



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
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Final proposals for changes to the employer-assisted temporary work visa system

PROACTIVELY RELEASED



Key changes sought:

1. Ensure that migrants are only recruited for **genuine shortages**, and employers across New Zealand can **access** the skills and labour they need.
2. Increase expectations on employers to **employ and train** more New Zealanders.
3. Reduce **exploitation** of temporary migrants and misuse of the immigration system.
4. Create **better connections** between the immigration, education/skills and welfare systems.
5. Make the system **easier** to navigate.

Employer-assisted temporary work visa system

Current system

Complex

- Six employer-assisted temporary work visa categories
- Challenging for employer to navigate
- Unnecessary additional processing in some cases

Reliance on low-paid migrant labour

- Limited incentives for industry to attract, retain and train New Zealand workers over time to meet demand
- Some employers and industries particularly reliant on temporary migrant workers
- Widespread low pay rates for migrant workers (even for skilled roles)

Doesn't reflect regional variation

- "One size fits all" approach to different labour markets
- Skill shortage lists not delivering outcomes for regions
- Lack of coordinated labour market planning in regions

Open to misuse; non-compliance poorly targeted

- Loopholes and weak tests means system is able to be gamed
- Job descriptions regularly inflated
- Employers with poor track records of compliance not adequately screened out

Proposed new system

Simplified

- **One category** for employer-assisted temporary work visa
- **Simpler** business processes and **clearer rules**
- **Reduced unnecessary steps** and processing focussed on **meaningful checks**

More New Zealanders in jobs

- **Sector agreements** to reduce reliance on migrant labour long-term
- **Higher standards** for employers of high volumes of temporary migrants
- **Linking visa conditions directly to pay** increases incentive to pay higher wages
- **Strengthened labour market test** to better match New Zealand jobseekers first (including advertising pay rates) with real teeth

Tailored to regions and sectors

- **Regionalised** labour market test and visa conditions
 - Open access for higher-paid jobs in regions; tighter access & skill shortage lists in cities
 - Longer visas in regions with low labour supply
- **Regional Skills Leadership Groups** provide advice to welfare, education and immigration agencies to inform investment and coordinate domestic demand/supply side

Reduced ability to defraud system

- **Linking visa conditions to pay** (and removing occupation skill level) reduces avenues for job inflation
- **Assurance** built into accreditation
- **Higher standards** for higher-risk businesses
- **Increased certainty** of access to migrant workers for compliant employers

Employer-led system

- Employer accreditation – 3 levels
 - **Standard (approx. 22,000 employers)** – streamlined process for low-risk, standard employers (including small businesses). Checks to ensure business is compliant with minimum employment standards before being able to hire migrant workers.
 - **High volume (approx. 2,000 employers)** – (ie. employs more than 5 migrants in a year) higher standards for attracting and retaining New Zealand workers (wages, skills and training) and more checks to ensure compliance with employment standards.
 - **Labour hire (approx. 50 employers)** – higher standards and more checks as above. Site visit as part of verification
 - Move from paper based to online system, linked to employer (e.g. using NZBN)
 - Risk and verification
 - More checks on employers with risk factors (e.g. NZBN indicates they may be a “phoenix” business; employer does not have clean record of compliance with immigration instructions or employment standards)
- ✓ **Strengthened standards** and more weight on improving compliance
 - ✓ **Reduced risk of exploitation**
Increased emphasis on improving employer behaviour.
 - ✓ **More proportional resource** to target compliance activities to highest-impact situations

Sector agreements

- Sector agreements will support **facilitated access to migrants**, with increased certainty and lower compliance costs, for key occupations.
 - **In exchange** the sector will be required to make commitments and progress towards longer-term labour market improvements that place more New Zealanders into jobs in the sector and reduce the sector's reliance on temporary migrants.
 - Sector agreements will be **compulsory** for access to migrant workers in specified occupations in these sectors.
 - **Initial sectors** are likely to be:
 - Aged care
 - Dairy or meat processing
 - **Future sectors:** Road freight transport, tourism and hospitality, forestry
 - Aim is for **4 sector agreements per year**, with a 3 year duration for each agreement.
- ✓ **More certainty and tailored settings** scaled to the sector's circumstances
 - ✓ **Better coordination** at a sector level to meet shortages and raise quality of jobs
 - ✓ **Restrictions** on employers' use of lower-paid migrants over time
 - ✓ **Increased leverage and partnership** over progress on workforce development
 - ✓ **Greater alignment** with education/skills and welfare systems

Linking labour market test and visa conditions to pay

- **Use the median wage to distinguish between higher-paid and lower-paid** roles, rather than the combination of ANZSCO occupation level and pay.
 - Consultation indicated that the **current skill level system is complex** and that ANZSCO is outdated and does not work well for some occupations. This leads to significant numbers of incorrect job titles being provided by employers, and delays in visa processing.
 - Removing ANZSCO as a decision factor means it is **harder to defraud the system**, and allows Immigration New Zealand to focus on more serious instances of non-compliance.
 - Using pay to determine visa settings sends a **stronger signal to employers to raise wages** to access more generous visa conditions and an easier labour market test.
- Employers would be required to pay a market rate for all jobs for migrants.
- MBIE will publish market rates to assist INZ in decision making.

- ✓ **Reduced complexity**
- ✓ **Stronger incentives to raise wages**
- ✓ **Reduced ability to defraud the system**
- ✓ **Better integration and transition between temporary work and skilled residence policy**

Estimated visa numbers

14,000 above median wage	Easier labour market test Up to 5 year visa with indefinite renewals
26,700 below median wage	Harder labour market test Up to 3 year visa only, followed by stand-down

Strengthened labour market test

- **All jobs:** Employers must advertise roles with pay rates
 - This enables easy verification that New Zealanders and migrants were offered comparable rates of pay. It would also enable greater transparency, and support verification of market rates.
- **Lower-paid jobs:** Employers will need to accept referrals from MSD, except in specified circumstances (e.g. non-attendance at an interview or failed drug test for a vacancy in a high-risk environment).
 - Employers must provide their requirements to MSD, and any migrants must match this description.
 - New Zealanders will be considered suitable, available and trainable if they lack training which MSD is able to provide or facilitate within four weeks.
 - This increases the **incentives to support New Zealanders** who available, suitable and trainable to access these jobs.
- Reasons for non-acceptance of any MSD referrals will be **reported to agencies** to inform decision-making.
- Data and insights from labour market tests will be provided to Regional Skills Leadership Groups to supplement regional forecasts, and vice versa.

- ✓ **Better matching** of New Zealand workers to jobs
- ✓ **Better information** to support labour market planning and line up domestic demand/supply sides
- ✓ **Empower regional voice** into the response from education, welfare and immigration systems

Current settings

MSD refers:	~25,000 clients
Employers accept:	~900 placements

Regional differentiation

- **Lower paid jobs:** Flexible regional settings which enable a tighter or looser immigration response as labour markets change.
 - **Cities, higher-supply regions:** 1 year visa, renewable up to a maximum of 3 years.
 - **Lower-supply regions:** Upfront 3 year visa.
 - This provides more certainty for employers in regions with low numbers of New Zealanders available or wanting more work, and reduces potential displacement of New Zealand workers in are with high labour supply.
- **Higher paid jobs:** Replace regional skills shortage lists with **lists for cities and open access for regions.**
 - This provides a streamlined approach to filling higher-paid roles in the regions. More regionalised skill shortage lists were considered, but data shows this would not deliver better outcomes for regions.
 - Employers in cities would be required to advertise higher-paid roles before seeking access to migrant labour, unless the volume of unmet demand for the occupation is high enough to be on the city's skill shortage list.

✓ **Recognition that regional labour markets can differ, and have unique characteristics.**

✓ **Tailored process scaled to the labour market impact and regional conditions.**

Current labour market conditions

Cities	Auckland, Christchurch, Wellington, Hamilton and Dunedin
Higher supply regions	Northland, Manawatū-Wanganui, Bay of Plenty, Gisborne / Hawke's Bay, Taranaki, Tasman / Nelson / Marlborough / West Coast, and regional Wellington
Lower supply regions	Waikato, Canterbury, Otago, Southland

Highly paid pathway

- **Work to Residence** offer decoupled from the status of the employer and attached to the high pay threshold (200% of the median wage).
 - Where high remuneration rates are offered this generally reflects a genuine skills shortage and the value that the employer places on the skills and experience required for the role.
 - This streamlines the job check for highly-skilled workers, consistent with the aims of simplifying the system and increasing the skill levels of migrants.
- This would have the effect of **tightening access** to residence for lower-paid migrants, and ensuring emphasis is on the Skilled Migrant Category as the primary pathway to residence.
- Displacement risks will be monitored and the policy adjusted if necessary.

- ✓ **Easier pathways** for higher-paid migrants
- ✓ **Tightens** number of lower-paid migrants being granted residence
- ✓ **Higher skilled migrants** benefit the economy and supplement existing skills

Related changes – closing a loophole

- **Immediately increase the threshold** for the Talent (Accredited Employer) Policy to 150% of the median wage, to align with the Skilled Migrant Category threshold as an interim measure before this is disestablished

~9,000 fewer lower-paid migrants granted residence per year

Migrant checks

- Similar to status quo. 4 checks:
 - Health
 - Character
 - Identity
 - Skills and qualifications (where relevant).



More certainty – migrants can only apply for a visa once the employer check and the job check have been passed



~2,300-3,000 additional people
(1,700-2,000 partners, 600-1000 domestic school students)

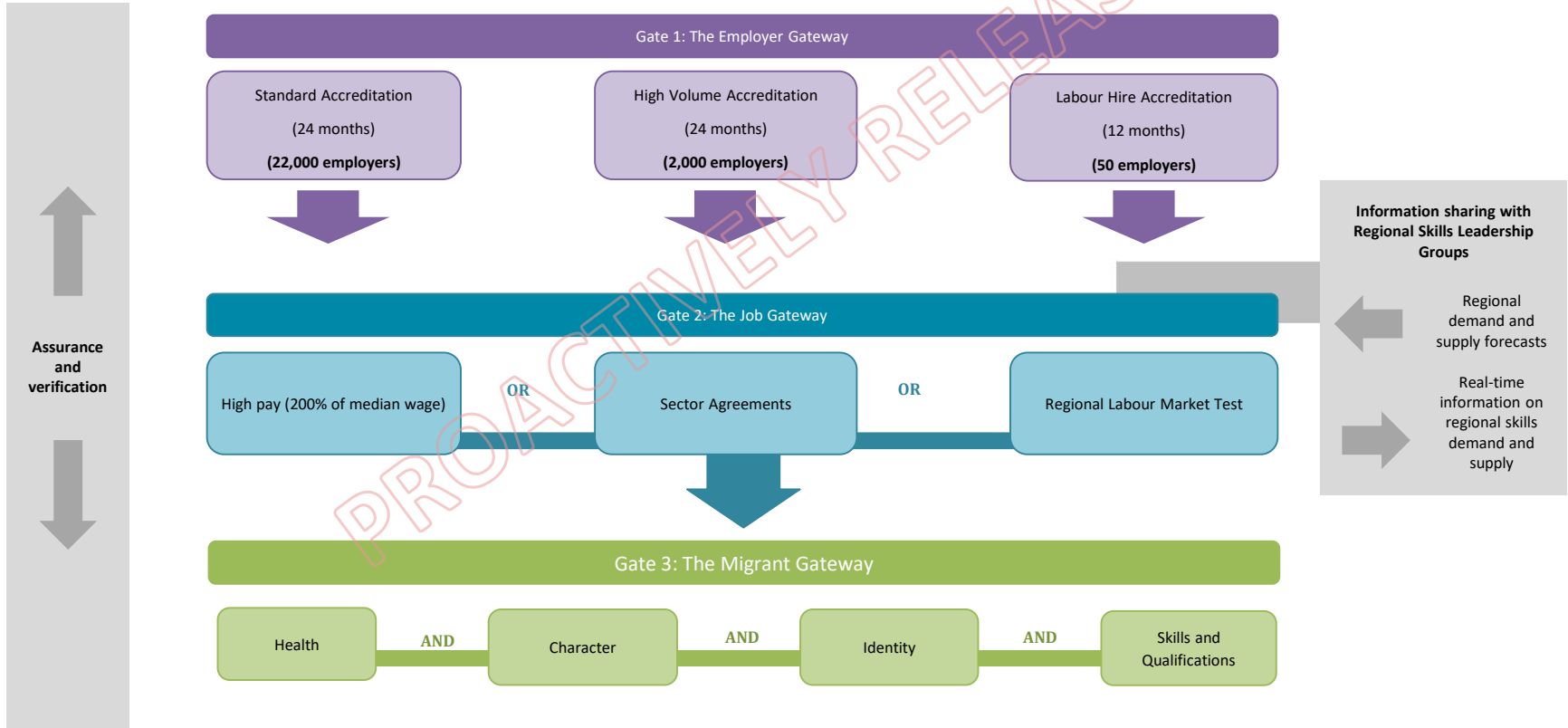
Related changes

- Reinstate entitlement for lower-skilled workers to bring dependents and partners.
 - Partners of lower-skilled workers would need to pass through the new gateway framework in order to be granted a work visa
 - Dependent children would be able to access primary and secondary education as domestic students, but would only be able to access tertiary education as full fee-paying international students

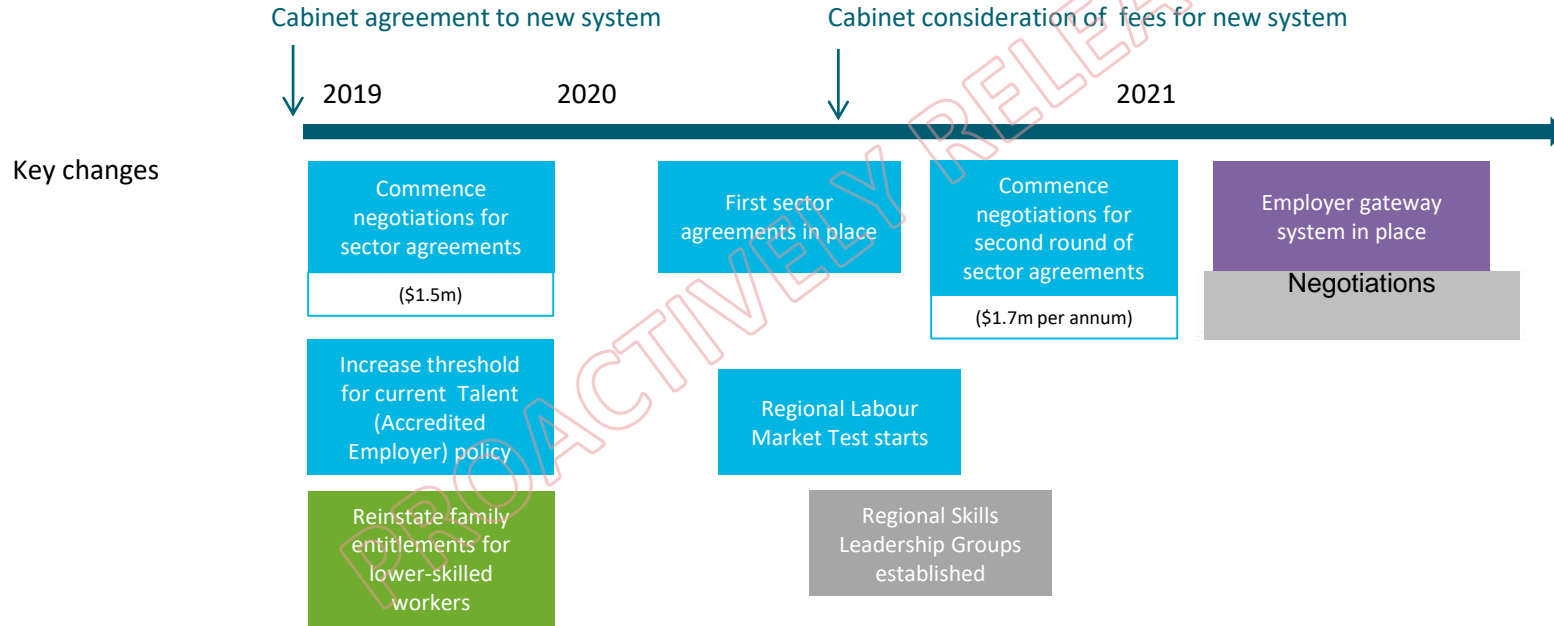


Supports Government priority to deliver compassionate government by supporting migrants' right to family life

Summary



Implementation



Further policy work

- Review Long Term Skill Shortage List policy and SMC
- Further development of accreditation standards (with industry)
- Publishing market rates to inform immigration decision making
- Reasons employers can decline MSD referrals agreed by Social Development and Immigration Ministers