

# Changes to employer-assisted temporary work visas

– Sector Agreements







Alongside the new visa application process for temporary work visas, the Government will negotiate Sector Agreements with specific sectors. These will agree a workforce plan and the conditions to be met for recruiting temporary foreign workers for specified key occupations in the sector.

Sector Agreements will be negotiated with sectors that have a high reliance on temporary foreign workers (especially in lower-paid occupations). Sectors that are easily able to source lower-paid labour are more likely to rely on labour-intensive workforce practices with lower wages and conditions. This can depress the overall wages and conditions in that sector and contribute to New Zealand's relatively low productivity.

Sector Agreements will simplify access to temporary foreign workers in the short-term through increased certainty and lower compliance costs. In exchange, the sector will be required to make commitments and demonstrate progress towards longer-term labour market improvements that place more New Zealanders into jobs in the sector and reduce the sector's reliance on lower-paid foreign workers over time.

Employers within a covered sector who are recruiting temporary foreign workers for occupations covered by a Sector Agreement will be required to comply with these agreements and use the Sector Agreement pathway, unless they meet the wage threshold in the highly-paid pathway.

The specific occupations covered by the Sector Agreement will be negotiated as part of the agreement, as will the compliance and monitoring regime to ensure that employers and the sector as a whole deliver progress against the commitments in the Sector Agreement.



## What is the purpose of Sector Agreements?

**There are three high-level objectives that Sector Agreements aim to achieve. They are to:**

- › improve wages and employment conditions
- › reduce reliance on lower-paid employer-assisted temporary foreign workers over time
- › incentivise the employment, training and upskilling of New Zealanders.

## What are the benefits of Sector Agreements?

**Sector Agreements will benefit the sector by:**

- › Providing more certainty and tailored immigration settings specific to the sector's circumstances
- › Overcoming coordination barriers at a sector level to help meet labour shortages and raise the quality of jobs
- › Supporting employers to place more New Zealanders into quality jobs in the sector and, as a consequence, reduce employers' reliance on lower-paid foreign workers over time
- › Providing greater alignment with the education, skills and welfare systems.

## 4 What will Sector Agreements include?

### **Sector Agreements will need to include three elements:**

- › A jointly-agreed *starting point* that sets out information about the sector and its workforce, such as labour supply and demand forecasts, and an opportunity statement that identifies what a successful agreement will achieve.
- › A sector's *plan to employ more New Zealanders and to reduce its reliance on foreign temporary workers*. This will also include details about the commitments made by employers and the wider sector to address barriers to employing New Zealanders (such as improving wages and conditions and incentivising training and upskilling).
- › *Special rules for access to foreign temporary workers in the specified occupations over the duration of the agreement*. This could also include details about additional benefits in exchange for faster progress in delivering on the objectives of the agreement (such as a carve-out from the labour market test, more generous visa terms or facilitated access to existing government initiatives).

Sector Agreements will be a new feature in the immigration system, but there is experience to draw on in terms of working alongside industries through the Recognised Seasonal Employer (RSE) scheme and the Sector Workforce Engagement Programme (SWEP).

### **Who will Sector Agreements be negotiated between?**

Sector Agreement negotiations will include representatives from government and the sector, and will be supported by consultation with relevant agencies and other groups. Employers and government will also be expected to engage with and consult relevant unions to inform the negotiations.

### **What sectors have been identified for Sector Agreements?**

The following sectors have been identified for negotiations so far – residential care (including aged care), meat processing, dairy, forestry, road freight transport, and tourism and hospitality. The construction and horticulture and viticulture sectors are also likely candidates. The first sector agreements to be negotiated will likely be for the residential care and meat processing sectors.



## **When will negotiations for the Sector Agreements begin and when will they come into effect?**

The Sector Agreements will be negotiated two at a time. The first Sector Agreements (for the residential care and meat processing sectors) will be negotiated from October 2019 and are expected to be completed by mid-2020. If agreements are concluded more quickly, we will move onto additional sectors.

Engagements with all potential sectors will begin in 2019 to inform readiness. The Ministry of Business, Innovation and Employment will conduct early pre-work with sectors before formal negotiations begin.

## **What will the duration of the Sector Agreements be?**

Sectors Agreements will have a duration of up to three years.

## Why will Sector Agreements be compulsory?

Sector Agreements are designed to overcome coordination barriers for sectors, and to result in sector-wide change. This kind of broad-based change will not be possible if Sector Agreements allow employers to opt out and use more general immigration settings.

Making Sector Agreements the only pathway to employ temporary foreign workers for specified occupations within a covered sector means that employers will need to help contribute to the sector's plan to employ and train more New Zealanders and reduce their reliance on temporary immigration. Employers will still be able to hire workers into these occupations on open work visas.

## How are sectors identified as being suitable for an agreement?

The Minister of Immigration, in consultation with other relevant Ministers, will agree to proceed with negotiating a Sector Agreement based on an assessment of the readiness of a sector. This will include an evaluation of:

- › the extent to which employers have a reliance on temporary foreign workers for lower-skilled roles;
- › evidence that the sector might undergo workforce growth or change and the opportunity to shift the relative shares of domestic and foreign workers; and
- › the distribution of occupations within a sector, including whether there is a significant concentration of foreign workers within key occupations.

## Who will negotiate from the Government side?

A new unit is being established in the Ministry of Business, Innovation and Employment's labour market branch to lead the negotiations.

## Who will sign off Sector Agreements from the Government side?

The Minister of Immigration will approve the final negotiated agreement for the Crown.

## How will the Sector Agreements be implemented?

This will be worked through in the course of the negotiations.









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