

18 March 2019

Labour and Immigration Policy
Labour, Science and Enterprise
Ministry of Business, Innovation & Employment
PO Box 1473
Wellington 6140

via email: immigration-consultation@mbie.govt.nz

A NEW APPROACH TO EMPLOYER-ASSISTED WORK VISAS

Introduction

1. Thank you for the opportunity to submit regarding MBIE's consultation document 'A new approach to employer-assisted work visas and regional workforce planning' dated December 2018.
2. The Wellington Chamber of Commerce (the Chamber) has been the voice of business in the Wellington region for 160 years since 1856 and advocates for policies that reflect the interest of Wellington's business community, in both the city and region, and the development of the Wellington economy as a whole. The Chamber is accredited through the New Zealand Chamber of Commerce network.
3. Business Central represents business interests throughout central New Zealand from Taranaki across to Gisborne and down to Nelson. Business Central is one of the four regional organisations comprising New Zealand's peak business advocacy group, BusinessNZ. In Wellington, our organisation operates the Wellington Chamber of Commerce, accredited to the New Zealand Chamber of Commerce network. Our organisation also delivers ExportNZ to Wellington and the Hawke's Bay.
4. As a member of Business NZ, we support their submission. We particularly support their first-principles approach to immigration and the conclusions it leads to. In addition, we have included below additional feedback particularly important to our members.

5. Overall, we are disappointed with the discussion document and the policy agenda it seeks to implement. It seeks to wind-back temporary immigration and artificially drive up wages. This has the effect of lessening opportunities for immigrants to New Zealand and muddying New Zealand's reputation as a welcoming country for immigrants. It adds compliance and operating costs to businesses, and risks missing opportunities from foregone economic growth.
6. There is agreement that New Zealanders should be at front of the queue for new jobs and businesses constantly attempt to hire local workers. Businesses invest in training their new staff and ensuring they are able to productively do the job required. However, despite these efforts, Government action is still required to ensure those looking for a job have a basic level of work-ready skills. At a time when labour shortages persist, the Government must take on some of the responsibility of reducing barriers to employment.
7. We warn of real risks to our economy if policy levers are pulled too hard. Reducing available labour is a very problematic macro-economic direction when businesses of all types are desperate for new workers. Issues would manifest themselves through declining export revenue or under-delivery of essential services like aged care.

Objectives

8. We note within the objectives is the following passage:

"...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."

9. This has been the long-term position of successive governments but actual delivery on this point has been inadequate. Given the large number of reviews being undertaken across the whole of government, perhaps now is the real opportunity to align education, welfare, and immigration policies. We return to this point later.

Problem definition

10. The problem definition as laid out in the discussion document is very poorly thought through, to the point of compromising the entire premise of the policy proposals contained in the document and the Government's objective to reduce immigration.
11. The assumption that immigration is displacing New Zealanders from jobs they would otherwise have filled is flawed, as illustrated by the Business NZ submission. It must be pointed out that growing immigration - when subjected to labour market testing, and in an environment of strong overall job growth - is a sign of economic success, not failure.
12. If unemployment remains despite strong job growth, with employers continually advertising and seeking labour; it fundamentally challenges what the Government is

doing to move people from welfare to work. The document goes on to allege that maybe employers are not paying enough to fill jobs, but the minimum wage is always higher than welfare.

13. The discussion document says the labour market test is “unresponsive”, but it does show if locals are available and willing to do the work. Therefore, it shows the environment employers are trying to hire in. Dialling-down immigration because unemployment is ‘higher than average’ does not necessarily mean employers have the right potential domestic workers available.
14. What we do agree on is that compliance can be heightened, and exploitation of immigrants should be stamped out.

Gateway framework

15. Changing the lower-skilled immigration system from immigrant-led to employer-led is a good idea for the reasons laid out in the discussion document. Employers have the skills and experience to navigate the system better and benefit from having the right workers available to them.
16. However, the proposed changes seek to “Put upward pressure on wages and conditions”. Using immigration policy to achieve wage and condition outcomes is counter-productive. Immigration policy is about which ones we allow in and how. Employers are already obliged to meet minimum wages and conditions through employment law.
17. Among the employer accredited groups, small and medium enterprises (‘SMEs’) fall into “standard accreditation”. The workload must be manageable for SMEs that do not have expert staff to navigate the immigration system. Therefore, the compliance burden should be commensurate to the risk of employing only one or two immigrants.
18. The discussion document suggests placing immigration constraints on geographic areas with “significant infrastructure constraints”, but this is not explained. What does this mean? For example, Queenstown is desperate for additional lower-skilled workers and is suffering from housing shortages, but employers are often providing accommodation to their immigrant workers to overcome this problem themselves.

Sector agreements

19. Our position is that all sector agreements should be voluntary.
20. Under sector agreements, the discussion document states:

“employers will need to make commitments including the commitment to employ more New Zealanders over time and reduce their reliance on migration.”

21. It is important to note that employers already seek to do this. But a business cannot employ workers who do not exist. So, expecting employers to employ “more” New Zealanders even when none are available is setting them up to fail. It is the Government that is not helping and further effort is required to reform the welfare system and help people transition from welfare to work.

22. The discussion document states local labour shortages may arise because, “the terms and conditions offered are not attractive to local workers”. As stated previously, this is hard to justify when unemployment is occurring. Which reiterates the point made in the last paragraph - what is the Government doing to shift people from welfare to work?

23. It is noted that sector agreements will include:

“... required wages and conditions, caps on the total number of migrant workers that can be recruited, training commitments, and any special regional or other considerations.”

24. This appears to be Fair Pay Agreements by another means; and is very premature given the Fair Pay Agreements policy proposals from the Government are not even confirmed yet, let alone legislated for.

25. The discussion document seeks to reduce lower-skilled immigration:

“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.”

26. While this appears to be laudable, examination shows it to not be possible in the way described. Firstly, is it dehumanising to suggest lower-skilled labour should be so little thought of as to be banished from our economy and from our communities. Secondly, some sectors are just not capable of the productivity improvements and automation required to remove lower-skilled labour, such as aged care.

Regional labour market tests

27. Regional responsiveness is good in general, and we support the proposal to:

“adjust the supply of temporary migrant workers at a regional level to reflect regional labour market dynamics, particularly domestic labour demand and supply.”

28. However, regional variations are important to consider, and also variations within a region. For example, the needs of Central Otago are very different to Queenstown.

29. When constructing such regional labour market strategies and plans there is a need to align and consolidate across a plethora of existing groups already doing very similar things including, councils, local economic development agencies, and chambers of commerce. Regional skills bodies similarly require such alignment, and chambers of

commerce are willing to play our part. It is important to remember that only one group mentioned among potential members (page 29) actually employs immigrant workers, and that is businesses.

Domestic labour market system

30. Any review of the way the domestic labour market system operates needs to tie into other policy reviews happening across government, particularly the current industry training review. How the views of employers feed into the system needs streamlining as their views will be similar across the education, welfare and immigration systems.

31. On labour market testing, this makes sense:

“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.”

32. It should result in the welfare system responding to help people to get what they need to be work-ready.

Migrant gate

33. The proposed changes look sensible for the migrant gate, particularly to make employers the arbiter of skills required to do the job:

“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.”

34. Employer checks should show up whether jobs are being used for illegal or illegitimate ends.

“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.”

35. We support the policy change to make the process employer-led.

“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.”

36. Bringing family stability to workers will lead to better outcomes across a range of social and community indicators.

Employer accreditation

37. The criteria requiring employers to “Lift wages and conditions” is unnecessary as explained previously in this submission. We further oppose:

“The relevant union is given the opportunity to provide an objection to an employer’s accreditation; and this is taken into consideration.”

38. There is no rationale for making this policy change. If an employer has broken regulatory rules then enforcement action should be undertaken by the relevant authorities. Allowing a second-tier punishment system to operate with no standards of proof or natural justice is poor policy. It gives unions an ability to use this unique power in their contract negotiations with employers.

39. In conclusion, we fear the overall direction set by this discussion document to decrease lower-skilled immigration will be damaging to New Zealand’s economy and international reputation as a fair place for immigrants to get ahead. Trying to drive wage and conditions changes for domestic workers through the immigration system, for which it is not designed, is indirect and inefficient. It will lead to poor outcomes and unintended consequences.

40. Thank you for the opportunity to submit of this consultation.

Yours sincerely,

A handwritten signature in black ink, appearing to read "John Milford". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Milford
Chief Executive
Wellington Chamber of Commerce, Business Central