

Submission by

**the Employers and Manufacturers
Association (EMA)**

to

**The Ministry of Business, Innovation and
Employment (MBIE)**

on the

**Proposals for a new approach to
employer-assisted work visas and
regional workforce planning**

18th March 2019

About the EMA

The EMA has a membership of more than 8500 businesses, from Taupo north to Kaitia, employing around 350,000 New Zealanders.

The EMA provides its members with employment relations advice from industry specialists, a training centre with more than 600 courses and a wide variety of conferences and events to help businesses grow.

The EMA also advocates on behalf of its members to bring change in areas which can make a difference to the day-to-day operation of our members, such as RMA reform, infrastructure development, employment law, skills and education and export growth.

Contact:

For further contact regarding this submission:

Michael Burgess

Senior Policy Analyst
Employers and Manufacturers Association
145 Khyber Pass Rd
Grafton
Auckland

Email: Michael.burgess@ema.co.nz

Phone: 09-3670936 or 0274410727

BACKGROUND

Employers & Manufacturers Association (EMA) welcomes the opportunity to make a submission to the Ministry of Business Innovation and Employment (MBIE) on proposed changes to the employer-assisted temporary work visas and regional workforce planning, and better alignment between the immigration, welfare and skills /education systems.

For some time the EMA has advocated on behalf of our members for a less complicated immigration process.

MBIE's proposed changes to immigration aim to create an employer-led work visa system. The proposals represent a more streamlined approach to applying for and administering temporary work visas. If managed, the new approach will provide more certainty for employers who hire migrants. However, employers will need to have a good understanding of the proposed changes.

The proposed framework aims to simplify the immigration system by condensing the six pathways for achieving employer-assisted temporary work visas into one framework that includes employer, job and migrant checks.

The 2018 EMA Employers Survey¹ showed the importance of immigration, with 53 per cent of respondents using the system to recruit staff for both skilled and unskilled positions. This compares to 49 per cent in 2017 and 38 per cent in 2016.

Most of those respondents seeking migrant staff rated the process of using immigration as 'difficult' to 'very difficult'. A sample of responses on how the immigration process could be improved follow:

- "It is cumbersome for those trying to gain visas streamlining."
- "We need immigration to help us grow and develop. Few New Zealand people are available."
- "Reduce paperwork and burden of proof. We spent a whole lot of money advertising just to prove we can't find candidates."

WELCOMED PROPOSALS

In principle, the EMA supports what MBIE is trying to achieve in the proposals to make it easy for employers to recruit paid migrant workers, and we welcome the following proposed changes:

- Introducing a new framework to simplify and streamline a system that has become very complex for a number of employers: having a framework of accreditation and reducing the number of visas into one category will help to resolve this.

¹ The annual EMA Employers Survey 2018 was conducted online in November 2018 and 206 members took part. Respondents were from a range of industry sectors and business sizes.

- Replacing the Essential Skills in Demand Lists with Regional Skills Shortages Lists will better reflect the skill shortages that exist in the regions.
- We welcome the maximum visa duration for lower-skilled workers being extended from one to three years for migrants employed by 'Premium' accredited employers if the job is in a region with tight labour markets.
- We welcome 'Sector Agreements' for industry sectors that rely heavily on migrant labour.

CONSIDERATIONS AND CLARIFICATIONS SOUGHT

The EMA would like the following changes or considerations be taken into account for the proposed new framework.

1. The EMA would like to see lower thresholds than those proposed.

Under the proposal, no labour market testing would be required for jobs that meet a higher pay threshold or those higher-skilled roles that are on regional skill shortages lists.

The increase for employers at \$37.50 per hour or \$78,000 per annum, from \$25 per hour or \$52,000 per annum, is too high and will have a significant impact on employers. Employers will be impacted with higher costs without any significant improvement in productivity.

An employer-led immigration policy will also have higher costs associated with the accreditation process, and lower costs for the migrant.

Pay rates for skilled jobs do vary between companies and regions, and having agreed thresholds will prevent a number of migrants progressing towards work-to-residence.

2. The number of employers applying for accreditation will increase significantly, which will place a strain on Immigration NZ resources.

Immigration NZ needs to look at the processes they have in place and look at ways to streamline it to have a more timely and responsive system. EMA would require the Immigration is resourced to meet the expected demand from employers. This would require assurances that work visa would be proposed in a timely manner. Currently this can take 7-8 weeks based on current processing times to be finalized by Immigration NZ. Based on current processing times for accreditation and work visa approvals, it could potentially take an employer 5 months to fill a role following an application for accreditation and then a work visa application by the migrant. While there general support for accreditation EMA has concerns on the ability of Immigration NZ to process the applications in a timely manner.

3. Low skilled workers should be provided with a three-year visa.

This extended visa period would give both the migrant and the employer a more stable work environment.

A number of companies will be impacted with the proposed changes as they will no longer be able to provide an attractive visa pathway to residence for migrants if they employ fewer

than five people per annum, when the migrant may only get a 12-month work visa. This will impact on employers, as migrants will look to other countries for job opportunities.

4. Those companies that employ 5 or fewer migrants under the accreditation system will no longer be attractive to migrants wanting a pathway to residence.

This may result in fewer migrants looking to New Zealand for employment. The EMA would like further consideration given to how the accreditation framework will affect five or fewer employees, or more, by the time their initial accreditation expires: will they have to apply for renewal under the new policy and meet new policy criteria?

Employers needing to have the 'Standard' accreditation for 5 or fewer employees will usually be small companies that have not been accredited previously, and now accreditation is going to create a significant cost for them to go through the process.

The migrant employed in these small companies would only see their role as limited, by not be able to work-to-residence.

5. The EMA would like further consideration given to how the accreditation framework will affect employers with five or fewer employees, or more, by the time their initial accreditation expires.

Will these employers have to apply for renewal under the new policy, and meet new policy criteria?

6. The EMA would require that the Premium Accreditation be increased from a 12-month period to 36 months, and the Standard Accreditation to 24 months.

These increased accreditation periods would give more certainty for employers.

They would also help create a greater differentiation between the Standard and Premium Accreditations.

They would give more assurances to employers, so that they could recruit in a timelier manner.

For employers currently on normal accreditation, their employee who is working to residence will still need to have visas providing access to residence beyond 24 months but what if the employer is no longer accredited as a result of this proposed policy change?

7. The EMA would suggest the stand-down period for lower-skill migrants is removed.

Where a migrant has been with a company for three years illustrates there is a business/labour market need. The migrant will have settled into the company structure, built up a relationship with the employer and in some cases had training provided. In most

cases there will have been no local labour. Under proposed policy, the migrant will now have to have a one-year stand-down period – no work for a year.

This creates uncertainty for the migrant and impacts directly on the employer who then has to go through the process of securing another employee.

Furthermore, this impacts productivity and does nothing to ease the skill shortages other than remove another employee from the system during their stand-down for one year.

The stand-down period for lower-skilled migrants should be removed. It has a significant impact on business.

8. While the EMA is supportive of the proposed Regional Skills Shortages Lists, there should be closer links with business and a process whereby employers are fully consulted on their skill needs.

The Regional Skills Shortages Lists should be flexible enough to meet the changing nature of work and the skills that are required.

There needs to be more clarity on how the Regional Skill Shortages are determined. Companies that operate throughout New Zealand should have the ability to transfer the migrant worker from one region to another.

9. The labour market test model should be updated to reflect the way employers are recruiting.

A number of employers are now recruiting through family members of existing staff and through other social networks.

The EMA would like to have these initiatives included in the labour market testing process.

10. Sector Agreements should be voluntary for up to 3 years until fully tested.

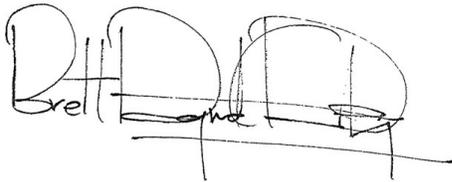
The EMA welcomes Sector Agreements within particular industry sectors, which will establish an environment whereby industry and business groups work together on skill needs.

The EMA believes the immigration Agreements should not be compulsory for all employers in a sector until the Agreements system has been tested – perhaps for three years. During this testing period employers could choose to benefit from their relevant Sector Agreement or manage employment on their own terms.

11. The EMA recommends the Ministry of Social Development publish the existing sectors they are focused on for placing clients.

A number of employers work extensively with the Ministry of Social Development to recruit New Zealand applicants, to varying degree of success.

The EMA recommends MSD publish the sectors they are focused on when placing their clients into work, so that employers are clear and have a better understanding of where they will face barriers when seeking migrant workers.

A handwritten signature in black ink, appearing to read 'Brett O'Riley', with a horizontal line underneath.

Brett O'Riley / Chief Executive
Phone. +64 9 367 0911 / +64 21 027 09021

Employers & Manufacturers Association
145 Khyber Pass Road, Grafton, Auckland 1023
www.ema.co.nz