

# Sector Agreements: Helping develop productive and resilient workforces

New sector agreements will be put in place later this year for the care, construction and infrastructure, meat processing, seafood, and the seasonal snow and adventure tourism sectors to provide for a short-term or ongoing need for access to lower-paid migrants.

Each of these sectors will be provided limited exceptions to the median wage requirement in exchange for ongoing improvements. This will allow these sectors, which have traditionally relied on lower-paid migrants, time to improve working conditions and put significant effort into retaining, training and upskilling New Zealanders.

The length of these exceptions will be different for each sector.

There will be lower wage thresholds in place for a number of Care and Construction roles from July, until the sector agreements are in place later this year. Border exceptions are already in place for the seafood, meat processing and adventure tourism sectors, this will allow them to support their immediate workforce needs.

## Questions and Answers

### **What outcomes does the Government want to see through Sector Agreements?**

Sector agreements will provide limited exceptions to the median wage requirement in exchange for ongoing improvements within these sectors. This will allow these sectors, which have traditionally relied on lower-paid migrants, time to improve the attractiveness of jobs to New Zealanders as they transition away from this reliance.

The amount of time these sector agreements will be in place will differ for each sector, but the outcome the Government wants to achieve from them is the same: improved working conditions in order to attract New Zealanders into roles and significant effort in retaining, training and upskilling domestic workforces or shifting away from a reliance on lower-skilled roles.

The Government is also looking at what opportunity there is to develop labour mobility work programmes with the Pacific in some of these sectors.

### **Why were these sectors chosen?**

In general, the principle under the Rebalance changes is that lower paid roles should be filled by New Zealanders and migrants with open work rights rather than relying on attracting lower-skilled temporary migrants as a permanent solution. However, in a few specified sectors there is a temporary or ongoing need for exceptions to the median wage threshold.



The Care sector was selected because New Zealand has an ageing population and needs to ensure that as our population grows our care workforce capacity to care for older people also does. There is also an ongoing need for below median wage labour as shown by the pay levels established by the pay equity arrangement.

The Construction and Infrastructure sector was selected because of the need to ensure New Zealand's key infrastructure projects, as well as the ongoing work to increase housing stock in New Zealand can continue, to the benefit of all New Zealanders. This is a high-growth sector which supports wider productivity growth and there is need to support lower skill roles can continue to be filled by both New Zealanders and migrant workers in the medium term.

Both the Meat Processing and Seafood sectors were selected given their existing reliance on migrant workers and due to the challenges of attracting New Zealanders into these roles. In these cases, allowing a capped number of fixed term migrant workers will support these sectors, without displacing New Zealand workers.

Similarly, the allowance for some below median wage recruitment of Seasonal Snow and Adventure Tourism roles is being facilitated to support the summer and winter tourism seasons in key roles which are often staffed by a global workforce that follow seasons across the world. Without some allowance for this recruitment these roles may not be able to be staffed, which jeopardises the ability for these high-value tourist activities to operate safely.

#### **What about other sectors?**

There was a high bar for deciding which sectors would be eligible for sector agreements, given that these are limited areas of exceptions to the shift the Government is trying to make to a higher skilled migrant workforce, supporting its economic and productivity goals.

The factors the Government used were:

- Occupations of interest had to be of sufficient national interest and already rely on lower skilled migrant labour
- The sectors will have to demonstrate that they are working towards reducing their existing dependence on migrant workers.

Workforce planning being undertaken with government agencies, Industry Transformation Plans and the like may identify candidates for future sector agreements. This will be at the discretion of the Government. As it will offer carve outs from the wider rules that apply more generally, this will be only where there are justified exceptions that are proportionate, time-bound and in the national interest.

Hospitality and the wider tourism sector were not selected because many of their migrant workers are on open work visas. The Government recognises that it will take time for the number of these visa holders, such as working holidaymakers and students, in New Zealand to increase, and agreed to temporarily exempt tourism and hospitality businesses from paying



the median wage to recruit migrants on an Accredited Employer Work Visa into most roles. Instead, a lower wage threshold of \$25 per hour will be required until April 2023, for employing migrants in specified occupations. A few roles which have been commonly used to seek residence must still be paid at least the median wage.

**When will the sector agreements be in place?**

They will take time to finalise with each sector, but the Government expects them to be in place in the latter half of this year. The immediate workforce needs of these sectors will be addressed by interim arrangements for care and construction, and a border exception for seafood processing. All sectors will also be able to recruit at or above the median wage from 4 July.