

# Aide-mémoire



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

## Cabinet meeting

**Date:** 30 November 2020 **Security Level:** Cabinet Sensitive

**For:** Hon Carmel Sepuloni, Minister for Social Development and  
Employment

**File Reference:** REP/20/11/1157

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## Potential discussion: Managing the onshore migrant workforce

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**Cabinet  
Committee**

Cabinet

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**Date of meeting**

30 November 2020

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**Minister**

Hon Kris Faafoi, Minister of Immigration

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**Proposal**

The Minister of Immigration was planning to take an Oral Item proposing a package of temporary changes to visa settings for onshore migrants to maximise their potential to stay in New Zealand and work while the border is closed. The Oral Item is no longer being taken, but we understand there may be a discussion on the proposal.

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**Key issues**

- The Minister of Immigration is potentially proposing changes to visa settings for three migrant groups to maximise their potential to stay in New Zealand and work
- MBIE is proposing to delay the median wage rise which has an impact on MSD's ability to produce Skills Match Reports (SMRs)

**MSD is concerned with the impact that increasing the median wage will have on the volume of Skills Match Reports (SMRs) to be processed**

The median wage has increased from \$25.50 to \$27, and this means that SMRs will have to be produced for Employer-assisted work visa applications for roles below \$27.

This is a large increase which would add to the volume of Skills Match Reports for operational staff and place strain on existing resources. MBIE has recommended that the implementation of the increase be delayed until March 2021, and also suggested that it could be reviewed in January/February 2021. Our

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preference is for it to be reviewed before implementing in March to better understand the impact on MSD's operations.

**MSD is also concerned that these changes have the potential to displace New Zealanders**

There is the potential for the proposed visa extensions and loosening of conditions to allow some migrants to take up jobs that could be filled by New Zealanders. MSD would want to work with other agencies to find ways to reduce this risk.

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**Our advice**

**The Minister of Immigration is potentially proposing changes to visa settings for three migrant groups to maximise their potential to stay in New Zealand and work**

There are limited migrants onshore with closed borders and there is still some demand for skilled migrant workers to fill roles where New Zealanders are not able to. There are three proposed changes to visa settings:

1. **Employer-assisted work visa holders who remain in work**
  - a. Extend those expiring between January and July 2021 for a further 6 months to allow them to stay in their current roles
  - b. Delay implementing the planned 12-month stand-down period requirement for those migrants paid below median wage
  - c. Delay implementing the median wage change from \$25.50 per hour to \$27 per hour until at least March 2021
2. **Essential Skills visa holders who are working less than the required 30 hours**
  - a. Allow a Variation of Conditions to allow work for more than one employer in a specified region, to help them reach their 30-hour requirement and to address regional labour market shortages.
3. **Working Holiday visa holders who will transition onto an SSE visa but for whom the employer wants to retain their current (non-horticulture/viticulture) roles**
  - a. Extend all Working Holiday Visas (which have not yet been transferred to SSE visas to take up seasonal work) by six months to allow workers to choose to remain in non-horticulture/viticulture roles.

**MBIE is proposing to delay the median wage rise which has an impact on MSD's ability to produce Skills Match Reports (SMRs)**

MBIE recommends delaying the median wage rise until at least March 2021 to support the retention of the onshore migrant

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workforce. This year will see an increase in the median wage from \$25.50 to \$27, and MBIE considers that this is a significant increase which would impact visa durations and the degree of labour market testing needed for certain visa categories.

MSD considers that implementing the median wage increase will increase the volume of Skills Match Reports (SMRs) and will place a strain on existing resources. MSD's preference is for the median wage increase to be reviewed in January/February 2021 to assess whether the increase would be appropriate to implement in March 2021.

**MBIE is proposing delaying the stand-down period and extending Essential Skills visas for six months**

Temporary visa holders who are paid below the median wage are normally required to depart New Zealand for 12 months after they have spent three years in New Zealand.

MBIE is proposing delaying the implementation of the stand-down period as a one-off measure, by either six or 12 months, to provide greater certainty to employers and to support economic recovery.

MBIE is also proposing extending the term of Essential Skills visas by six months to address critical labour shortages and support economic recovery.

*MSD broadly supports this proposal, but notes that this change could displace some New Zealand jobseekers and could impact their ability to secure employment in certain roles.*

**MBIE is proposing further changes to Essential Skills Work Visa settings to allow joint employer arrangements in specified regions**

MBIE has noted that there are a number of Essential Skills work visa holders whose job is tied to one employer, and in some cases the employer can no longer offer the 30 hours of work required by the conditions of the visa. This means that some visa holders are in breach of their visa conditions and are experiencing financial hardship.

MBIE recommends retaining the 30-hour requirement and temporarily allowing joint employer arrangements (so a worker can supplement their hours with another employer) in a few specified regions (potentially Queenstown) where industries are temporarily operating at reduced capacity.

*MSD supports the mobility of the migrant workforce and the proposal for allowing Essential Skills work visa holders to transfer to work in specified regions. However, MSD would want to work through ways to ensure that take-up of a role for a different employer would not displace New Zealanders for this work.*

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*We would also need to work with MBIE to assess whether additional labour market tests would be required and to assess the impact on MSD.*

**MBIE recommends extending all Working Holiday Scheme (WHS) visas for six months to allow these visa holders to work for any employer**

Currently people with expiring Working Holiday Scheme (WHS) visas automatically receive a Supplementary Seasonal Employer (SSE) visa which enables work in the horticultural and viticultural industries.

MBIE is proposing to extend all WHS visas for a six month period and to rescind the automatic grant of SSE visas for this cohort. These visa holders would remain on open work rights and would be able to work for any employer. MBIE considers that this change will provide greater certainty for businesses and will reduce the risk of illegal work.

However, this change will mean that there are fewer WHS visa holders working in the horticultural and viticultural sectors and there would be less labour market testing.

*MSD considers that this change will exacerbate shortages in the horticultural and viticultural sector and has the potential to displace New Zealanders for jobs that will now be taken up by WHS visa holders.*

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