

SUBMISSION ON

Future of the skilled Migrant Category

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To: Ministry of Business, Innovation and Employment (MBIE)

Name of Submitter: Horticulture New Zealand

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OVERVIEW

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Our submission

Horticulture New Zealand (HortNZ) is an industry good organisation working in the interests of its members - commercial fruit, vegetable and berry growers. HortNZ thanks MBIE for the opportunity to submit on the Future of the Skilled Migrant Category (SMC). We welcome the opportunity to discuss our submission and to work with officials.

HortNZ's position is set out in our submission below.

HortNZ supports the submission by BusinessNZ.

HortNZ's Role

Background to HortNZ

HortNZ represents the interests of 5,500 commercial fruit and vegetable growers in New Zealand who grow ~100 different fruit, and vegetables. The horticultural sector provides over 40,000 jobs.

There is approximately, 80,000 hectares of land in New Zealand producing fruit and vegetables for domestic consumers and supplying our global trading partners with high quality food.

It is not just the direct economic benefits associated with horticultural production that are important. Horticulture production provides a platform for long term prosperity for communities, supports the growth of knowledge-intensive agri-tech and those along the supply chain; and plays a key role in helping to achieve New Zealand's climate change objectives.

The horticulture sector plays an important role in food security for New Zealanders. Over 80% of vegetables grown are for the domestic market and many varieties of fruits are grown for consumption by kiwis.

HortNZ's purpose is to create an enduring environment where growers prosper. This is done through enabling, promoting and advocating for growers in New Zealand.



Executive summary

HortNZ welcomes the Government's intent to restart New Zealand's immigration settings. However, the rolling changes under the 'Immigration Rebalance' are increasing costs and causing ongoing uncertainty and anxiety for growers and industry, which is negatively impacting business confidence.

Growers are committed to respecting and supporting the dignity, well-being and human rights of all their employees.

HortNZ strongly encourages MBIE to consider the following:

- To simplify the system, HortNZ suggests a 6-month limited purpose visa is put in place to capture seasonal demands and peaks, with clear temporary stay intent.
- For the Skilled Migrant Category (SMC), pathways to residency should be available at all vocational skill levels where there is not a New Zealand workforce available.
- HortNZ supports the SMC being the main channel for skilled migration to residency provided the correct settings are chosen. This would negate the need for the Green List and Highly Paid Residency pathways.
- If the Green List is retained, add Crop Farm Managers and Agricultural consultants (including farm auditors) to the Green List.
- Simplification of the points system is supported, but the points system should be amended to include allocations for regional location and time served in stable employment where there are long-term and systemic labour shortages. Additional point incentives are needed to ensure that regional New Zealand (where the vast majority of New Zealand's food is grown) is able to attract the international skills and talent necessary.
- Processing all of those eligible under the criteria and removing the planning range is supported.
- There is a need to gather better labour market data to understand shifts in the market and ensure better co-ordination with labour market supply through immigration channels.
- The Australian and New Zealand Standard Classification of Occupations (ANZSCO) should be phased out as it is inadequate for describing modern and dynamic occupations. This is especially true for horticulture as there are a wide range of jobs, including some that don't yet exist, but will with the changing dynamics of food production and automation etc.
- Additional policy and operational action is needed to ensure a coherent immigration system that will have a material impact on SMC volumes, including (but not limited to):

- removing partnership work testing that is scheduled to be introduced;
 - reinstating industry training eligibility for people on work visas;
 - undertaking a global campaign to attract people to work in New Zealand;
 - stronger partnership between Immigration NZ and industry to identify and connect those with relevant skills to New Zealand businesses;
 - improved qualification and skill recognition to ensure effective utilisation of international skills;
 - rapid process redevelopment to improve processing times, and;
 - winding down Government work schemes that are drawing people away from businesses that need their skills.
- Micromanaging the immigration settings via specific occupations using ANSZCO is too granular and is slowing down processing.
 - Those eligible for residency should be processed in a timely and efficient manner. HortNZ agrees with removing the Expression of Interest and Job Search visa as a simplification of the visa application process, presuming tourist visas will be available to people seeking to visit New Zealand prior to accepting a job offer, with no punitive operational policies put in place for those moving to SMC while in the country.
 - HortNZ encourages ImmigrationNZ to work with industry to on tools to assist companies with sourcing relevant skills from people interested in taking up work in New Zealand.

Submission

1. Background to horticulture in New Zealand

The horticulture sector provides essential work in the regions with on-the-job training and skills development, which helps to shape the lives of thousands of New Zealanders every year. Workers employed in the horticulture sector grow and harvest food to nourish Aotearoa, the Pacific nations and our wider trading partners.

New Zealand needs open, simple and permissive immigration settings to meet the challenge of severe skill shortages that the sector is facing and reduce economic and social harm. Current settings are too restrictive and exclude workers that our sector desperately needs.

Immigration settings should provide a level playing field for growers to source the skills unavailable in New Zealand. There needs to be a high trust relationship between industry and Government, underpinned by utilisation of existing enforcement mechanisms through the labour inspectorate to address issues of concern.

The following are key findings about the horticulture industry workforce from work done by the Ministry for Primary Industries:¹²

- Data from 2013 shows that a large proportion (28%) of new entrants to the horticulture industry were temporary migrants.
- There are seasonal workforce peaks associated with specific activities (e.g. picking fruit). Work visa holders play an important role in the make-up of seasonal workers.³

There is a major skills shortage in the horticulture sector. This is a significant issue that affects our industry and regional New Zealand. There is an urgent need for immigration given the scale of the skill shortages currently.

Immigration is a necessity for our sector to produce food. Migrants help with seasonal peaks in workforce demand, and in some instances move into long-term roles. HortNZ requests the Government send strong global signals that Aotearoa welcomes international skills and talent at all levels, provides opportunity for

¹ www.mpi.govt.nz/dmsdocument/29273-primary-industries-subsector-workforce-infographics (published March 2019)

² www.mpi.govt.nz/dmsdocument/50932-Food-and-fibre-workforce-Snapshot

³ Recognised Seasonal Worker Survey 2020 (www.nzkgi.org.nz/wp-content/uploads/2020/07/RSE-Doc-June-2020-WEB-FINAL.pdf)

people from overseas to make a good life in New Zealand and values their contribution to the economy and to their communities.

2. Comments on the consultation

2.1. General

New Zealand will continue to experience challenges in returning to pre-Covid workforce levels as the focus has been on restricting the border over the last two years. The focus now needs to be on simple, open and permissive settings, ensuring immigration and travel systems are enabled as much as possible for international flows, and with good monitoring in place to understand how the system is performing. New Zealand needs the border and travel to be as frictionless as possible in order to compete internationally on attraction.

Growers seek to support integration of international skills and talent into their business, workforce and communities. The best way to ensure good immigration outcomes for business and individuals is to ensure that people coming to New Zealand for extended periods of time have clear expectations and a good experience. The Government has signalled concerns about the small number of bad actors that seek to take advantage of migrants and HortNZ supports the Government using its existing labour inspectorate's powers to investigate incidents where exploitation may be occurring.

Key risks Government has identified – migrant exploitation and the impact on absorptive capacity, can be managed through robust monitoring and accountability mechanisms and investigation and enforcement actions and by thorough cross-agency planning and policy coherency across Government departments.

Immigration policies are causing significant harm to New Zealand's economy and society in failing to alleviate severe skill shortages – the workforce is burnt out and there are escalating risks of injury and harm on the job. Lack of immigration is fuelling inflation pressure with increasing risk of a wage spiral.

HortNZ urges the Government to recognise the negative impact of continued restrictions – greater reliance on monetary levers to control inflation; ongoing uncertainty in global conditions; potential for business failure, burnout of the workforce and consequent inability to grow and produce food, and increasing outbound skill flows if economic conditions significantly deteriorate. This will create more long-term damage to New Zealand's economy and society than rebuilding New Zealand's workforce through an open and permissive immigration system.

Accountability mechanisms for the Department and MBIE are necessary to ensure timely, accurate and efficient service delivery. HortNZ supports the Government improving the quality of labour market data and suggests that the severity of the skill shortages now warrants open immigration settings rather than continued restraint.

The consultation paper lacks analysis of the contribution of the Skilled Migrant Category (SMC) to New Zealand's economy and society in pre-Covid times, does not clearly articulate the problem that changes to the points system are intended to solve, and does not analyse or forecast the outcomes to be achieved through the proposed policy changes.

The SMC needs to be supportive of New Zealand's domestic and foreign affairs objectives, and obligations under the UN Global Compact for Migration.

2.2. Rationale for the proposed changes to the Skilled Migrant Category

2.2.1. TO ALIGN WITH THE IMMIGRATION REBALANCE

HortNZ do not believe that the proposed changes align with the Immigration Rebalance. The stated aims of the Immigration Rebalance are based on a false premise. The notion that businesses have been able to rely on lower-skilled labour and suppress wages rather than investing capital in productivity-enhancing plant and machinery, or employing and upskilling New Zealanders into work has been proven false through a range of feedback, including the Productivity Commission's inquiry on immigration and prolific industry data showing efforts businesses make to be more effective and efficient by investing in the workforce. Continuing to restrict immigration will cause greater hardship for New Zealanders with greater reliance on monetary levers to get on top of inflation. The cost of food production and therefore what consumers pay for fruit and vegetables at the supermarket will correspondingly increase.

Ongoing rolling changes to work visa settings are causing uncertainty for migrants and employers and making New Zealand a less attractive country to come to. Fundamentally, the immigration work visa policy differentiates between temporary work with no options for settlement, and those who have skills that will make a long-term contribution to New Zealand. However, in some instances this works well – such as the Recognised Seasonal Employer Programme, a partnership between industry and Government that facilitates labour market mobility in the Pacific for a defined period of seasonal work.

The Immigration Rebalance needs a defined end point for the policy programme. There are no channels or criteria for industry to define skill needs and immigration approaches when it is clear the lack of skills is having a detrimental effect on the workforce and that growers cannot operate at full capacity. This is evident in the last few seasons where growers have chosen to not plant some hectares in (annual) crops as they know they cannot maintain and harvest them – and where they have left crops on trees as they cannot be picked. This is a loss of productivity and food security for kiwis.

2.2.2. TO REDUCE IMMIGRATION AND LABOUR MARKET RISKS

The most significant labour market harm facing our sector is burn out of the workforce as a symptom of extreme skill shortages. Assumptions that industries are reliant on low wage migrant labour are incorrect.

Risks of vulnerability in the labour market can be more effectively managed by utilising existing powers of the labour inspectorate to investigate actual cases of exploitation, ensuring the service delivery of the Department is excellent and easy to engage with, and providing clear pathways to residency.

2.3. Stand-down period

HortNZ strongly disagrees with application of the stand-down period requirement for all migrants who do not meet the eligibility criteria for residence. This change would prolong the recurring problems already experienced with the stand-down i.e. there is not a readily available workforce able to step into the roles available. The stand-down reduces the incentives for industry to invest in their international workforce and fully utilise their skills. The stand-down also reduces migrants' social mobility and restricts their ability to commitment to and fully participate in their communities and society in general.

There is no evidence that displacing settled and skilled migrants improves labour market outcomes for New Zealanders. Rather, the pipeline of skills within New Zealand will continue to diminish with high outbound flows of New Zealanders, poor results and disengagement from compulsory education and a looming demographic change that will see a quarter of New Zealand's population aged 65+ in the next 20 years.

HortNZ recommends a pathway to residency is provided, along with the ability of employers to provide progression pathways, to minimise immigration and labour market risks.

2.4. Green List

The SMC has the potential to be the main channel for skills and, under open and permissive settings, will negate the need for the Green List or occupation specific carve-outs or additional compliance.

The Green List comprised of skill shortage occupations was developed with minimal consultation with industry. HortNZ encourages the Government to take a high trust relationship with business and provide a level playing field that allows growers to access the international skills and talent they need, rather than relying on a list that needs to be updated regularly to be relevant.

International skills and talent are necessary at all skill levels.

ANZSCO is inadequate to describe the jobs in a modern labour market, and the purpose of utilising proxies such as wage thresholds should be to reduce reliance on ANZSCO as better labour market data is developed.

2.4.1. OCCUPATIONS ON THE GREEN LIST

If a green list is retained

- Add Crop Farm Manager – including orchard Manager, Vegetable Farm Manager. (121213, 121221, 121299)

We note Dairy Cattle Farmer is included on the list. Both Crop and Dairy farm managers are skilled and shortage occupations.

- Add Agricultural Consultant to the list (234111)

There is growing need for qualified and experienced farm advisors and auditors to assist growers and farmers to meet increasing market and regulatory requirements including, freshwater, climate change and social practice.

2.5. Working Holiday visas

HortNZ had high hopes the return of the Working Holiday scheme would contribute to horticulture's peak seasonal workforce needs, with the Government noting that 50,000 working holiday makers would be on their way. However only a relatively small fraction of these visa holders has actually arrived. A global attraction campaign targeting working holiday makers is needed to drive demand.

2.6. Partnership Visas

The partnership visa is critical for horticulture and should be continued as it allows partners of skilled migrants to be employed in seasonal work. Introducing work testing of people on partnership visas will result in people here in New Zealand who are willing and able to work but who are hindered by superfluous immigration settings. This policy will further compound New Zealand's declining global reputation as a welcoming country and also risks creating economically and socially isolated migrants.

Further, partners unable to work will still add pressure to New Zealand's infrastructure, but without the economic contribution made through employment.

2.7. Median wage

Attaching the median wage threshold to ANZSCO levels negates this purpose. As noted in the consultation document and other immigration discussion documents, ANZSCO is limited, is resource intensive for processing, and leads to concerns from Immigration NZ about 'job inflation' to meet residency requirements. It is suggested the policy is amended to the median wage, regardless of occupation, and that alternative pathways to residency are time based and reliant on the ability to demonstrate stable, long-term employment and a positive contribution to New Zealand (i.e. clean criminal record).

The median wage is a blunt tool as the cost of living significantly varies between regions and rural and urban environments. It is likely very difficult to pay 1.5 times the median wage to be able to qualify for residence in a region such as Gisborne – but easier in a larger city where horticulture takes place such as Pukekohe.

HortNZ would like to clarify that if an employee started on the median wage, and then during that three-year period was given a pay rise was given (making their wages 1.5 times the median wage) then would the person still qualify for residence and not have to have a 12-month standdown period?

The current immigration settings effectively cut the availability of skills and talent below the median wage, despite the median wage applying to half the jobs in the workforce and the severity of the skill shortages being felt our industry and regional New Zealand. Migrants do not displace New Zealanders from work. This has been disproven in New Zealand and international labour market research.

3. Conclusions

HortNZ supports an open, permissive and simple immigration system that supports the whole labour market eco-system. The SMC policy must be coherent and complementary to other visa settings to ensure there is sufficient immigration at all skill levels to meet labour market demand.

Lack of immigration is worsening inflation and severe skill shortages are negatively impacting the wellbeing (both mental and physical) of our horticulture workforce.

Immigration forecasting is difficult, and migrant volumes will be highly dependent on external and domestic factors. Competitor countries like Australia and Canada have all introduced permissive immigration settings, and developing countries are targeting the remote workforce to drive immigration. The SMC is particularly important given it provides a pathway to residency, a key attraction factor for international skills and talent.

