesses to grow and thrive, and result in better jobs for New Zealanders.
2. Temporary migrant workers, when they are employed, are not exploited and have wages and conditions that are consistent with New Zealand values.

These outcomes will be met by the introduction of an immigration gateway framework which will deliver to four policy objectives:

1. Strengthen employer standards and improve employer incentives and compliance
2. Tailor labour market tests to types of skill shortages, sectors and regions
3. Trigger integrated responses to demand for temporary migrant workers from the skills/education and welfare/employment systems to improve domestic labour supply
4. Simplify immigration processes making it easier for employers and migrants to use the system

Objective 1: Strengthen employer standards and improve employer incentives and compliance

The entry and conditions of entry for temporary migrant workers in New Zealand are largely regulated by the immigration system. Compulsory employer standards and accreditation are two types of regulatory tools that can be used by the immigration system to better influence employer behaviour towards achieving the strategic outcomes. Compulsory employer standards, for example, could be designed to reflect both the minimum requirements and good practice for employers who want to employ migrants while accreditation would provide the formal recognition of an employer meeting those standards. If done well, compulsory standards and accreditation would provide employers with incentives for 'good' behaviour and disincentives for 'bad' behaviour. This would be underpinned by an effective monitoring and compliance regime.

Objective 2: Tailoring labour market tests to types of skill shortages, sectors and regions

Temporary migrant workers should complement rather than substitute jobs for New Zealanders, particularly at the lower-skilled end of the market. In higher-skilled, higher-wage and higher productivity sectors (e.g. ICT), temporary migrants can help address genuine skills shortages and make an important contribution to economic growth. However, in industries characterised by lower-skilled occupations, lower-wage and lower-productivity sectors (e.g. tourism, hospitality, services and retail), access to temporary migrants potentially reduce employer incentives to improve productivity, and wages and conditions for local workers. We need to ensure it is easy for employers to access higher-skilled migrant workers and hard to access temporary lower-skilled migrant workers unless there is a genuine temporary labour shortage that can't be addressed through domestic labour supply.

Regions and sectors have different challenges and needs which may justify different settings being applied where it is relevant to do so. This could include tightening access to lower-skilled temporary migrant workers in regions that are experiencing high growth pressures or have high unemployment and underutilisation.

Objective 3: Triggering integrated responses to demand for temporary migrant workers from education/skills, welfare/employment and employers to improve domestic labour supply

Temporary migrant workers play an important role in meeting employer demand for short term skill and labour shortages. Over time, domestic labour supply mechanisms should be adjusted to address identified shortages. This means employer-assisted visa applications should be labour market tested and trigger domestic responses from the broader labour market system (education/skills and welfare/employment). For example, labour market tests should be used to check whether there are any New Zealanders who could do the job. These tests should also signal the need for better training, educating and job matching of New Zealanders in specific jobs and regions where there is evidence of ongoing demand for workers. This would ideally be supported by a governance framework that links the broader domestic labour market system together.

Objective 4: Simplifying immigration processes making it easier for employers and migrants to use the system

New Zealand employers are the main beneficiaries of temporary work visa services. This means service delivery should be designed around their needs and risk profiles. This approach optimises process efficiencies, supports operational and strategic risk mitigation, and enables incentives and compliance to be better directed towards desired employer behaviours (for example, reducing migrant exploitation).

Temporary migrant workers are also beneficiaries of temporary work visa services so the system should also consider their needs and risk profiles. The temporary work visa system should be easy for both customer groups to navigate.

Problem definition

Policy work undertaken by MBIE has revealed a number of issues with how the immigration system is functioning:

- **Displacement of New Zealanders:** The use of employer-assisted temporary work visas have been growing considerably since 2011/12. While this reflects strong economic conditions to some extent, MBIE research shows there is some evidence the issuing of these visas has had a negative impact on hiring New Zealanders ([Impact of Temporary Migration on Employment and Earnings of New Zealanders, June 2018](#)).
- **Growth in lower-skilled temporary migrant workers:** There has been significant growth in the employment of lower-skilled temporary migrants in sectors that have traditionally employed large numbers of domestic welfare beneficiaries. While this growth has increased during a period of low unemployment, it has also occurred in regions where unemployment remains above the national average.
- **Unresponsive labour market test:** The labour market test cannot be made harder or easier to respond to the different labour market needs of regions and sectors. This limits its ability to be used as a policy tool to effect labour market change. For example, the labour market test

cannot be adjusted by Government to make immigration harder in a region experiencing high unemployment.

- **Lack of incentives:** The immigration system does not sufficiently incentivise employers with high ongoing labour shortages to take steps to recruit or train more New Zealanders, to improve pay and employment conditions, to invest in capital and technology, to increase productivity or to change business models. This is counter to New Zealand's economic interests and improving our productivity performance, and has been identified by the Productivity Commission and others as a problem.
- **Inadequate signals:** Skill shortages and labour shortages do not trigger adequate integrated responses from the broader domestic labour market (education/skills and welfare). This means the underlying problem is not addressed at a strategic level and the reliance on migrant workers, at the expense of New Zealanders in many cases, is not being reduced over time.
- **Limited compliance:** There are too few checks and balances, and obligations on employers hiring migrants. This means some employers with poor track records are still able to access migrant workers, which increases the risk of exploitation.
- **Operational complexities:** The system is complicated with a number of visa options and processes designed around migrant workers rather than employers. This makes it difficult to navigate for both employers and migrants to access services, resulting in inefficiencies and unnecessary hoops and delays.

There is opportunity to reform the employer-assisted temporary work visa system by introducing a new gateway framework and integrating it with the broader domestic labour market system. The proposals in this discussion paper respond to this opportunity.

3. The gateway framework

Proposal 1: The employer-assisted temporary work visa system will be changed so that the process starts with the employer instead of the migrant applicant:

- Six employer-assisted temporary work visa categories simplified into one new visa category
- Three gates where checks on employers and migrants are made by Immigration New Zealand

Current settings

There are six categories of employer-assisted temporary work visas (refer to scope section, page 5). Under current settings, the migrant is the principal applicant for most of the applications made for these visas. This means they must act as the intermediary between Immigration New Zealand (INZ) and their prospective employer. During this process the migrant needs to collect and provide information about themselves and the employer (for example, the employer supplementary form, and if required, the skills match report which includes information on the employers recruitment activities). This enables INZ to conduct an assessment of the migrant's application, as well as employer related assessments, including the labour market test, to verify the effort the employer has taken to recruit New Zealanders first. This:

- creates some issues for the employer especially if they need to provide a migrant worker with commercially sensitive information;
- complicates the interactions between the employer, INZ and the migrant applicant resulting in inefficiencies;
- limits INZ monitoring and compliance of employers increasing the risk of migrant exploitation;
- prevents the immigration system from collecting important information about employers which could be used to inform better policy decisions; and
- means migrants, rather than employers, are bearing the cost of the visa application in most cases even though employers are the main beneficiary.

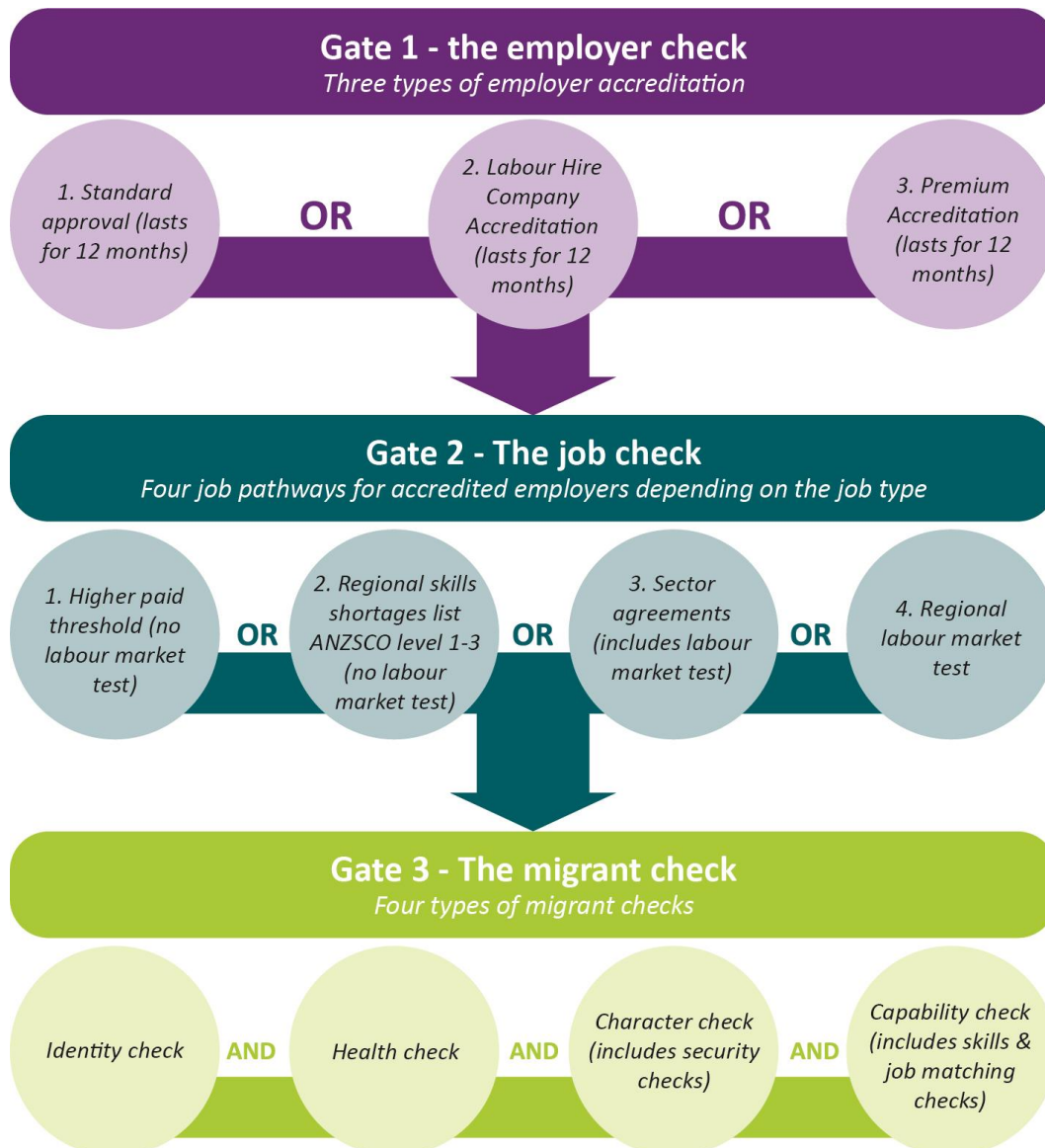
Proposed changes

It is proposed that the six employer-assisted temporary work visa categories are unified under one category called the 'employer-assisted temporary work visa.' All applications for this visa would be processed through a new gateway framework comprised of three distinct gates where checks on employers and migrants are completed by INZ:

1. The **employer gate** where employers are accredited to employ temporary migrant workers;
2. The **job gate** where checks are made to make sure no New Zealander is able to fill the job the employer is recruiting for; and
3. The **migrant gate** where checks are made on a migrant worker's identity, health, character and capability.

Central to the new framework is that it is employer-led rather than migrant-led. This reflects that the immigration system should be designed around employers, the main beneficiary of the system, rather than migrants. Figure 1 provides a summary view of the gateway framework.

Figure 1: Summary view of the proposed gateway framework



Questions

- Do you support the gateway framework approach?
- Why/Why not? Please indicate what you think the impacts might be where relevant

4. Gate 1 – the employer gateway

Proposal 2: Employers must meet requirements before they can recruit temporary migrant workers:

- Three levels of accreditation based on risk, usage and incentives
- Employers save time and effort if recruiting more than one temporary migrant worker in the accreditation period

Accreditation requirements

Current settings

There are some minimum regulatory standards under current settings which employers must meet before they can recruit temporary migrant workers. These are usually assessed at the time the migrant applies for a visa. For example, employers that receive a penalty for a breach of employment standards are viewed as non-compliant with New Zealand employment law and face a stand down period which prevents them from recruiting migrant workers. Depending on the severity of the breach, this can range from six to 24 months.

Employers may also opt to be accredited to recruit temporary migrant workers to access more benefits (e.g. Talent (Accredited Employers) Work Visa) but this is not compulsory except for some labour-hire companies (e.g. labour-hire companies recruiting construction workers in Canterbury). In these cases, an employer's regulatory compliance is assessed in advance of a migrant submitting a visa application. However, overall, there are few checks and balances, and obligations, on both accredited and non-accredited employers. This means some employers with poor track records are still able to access migrants and increases the risk of migrant exploitation.

Proposed changes

It is proposed that compulsory employer accreditation is introduced for all employers who want to recruit temporary migrant workers and the minimum standards, incentives and compliance are strengthened to encourage employers to recruit New Zealanders. This will also reduce the risk of exploitation when migrants are employed.

Accreditation would require employers to demonstrate that their business practices:

- Incentivise training and upskilling of New Zealanders
- Put upward pressure on wages and conditions
- Meet minimum immigration and employment regulatory standards to minimise the exploitation of migrant workers
- Maintain the integrity of the immigration system

As shown in Figure 2, it is proposed that there are three different accreditation groups with different standards, incentives and duration. The accreditation group will depend on the employer type, and

for some employers, will depend on their preference for additional incentives. Appendix 1 provides further detail on the accreditation groups and standards.

Figure 2: Summary of accreditation groups

	Standard Accreditation	Labour Hire Company Accreditation	Premium Accreditation
Employer type	Available for employers recruiting five or fewer temporary migrant workers in 12 months	Compulsory for labour hire companies	<ul style="list-style-type: none"> • Compulsory for high volume employers (recruiting six or more migrant workers in a 12 month period) • Voluntary for low volume employers who want to access more benefits
Standards	Base standard for low-risk employers (minimum standards)	Enhanced standards for pastoral care, active engagement in workforce programmes and endorsement by third parties	
Duration	Approval lasts for 12 months and requires annual renewal to maintain accreditation	Approval lasts for 12 months and requires annual renewal to maintain accreditation	Initial accreditation lasts for 12 months and requires renewal every two years for subsequent renewals
Incentives	Access to temporary migrant workers subject to job checks being met		Additional benefits to accessing temporary migrant workers include: <ul style="list-style-type: none"> • Ability to offer work-to-residence for skilled migrants • Three-year visas for lower-skilled migrants in regions with tight labour markets

Incentives for premium accredited employers

Providing a pathway to residence for highly-skilled workers

Current Settings

Accredited employers are currently able to provide a migrant worker with a pathway to residence after two years with no labour market test if the worker is paid \$55,000 per year. The threshold was set in 2008 has not been indexed to increase in line with other wage increases.

In recent years we have seen a significant increase in the number of lower-skilled migrants who do not meet the requirements of the Skilled Migrant Category utilising this category. In 2017/18 there were 5,500 visas issued to migrants (up 68 per cent on the previous year).

Proposed changes

It is proposed that premium accredited employers be able to offer skilled migrant workers a pathway to residence with no labour market test if they are paid 150 per cent of the New Zealand median income or more (currently \$37.50 per hour or \$78,000 per annum). This would allow skilled migrants, who the employer deems highly desirable, to have a pathway to residence and provides incentives for employers to meet the higher accreditation standards. The remuneration threshold would be indexed and aligned with the Skilled Migrant Category thresholds.

Extending the visa to three years for some lower-skilled workers

Current Settings

As shown in Figure 3 below, lower-skilled migrants under the Essential Skills Visa can be granted a visa for a maximum of 12 months with a maximum of two annual renewals. The visa holder must then leave New Zealand for 12 months (known as the stand down period). This ensures employers are testing the labour market regularly to ensure New Zealanders are first in line for these jobs.

Figure 3: Definition of current skill bands and associated visa conditions

Skill band	ANZSCO	Remuneration	Maximum visa length	Maximum number of visas	Eligible to support a partner/ child visa
Higher-skilled	1-5	\$37.50 per hour or above (150 per cent of median wage)	5 years	Unlimited	Yes
Mid-skilled	1-3	\$21.25 - \$37.49 per hour (85-100 per cent of median wage)	3 years	Unlimited	Yes
Lower-skilled	1-3	Less than \$21.25 per hour	1 year	Up to 3 years and then must	No

		(85 per cent of median wage)		spend 12 months out of New Zealand	
	4-5	Less than \$37.50 per hour (150 per cent of median wage)			

Proposed changes

It is proposed that the maximum visa duration for lower-skilled workers is extended from one to three years for migrants employed by premium accredited employers if the job is in a region that is identified as having tight labour markets (for example, the unemployment and underutilisation in reference to the national average and range) and there are no significant infrastructure constraints. The classifications of these regions would be identified using the regional differentiation approach and indicators discussed in proposals four and five.

Questions

- Do you have any comments to make on the different accreditation groups for employers with particular reference to accreditation types, standards, duration and incentives? Please indicate any particular impacts including impacts on smaller businesses.
- Are there any other ways in which employers could demonstrate that they meet the standards?

5. Gate 2 – the job gateway

Proposal 3: There are four job pathways for employers to recruit temporary migrant workers. The type of pathway and corresponding labour market test depends on the type of skill shortage, sector and region.

Job checks for recruiting temporary migrant workers

Current settings

As shown in Figure 4 below, there are three types of pathways employers may currently use to employ a temporary migrant worker.

Figure 4: Current job pathways available to employers recruiting temporary migrant workers on employer-assisted visas

Skills shortage lists	Talent (Accredited Employer) Work Visa	Labour market test
<ul style="list-style-type: none"> • INZ reviews skill shortages each year in consultation with industry and government agencies. • Shortages are published on lists (called the Essential Skills in Demand List) as occupations. • Criteria for occupations to be added on the list include: <ul style="list-style-type: none"> ○ 50 or more work visas issued in 12 months; and ○ Supported by at least one industry body or professional association. • Employers bypass the labour market test if the occupation is on the skill shortage lists. 	<ul style="list-style-type: none"> • The Talent (Accredited Employers) Work Visa allows accredited employers to bypass the labour market test if the employer is willing to pay \$55,000 p/a. 	<ul style="list-style-type: none"> • The labour market test is the same for all jobs in all regions and sectors. • Employers must advertise a vacancy at the prevailing market rate before a visa application can be made. • Employers must prove to INZ they have made a genuine attempt to recruit or train a New Zealand worker. • For lower-skilled roles the employer must also seek a skills match report from MSD, which outlines how many domestic job seekers were available, if any. • The test does not trigger a response from the education/skills and welfare systems to improve domestic supply options.

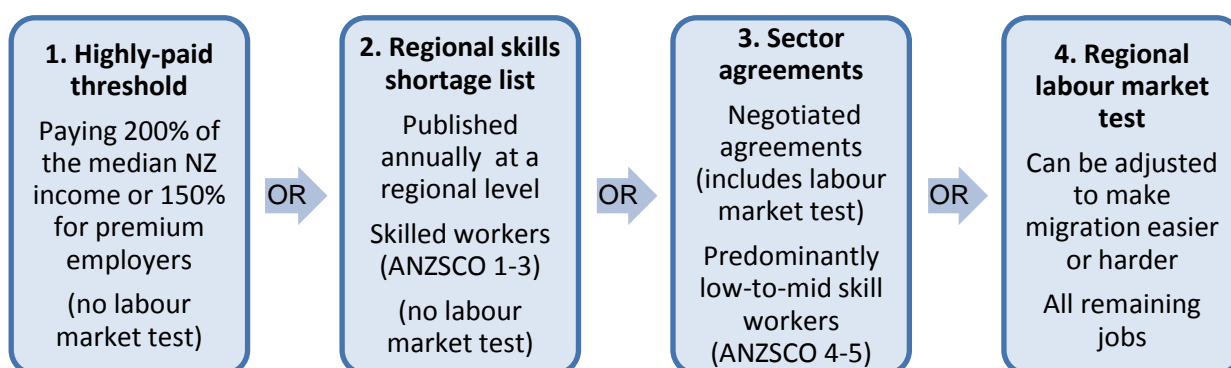
The current job pathways lack flexibility and do not incentivise employers or others to address the underlying issues that are leading to demand for temporary migrant workers. This mainly reflects the fact that:

- The skills shortage lists do not reflect skill shortages at the regional level.
- The Talent (Accredited Employers) Work Visa is remuneration threshold is too low.
- The labour market test cannot be differentiated to reflect different types of skill and labour shortages as well as the different needs of regions and sectors.
- The labour market test does not trigger an adequate domestic labour market supply response from the education/skills and welfare systems.

Proposed changes

There is a case for a more expansive and targeted set of job pathways than is currently available. As summarised in Figure 5, it is proposed that there are four job pathways available to employers to recruit temporary migrant workers in the future. Three of these pathways (the highly-paid threshold, regional skills list and regional labour market test) are enhancements of the status quo. One of these pathways (sector agreements) is a new pathway.

Figure 5: Future job pathways available to employers recruiting temporary migrant workers



Highly-paid threshold

It is proposed that no labour market test will be needed for skilled migrant workers paid a sufficiently high remuneration. This is because paying a migrant worker a high remuneration generally reflects a genuine skills shortage and the value that the employer has placed on that migrant's unique skills and experience.

The current national median income is \$25.00 per hour or \$52,000 annually. It is proposed that the highly paid threshold is:

- 150 per cent of the national median income for premium accredited employers; or
- 200 per cent for all other employers.

This threshold would be consistent with current remuneration thresholds under the Skilled Migrant Category and will ensure the threshold is sufficiently high to recognise genuinely skilled migrants.

Questions

- Do you agree with the highly paid threshold job pathway?
- Why/Why not?

Regionalised skill shortage lists

The skills shortage lists will be recast by region when they are published next in April 2019 and renamed as Regional Skills Shortages (RSS) lists. This will better reflect the skill shortages that exist in the regions and provide a stronger signal to temporary migrants of opportunities in regional areas.

Further changes are being considered including the criteria for assessing what occupations are placed on the lists and how these lists will signal a domestic labour market supply response from employers and the education/skills and welfare systems. There are no specific proposals on this matter at the moment but we welcome your general comments.

Questions

- Could the skills shortage lists be improved?
- How could the skills shortage lists be improved?

Sector agreements

The purpose of the sector agreements is to provide certainty for employers in industries that rely heavily on migrant workers. In return for that certainty, employers will need to make commitments including the commitment to employ more New Zealanders over time and reduce their reliance on migration. Sector agreements will help businesses to grow and thrive and deliver better jobs for working people. They will also help ensure that migrant workers are not exploited and have wages and conditions that are consistent with New Zealand values.

The introduction of the agreements reflect the increasing demand from employers for 'bulk recruitment' of mid-to lower-skilled migrant labour in some sectors. This demand may reflect genuine shortages of local labour or may arise because the terms and conditions offered are not attractive to local workers. There is a need to ensure that the recruitment of temporary migrant workers into these jobs complement rather than substitute jobs for New Zealanders.

Agreement parameters

It is proposed the agreements are negotiated with representative industry bodies and made compulsory for employers seeking to recruit migrants in that sector. The agreements would set out specific occupations covered by the agreement, employer accreditation standards, how the labour market test will be applied, required wages and conditions, caps on the total numbers of migrant workers that can be recruited, training commitments and any special regional or other considerations. This would also address situations where standard visa application processes and the ANZSCO framework don't adequately fit the skill and occupation structure of the sector. The agreements would last for three years and then be renegotiated to reflect changing conditions.

Benefits and obligations

These sector agreements will provide employers with the benefit of greater certainty of access to temporary migrant workers (over the three-year duration of the agreement) and could also provide employers with the benefit of commitments to more efficient visa processing of visa applicants and possibly more favourable visa conditions. Other commitments could also be made by the

Government (for example, in relation to the education/skills and welfare/employment systems) as part of the negotiations for these agreements.

In return, employers would need to commit to improvements to industry productivity, investment in the training and development of domestic workers and better conditions for both domestic and migrant workers. The aim is to create better jobs for New Zealanders and to incentivise changes that would increase productivity and reduce demand for lower-skilled workers in the sector, reducing the reliance on lower-skilled temporary migrant workers over time.

Types of sectors

It is proposed the agreements are initially focussed on sectors that have already demonstrated (through the MBIE-led multi-agency Sector Workforce Engagement Programme) that they are facing significant supply issues for mid-or-lower-skilled labour and/or are ready to engage. These sectors are residential aged care, dairy farming, tourism and hospitality, and road freight and transport. It may also include other sectors such as the forestry, fishing and meat sectors. The construction sector is not in scope of these agreements as other arrangements to address long-term shortages have already progressed with the sector.

It is proposed that negotiations begin with the residential aged care sector and the tourism and hospitality sector in mid-2019 with the expectation that the agreements could come into effect by early 2020. This would be followed by engagement by the road and freight and dairy farming sectors in 2020.

The Recognised Seasonal Employer policy, which provides access to lower-skilled workers mainly from the Pacific in the horticulture and viticulture industries, would be reviewed separately in 2019. A sector agreement may be negotiated following that review.

Questions

- Do you agree that sector agreements should be introduced?
- Why/Why not?
- Do you have any comments on what could be included or excluded from the sector agreements?

Regional labour market test

Proposal 4: The labour market test will be reviewed to make it easier or harder to recruit temporary migrant workers in a region. How it is applied will depend on how the regions are differentiated.

There is merit in being able to adjust the supply of temporary migrant workers at a regional level to reflect regional labour market dynamics, particularly domestic labour demand and supply. For example, the labour market test could be made easier or harder in a region based on how well the domestic labour market is performing and the reliance on temporary migrant workers. Figure 6 sets

out how regional dynamics may result in different approaches to how the labour market test is applied.

Figure 6: How regional dynamics might impact the type of regional labour market test

	Labour demand	
Domestic labour supply	High	Low
High	<ul style="list-style-type: none"> • Harder labour market test to access migrant labour • High investment in domestic response (education/welfare) • More obligations on employers i.e. recruiting and training New Zealanders 	<ul style="list-style-type: none"> • Harder labour market test to access migrant labour • Moderate investment in domestic response (education/welfare) • Some obligations on employers i.e. training and wages
Low	<ul style="list-style-type: none"> • Relaxed access to migrant labour, subject to infrastructural constraints • Moderate investment in domestic response (education/welfare) • Some obligations on employers i.e. training and wages 	<ul style="list-style-type: none"> • Moderate access to migrant labour • Low investment in domestic response (education/welfare)

Questions

- Do you agree the labour market test could be more responsive to better reflect the different needs of the regions?
- Why/Why not?
- How could the labour market test be redesigned to make it more responsive to regional needs?
- Are there any more general improvements that could be made to the labour

Regional Indicators

Proposal 5: The regions will be differentiated based on a set of indicators which reflect the labour market dynamics and growth pressures of New Zealand’s sixteen regions.

It is proposed the regions are differentiated based on a set of indicators and measures which reflect the labour market dynamics and growth pressures of the regions. The proposed indicators are summarised in Figure 7.

The dynamic nature of the labour market (including responsiveness to government stimulus) means the characterisation of the regions could fluctuate regularly. The regional indicators framework must therefore be monitored on a regular basis so adjustments can be made as circumstances change.

Questions

- Do you agree a set of indicators could be used to differentiate regions?
- Why/Why not?
- Do you have any comments on the proposed regional indicators including how they could be applied to differentiate the regions and how the regions could be classified?

Figure 7: Regional characterisation indicators

Indicator type	Indicator	Measure(s)
Labour Market	Unemployment volumes and rates (including splits for Māori, Pacific Peoples, and youth and disabled people) and by region/sub-region	Relative to national average and range
	Trend in unemployment volumes and rates	Direction of change over the last 3 years and range
	Employment rate by age, gender, ethnicity, disability status and region/sub-region	Relative to national average and range
	Trend in employment rate and volumes	Direction of change over the last 3 years and range
	Underutilisation rates by age, gender, ethnicity and region / sub-region	Relative to national average and range
	Trend in underutilisation volumes and rates, by age, gender, ethnicity, disability status and region / sub-region	Direction of change over the last 3 years, for the 3 years ahead and range
	Wage levels and labour cost index projections for the next 3 years, by occupation, industry and region /sub-region	Relative to national average and range
	Forecast economic growth by region	
Supply	Vacancy growth (job growth)	Relative to national average and by occupations type and level
	Projected annual volume of school-leavers by region/sub-region	Direction of change over the last 3 years, for the 3 years ahead and range
	Projected enrolments in tertiary education by level, field of study and by region/sub-region	
	Projected completions by level and field of study and by region/sub-region	
	Projected net migration, by occupation and by visa type and by region/sub-region	
	Number of work-tested beneficiaries by region / sub-region	
Projected volume of exits by beneficiaries to employment by region/sub-region		
Demographics	Working age population as a proportion of total population including those not in the labour force or employment, education or training and by gender, ethnicity and region/sub-region	Relative to national average
	Projected change in working age population and by gender, ethnicity and region/sub-region	
	Age distribution within key occupations for region	
Other	Infrastructure constraints	Demand for housing
		Pressure on road and rail
	Investment in infrastructure	Level of planned investment over next 3-5 years
	Level of dependency on immigration	Number of temporary migrants and share of total employment

6. The domestic labour market system

Proposal 6: The job pathways will trigger a signal from the immigration system to the broader labour market system to ensure there is an adequate domestic labour supply response.

Current settings

Government invests in the education/skills and welfare/employment systems. Among other outcomes, these systems help prepare New Zealanders for employment and for further education. As well as the influence they have on the labour market through their business models and management practices, employers play a pivotal demand-side role in the operation of these supply-side systems, in specifying their needs and employing job seekers, supporting their training and development.

The roles of these supply-side systems in the labour market and the interactions between them and immigration are outlined below.

The education/skills system

The education system plays a critical role in preparing New Zealanders to be well rounded citizens contributing to strong, economically sustainable communities. It also prepares New Zealanders for the 'world of work' in two key ways:

- The school system helps prepare New Zealanders to take up employment after leaving school, providing them with foundation level skills and competencies required to enter employment or tertiary education.
- The tertiary education system includes provider-based education such as university-level study as well as vocational education, including employer-based pathways such as apprenticeships. This helps equip New Zealanders with the skills, competencies and knowledge they need to succeed in the New Zealand labour market. The education system provides New Zealanders with life-long learning opportunities.

The welfare/employment system

Where appropriate, the welfare/employment system supports its clients as job seekers into employment through its suite of Active Labour Market Policies (ALMPs). ALMPs are commonly used by governments to reduce unemployment. Typically, ALMPs include training programs, wage subsidies, welfare-to-work and placement services. The Welfare Expert Advisory Group set up in 2018 is looking at system interactions and their findings will help inform any final decisions taken in this area.

The immigration system

The immigration system supplements the domestic supply of workers available to employers. As outlined in the background section, immigration should be responsive to domestic labour demand,

complementing rather than substituting the supply of local workers, particularly lower-skilled workers.

The labour market system

There is an opportunity to build on and enhance the successful outcomes delivered by the education/skills, welfare and immigration systems and improve how these systems collectively contribute to labour market outcomes for New Zealanders, through better alignment with each other and with employers' needs. Employers have a key role in the operation of the labour market and education/skills system and can influence the main supply-side levers. In particular, we want the proposed changes to the immigration system to trigger a domestic response to the increased demand for workers.

To illustrate, there are two key existing mechanisms where this could occur:

- Many employers must meet a labour market test before they can employ a temporary migrant worker. This requires the welfare system to undertake a check to see if there are suitable or trainable beneficiaries available to do the job. At present, employers reject a large proportion of candidates forwarded to them for consideration, even though they are available for work and appear to match the employers' needs. The system does not currently capture the reasons for rejection or trigger further support for the candidates which could range from language literacy and numeracy training to work readiness training. Stronger feedback loops could help improve success.
- The inclusion of occupations on immigration skills shortage lists facilitates employers' access to migrant workers. There is scope to improve the skills shortage lists through specifying at regional level the number of people needed in particular occupations and over what period and through clearly setting out the skills and competences required rather than just specifying a qualification and the length of experience required.

Both these mechanisms could potentially provide signals to the welfare and employment support functions of MSD as well as to education providers and the public/students to assist decision making. However, at present neither the labour market tests undertaken for visa purposes nor the inclusion of occupations on the immigration skills shortage lists elicit a strong response from the education or welfare systems to address the implied skills shortage.

There is scope to improve the skills shortage lists through specifying at regional level the number of people needed in particular occupations and over what period and through clearly setting out the skills and competences required rather than just specifying a qualification and the length of experience required.

The proposed changes to the immigration system could provide other opportunities for closer alignment of the immigration, education/skills and welfare/employment systems.

Synergies from wider changes across the education/skills and welfare/employment systems

The education/skills and welfare/employment systems are undergoing wide-ranging systemic reviews. Agencies are likely to consult on the outcomes of these reviews, including proposals for changes, in 2019. This current consultation process is seeking views on the sort of regional mechanisms that could more closely align the wider labour market, particularly in the regions. Agencies will work closely together to further develop the ideas, to ensure alignment with changes

in the education/skills and welfare/employment systems as the direction and settings of those reviews are agreed.

As shown in Case Study 1, Scotland provides a useful example of successful regional and sectoral approaches that is relevant to New Zealand's circumstances.

Case Study 1: Overseas approaches – Scotland has a longstanding integrated system of regional and sectoral planning that appears successful

Skills Development Scotland (SDS) produces a series of Regional Skills Assessments (RSAs) and Skills Investment Plans (SIPs). The RSAs provide a coherent evidence base on which to base future investment in skills built up from existing datasets (both quantitative and qualitative) that set out the play in each region mainly from a demand-side perspective.

The RSAs feed into the SIPs which work at a sectoral or a geographical level and describe the skills challenges and opportunities across Scotland's key sectors. They give a picture of the economic and labour market situation, trends in skills and qualification supply and employers' perspectives on the big skills issues affecting sector growth. The SIPs set out an action plan for the sector or region to implement to address their skills challenges.

SDS has some but not all of the tools and levers needed. They have funds to direct towards initiatives such as apprenticeships. They can also fund retraining where there are large-scale redundancies and can provide career advice and guidance. They also work closely with the tertiary education providers and fund some of their activity to make sure that they are offering the right sort of training.

The SDS works to prepare Scotland through its Skills 4.0 initiative for the changing nature of work. In their words, "Technological and societal disruptions are coming at us thick and fast. While we cannot predict the future, we can prepare for a future that is increasingly unpredictable." Their response is to create a skills system that builds in adaptability. To do this, they are looking at how to build competencies like curiosity, focus, and empathy into existing training and vocational recognition standards.

For more information visit <https://www.skillsdevelopmentscotland.co.uk>

Questions

- Do you agree that demand for temporary migrant workers should trigger a response from the labour market system to optimise opportunities for New Zealanders? Why / Why not?
- Do you agree that closer alignment of the immigration, educations, skills, welfare and employment systems will optimise employment opportunities for New Zealanders? Why/Why not?

Proposal 7: How regions are differentiated will influence the domestic labour supply response. This would require a collaborative response led by Government which considers education/skills, welfare, employer and other local mechanisms. This could be supported by a new regional governance framework including a regional body, strategy, information capability and skills and job hub.

Supporting the regions to thrive

Supporting thriving, sustainable regions is one of the Government's key strategies for achieving 'Government Priority 1 – an economy that is growing and working for all of us'.

There are already mechanisms and initiatives which contribute to regional labour market outcomes and many industries and government agencies have a presence or operate at regional levels. For example:

- The Ministry of Social Development (MSD) has labour market teams which work with industry and in the regions to develop and implement ALMPs.
- MBIE's Provincial Development Unit (PDU) is a cross-government unit which administers the Provincial Growth Fund (PGF) through its network of cross-agency senior regional officials supported by regional governance groups. Aimed at supporting regional economic development by enabling local people to be 'work ready' for the employment opportunities associated with investment decisions through the PGF, the PDU also leads the Sector Workforce Engagement Programme and He Poutama Rangatahi to support regional engagements with employers and communities and to improve employment outcomes, particularly for youth.
- There are also specific education initiatives such as the Trades Academies that prepare people for work in the trades as a proactive measure to ensure that they can make informed decisions and can fill skill shortage areas.

The extent of this collective activity, however, varies across regions and sectors, and unemployment and under-utilisation, particularly for key sub-groups, remain high. There is a need to be more responsive to these labour market challenges at regional level. This includes developing a greater understanding of the different and changing needs of regions and sectors and of the mechanisms and initiatives that are already in place. There is an opportunity to improve how these systems are targeted to achieve wider outcomes across the labour market and economy, and to enhance the way in which they are aligned and integrated at regional level.

Testing ideas to improve alignment and coordination domestically

Reviews are underway within the education and social welfare portfolios that will improve how the skills, welfare and employment, and immigration systems work together. More information on these will be provided in 2019.

In the meantime, there is a need to gain a better understanding of skill needs at a regional level, so that solutions can be developed to bring educators, employers and potential employees together.

The proposition is that differentiating the regions will allow stakeholders to identify priority areas and target responses more effectively. The intention is to facilitate and better enable an integrated and targeted response across the immigration, education/skills and welfare/employment systems, at a regional level.

In particular, agencies are considering how to get better regional planning, information flows and more coordination between the education/skills and welfare/employment systems, to support regional and national labour markets. This could mean using existing structures which have a demonstrated track record or developing new mechanisms. Importantly, the development of new and existing mechanisms will likely progress alongside reviews in the education and welfare systems. Some possible ideas are discussed below.

- regional labour market strategies and plans
- regional decision-making and coordinating bodies/groups
- regional education, skills and employment hubs

Questions

- Do you agree that a regional response is a useful approach to improve domestic labour market outcomes for New Zealanders?
- Why/Why not?

Regional labour market strategies and plans

An idea to test is whether regions would benefit from a regional labour market strategy or plan, noting that some regions already have or are developing versions of these. Where such a blueprint does not already exist, a regional body or bodies with labour market alignment functions could have responsibility for developing regional labour market strategies and implementation plans to reflect local labour market dynamics and anticipate and meet workforce needs. These could extend to providing information to education providers about the projected skills and training needs at various levels across the regional economy.

Another idea to test is whether these strategies and plans would identify the key skills and labour needs for the region and how these needs are currently being addressed, and how they should be addressed. The strategies and plans could also include bringing Government's wider resources to bear by targeting existing investments in other initiatives or types of support to areas where immigration is to be tightened over time.

It is envisaged that the strategies and plans would be informed by a broad-based, shared national and local platform of information including insights generated from the immigration job pathways (e.g. the regional skills shortage lists, sector agreements and labour market tests) as well as information from the education/skills and welfare/employment systems.

Questions

- Do you agree that a regional labour market strategy and plan would be a useful mechanism to improve domestic labour market outcomes?
- Why/Why not?
- What purpose might a labour market strategy and plan serve in your region? What would its focus be and what would it need to contain in order to work well?
- Who do you think should be responsible for developing and implementing a

Regional skills bodies

There are many people and organisations that have an important role in contributing to domestic labour market outcomes. These include central and local government, economic development agencies, businesses and industry bodies, education providers, careers advisors, iwi, unions, families and whanau, and individuals. Many regions are already bringing stakeholders together to work on shared objectives such as ensuring 'priority regions' are 'investment ready'. Some regions are further ahead at this than others or have more reasons to come together.

A regional skills body, or network of organisations carrying out these functions, could help improve coordination across the education/skills, welfare/employment and immigration systems. These could be, or could build on, an existing group or structure, and could potentially be responsible for:

- developing a regional labour market strategy and plan, in line with any regional or national economic development plans;

- bringing together all the key people and organisations in a way that suits the region given what is already in place and working well;
- contributing to the evidence base including identifying emerging issues together;
- co-developing solutions to support local engagement;
- collaborating and coordinating implementation of the plan/ actions towards achieving the region's labour market objectives; and
- making recommendations to central government on what steps would be needed at a regional level to overcome any particular obstacles that the regional bodies (which may include multiple bodies or all of them) encounter that cannot be resolved locally.

Membership could include:

- the local economic development agency;
- local government;
- iwi;
- local employers and their associations;
- local workers and their trade unions;
- local education providers such as universities, polytechnics and wānanga; and
- central government agencies with a regional presence such as the Ministry of Education (MOE), MSD , Te Puni Kōkiri and MBIE.

The regional governance framework would vary across regions. In some cases, there may be no need to establish a new framework but instead could leverage off existing structures and mechanisms. In other cases there could be a role for government to assist with bringing stakeholders together and developing a shared way forward. These are likely to be considered on a case by case basis.

Ideas about regional coordination bodies would need to be looked at in the broader context of current education and welfare system reviews and developed in tandem with, or part of, any wider changes.

Questions

- Do you agree with the concept of regional skills bodies to support improved regional labour market outcomes?
- What useful functions could a regional skills body serve in your region?
- How might such a body work and what powers/ abilities would it need to have (e.g. decision-making powers or powers to recommend or direct?)

Regional skills and job hubs

One way to better align the education/skills, welfare/employment and immigration systems with local employment needs is through a hub. Such hubs could be similar to:

- the Canterbury Skills and Employment Hub which was used during the Christchurch rebuild to administer the immigration-related labour market test process to place New Zealanders, including domestic job seekers, into employment opportunities for which employers would otherwise access migrant labour – the Hub provided its services for five and a half years, closing in June 2018; and
- the Jobs and Skills Hubs in Auckland which provide a recruitment and training service for employers which:
 - matches employment opportunities to job seekers in the local communities; and
 - arranges training in liaison with an Industry Training Organisation (ITO) or a local institute of technology / polytechnic (ITP) or Private Training Establishment (PTE), to meet the needs of the job seeker and the employer.

The purpose and functions of the hubs could vary based on regional needs but would be likely to include:

- Providing a job matching and skills brokering service focused on placing New Zealanders in that region into jobs.
- Delivering the labour market test for all applications for temporary migrant workers in the region. This would include facilitating job checks to ensure there are no New Zealanders who could do the job.
- Arranging and facilitating suitable vocational training for trainees placed with employers.

Questions

- Do you think that regional jobs and skills hubs could be a useful way to support coordination in the regions?
- Why/Why not?
- In what circumstances could hubs be most useful?
- What do you think would be critical to making the hubs work effectively?

Supporting regional labour market alignment

Any regional labour market governance and alignment activities could be supported by a central government function to assist with:

- **Developing good information:** Commission, collate, analyse and share information, intelligence and analysis on current and future demand, supply and matching on skills and occupations at industry/sector, national, regional, sub-regional levels, to inform the decisions and actions of central/local government, providers, business and other parties.
- **Spotting wider issues:** Help identify skills and labour issues at whole-of-sector/industry/occupation or national level, and catalyse appropriate action given apparent trends or similarities across regions or sub-regions.
- **Spreading good ideas:** Recognise and promote good ideas and effective initiatives, including through evaluation, identifying critical success factors, cross-fertilisation and communication.
- **Resourcing:** Provide resources to assist regional coordinating bodies. This could include, for example, time-limited assistance to establish the bodies, model terms of reference, guidelines for operation, identification of prospective members and examples of good practice.
- **Making connections:** Assist with connections to central government and other contacts and provide networking opportunities.
- **Supporting continuity:** Help ensure the on-going effectiveness, efficiency and appropriateness of the regional labour market system, including continuity in regional coordinating bodies and regional plans.
- **Facilitation:** Assist with exercise of powers of regional coordination bodies as appropriate and required.

Questions

- What other ways are there to get regional labour markets working better to ensure employers are placing more New Zealanders into better jobs, reducing our reliance on temporary migrant workers?
- What do you think the costs and benefits of a regional approach would be?
- At a more general level, what other ways are there to improve labour market outcomes for New Zealanders?
- What aspects of overseas approach to improving labour market outcomes do you think would work in New Zealand?

7. Gate 3 – the migrant gate

Proposal 8: Migrant identity, health, character and capability checks will largely remain the same.

Current settings

In most cases temporary migrant workers are responsible for initiating the visa application process and linking up aspects of the service with INZ and the employer. The specific checks on migrant workers currently undertaken by INZ include identity, health, character and capability checks.

Proposed changes

It is proposed that migrant checks remain largely as they are to ensure we continue to manage the risks associated with temporary migrant workers. There is potential scope to allow employers, rather than INZ, to undertake capability checks to ensure that the migrant genuinely has the skills required to do the job. This is because there is an incentive for the employer to only hire workers that have the skills, experience and knowledge required to do the job. However, there are also risks with this approach as it could increase the risks of migrant exploitation or provide a ‘backdoor’ to immigration. We are interested in hearing your views on this matter.

As outlined in the ‘gateway framework section’, it is proposed the employer rather than the migrant will lead the visa application process. This means migrant workers will only be able to apply for a visa once the employer is accredited and the job has been cleared through one of the four job pathways. This would provide migrants with more assurance about the employer and the job, reducing the risks of migrant exploitation while also reducing the administrative burden on migrant workers and speeding up the visa processing time. Some of the costs for making a visa application would be transferred from migrants to employers to reflect this change.

Questions

- Do you agree that employers rather than Immigration New Zealand should do the capability checks and manage their own associated risks?
- Why/Why not?
- What tools could employers use to do capability checks on their own and manage the associated risks?

9. Other arrangements

Proposal 9: Some other changes impacting lower-skilled temporary migrant workers will be made to support the move to the gateway framework:

- The remuneration threshold for mid-skilled workers will be adjusted to reflect the remuneration thresholds for the Skilled Migrant Category
- All lower-skilled migrant workers will have the ability to support partners and children for the length of their visa, with partners remaining subject to a labour market test should they seek paid employment

Increasing the remuneration threshold for mid-skilled workers

Current settings

Mid-skilled migrant workers at ANZSCO levels 1-3 who are paid between 85 to 100 per cent of the median wage (\$21.25 to \$25.00 per hour), are able to continuously roll over their temporary work visa without a stand down period, subject to a labour market test. These workers do not, however, have a clear pathway to residence as they do not qualify for residence under the Skilled Migrant Category remuneration threshold.

Proposed changes

It is proposed that the mid-skilled remuneration threshold is raised to 100 per cent of the national median wage. This would bring it into line with the threshold for the Skilled Migrant Category and ensure some groups of temporary migrant workers are unable to continuously roll over their visa without having the stability of a pathway to residence.

Question

- Do you have any comment to make on increasing the remuneration threshold for mid-skilled work from 85 to 100 per cent of the median income?

Reinstating family entitlements for lower-skilled workers

Current settings

Lower-skilled temporary migrants cannot be accompanied by their partner or dependent children unless their partner and children qualify for a visitor or temporary work visa in their own right. This was introduced in August 2017 to help address three issues:

- There was a pool of lower-skilled temporary migrants that were well-settled but had no pathway to residence. Restricting the ability for lower-skilled migrants to support family members reinforces the temporary nature of the visa and that lower-skilled temporary work visas are not a pathway to residence.
- The Government incurs fiscal costs for children in primary and secondary education, which may not be offset by the taxes paid by their parents.
- Evidence recently published by MBIE shows that partners of temporary work visa holders have some negative impacts on the employment outcomes of New Zealanders ([Impact of Temporary Migration on Employment and Earnings of New Zealanders, June 2018](#)).

Proposed changes

It is proposed to reinstate the right for lower-skilled temporary migrant workers to bring their partners and dependent children to New Zealand for the length of their stay in New Zealand. This would not change the temporary nature of the visa if the stand-down period of 12 months is retained after a maximum of three years.

The partners of migrant workers would be granted a visitor visa and school aged children would be granted domestic student visas for the same length of time as the principal applicant's visa. Partners would then be able to work in New Zealand if they obtain an employer-assisted work visa in their own right via the new gateway framework.

Questions

- Do you have any comment to make on allowing lower-skilled temporary migrant workers to bring their partners and dependent children to New Zealand for the duration of their visa?
- Do you have any comment to make on providing partners of lower-skilled temporary migrant workers with a work visa provided they meet the labour market test for a specific job?

Reviewing the stand down period for lower-skilled migrants

Current settings

Changes made in August 2017 mean that lower-skilled migrants who have worked in New Zealand for three years are subject to a stand-down period which requires them to leave the country for 12 months. The stand down period is intended to prevent a pool of lower-skilled, lower-paid migrants building up in New Zealand that are well-settled but have no pathway to residence. Prior to this, these migrants could roll over their visas indefinitely provided their jobs continued to pass a labour market test. The policy objectives behind the stand-down period were to avoid the following negative impacts:

- As a visa is based on a job offer, despite being well settled, if workers are injured or no longer able to work, the basis for their visa is lost leaving them in an insecure situation and vulnerable to exploitation.
- Workers do not have access to the same rights, benefits and Government support as New Zealanders (such as subsidised tertiary education for their children).
- Reduced incentives for employers to recruit New Zealanders meaning that potential local workers were substituted with temporary migrant workers.

No proposal is being made. However, your views on this matter are being sought.

Question

- In the context of the proposals in the discussion document, are there other ways to meet the policy objectives behind the stand-down period for lower-skilled visas?

10. Implementation

Proposal 10: Decisions will be announced in mid-2019 with the intention that the gateway framework is operational by mid-2020.

It is proposed that the proposals in this discussion paper are implemented as follows:

- Consideration of consultation submissions between March and April 2019.
- Decisions on the final proposals will be announced by Government in mid-2019.
- Some changes related to Proposal 3 (highly-paid threshold) and all changes in Proposal 9 (other arrangements impacting lower-skilled workers) would be implemented in August 2019.
- The first two sectoral agreements (the aged care sector and the tourism and hospitality sector) would be negotiated in the second half of 2019 and operational in early 2020.
- The gateway framework would be fully implemented between April and June 2020. Proposal 4 (labour market test improvements) and Proposal 5 (regional differentiation) could be implemented earlier depending on consultation and final decisions.
- The next two sectoral agreements (the dairy farming sector and road freight and transport) would be negotiated in the first half of 2020 and operational by the end of 2020.
- An integrated work programme between the education/skills, welfare/employment and immigration system will be operational by January 2020.

Question

- What information and tools would be useful to help you transition to the new gateway framework?

11. Costs and benefits

A summary of the expected costs and benefits of the proposals is shown in the table below.

Figure 8. Summary of high-level costs and benefits by key stakeholder

	Benefits	Costs
Regions	<ul style="list-style-type: none"> • More New Zealanders trained to meet skill shortages and employed in better jobs in the regions 	<ul style="list-style-type: none"> • Cost of establishing and servicing new regional governance frameworks
Employers	<ul style="list-style-type: none"> • More opportunity to forward plan for skill and labour needs • More options for low volume employers to make choices to suit preferences • More incentives for premium employers to attract workers through better visa conditions • More certainty on both skilled and low-skilled labour through pre-approval • Easier processes to navigate • Faster processes to navigate for employers who recruit more than one migrant worker in the accreditation period 	<ul style="list-style-type: none"> • New fees would be introduced – this would include a transfer of some costs from migrants to employers as well as a more general increase in fees to reflect accreditation requirements • Higher standards and new role and responsibilities would increase upfront administrative costs particularly for employers who are currently just meeting minimum standards
Migrants	<ul style="list-style-type: none"> • Risk of exploitation is reduced as migrant workers can better identify good employers and will have better conditions and remuneration • Easier process to navigate • More certainty about jobs before an application is made • Cost of visa is reduced 	<ul style="list-style-type: none"> • Fewer opportunities to work in New Zealand if employers can't meet standards or if employers start replacing migrant workers with local workers
Immigration New Zealand	<ul style="list-style-type: none"> • Easier to incentivise and reward good employers and target non-compliant and high-risk employers • Potential reduced role in the long-term after employers are accredited and remain compliant • Easier to process visa applications 	<ul style="list-style-type: none"> • Transitional costs would be incurred (e.g. operational reviews and disruption to business as usual during the implementation period)
Government agencies – labour market system (MoE, MSD & MBIE)	<ul style="list-style-type: none"> • Improved feedback loops to and from INZ regarding immigration drivers, impacts and controls • More opportunities to develop better local solutions to manage labour and skill shortages 	<ul style="list-style-type: none"> • More complex coordination and collaboration particularly during the policy development and transition periods • May result in costs pressures, new funding bids and changes to the existing work programme

Question

- Do you have any comments to make on the costs and benefits?

Appendix One: Proposed accreditation standards

A key person in the business applying to recruit a temporary worker is defined as:

- 1) For a company, any person occupying the position of a director of the company by whatever name called:
- 2) For a partnership (other than a limited partnership), any partner:
- 3) For a limited partnership, any general partner:
- 4) For a body corporate or an unincorporated body, other than a company, partnership, or limited partnership, any person occupying a position in the body that is comparable with that of a director of a company; and
 - a) includes any other person occupying a position in relation to the business or undertaking that allows the person to exercise significant influence over the management Figure 9. Accreditation tiers of the business or undertaking (for example, a chief executive); but
 - b) does not include a Minister of the Crown acting in that capacity; and
 - c) to avoid doubt, does not include a person who merely advises or makes recommendations to a person referred to in (a) or (b).

In order for an employer to be approved to recruit temporary migrant workers under the employer-assisted temporary work visa category, they must first demonstrate the requirements in Figure 9 below. This would be expected to apply to most employers.

Figure 9: Employer accreditation

Employer accreditation (standard accreditation)		
Current settings	Proposed requirements	Evidence required
Key evidence area 1: Reasons for exclusion		
<ul style="list-style-type: none"> • Employer is currently on the employer stand down list. • Employer has been convicted of an employer offence under the immigration act or having employed unlawful immigrants. • Employer has not provided previous Essential Skills Work Visa holders the remuneration required by those employees' work visa conditions. 	<ol style="list-style-type: none"> 1. Employer is currently on the employer stand down list. 2. Key people: <ul style="list-style-type: none"> ○ are currently involved in no asset procedures. ○ are currently involved in bankruptcy. ○ are on the banned directors list; ○ have been convicted of an employer offence under the immigration act or having employed unlawful immigrants; or ○ are found to have provided false and misleading information that is material to immigration decisions within the last five years. 3. Employer has not provided previous Essential Skills Work Visa holders the remuneration required by those employees' work visa conditions. 	<ul style="list-style-type: none"> • Information available online for: 1, 2(a), 2(b), 2(c). • 2(d) and 2(e) and 3 would be demonstrated based on information held by INZ.
Key evidence area 2: Employer assessment requirements		
<ul style="list-style-type: none"> • May need to provide evidence that they are financially sustainable enough to employ the migrant. 	<p>Minimises the risk of exploitation</p> <ol style="list-style-type: none"> 1. Have an induction process in place that ensures: <ol style="list-style-type: none"> a. Migrants are provided with information that supports them for life in New Zealand; and b. Migrants are aware of their rights and entitlements, and a pathway to independent advice. If renewing a visa, evidence must be supplied demonstrating that these rights and entitlements have been provided. 	<p>Employer must provide information setting out:</p> <ul style="list-style-type: none"> • The information being provided and the source (INZ Settlement Team provides information packs). • A copy of the rights and entitlements information being provided to migrants (on application the migrant must provide a signed copy of this letter). Online modules are also available. • If applying to renew a visa, evidence must be supplied demonstrating that entitlements have been provided (annual leave, sick pay etc.)
	<p>Trains and upskills New Zealanders</p> <ol style="list-style-type: none"> 1. Be able to demonstrate that they are actively training and up skilling New Zealanders. 2. Demonstrate that they are working with new entrants to the labour market or jobseekers. 	

		<p>contributed to the employment of new entrants or jobseekers within the last two years, and retained them for longer than 90 days (employment records or could be demonstrated by participation in an external graduate/work experience/back to work programme).</p>
	<p>Lifts wages and conditions</p> <ol style="list-style-type: none"> 1. On application to renew a visa, the migrant’s hourly rate of pay must have increased by at least the dollar value increase in median wages for the same period. 2. Employer has given consideration to the unique health and safety needs of the migrants and the environment they are entering. 	<ul style="list-style-type: none"> • For 1: The employer would need to provide the salary rate. This would need to match the remuneration as part of the migrant’s application. • For 2: The employer would need to provide information setting out their approach to health and safety, and tailoring it to migrants i.e. how will they address language barriers, how will they ensure that the migrant is aware of health and safety practices that may differ from their country of origin?
	<p>Maintains the integrity of the immigration system</p> <ol style="list-style-type: none"> 1. Have not had any redundancies in the last 12 months for the occupation/s being recruited for. 2. Proactive disclosure of any conflicts of interest. 3. An application for accreditation will be declined where an immigration officer considers accreditation would create unacceptable risks to the integrity of New Zealand's immigration or employment laws or policies. 4. If there are concerns, the immigration officer may require more information to confirm that they are: <ol style="list-style-type: none"> a) an employer with a genuine job offer; b) financially sustainable enough to employ the migrant. 	<ul style="list-style-type: none"> • For 1 and 2: A statement from the employer is sufficient. • For 3: A criminal history check would form part of requirement. • For 4: Is available at the discretion of the immigration officer.

Employer accreditation (labour hire companies and premium accredited employers) <i>Under current settings this would cover existing accredited employers, employers using Approvals In Principle (AIPs) and labour hire companies</i>		
Current settings	Proposed requirements	Evidence required
Key evidence area 1. Reasons for exclusion		
<ul style="list-style-type: none"> Employer is currently on the employer stand down list. Have been convicted of an employer offence under the Immigration Act or having employed unlawful immigrants. Employer has not provided previous Essential Skills Work Visa holders the remuneration required under that visa. 	<ol style="list-style-type: none"> Employer is not currently on the stand-down list. Key people: <ol style="list-style-type: none"> have been involved in no asset procedures within the last four years; have been involved in bankruptcy within the last four years; are on the banned directors list; have been convicted of an employer offence under the immigration act or having employed unlawful immigrants; are found to have provided false and misleading information that is material to immigration decisions within the last 5 years. Employer has not provided previous Essential Skills work visa holders the remuneration required by those employees' work visa conditions. 	<ul style="list-style-type: none"> Information available online for: 1, 2(a), 2(b), 2(c). 2(d) and 2(e) and 3 would be demonstrated based on information held by INZ.
Key evidence area 2: Employer assessment requirements (in addition to minimum standards)		
	<p>Minimises the risk of exploitation</p> <ol style="list-style-type: none"> Have an induction process in place that ensures: <ol style="list-style-type: none"> Migrants are provided with information that supports them for life in New Zealand. Ensures migrants are aware of their rights and entitlements, and if renewing a visa, evidence must be supplied demonstrating that these rights and entitlements have been provided. <p>Also must:</p> <ol style="list-style-type: none"> have a transparent pastoral care policy in place that includes broader support for things like finding employment for partners, accommodation, enrolling kids in school etc. 	<p>Employer must provide a letter setting out:</p> <ul style="list-style-type: none"> The information being provided and the source (INZ Settlement Team provides information packs). A copy of the rights and entitlements information being provided to migrants (on application the migrant must provide a signed copy of this letter). Online modules are available. If reapplying, evidence must be supplied demonstrating that entitlements have been provided (annual leave, sick pay etc). Employer would need to provide a copy of their pastoral care policy.

<ul style="list-style-type: none"> An overall commitment to training New Zealanders. 	<p>Trains and upskills New Zealanders</p> <ul style="list-style-type: none"> Superseded by the details below. <p>Must:</p> <ol style="list-style-type: none"> Have a workforce development strategy in place, or is part of an industry association/commerce body with a workforce development strategy that they can demonstrate they are contributing to. Has an active graduate/apprenticeship programme or, is part of an industry body that has a graduate programme/apprenticeship scheme/work experience programme that they participate in or is in an Industry partnership with MSD or can demonstrate a history of employing jobseekers for longer than 90 days. 	<ul style="list-style-type: none"> Must provide the strategy, and if reapplying, evidence of progress against goals. Must provide evidence of participation in programmes or employment.
<ul style="list-style-type: none"> Have no objections from the Labour Inspectorate, WorkSafe. The relevant union is given the opportunity to provide an objection, and this is taken into consideration. An overall commitment to recruiting New Zealanders. That they have a high standard of workplace practices (such as human resources policies and health and safety policies in place). 	<p>Lifts wages and conditions</p> <ol style="list-style-type: none"> Employer has given consideration to the unique health and safety needs of the migrants and the environment they are entering. On application to renew a visa, the migrant's hourly rate of pay must have increased by at least the dollar value increase in median wages for the same period. <p>Also must:</p> <ol style="list-style-type: none"> Demonstrate that they are increasing wages and conditions. Have no objections from the Labour Inspectorate or WorkSafe. The relevant union is given the opportunity to provide an objection to an employer's accreditation; and this is taken into consideration. 	<ul style="list-style-type: none"> For 1: The employer would need to provide information setting out their approach to health and safety, and tailoring it to migrants i.e. how will they address language barriers, how will they ensure that the migrant is aware of H&S practices that may differ from their country of origin. For 2: The employer would need to provide the salary rate. This would need to match the remuneration offered as part of the migrant's application. For 3: An employer could demonstrate this through a range of ways, including but not exclusively: <ul style="list-style-type: none"> Being a living wage employer; If less than 20 employees, demonstrating that annual pay increases have kept pace with median wage increases; Endorsement or support from the relevant union (which is different to not receiving an objection under 5); ISO certification; Have a pay equity strategy in place; and Have diversity policies in place.

<ul style="list-style-type: none"> • Demonstrate financial sustainability. 	<p>Maintains the integrity of the immigration system</p> <ol style="list-style-type: none"> 1. Have not had any redundancies in the last 12 months for the occupations being recruited for. 2. Proactive disclosure of any conflicts of interest 3. An application for accreditation will be declined where an immigration officer considers accreditation would create unacceptable risks to the integrity of New Zealand's immigration or employment laws or policies. 4. If there are concerns, the immigration officer may require more information to confirm that they are: <ul style="list-style-type: none"> ○ A bona fide employer with a genuine job offer. ○ Further evidence that they are financially sustainable enough to employ the migrant. <p>Also must:</p> <p>Have been operating for at least two years, or has independently verified evidence that they will have sufficient revenue and/or capital to cover costs, including the employment of any migrant for the next 18 months.</p>	<ul style="list-style-type: none"> • For 1 and 2: A statement from the employer is sufficient. • For 3: A criminal history check can be undertaken by INZ. • For 4: is available at the discretion of the immigration officer. • For 5: Date is available publically (companies register), otherwise independently verified information will need to be sought from the employer.
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Appendix Two: Hubs

The Canterbury Skills and Employment Hub

The Canterbury Skills and Employment Hub (the Hub) was established in 2012 as a trial to assist the Christchurch rebuild and the regional economy through streamlining the skills matching process to help meet employer demand. The Hub was funded through to the end of the 2017/18 financial year and closed in July 2018, as the rebuild neared completion.

The Hub worked through one-to-one brokerage combined with 'frontloading' the immigration labour market test process so that the standard checks for New Zealanders available to fill a vacant position are conducted prior to an employer looking for and finding a migrant worker.

To provide its services, the Hub relied on its skills brokers, who were seconded from Work and Income, INZ and from parts of MBIE. The inter-agency collaboration was administered through a memorandum of understanding between its founding agencies:

- the Department of Labour as MBIE's predecessor
- the Tertiary Education Commission (TEC)
- the Ministry of Social Development
- the Canterbury Earthquake Recovery Authority

Evaluations of the Hub have been positive.¹ Key findings are:

- Despite increasingly tight labour market conditions, the Hub placed New Zealanders in work and, where they are not available, expedited employers' access to migrant labour.
- The Hub achieved the expected higher level outcome of improved employer access to labour supply.
- The Hub increased the placement of New Zealanders in work, made better use of government resource, improved interagency relationships, and better matched supply and demand.
- There were fewer complaints with a Hub model, with the Hub only receiving two complaints in the first 18 months of operation compared with two complaints per month at one INZ branch with an equivalent sized workforce. The reduction in complaints is thought to be due to employers being better informed through a more transparent process.

¹ Efficiency and effectiveness of the CSEH and potential rollout, Cost benefit analysis of the Canterbury Skill and Employment Hub and potential rollout, NZIER report to the Ministry for Business, Innovation and Employment, October 2014, available on request. Canterbury Skills and Employment Hub, Summative evaluation report, December 2014, available on request.

Jobs and Skills Hubs

Hubs have also been established as part of the Sector Workforce Engagement Programme (SWEP), an established joint-agency initiative (MSD, MBIE, and MOE) that aims to improve employers' access to reliable, appropriately skilled staff at the right time and place, while giving priority to domestic job seekers including beneficiaries.

The SWEP hubs support the Construction Workforce Action Plan to address skills and labour shortages in the construction industry. Ministers have asked for two more hubs to be established in Auckland as well as for advice on how they could be established elsewhere.

Two new hubs came on-stream in Auckland in 2017: the Wynyard Quarter / CBD Hub and the Tamaki Regeneration. Both of these hubs are influenced by lessons from the Ara Jobs and Skills Hub that supports the redevelopment of the Auckland International Airport and its precinct.

Ara has three core functions:

- Skills Connect – places jobseekers from a range of sources
- Skills Exchange – provides upskilling to employees, both new and current
- Schools Engagement – links Airport employers and the five High Schools in the area.

In July 2017, Auckland Airport took ownership of the Ara initiative and formed a trust to manage it as a central plank of their corporate social responsibility strategy.

Ara schools engagement continues to expand at Auckland Airport. This may extend to a possible cadetship pilot for year 12 and 13 students using some career-rich Airport sectors to initially test the concept. Transport and logistics are an early focus of discussion.

Appendix Three: Questions and answers on key matters

I am a migrant worker:

Q1. Would I need to transfer my visa to the new employer-assisted temporary work visa?

No, it is expected that existing visas would remain valid in line with their existing conditions. The new application requirements would apply when a further visa is sought.

Q1: What would happen if my employer hasn't been accredited under the new standards by the time I apply for a work visa?

Your employer will need to become accredited in order for your visa to be approved. If your employer has not been accredited, they cannot support your visa application.

Q3: If my employer loses their accreditation would I be able to change employer? Would I be able to work for an employer who hasn't gained accreditation?

If your employer's accreditation is not approved or is revoked, you may be able to continue to work for the employer until your visa expires. You can change employers at any time but you will need to apply for a variation of conditions on your existing visa or a new visa depending on the nature of the job. Your new employer would need to be accredited and have approval to recruit a migrant for their vacancy. This might require a labour market test depending on the circumstances.

Q4: Would my visa require me to remain working for the same employer?

Yes. However, you may be able to move to a different employer if they are accredited and have approval to recruit a migrant for their vacancy (via the job gateway) and you submit an application to vary the conditions of your visa.

Q5: I am on a work to residence pathway, what would happen to me?

If you have already been approved a work to residence visa under the Talent (Accredited Employer) or Long Term Skill Shortage List Occupations categories you will still be able to apply for residence provided you continue to meet the requirements of those policies. These policies will be closed to new applications once the gateway framework is in place.

Q6: I am currently in a mid-skilled job paid below \$25 per hour but my job would be considered lower-skilled under the changes, what would happen to me?

You would retain the conditions of your current visa until it expires. If you apply for a further visa you would be assessed against the new remuneration thresholds and your new visa conditions would reflect the skill level of your job.

I am an employer:

Q7: Could I employ migrants who are on a working holiday visas or other visas without being accredited?

Yes, at this stage the changes proposed are only for employer-assisted temporary work visas.

Q8: Could I put my accreditation on hold if I won't need to recruit for a period of time?

No, accreditation is an assessment of an employer at the time of accreditation and would be valid for a specified period of time. It cannot be placed on hold.

Q9: How long would it take to get my accreditation processed?

The time will depend on a number of factors including demand for INZ processes at the given time, whether you provide sufficient information and the type of accreditation you are seeking. Under current settings, for example, employer accreditation can take up to three months, though most are shorter than this. INZ will endeavour to ensure the transition period is as smooth as possible.

Q10: What happens if I do not supply the correct information in my accreditation application? Can I just provide supplementary material or do I need to re-apply?

INZ will ask for further information if applications are incomplete or insufficient which will delay the final decision on an application. If a decision has been made to decline an application, an employer will have to submit a new application.

Q11: What happens to existing employer accreditation? Is it automatically transferred?

Further information on the transition period for existing accredited employees will be provided when final decisions are announced. INZ will endeavour, however, to ensure the transition period is as smooth as possible.

Q12: What happens to Approvals in Principle?

Approvals in Principle would be replaced by the new gateway framework. Further information on the transition arrangements for existing Approvals in Principle will be provided when final decisions are announced.

Q13: Is it the number of migrants I employ or the number of visas I support each year that determines whether I will need to meet the higher employer accreditation standard?

Employers that support visas for six or more individual migrants in a 12 month period would need to meet the higher accreditation standard.

Q14: If I am an employer in a sector with a negotiated agreement, can I hire temporary workers if I have not signed up to that agreement?

Once sector agreements are negotiated, they would be compulsory for employers seeking to recruit migrant workers in occupations covered by the agreements.

Q15: Can I advertise a job and line up a migrant worker while my accreditation is being processed?

Yes you can advertise the job. However, applications for temporary work visas from employers that have not been accredited will be declined.

Q. 16: Will fees go up?

Fees will need to be reset if decisions are made to implement the gateway framework.

Q. 17: Can you provide some indication on how fees might change?

Migrants currently bear the cost of the visa application in most cases. If the gateway framework is approved then some of the costs of a visa application will be transferred from the migrant to the employer. An indicative range is that the fee for migrant applicants will decrease from \$440-\$580 to approximately \$300. Employers will offset this decrease plus additional cost attributed to the new gateway framework (e.g. employer accreditation). An indicative range for employers is \$600 for standard accreditation to \$2000 for premium and labour hire company accreditation.

