



# **Pacific uptake of temporary work visas**

## **Essential Skills and Recognised Seasonal Employer schemes**

**NZIER report to MFAT & MBIE**

May 2020



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## Authorship

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The assistance of Eugene van Rensburg and participants at the electronic workshop and interviews on the Essential Skills Visa is gratefully acknowledged.

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The results in this section 2 of this report are not official statistics: They have been created for research purposes from the Integrated Data Infrastructure (IDI), managed by Statistics NZ.

The opinions, findings, recommendations, and conclusions expressed in this section 2 of this report are those of the authors, not Statistics NZ.

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## Key points

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### The research questions

The project focused on the uptake by workers from the South Pacific region of the Recognised Seasonal Employer (RSE) and the Essential Skills (ES) visa schemes. The purpose of this research was to understand:

1. The extent and nature of Pacific workers uptake of temporary visa schemes (ES visa, and RSE visa) and what they transition to.
2. The characteristics of our Pacific partners' labour markets.
3. Enablers and barriers influencing Pacific Essential Skills visa uptake from a demand perspective (i.e. New Zealand based employers); and the opportunities for increasing Pacific uptake of that visa.

### Our approach

We used a three-pronged mixed-methods approach including 1) data analysis of the existing MBIE immigration dataset, and census data for source country labour markets, 2) use of the Integrated Data Infrastructure (IDI) to investigate transitions of people on work visas in more detail, and 3) an electronic workshop to elicit the views on barriers and enablers influencing the uptake of Pacific workers by New Zealand employers. The research was completed in the build up to the coronavirus outbreak, so the findings reflect the situation just before the pandemic was declared.

### Key findings

#### 1. Pacific partners' labour markets are diverse

Unsurprisingly given the diversity of the Pacific, the analysis of the latest Census data for a range of Pacific Island partner countries showed significant variation in their labour market characteristics:

- Size – ranging from Timor Leste and Fiji with working-age populations above half a million to Nauru and Tuvalu which have less than 10,000 people.
- Employment rates – range from 47% in Nauru and 44% in Fiji to 16% in Vanuatu (New Zealand's employment rate is 67.5%).
- Subsistence work – 15% or above of the workforce in Vanuatu, Timor Leste, Solomon Islands, Samoa and Tonga.
- Industry – the primary sector (including subsistence) average share (57%) dominates other sectors but varies markedly from over 70% to under 10%.
- Occupation – farming/fishing workers dominate employment in most islands.
- Education – proportion of the population with a tertiary qualification varies from Fiji (10.7%) and Samoa (12.5%) to Vanuatu and Kiribati (1.8%).

## **2. Pacific worker uptake of work visa schemes differs among Pacific countries but is markedly different from the rest of the world applicants**

Our analysis of the Ministry of Business, Innovation and Employment's (MBIE) visa application dataset focused on where applicants come from and what roles they fill. There was a marked contrast between Pacific migrant workers and work visa applicants from the rest of the world alongside variation among Pacific countries:

- Work visa type – apart from Fiji, most (59%) Pacific migrant workers come on the Recognised Seasonal Employer (RSE) scheme whereas applications from the rest of the world are spread over a range of visa types including the working holiday visa.
- Country of origin – Tonga has more per successful work applications per capita (3%), ten times higher than Kiribati and five times higher than Fiji.
- Occupations – more low-skilled than high-skilled workers apply from Pacific countries: labourers, technicians and drivers are the most common occupations for Pacific workers, whereas for the rest of the world managers, professionals, and technicians, make up the majority of visas requiring occupations.
- Gender – only one-fifth of Pacific work visas go to women compared to 44% for the rest of the world – the main driver of this difference is the Working Holiday Scheme visa where 52.3% are women.

## **3. The profiles of Pacific Essential Skills (ES) and RSE applicants are different**

Comparing Pacific applicants for ES visas with the rest of the world, Pacific applicants are more likely to be:

- from overseas but be unsuccessful (81% of Pacific people's applications are successful, compared to 90% from other countries)
- be male (85%), be slightly older (32 years compared to 30)
- work in industries like meat processing (17%) and construction (11%).

RSE workers are also predominantly male but likely to be younger than ES visa applicants.

## **4. Workers' transitions while on work visas**

The IDI provides a platform that by combining individual unit record immigration and other government administrative data, means individuals can be tracked over time. This time series allowed us to explore the transitions that Pacific migrant workers make to either other visa types and/or new employers:

- only 31% of Pacific migrants transition to another visa type
- people on RSE and ES visas rarely transition to another visa type and transitions onto RSE and ES visas are relatively uncommon
- ES workers are much more likely to transition to residency (41%) than RSE workers (2%).

## **5. Retention of RSE workers**

The RSE scheme was designed to encourage New Zealand employers to invest more in training seasonal workers on the basis that they would be able to return each year and put their skills to use.

Our analysis shows the scheme is operating as intended:

- 72% of the 12,700 RSE workers in 2018/19 have been in the scheme for more than 1 year and 40% for more than 3 years
- retention of first year RSE workers has improved over time
- first year RSE workers return at a rate of 75% compared to around 90% of those who have been in the scheme for over 9 years
- RSE workers are paid an experience premium: workers with 9 years' experience are paid 25% (\$1,000) more per month.

## **6. Income of Pacific RSE and ES workers**

The IDI has data on the wage income of individuals on RSE and ES visas:

- Men on ES visas have higher median monthly incomes than women.
- By contrast men and women on RSE visas have consistently earned a similar median monthly income over time.
- ES older workers have higher median monthly incomes than younger workers, but RSE middle-aged workers are paid more than younger and older workers.
- More experienced ES workers have higher median monthly incomes.
- Median monthly income of both RSE and ES workers does not vary much by nationality.
- There is significant variation by region and by industry in median monthly incomes.

## **Barriers and enablers influencing the uptake of ES visas**

We used an electronic workshop involving employers from a range of industries (including forestry, dairy and hospitality) and immigration advisors to identify the key barriers and enablers of ES visa uptake. The results are reported below.

### **1. Employers have a positive overall experience of ES visas and Pacific workers**

Employers benefit from the ES visa scheme and from employment of Pacific workers:

- Participants indicated they were driven to employ under the ES visa scheme by a persistent shortage of willing and able local workers.
- Participants generally felt that the ES visa scheme was good for employers – even essential.
- Employers' attitudes were generally favourable towards Pacific workers.
- Participants were split as to whether it is more difficult under the ES visa scheme to hire Pacific workers than workers from other countries.
- Pre-workshop interviews with key players revealed multiple pathways for people seeking employment under the ES visa, with some ultimately going on to apply for permanent residency and using a range of visas along the way, while others are short-term workers who do return to their home country.
- Participants felt that the hope of permanent residency attracted good workers to the ES visa scheme, indicating that the existence of multiple pathways is perceived to be beneficial to employers.



## 2. Some barriers were specific to Pacific workers, but most were more general

General barriers included:

- the documentation burden
- ANZCO codes not aligning with industry roles
- Immigration officers' lack of understanding due to limited detailed knowledge of the industry
- inconsistencies in what information is required between offices
- the lengthy and sometimes costly process of applying for ES visas.

Barriers for Pacific workers specifically included:

- employers' use of informal networks with fewer connections to Pacific Islands
- employers' belief that a cluster of workers from the same country was needed to ensure workers would settle well
- employers' strong preference for workers whom they had already met (our data shows that Pacific workers are more likely to apply offshore)
- lack of ability to gain work experience in some industries in the Pacific Islands
- difficulties of documenting work experience in the Pacific Islands
- requirements in some Pacific countries to use licensed recruiters (Fiji was named specifically but participants lacked experience of the majority of Pacific Islands, so there may be others).

Participants indicated that very few women applied in their industry, or that they only employ males due to the heavy physical nature of the work.

Participants indicated that the shortage of labour in their industries had forced employers to identify ways of accessing foreign labour. So, there was a high level of awareness of the ES visa scheme. But awareness of Pacific workers and industries in the Pacific Islands was more limited.

## 3. Options to enhance the ES visa for Pacific workers

Participants suggested as potential improvements to the scheme:

- accreditation could be an enabler for getting applications approved
- different criteria should apply for Pacific workers
- programmes to provide Pacific workers with experience in industries where they can't get experience in their home country
- programmes (like RSE) that allow employers to hire workers for general labour where there are shortages, but no real need for particular skills
- working with countries where there are pre-screening programmes (such as Samoa) to ensure such programmes align with New Zealand health, qualification and experience requirements
- offering New Zealand-recognised qualifications in Pacific Islands (as is done by Australia)

- raising industry awareness of what Pacific workers have to offer, perhaps with events that would also facilitate development of informal networks
- better pathways to residency would attract more workers
- being able to bring families and allowing partners to work would attract more workers and might help overcome the lack of existing communities to help workers settle.

## Conclusions and future research

This research has focused on three main questions:

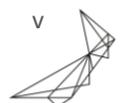
1. Pacific workers' uptake of work visa schemes and what they transition to.
2. The diverse characteristics of our Pacific partners' labour markets.
3. The enablers and barriers influencing Pacific Essential Skills visa uptake.

It demonstrated that insights can be generated from the analysis of static datasets such as MBIE's immigration applications data and Pacific countries' Census data. More importantly, it has shown the power of the IDI to investigate dynamic transitions of people on work visas, retention rates within the schemes over time and the wage income earned. For example, it has highlighted that Pacific workers on RSE and ES visas rarely transition to another visa type.

The research has also shown how qualitative research based on single round Delphi type process using electronic decision support software can be used to explore barriers and enablers of greater Pacific uptake of temporary work visas.

Looking at any future work in this area, further analysis could focus on the:

- Barriers and enablers for RSE visas.
- Supply side barriers and enablers (such as the differences in requirements and processes in place in various Pacific countries ) and the possible solutions.
- Refinement of the estimated wage earnings of those on temporary work visas .
- Comparison of Pacific worker transitions with other/non-Pacific workers.



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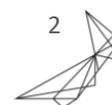
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# 1 Our approach

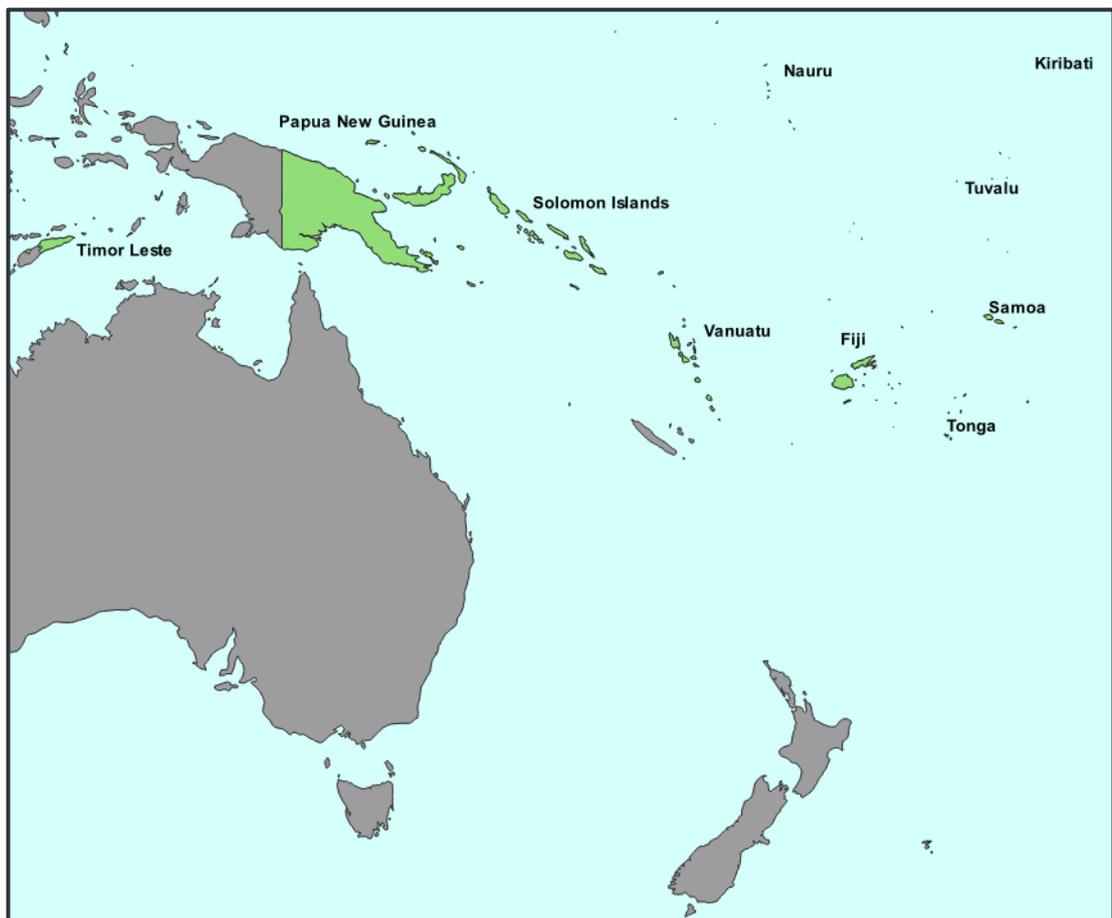
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The Ministry of Foreign Affairs and Trade (MFAT), in partnership with the Ministry of Business, Innovation and Employment (MBIE), commissioned NZIER to undertake research on the uptake by workers from the South Pacific region of the Recognised Seasonal Employer (RSE) and the Essential Skills (ES) visa schemes. There were three main research questions:

1. The extent and nature of Pacific workers uptake of visa schemes (Essential Skills Work Visa, and Recognised Seasonal Employment Visa) and what they transition to.
2. The characteristics of our Pacific partners' labour markets.
3. Enablers and barriers influencing Pacific Essential Skills visa uptake from a demand perspective (i.e. New Zealand based employers); and the opportunities for increasing Pacific visa uptake.

This report will inform the Ministry of Foreign Affairs and Trade (MFAT) and the Ministry of Business and Innovation's (MBIE) work on recognised seasonal employer scheme (RSE) and Essential Skills Visa's (ES), and Pacific policy development. Its intended users are immigration practitioners with prior operational policy understanding.

**Figure 1 Country of origin of selected Pacific migrants**



Source: NZIER

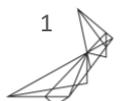


Figure 1 shows the Pacific nations that NZIER, MBIE and MFAT selected as they are significant sources of Pacific migrants. We focused on countries in the southern Pacific including: Fiji, Kiribati, Papua New Guinea, Nauru, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu but excluding French Polynesia, Niue, Cook Islands and Tokelau, as well as the North Pacific states of Palau, the Federated States of Micronesia and the Marshall Islands.

## 1.1 Our method

We undertook a three-pronged mixed-methods approach to determine the uptake by Pacific workers of the RSE and ES visa schemes:

- 1 Data analysis of the existing MBIE cross-sectional immigration dataset on applications to explore uptake of both the work visa schemes. We also explored the characteristic of source country labour markets using Census data.
- 2 Analysis of immigration and other government administrative data in the Integrated Data Infrastructure (IDI) to investigate transitions of people on temporary work visas in more detail.
- 3 An electronic workshop to elicit the views on barriers and enablers influencing the uptake of Pacific workers by New Zealand employers on the ES visa scheme. (Exploration of barriers and enablers on RSE was out of scope for this phase.)

At the initial stage of the research, we undertook a literature scan of the relevant 'grey' and academic literature, so our research built on the foundations of what has gone before. Our first pass review identified 20 articles on the RSE, but none that focused solely on the ES visa scheme and these are included in Appendix B

Section 2 discusses the key characteristics of Pacific country labour markets based on an analysis of the latest Census data for a range of Pacific Island partner countries. Section 3 discusses the findings from the data analysis and an analysis of transitions based on the IDI, and Section 4 covers barriers and enablers. The spread of coronavirus influenced the later stages of the project, making recruitment for the electronic workshop more difficult and removing access to the IDI. The final section therefore provides the conclusions from the project and potential directions for future research. A technical Appendix is also provided to background the selection and design of the electronic workshop.

## 1.2 Data analysis of RSE and ES uptake by Pacific Islanders

The first stage of work focused exploring the characteristics of source country labour markets using Census data (discussed in Section 2.1 below) and on the analysis of the existing MBIE immigration dataset to determine the uptake of the two work visa schemes (Section 2.2 below). The MBIE dataset is transactional data about immigration and it can't be linked to other labour market variables such as industry, wage income or size of employer. As the data is for applications, it cannot be used to track people over time. The initial analysis was segmented by age, gender, and sector source country.

## 1.3 Using the IDI to investigate transitions

The IDI holds microdata collected by government agencies, Stats NZ surveys, and selected non-government organisations (NGOs) about people and households. Access to the IDI is



tightly controlled and research results are checked before they're released to make sure individuals can't be identified.

The data in the IDI is disaggregated which enables application data to be linked with individuals, which will allow us to track them over time. This time series allows us to explore the transitions that Pacific migrant workers make to either other visa types and/or new employers.

The prime research focus was on developing a more detailed understanding of transitions between visa types and residency status, but the IDI allows us to analyse secondary research questions about the operation of the RSE and ES visa schemes. For example, the IDI has data on the industry and size of the firms Pacific migrant workers are employed by and the pre-tax wage income paid. However, data on hours worked is not available, so while it is possible to infer wage rates, these can't be calculated directly. The data cover nominal gross wages. Because of the range of people's personal circumstances and how they interface with the tax and social assistance system, calculating after tax income was out of scope for this research.

#### **1.4 An electronic workshop to draw out views on barriers and enablers for ES visas**

The third stage of the project was qualitative research to explore views on the enablers, barriers and opportunities for increased Pacific uptake by New Zealand employers. This was based on single round Delphi type workshop process using electronic decision support software to can to explore barriers and enablers for ES visas. The content for the workshops was drawn from the literature scan, data analysis and a handful of stakeholder interviews with people familiar with the operation of the ES visa scheme. More detailed background on design and structure of the electronic workshop is provided in Appendix A.

To inform the discussion in the workshops, we analysed available data on the Pacific country labour markets and RSE and ES uptake by Pacific Islanders. The next two sections discuss the findings from this first stage of the project.

#### **1.5 Limitations of this approach**

The main focus of the research was on the demand from New Zealand employers for Pacific Islanders using the Recognised Seasonal Employer (RSE) and the Essential Skills (ES) visa schemes and the demand side barriers and enablers influencing that uptake. With the exception of an analysis of census data, we did not explore factors influencing the supply of workers from Pacific Island countries. We used Immigration and IDI data along with workshops and interviews to explore what patterns existed. The scope did not include undertaking any policy analysis based on the findings from the research.

## **2 Labour markets of Pacific partners**

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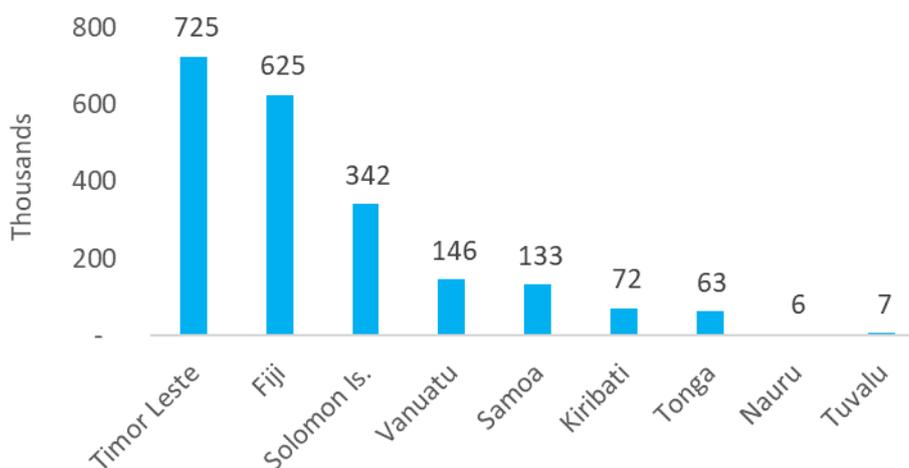
We used latest available Census data for eight Pacific countries<sup>1</sup> and Timor Leste to examine labour market conditions in Pacific partner countries. We looked at overall labour market

<sup>1</sup> Census data was available for Fiji (2017), Kiribati (2015), , Nauru (2011), Samoa (2016), Solomon Islands (2009), Tonga (2016), Tuvalu (2017), Vanuatu (2016/2009). PNG was not able to be included because Census data was not available.

conditions, employment by industry, occupations, education and skills. It is important to note that some of the variation across countries may reflect differences in Census definitions (such as skilled primary workers) or data collection practices rather than in the underlying rate.

Pacific labour markets vary significantly in size: Figure 2 shows how Timor Leste and Fiji have working-age populations above half a million while Nauru and Tuvalu have less than 10,000 people in this age range.

**Figure 2 Working-age population**



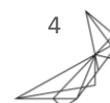
Source: Selected Pacific Census, NZIER

Table 1 uses Census data to compare the employment rate (formal attachment to the labour market) as well as the rate of subsistence work across selected Pacific countries:

- Timor Leste, Fiji, Tonga and Nauru have employment rates higher than 40% of the working age population (New Zealand's employment rate is 67.5%)
- Subsistence work is a greater part of the economy in Vanuatu, Timor Leste, Solomon Islands, Samoa and Tonga.

**Table 1 Employment and subsistence rates vary across Pacific labour markets**

Country	Year	Employed	Subsistence	Working-age population	Employment rate	Subsistence rate
Timor Leste	2016	304,000	109,700	724,500	42%	15%
Fiji	2017	275,893	51,102	625,099	46%	8%
Solomon Is.	2009	81,240	87,941	342,424	36%	26%
Vanuatu	2016	43,571	51,413	272,459	30%	35%
Samoa	2016	25,715	20,907	133,284	35%	16%
Kiribati	2015	25,166	2,788	71,698	35%	4%
Tonga	2011	23,323	7,470	62,809	52%	15%



Country	Year	Employed	Subsistence	Working-age population	Employment rate	Subsistence rate
Nauru	2011	2,883	99	6,173	47%	3%
Tuvalu	2017	2,335	69	7,143	34%	1%

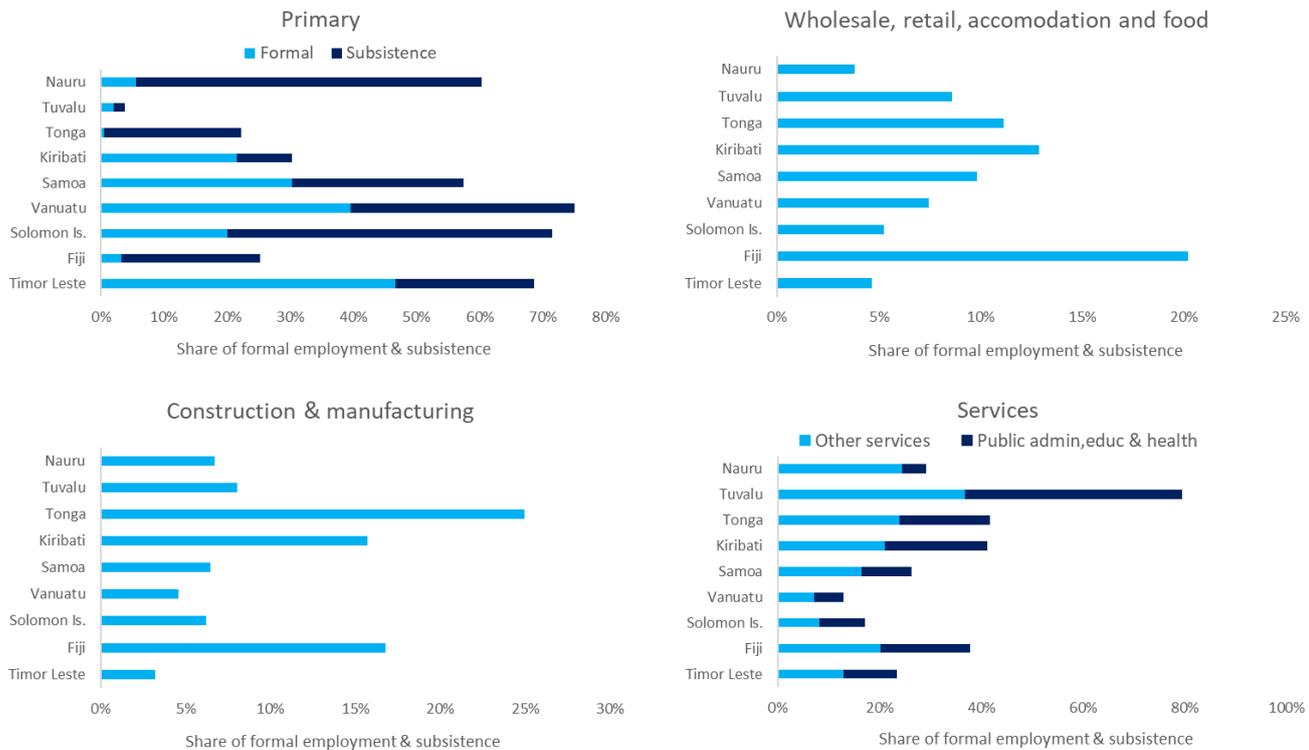
Source: Latest available Pacific Census, NZIER.



Industry employment (including subsistence work) are shown in Figure 3. Key results includes:

- Primary industries account for over 50% of employment in Timor Leste, Solomon Islands, Vanuatu, Samoa and Nauru.
- Wholesale, retail, accommodation and food services accounts for 22% of Fiji's employment, the second largest industry in Fiji.
- Construction and manufacturing industry has the highest share in e (25%) compared to other Pacific nations, followed by Fiji at 17% and 16% for Kiribati.
- Services are the largest industry in Fiji (38%), Kiribati (41%), Tonga (42%) and Tuvalu (80%). Half of these services workers are employed in public administration, education and health.

**Figure 3 Employment shares by industry**



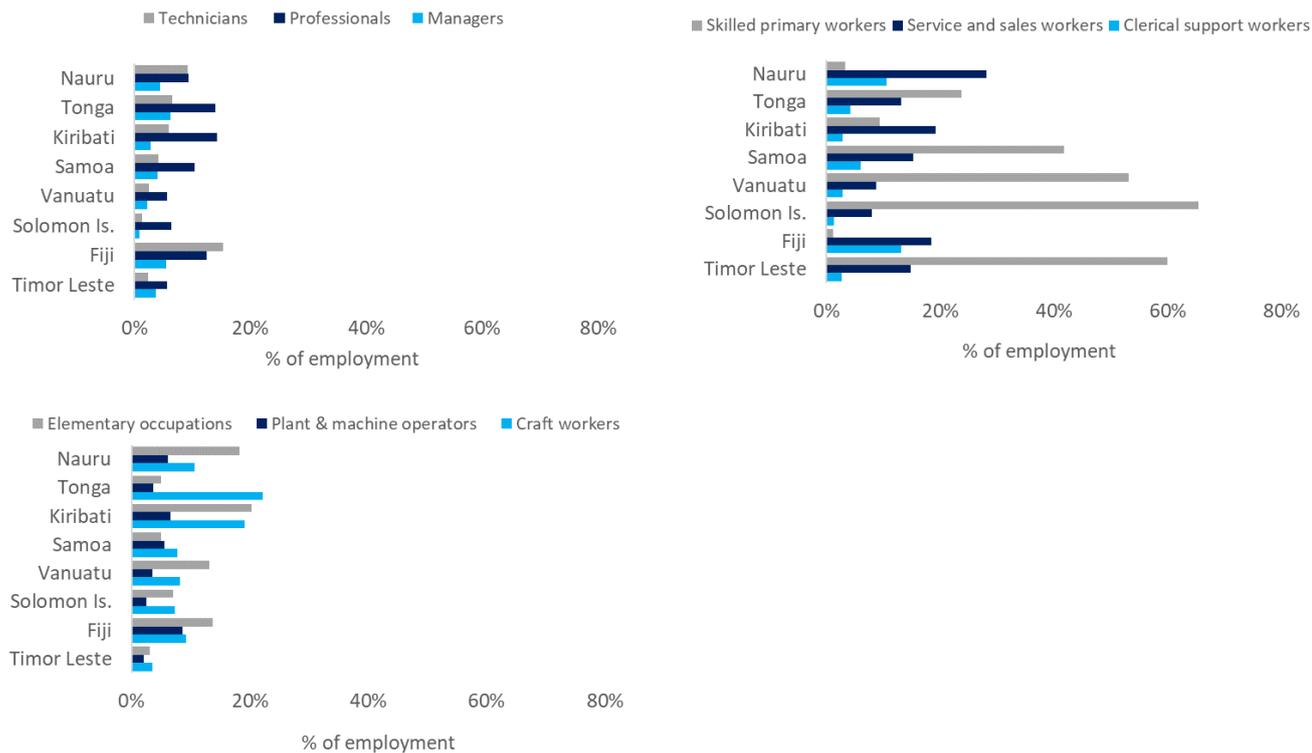
Source: Latest available Pacific Census, NZIER

Occupation employment (Figure 4) (excluding subsistence work) results are as follows:

- Manager, professionals and technicians, consist of around third of Fiji (33%) and Tonga's (27%) employment, and 23 percent of Kiribati and Nauru's.
- Clerical, service and sales workers make up another third of Fiji's employment, with the next largest share 22% for Kiribati and 21% for Samoa.
- Skilled primary workers account for over 40% of employment in Timor Leste (60%), Solomon Islands (65%), Vanuatu (53%), and Samoa (42%).

- Craft workers<sup>2</sup> make up 22% of Tonga’s employment and 19% of Kiribati’s.
- Plant and machine operators account for 2 to 7% across the selected Pacific nations.
- Elementary occupations (labourers), which maybe include agricultural workers<sup>3</sup> are a larger share of employment in Fiji (14%), Vanuatu (13%), Kiribati (20%) and Nauru (18%) than in other Pacific nations.

**Figure 4 Employment shares by occupation**



Source: Latest available Pacific Census, NZIER

The detailed findings and associated graphics are included in the NZIER Presentation dated 27 January 2020 along with supporting datasets in the accompanying spreadsheet.

### 3 Uptake of RSE ES visas

#### 3.1 Pacific migrants to New Zealand compared with other migrants

We analysed MBIE’s cross-sectional immigration dataset of applications to explore uptake of both work visa schemes by Pacific workers and the results are shown in Figure 5.

<sup>2</sup> “Craft and related trades workers apply specific technical and practical knowledge and skills to construct and maintain buildings; form metal; erect metal structures; set machine tools or make, fit, maintain and repair machinery, equipment or tools; carry out printing work; and produce or process foodstuffs, textiles, wooden, metal and other articles, including handicraft goods.” Pacific Standard Classification of Occupations 2016

<sup>3</sup> The definition of skilled primary workers differs across countries, some of these workers could be considered labourers.

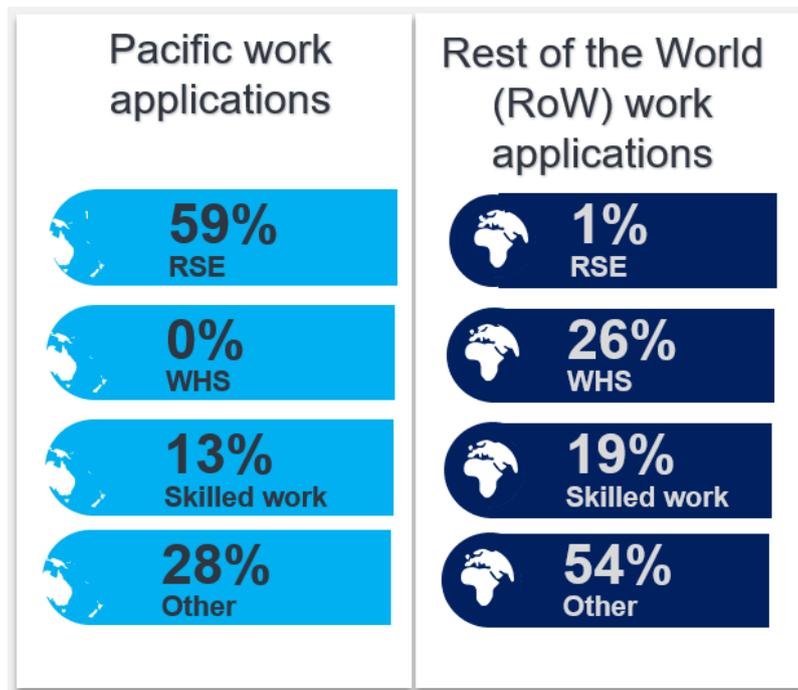
The RSE scheme provides Pacific migrants with a temporary pathway to work in New Zealand.<sup>4</sup> In 2018/19, fifty-nine percent of **all Pacific work** migrants arrived on RSE visas.

By contrast only 26% of migrants from other countries arrived on Working Holiday Scheme visas, which is the closest comparable temporary work scheme. RSE schemes however are only limited to horticulture and viticulture industry work. Working holiday schemes include horticulture and viticulture industry but extend to include retail, hospitality, construction, and tourism.

The majority of work visas for people from outside the Pacific fall into the other category (which includes work to residence, relationship and job search visas.) For the skilled work visa, there are similar proportions of Pacific workers (13%) and those from other countries (19%).

**Figure 5 Distribution of work visa by nationality**

2018/19



Source: Immigration NZ, NZIER

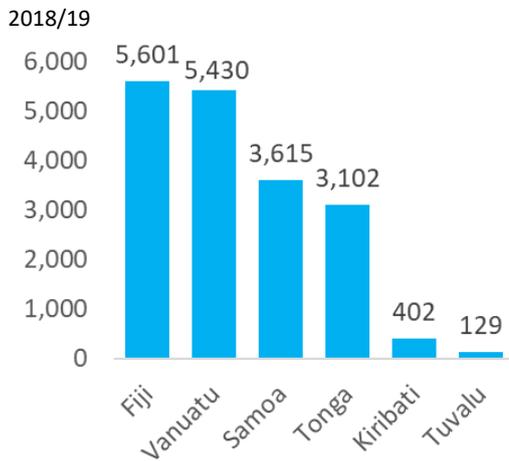
### 3.2 Country of origin

Fiji is the largest source of Pacific work migrants (5,601) followed by Vanuatu (5,430) (Figure 6), while Tonga has the most work migrants per capita, at 3% of its total local population (Figure 7).

<sup>4</sup> A small number of countries outside the Pacific continue to participate in the RSE as a result of relationships that predated the 2007 RSE policy. Outside of this it is not possible for employers to recruit in countries outside of the Pacific to join RSE under the current policy.

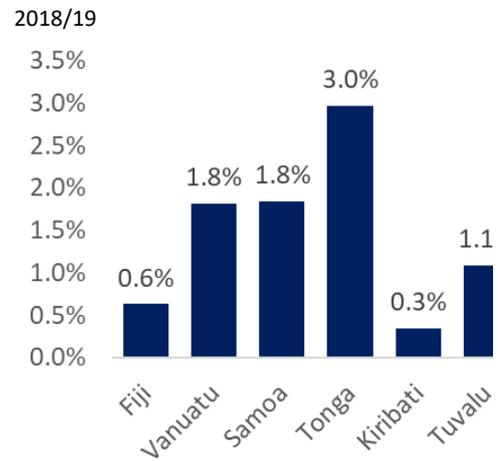
Figure 8 compares temporary work visa applications by Pacific country. RSE migrants are the highest proportion of work visas for all Pacific nations except Fiji, where Partnership and ES visas make up the largest percentage of visa types.

**Figure 6 Number of work visas by country**



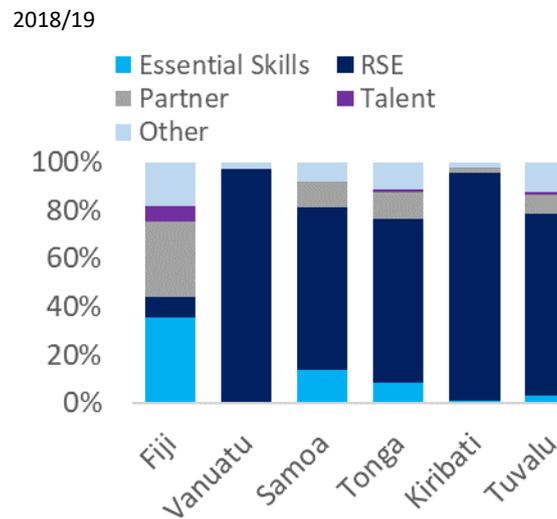
Source: Immigration NZ, NZIER

**Figure 7 Work visas as a proportion of total home population**



Source: Immigration NZ, NZIER

**Figure 8 Breakdown of work visas by country**



Source: Immigration NZ, NZIER

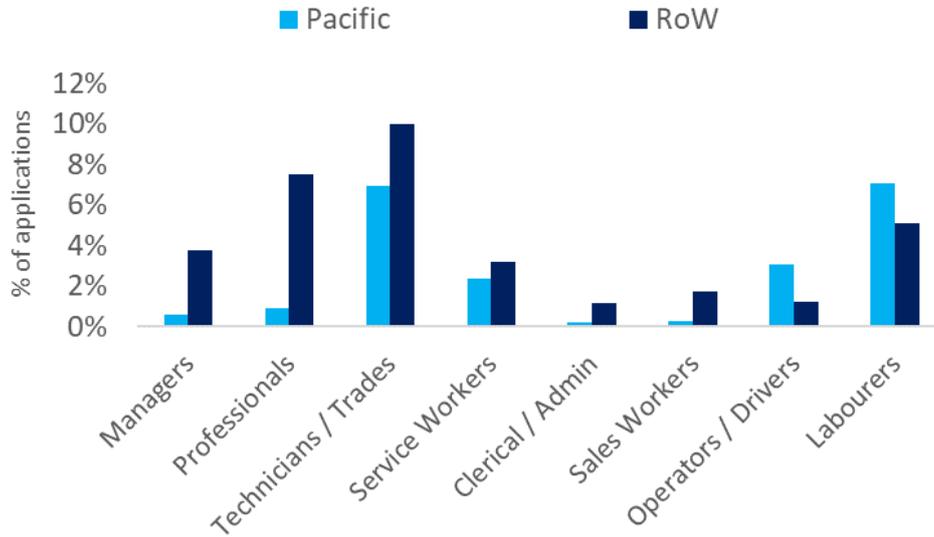
### 3.3 Occupation mix

Only one-third of work visas applications provided an occupation (21% for Pacific). Of those that were provided, two-thirds were accounted for by just three broad groups: managers, professionals, technicians and trade workers (Figure 9). The occupational mix for Pacific migrant workers was different as they were underrepresented among skilled groups like

managers (1%) and professionals (1%) but overrepresented in low skilled roles such as operator/drivers (17%) and labourers (10%) (Figure 10).

**Figure 9 Proportion of work visas by occupational groupings**

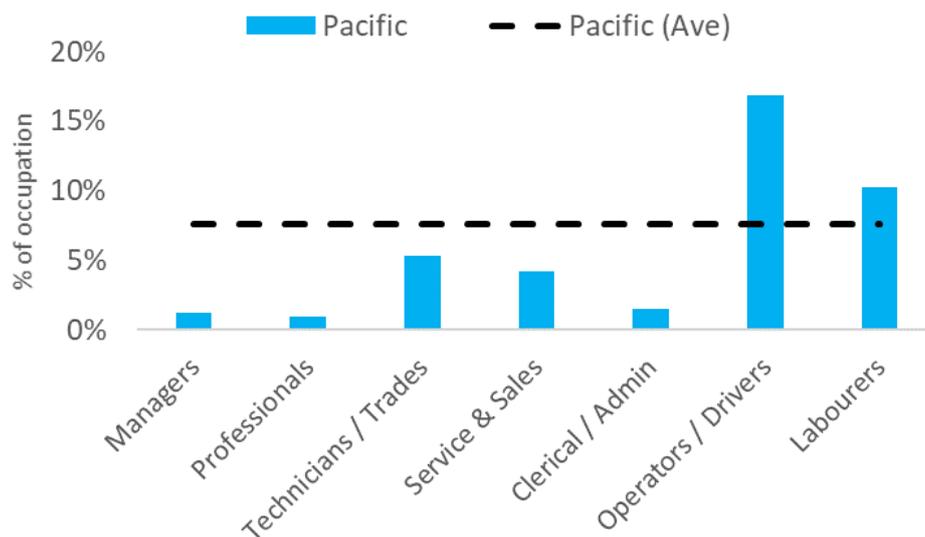
2018/19



Source: Immigration NZ, NZIER

**Figure 10 Pacific workers as a proportion of each occupational group**

2018/19, 79 percent of Pacific worker visa applications do not need to provide an occupation code



Source: Immigration NZ, NZIER

For analysis of work visa application data see the NZIER Presentation dated 15 November 2019 along with supporting datasets in the accompanying spreadsheet.

### 3.4 Recognised Seasonal Employer visa scheme

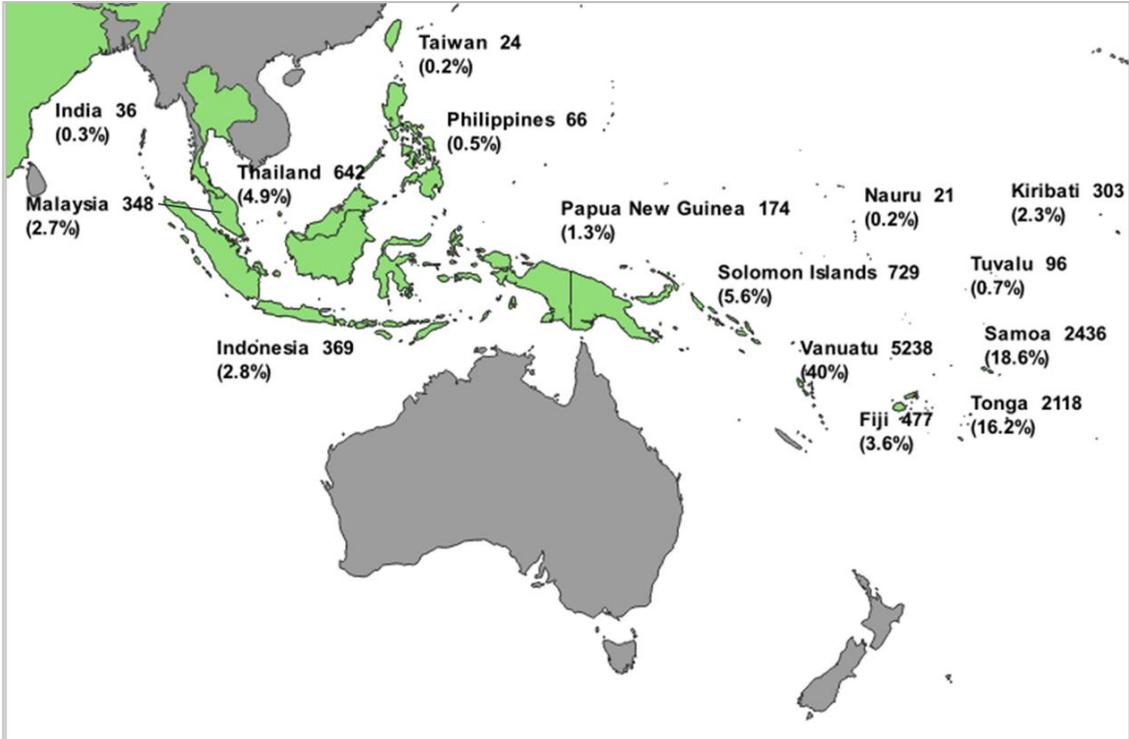
#### Country of origin

The RSE visa scheme is a seasonal labour programme for Pacific nations, whose citizens can work in the New Zealand’s horticulture and viticulture industries for up to seven months per 11-month period.<sup>5</sup>

In 2018/19, 40% of RSE workers came from Vanuatu, followed by Samoa (18.6%) and Tonga (16.2%). Other Pacific nation make up 13.7 %, while South East Asian workers make up the remaining 11.4% (Figure 11).

**Figure 11 RSE workers by country of origin**

2018/19



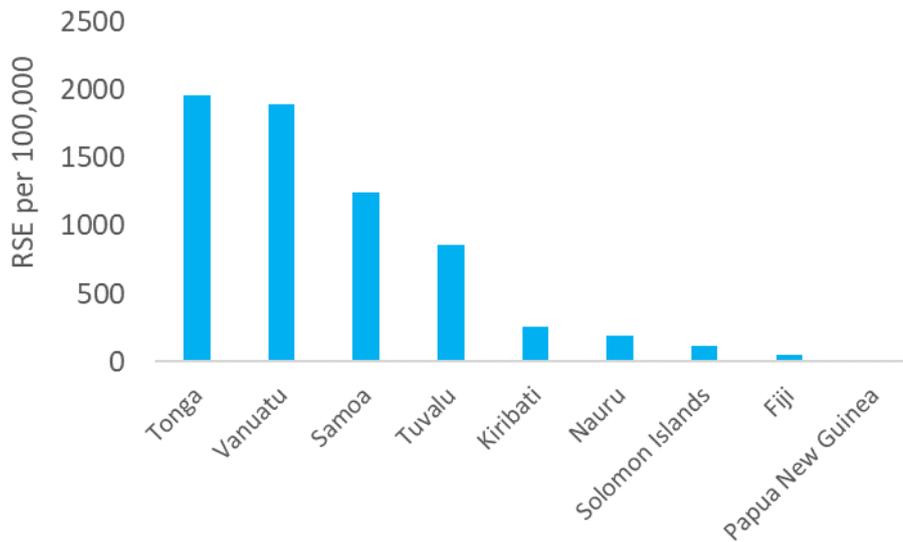
Source: Immigration NZ, NZIER

Tonga is the largest source of RSE worker in per capita terms (1,960 per 100,000 population), followed by Vanuatu (1,896 per 100,000) and Samoa (1,240 per 100,000) (Figure 12).

<sup>5</sup> Citizens of Kiribati and Tuvalu can stay for 9 months. Workers are accepted from a select few other countries (mostly in South East Asia) (see Figure 12) based on employers having relationships with these countries prior to the RSE policy being established. .

**Figure 12 Pacific RSE workers per capita**

2018/19



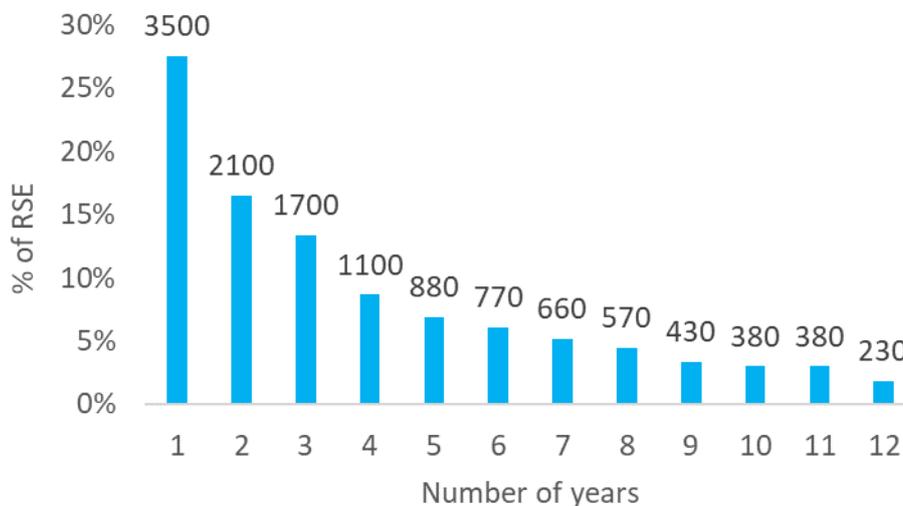
Source: Immigration NZ, NZIER

**Retention of RSE workers**

The RSE scheme was designed to “fill the chronic shortfall of available labour in the horticulture and viticulture sectors and at the same time... promote ... economic development in the Pacific region, via remittances sent home” (Bailey 2019). Figure 13 suggests the scheme is operating as intended for employers. Of the 12,700 RSE workers in the 2018/19 financial year, 9,200 RSE workers have been in the scheme for more than 1 year, while over 40% of RSE workers have been in the scheme for more than 3 years.

**Figure 13 RSE workers by number of years**

2018/19



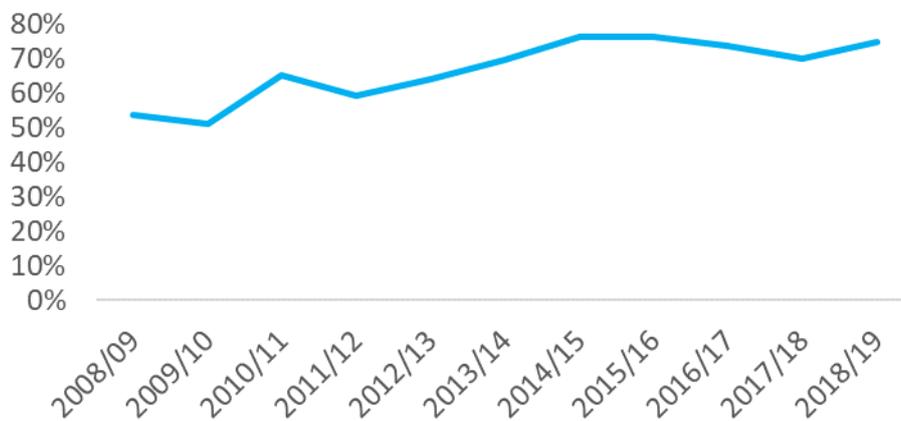
Source: IDI (Stats NZ), NZIER

Workers are more likely to exit the scheme after their first year than any other time, but 75% return to work a second season. For workers who have been in the scheme for more than 10 years, retention rates are 90 percent. (Cumulative retention rates – so called survival curves – are discussed below and shown in Figure 15.)

Figure 14 shows that the first-year retention rate has been improving since the start of the RSE scheme, when only half of the RSE workers returned for a second year (compared to 75% for 2018/19). It appears RSE employers have become better at recruiting, selecting and retaining RSE workers.

**Figure 14 Probability of a first-year worker returning for a second year**

2018/19

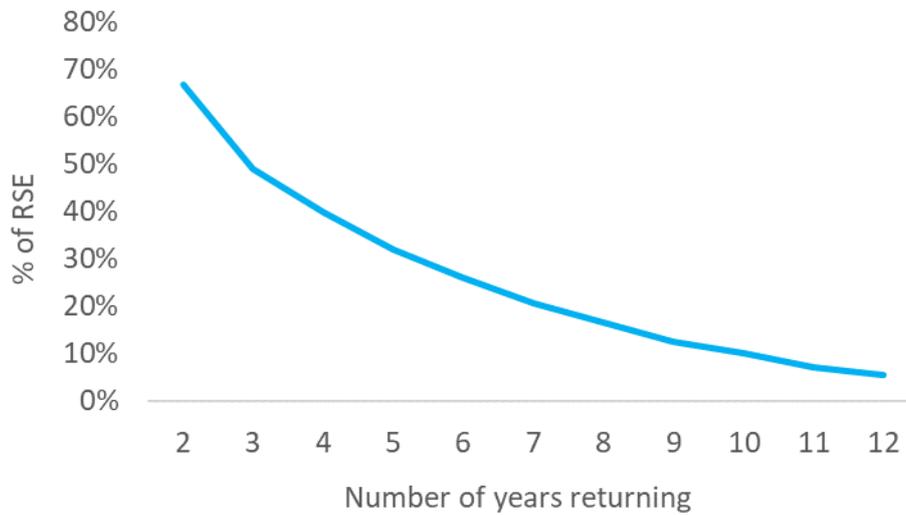


Source: IDI (Stats NZ), NZIER

A survival curve is calculated in Figure 15. It shows the RSE workers returning as a percentage of the cohort in the first year in the scheme. In other words, for each cohort of workers, an average of 32% stay five years or more in the scheme, only 26% remain after six years or more. On average, RSE workers work 3.6 years on an RSE visa in New Zealand.

### Figure 15 Average retention rate by number of years

Percent of workers returning compared to first year in the scheme



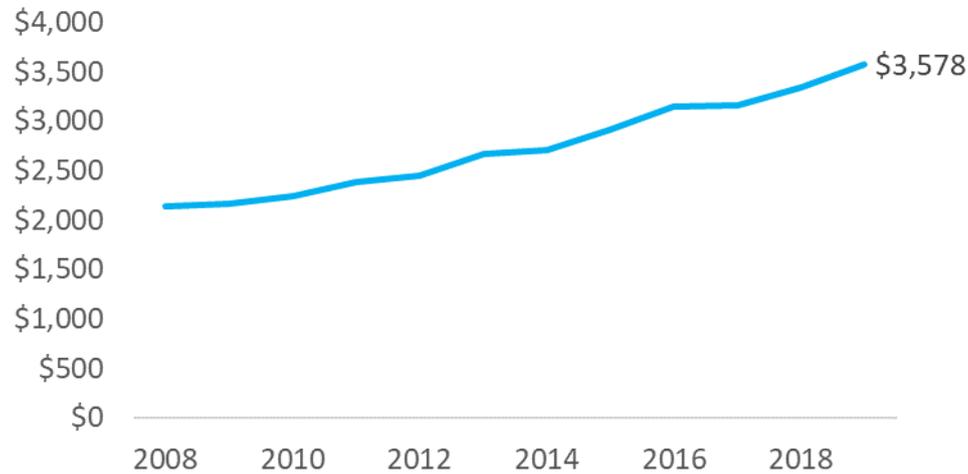
Source: IDI (Stats NZ), NZIER

### Gross Income of RSE workers grows over time

The IDI has data on the pre-tax wage income of individuals so these earnings can be linked to people on RSE and ES visas. The median gross monthly income of RSE workers was calculated as \$3,578 in the 2018/19 financial year, which is \$200 more in dollars of the day than 2017/18. Figure 16 shows that median gross monthly income for RSE workers has been growing steadily and the nominal increase averages 4.8% per year. A first-year employee's median gross monthly nominal income is growing at 3.5% per year while experienced RSE workers (returning workers) have seen their income increase 4.5%. This is consistent with an experience premium. Note, however, this is pre-tax dollars of the day. Data on hours worked is not available in the IDI so some of these increases could reflect compositional changes such as an increase in the hours worked.

### Figure 16 Median gross monthly income for RSE workers

Dollars of the day so not adjusted for inflation



Source: IDI (Stats NZ), NZIER

Other findings are as follows:

- No statistically significant difference in median monthly income of men and women.
- Experienced workers with more years in the scheme get paid more, the experience premium is \$300 per month in the 2nd year and \$1,000 per month in the 10th year above first year workers.
- Middle-aged workers (45-54-year-olds) get paid the most (\$3,598 per month) compared to 25-34-year-olds (\$3,571). However, there are four times more 25-34-year-olds than 45-54-year-olds in the scheme.
- We find three industries with large enough observations to create median monthly income.<sup>6</sup> Results as follows:
  - Labour Supply Services (\$3,617)
  - Apple and Pear Growing (\$3,595)
  - Packaging and Labelling Services (\$3,482).

More detailed findings and associated graphics are included in Part 2 of NZIER Presentation dated 27 January 2020.

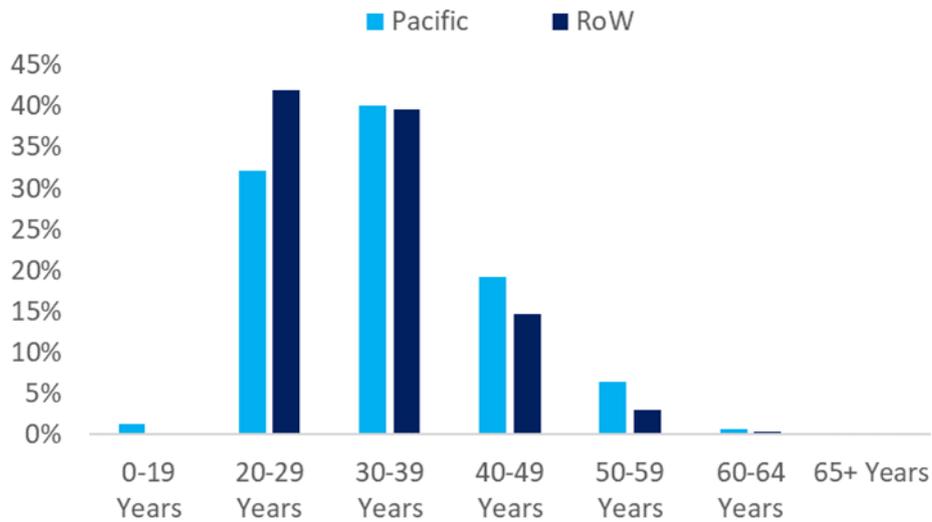
### 3.5 Essential Skills visa scheme

The number of Pacific workers in New Zealand on ES visas has grown from 30 in 2002/03 to 4,200 in 2018/19. Pacific applicants make up 6.3% of all accepted ES applicants. Forty percent of Pacific workers apply from overseas, compared to 22% for the rest of the world.

<sup>6</sup> With temporary seasonal workers it is more difficult to link an employer with the workers, which meant we could not link 4,800 workers to any industry. We were only confident in median monthly income for industries with more than 1,000 workers, only three industries met these criteria.

Pacific ES visa holders are slightly older but not significantly different than holders from other regions. The average age of migrants from the Pacific is 34 compared to 32 for other migrants as shown in Figure 17.

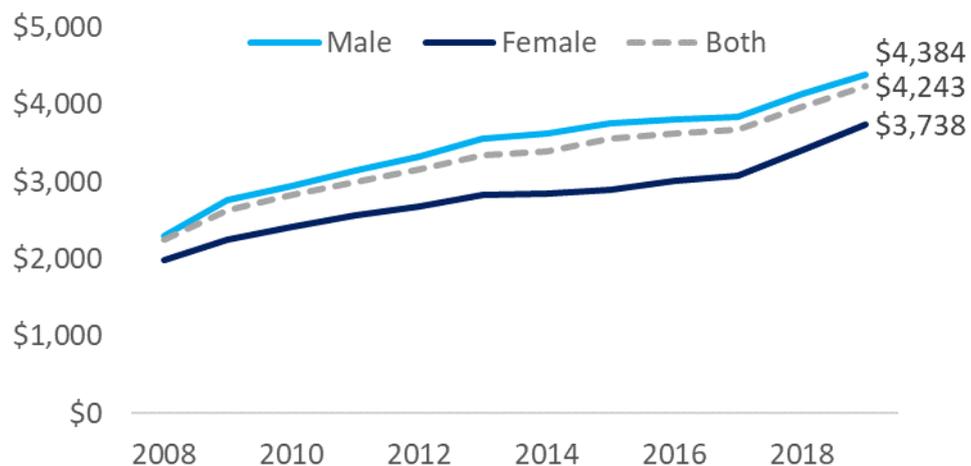
**Figure 17 Essential skill workers by age**



Source: Immigration NZ, NZIER

Using IDI data, we calculate that the median nominal pre-tax monthly income was \$4,243 for Pacific ES workers in 2018/19 (Figure 18). Income has grown at an average rate of 4.9% since 2008/09. However, this growth could be affected by compositional changes such as changes in the industry mix or the number of hours worked.

**Figure 18 Median gross monthly income for ES workers by gender**



Source: IDI (Stats NZ), NZIER

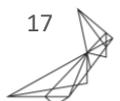
Women only make up 16% of Pacific ES visas and they are paid around over \$600 less per month than men. This gap may reflect differences in the industry mix, as well as the number of hours worked (Figure 18).

The largest industries (Table 2) that employed Pacific ES workers are:

- Meat and meat product manufacturing
- Rest of administrative and support services
- Accommodation and food services
- Building installation services
- Residential care services
- Heavy and civil engineering construction.

The highest paid (per month) were:

- Road freight transport (\$5,584)
- Heavy and civil engineering construction (\$5,001)
- Road passenger transport (\$5,001)
- Meat and meat product manufacturing (\$4,696).



**Table 2 Industry breakdown of ES visas**

Top 16 industries by number of Pacific ES migrants

Industry	Median monthly income	Number of Pacific workers
Meat and meat product manufacturing	\$4,696	510
Unclassified	\$4,058	420
Rest of administrative and support services <sup>7</sup>	\$4,342	300
Accommodation and food services	\$3,600	300
Building installation services	\$4,582	240
Residential care services	\$3,901	240
Heavy and civil engineering construction	\$5,248	210
Road freight transport	\$5,584	170
Automotive repair and maintenance	\$3,921	170
Forestry support services	\$3,450	160
Dairy cattle farming	\$4,446	140
Residential building construction	\$3,804	85
Personal care services	\$3,404	70
Rest of manufacturing <sup>8</sup>	\$4,514	55
Building completion services	\$3,919	50
Road passenger transport	\$5,001	50
<b>All industries</b>	<b>\$4,243</b>	<b>4,200</b>

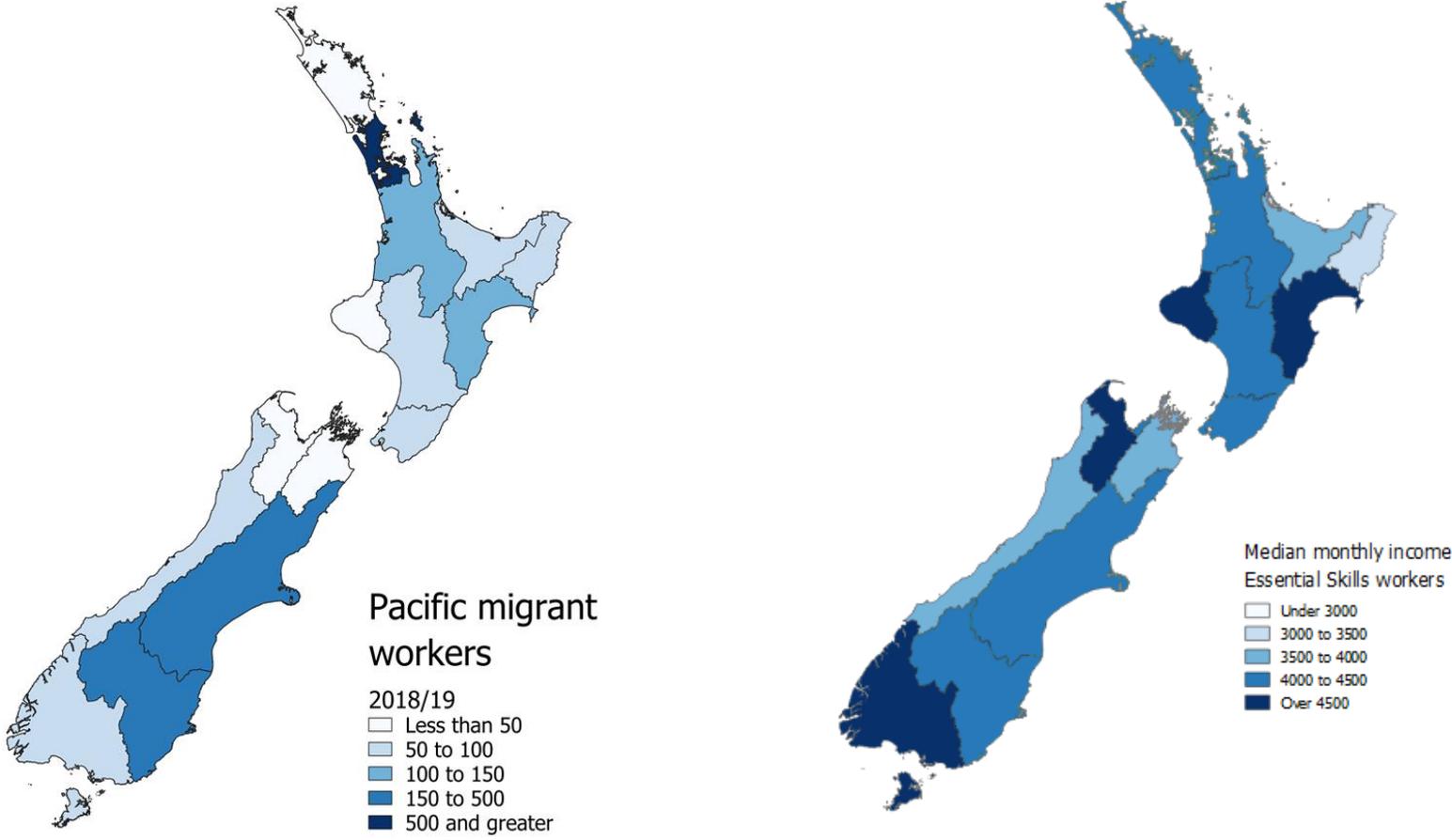
Source: IDI (Stats NZ), NZIER

Most Pacific workers on ES visas find work in Auckland (1,800) (Figure 19). This is followed by Canterbury (630), Otago (260) and Waikato (190). Median monthly incomes are higher in the regions than in the main cities.

<sup>7</sup> Rest of administrative and support services is a residual category which includes all Administrative and support services excluding building cleaning, pest control and other support services.

<sup>8</sup> Rest of manufacturing is a residual category which includes paper, printing, petroleum, chemical, rubber, primary metal, furniture and other manufacturing.

Figure 19 Regional distribution and median monthly income of ES workers



Source: Immigration NZ, IDI (Stats NZ), NZIER



The detailed findings and associated graphics are included in Part 3 of NZIER Presentation dated 15 November 2019.

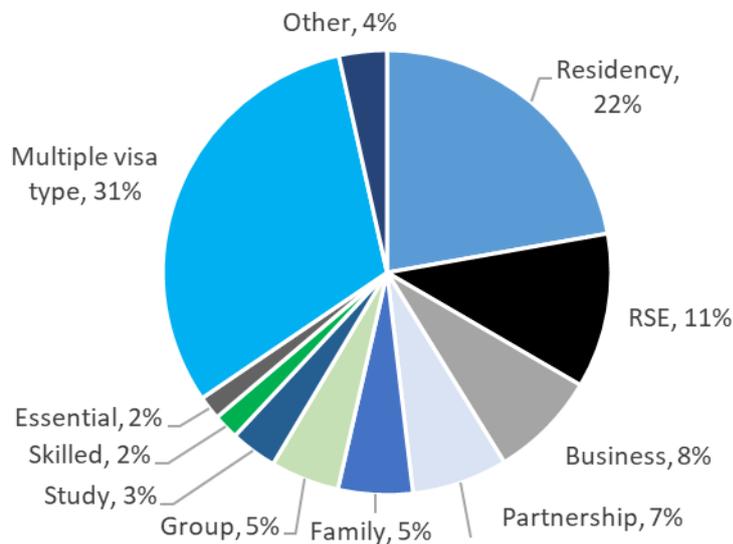
### 3.6 Transitions of Pacific workers between visa types and residency

One-third (75,670 or 31%) of all Pacific migrants since 1997 have transitioned to another visa type (Figure 20). Of these, 63,645 have transitioned to residency. (1997 is date from which comparable data is available in the IDI.)

167,725 Pacific migrants only received one type of visa type. 54,400 entered New Zealand with residency (22%) and 27,400 were RSE workers.

**Figure 20 Single visa compared to multiple visa types**

Total visas since 1997 (date to be confirmed once the IDI reopens)



Source: IDI (Stats NZ), NZIER

Of the 29,355 RSE workers who have worked in New Zealand, only 7% (2,055) have transitioned to another visa type. Of these, 470 transitioned to partnership visas, while 650 achieved residency.

The number of Pacific ES workers is lower than RSE, with 11,695 entering New Zealand since the first approval in 2003). Sixty-four percent (7,495) have transitioned to a different visa type, with 1,000 transitioning to a partnership visa, while 5,300 achieved residency.

## 4 Barriers and enablers for the Essential Skills visa

The final research question for the project was to identify the barriers and enablers for New Zealand employers employing Pacific workers on an ES visa. These were identified primarily through an e-workshop. This was a single round Delphi type process using electronic decision support software. The events leading up to COVID-19 made recruitment of people with experience of the ES visa for the workshop difficult but in the end we had 16 people confirm

their attendance, 13 attended and some participation dropped off as the workshop proceeded. These included Immigration Advisors, people from the dairy, forestry, and hospitality industries as well as people management consultants. Their experience employing Pacific workers through the scheme meant they were able to help identify where barriers and enablers were specific to the employment of Pacific workers as opposed to general barriers and enablers that affect the scheme's success more generally.

#### 4.1 Workshop design

Participants were guided through a range of activities, including open-ended questions designed to elicit responses and generate discussion; and voting/rating activities where respondents were asked to choose statements that were most true, or to agree/disagree with a range of statements. These activities were designed to test the hypotheses with the group and identify where there was broad consensus on barriers and enablers; where there was significant disagreement; and what improvements participants felt were needed to facilitate employment of Pacific workers through the ES visa scheme.

The e-workshop design meant that participants could choose to be anonymous, encouraging them to express views however strong or controversial. Appendix A provides more technical background on electronic workshop design, recruitment and structure including the questions and statements used.

The e-workshop followed a structure designed to generate increasingly specific discussion of barriers and enablers:

- First, general attitudes and experiences of participants regarding Pacific workers and the ES visa scheme were tested as these provide important context for the interpretation of other findings.
- Second, our initial data findings about the ES visa were shared with the group to generate some discussion of possible drivers for the more interesting findings. This helped to set the scene for a more focussed discussion of barriers and enablers.
- Third, within the category of barriers and enablers, the e-workshop sought to identify what barriers and enablers exist within the scheme and in the labour market more generally, including both the New Zealand labour market and the Pacific Islands' labour markets.
- Fourth we sought to learn what strategies employers were using to overcome barriers and to manage the risks associated with employment, potentially of workers who are less known to the employer than is typically the case in purely domestic labour market hiring situations.
- Finally, we asked participants to identify possible adjustments to the scheme or other interventions that might help to overcome barriers or enable increased employment of Pacific workers under the ES visa scheme.

#### 4.2 General attitudes of New Zealand employers

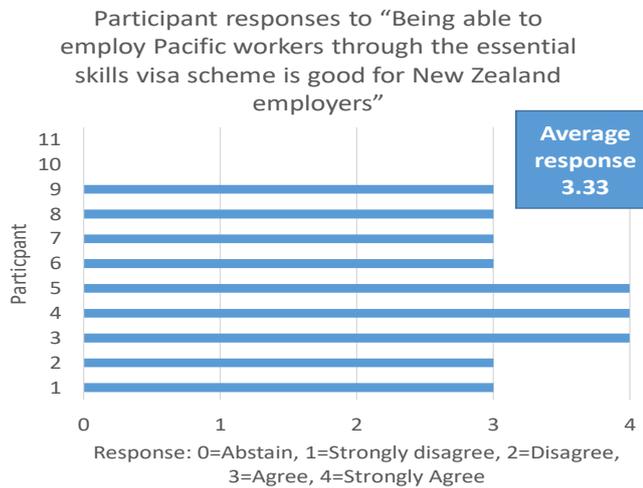
The e-workshop revealed a wide range of experience with employing workers through the ES visa scheme. Some participants had many years' experience with many workers, including returning workers, while others had relatively little experience and generally only employed small numbers. Some participants employed predominantly Pacific workers, while others had

no experience of employing Pacific workers and no knowledge of equivalent industry or industry roles in the Pacific Islands.

Participants indicated they were driven to employ under the ES visa scheme by a persistent shortage of willing and able local workers. From a range of general statements presented, based on the initial interviews, the proposition that 'local workers' poor work ethic as a driver of foreign worker demand' was recognised as most true by most participants. Lack of local workers' skill was also recognised as a key driver but to a lesser extent than a poor work ethic.

Workshop participants felt strongly that the ES visa scheme was beneficial to employers when it worked, some even suggesting (unprompted) that the scheme was essential. Responses to the statement "Being able to employ Pacific workers through the essential skills visa scheme is good for New Zealand employers" averaged between Agree and Strongly Agree.

**Figure 21 Participants' responses to a general statement about the ES visa**



Source: NZIER

Most employers pointed out the reality of labour shortages in their sector and many indicated that this did not seem to be well-recognised by Immigration New Zealand (NZ) officials. Comments included:

- "There is a major shortage of NZ workers in the forestry industry."
- "It is worrying and reassuring that a variety of industries are under the same pressure which should be a clear indication to INZ that their policies and processes are only elevating the employers' issues as opposed to alleviating them."
- "We are dealing with staff shortages and improvements need to be made in regard to the process/INZ."
- "It is so important for businesses to supplement their workforce with overseas workers. If we don't have the workers to get the job done, we don't have a business at all."
- "It is clear that something needs to be done, or things will only get worse."



- “I’m not sure how businesses in the forestry industry can survive without overseas workers.”
- “The dairy industry is reliant on these people because there are simply not enough other people available to fill the number of vacancies on farms.”

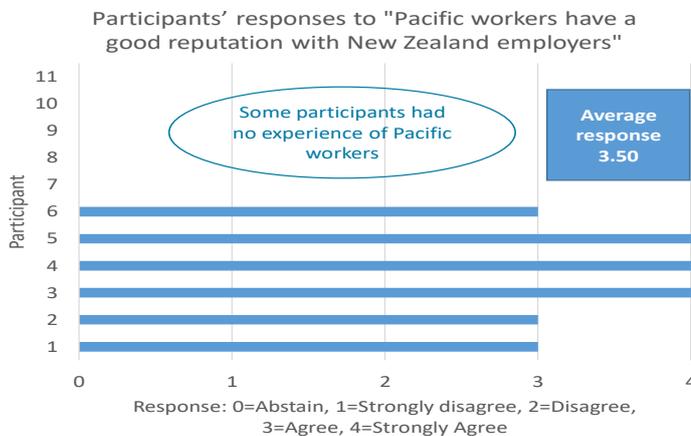
#### 4.2.1 Attitudes of New Zealand employers towards Pacific workers

Although pre-workshop interviews with immigration advisors had indicated that there may be instances of racism or discrimination against Pacific workers, this was not apparent in the e-workshop. Employers’ attitudes were generally favourable to Pacific workers and this was revealed through a range of questions and activities as well as coming through clearly across multiple discussions that were sparked by workshop activities.

Workshop participants with previous experience of Pacific workers were positive about their experience, and all participants agreed with the proposition that Pacific workers have a good reputation with New Zealand employers. Some participants noted that few Pacific workers apply for roles in their industry or firm:

- “We are now into third generation staff from Fiji. We have no problems whatsoever with them.”
- “We don’t get many Pacific applying for roles (in our industry) but if we did, we would certainly be looking at them.”

**Figure 22 Participants’ responses to a question about Pacific workers’ reputation**

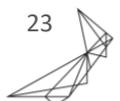


Source: NZIER

### 4.3 Employers’ reactions to data findings

After a session that consisted of sharing previous experience with the ES visa scheme and with Pacific workers, a series of slides describing the initial data analysis was shown to participants and participants were encouraged to share any relevant insights or reactions to the data.

Participants indicated that the results were either not surprising, or that they could not comment due to a lack of knowledge of labour market conditions in other industries.



The finding that women are under-represented amongst ES visa applicants was explained as being due to many roles requiring heavy physical work. Some employers explained that they would not hire women for these roles, while others indicated that women did not apply for the roles for that reason.

The group's ability to comment on this issue was limited due to the participation of only one employer from the hospitality industry (who abstained from commenting on this issue) and no employers from the health and disability sector. These industries are likely to be the employers of a greater than average proportion of female workers.

Participants agreed with our data finding that Pacific Islanders are more likely to apply from outside of New Zealand. Later in the e-workshop, in a voting/rating activity where participants were asked to choose the statements that were most true of their experience, none of the participants chose "Pacific workers I have employed/advised under the essential skills visa scheme have usually been located in New Zealand before making their application".

## 4.4 General barriers and enablers

The employment of Pacific workers under the ES visa scheme will be affected by barriers and enablers that are general issues for employers using the scheme, as well as barriers and enablers that are specific to the employment from the Pacific.

Barriers and enablers were identified throughout the e-workshop with many comments and responses to the full range of activities pointing to specific barriers. Enablers were less readily articulated in response to direct questioning but emerged more indirectly from discussions.

### 4.4.1 Industry awareness

The e-workshop tested the hypothesis that low industry awareness may be limiting employment under the ES visa scheme. Participants indicated strongly, however that, to the extent that awareness of the scheme might be an issue, this was not the case in the industries they knew.

Participants explained that the shortage of labour in their industries had forced employers to identify ways of accessing foreign labour, including the Essential Skills Visa scheme. There was also a strong indication that information sharing was common in these industries and that smaller employers were benefitting from larger employers' greater experience with the scheme. Comments included:

- *"I would say they are all aware of the essential skills visa scheme."*
- *"Most will know (about the scheme) as there are massive shortages."*
- *"More aware now and working towards recruiting from Samoa under the AIP."*
- *"In our region and industry, employers are aware of the scheme. Small employers regularly contact me as they try and navigate the requirements."*

### 4.4.2 ANZCO codes and industry roles

Participants commented extensively on difficulties associated with ES visas where industry roles did not align with ANZCO codes.<sup>9</sup> Participants felt that this misalignment led to

<sup>9</sup> Changes to the ES visa, due to take effect in mid-2020, would move away from using ANZCO and instead focus on wage earnings under the new Employer Assisted Work Visa category

subjective interpretation by Immigration officials and inconsistencies in the application of requirements. Comments included:

- *“ANZCO code classifications seem to be the biggest hurdle for us with roles being classed as low skilled when they are not despite meeting the pay threshold.”*
- *“We have employees on visas earning between \$40K and \$60K and they are still classed as low skilled.”*
- *“ANZCO is a real issue with such a broad gap in categories.”*
- *“...the ANZCO code classification is a big hurdle. No consistency and completely subjective depending on the officer assessing the application.”*
- *“ANZCO code is definitely not aligned with industry roles. ANZCO codes are focussed on a (retail business) not a processing plant.”*

#### 4.4.3 Burden of documentation

Pre-workshop interviews identified the burden of documentation as a major issue for many workers. As applicants, workers need to show that the potential employer has already followed the process to be able to hire under the ES visa scheme. In addition, they need to prove they have relevant work experience and recognised qualifications. Some countries (Fiji, for example) have trade qualifications that are comparable to New Zealand’s and this makes the process easier as well as making workers from those countries more sought after by New Zealand employers. Others will often need qualifications to be assessed by NZQA, adding an additional step with its own burden of documentation to the process.

It was felt that showing work experience was particularly challenging, as all documentation was required to be third party verifiable and in English. Some workshop participants and pre-workshop interviewees believed that there was a heavy emphasis on proof of deductions for state pension schemes to establish a record of employment. These requirements in particular were believed to be challenging and often impossible to satisfy for workers who have been self-employed or employed by very small employers, employed by firms that have ceased to trade and especially for workers from countries with more informal employment arrangements, as is the case in many Pacific countries.

A pre-workshop interview with an Immigration Advisor also raised the possibility that immigration advice services may often be unaffordable for workers from poorer countries, resulting in reduced access to a potential work around.

One employer who regularly employed mainly Pacific workers reported that he completed all of the documentation for potential workers as he felt that the workers would not have the English language or general literacy skills needed for this type of task. In addition, this employer indicated that the process could be significantly slowed down by minor errors in documentation, so that it was best that this was completed by someone with experience and a better understanding of what was required.

Comments included:

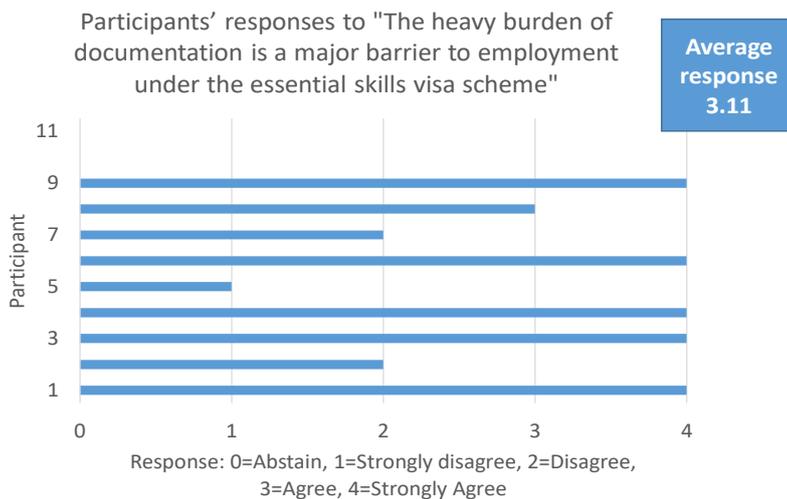
- *“Too many requests for additional information based on the need for employers to have foreign workers. I do not understand why we would need to justify even after a skills match report is provided.”*

- *“Barriers are dealing with Immigration’s inconsistencies and the amount of paperwork required.”*
- *“Pacific workers often can’t meet the criteria on proven work.”*
- *“The huge amount of proven work references and payslips etc. and qualifications that are needed are putting them (workers) off.”*
- *“Immigration require such proven work records and qualifications which it’s is usually why harder to bring in the Pacific Island ones than the Saudi ones, for example.”*
- *“It’s harder to get the required qualifications and proven work records (for Pacific workers) so it’s a really tough application, which is why there aren’t so many here”*
- *“We were told at a FICA seminar from a senior Immigration official that it is easier for INZ employees to tick “no” than “yes” to boxes on applications. Every time you tick “yes” a drop box pops down which then states they are required to do further testing.”*

A voting activity presenting workshop participants with a wide range of statements, revealed that participants agreed that Pacific workers find it more difficult to prove skills, qualifications and work experience than workers from other countries and that needing to get NZQA recognition was a major barrier. The same activity also revealed that some participants felt that the level of evidence required had increased over time, resulting in increasing difficulty for Pacific workers.

The burden of documentation as a barrier to employment under the ES visa elicited the strongest responses.

**Figure 23 Participants’ responses to a statement about the burden of documentation**



Source: NZIER

#### 4.4.4 Immigration officers' requirements

Participants were unanimous and most vocal about their perception that Immigration New Zealand officials had unrealistic, uninformed and inconsistent requirements for ES visa applications.

Experience with applications for ES visas had revealed that individual Immigration officials interpreted requirements differently and had vastly differing degrees of knowledge of industry conditions and industry roles. Participants felt that the lack of knowledge and inconsistencies from one official to the next were reasons behind increasingly lengthy processes and increasing demands for more and more documentation.

Comments included:

- *"...the lack of realisation from DSW/MBIE/INZ that there is simply not the numbers of people willing or able to do our type of work. There is also a lack of knowledge as to what our job actually involves."*
- *"Essential skills visa I feel is not aligned with the industry and the labour market in the region. I feel it is more a hindrance and slows our process down, which shouldn't be the case if we as an employer are already registered."*
- *"I find lack of knowledge of the sector from Immigration case officers which does not help."*
- *"We contacted Immigration last week to discuss employing Pacific islanders under the Shane Jones Billion Trees scheme and were advised that no one by the name of Shane Jones worked for Immigration!"*
- *"I have concerns about case officers who are inconsistent"*
- *"It's always a worry about which case officer you are allocated too as some can be truly pedantic."*

In choosing from a range of statements about operational barriers and enablers, inconsistencies between INZ officer requirements was recognised as most true by more participants. Statements suggesting English language and health requirements may be barriers were least likely to be seen as true.

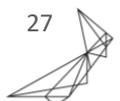
#### 4.4.5 The lengthy and costly process of applying for ES visas

The heavy burden of documentation combined with extensive, unpredictable and inconsistent requirements for documentation created a heavy burden of time and cost for employers. Participants indicated that this was compounded by the lack of transparency about process and the time INZ officials took to process applications.

Participants reported having difficulties getting answers to questions or understanding the process. Some employers had engaged lawyers or immigration advisors to help navigate the process, but this increased the cost even more.

Comments included:

- *"My experience of essential skills has been frustration over timeframes, difficulty in speaking directly with INZ (we don't have time to sit on the phone), website can be hard to get an interpretation of what a clause may mean, waiting on changes to policy so you can let staff know if they are going to have 1 year stand down."*



- *“It is hard to get relevant information out of Immigration NZ staff, once you manage to talk to someone.”*
- *“Have to wait a long time on the phone to speak with an immigration officer if you have any questions.”*
- *“Phone call times are far too long.”*
- *“If you request a call back, you are then put on hold again!”*
- *“Taking too long for work visas to be approved.”*
- *“The timeframes can be fantastic or terrible from 2 weeks to a really long time.”*
- *“Difficult, long process... Takes too long to receive approvals.”*
- *“Lack of consistency=uncertainty and no one wants to commit to the cost if the pathway isn’t clear.”*
- *“I end up using agencies to at least get an answer in line with what we should expect. Costly for a small business.”*

#### 4.4.6 Timeframes for 12-month visas

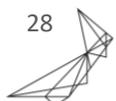
Current timeframes and other challenges were seen as particularly problematic for 12-month visas.

Employers indicated that 12-month visas are too short to be very useful and that processing times and costs made them very unattractive to both workers and employers. Comments included:

- *“Cost is a big barrier for those applying, especially with annual renewals.”*
- *“Cost would be a big part, travel over here and having to renew every year. It’s off-putting for employers.”*
- *“The 1-year visas are just far too short. It’s an expensive exercise for employers and its difficult when you have already trained a person to then be under labour market test on a yearly basis.”*
- *“Can be very costly and time consuming for a 12-month visa.”*
- *“Lack of stability for EE and ER, cost and time for everyone involved.”*
- *“1 year is just too short for the cost involved.”*
- *“At the moment it has so much uncertainty for the visa holder and employer. The 12-month timeframe means after 9 months you’re redoing all the same work again at a cost of \$500 a time or more if people use agencies.”*
- *“Cost is just far too much on a yearly basis and now we have some good trained workers facing going home when they are reasonably useful to our labour market as not everyone can be classed as a manager.”*

Some employers felt that their industry was particularly disadvantaged by these difficulties:

- *“We... can only ever get one-year visas, when other industries can get up to 5 years.”*



#### 4.4.7 Pre-existing communities

Existing clusters of particular nationalities were considered to be enablers as established communities provide own settlement support for the newer arrivals within their community. A lack of these support mechanisms in some industries and businesses presented a barrier:

- *“...geographical remoteness and the nature of the industry is a barrier. Generally, migrants find it easier if they have support around them...”*
- *“(The) Filipino community thrives as they have that support for coming in and speak to each other re visas and how to survive in NZ!”*
- *“We will also look at current staff on the farm and try for best fit.”*

#### 4.4.8 Informal networks

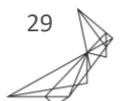
Although participants only weakly agreed on average that a lack of informal networks was a barrier to employment under the ES visa scheme, they indicated that they used these as strategies to minimise risks associated with employment.

Participants indicated they used a range of strategies built on informal networks:

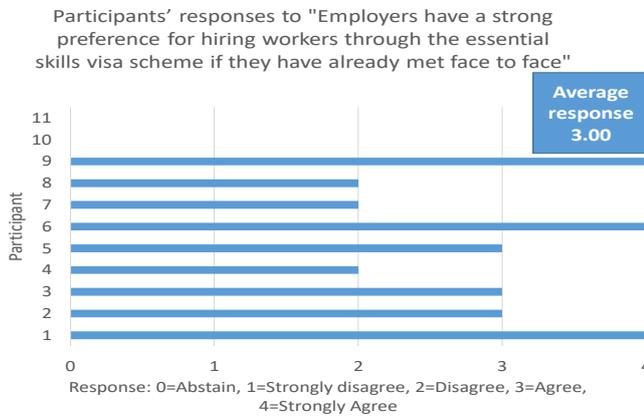
- Hiring workers who had already worked for the employer under another type of visa
- Recruiting through current employees with an incentive-based referral scheme
- Relying on word-of-mouth from other overseas workers
- Using referrals from existing ES visa workers
- Using recruiters who have experience finding workers overseas
- Judging applicants based on workers from the same area
- Employing people who have previously worked in New Zealand.

Choosing from a range of statements, “A worker who is already in New Zealand will be preferred over a worker who is applying from overseas” was voted as true by most participants.

Twice as many participants said employers have a strong preference for hiring workers if they have already met face to face.



**Figure 24 Participants' responses to a question about Pacific employer preferences**



Source: NZIER

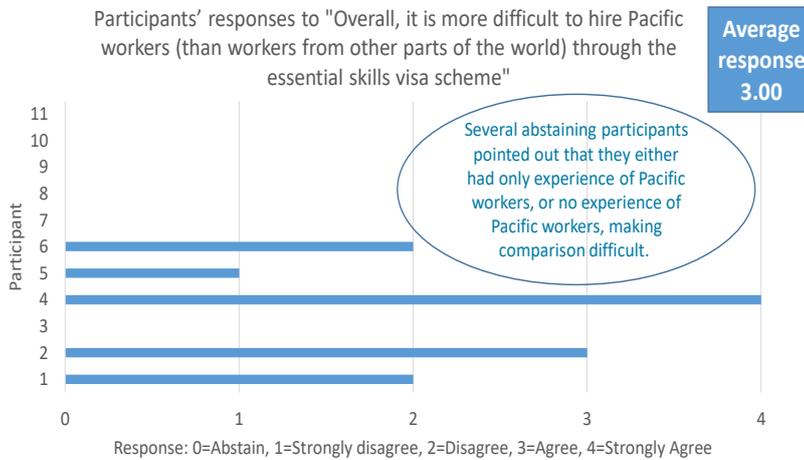
Comments included:

- *"Some employers are hesitant or not interested in offering jobs to applicants from overseas."*
- *"We opt for those residing in NZ first for ease of visa and timeframes."*
- *"We get applicants from everywhere but easy when in NZ to deal with."*

#### 4.5 Barriers and enablers to recruitment from the Pacific specifically

Some workshop participants had no experience of employing from the Pacific. Those who did were split as to whether it is more difficult to hire Pacific workers under the ES visa scheme than workers from other countries. On average, participants felt that it was more difficult to hire workers from the Pacific Islands than to hire other workers under this scheme.

**Figure 25 Participants' responses to a question about barriers to employment**



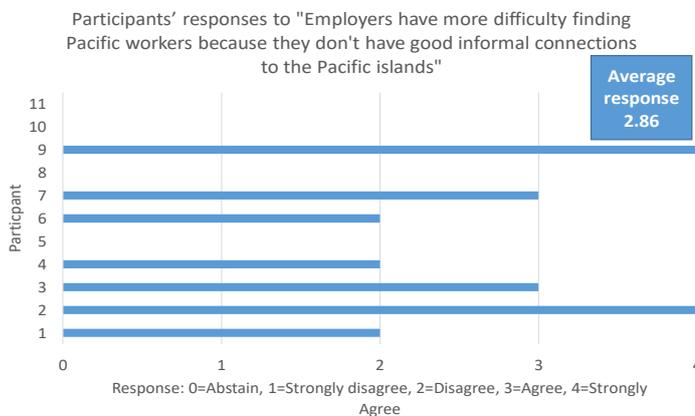
Source: NZIER

The barriers affecting Pacific workers specifically were associated with employer preferences and beliefs, employer awareness, and Pacific Island labour markets and institutions rather than with the ES visa scheme itself.

#### 4.5.1 Informal networks

Having identified informal networks as a key strategy for finding potential workers suitable for employment under the ES visa scheme, participants mostly agreed that they would have more difficulty finding Pacific workers due to a lack of informal connections to the Pacific Islands.

**Figure 26 Participants' responses to a question about informal connections to the Pacific Islands**



Source: NZIER

This was reinforced by the participants who did employ Pacific workers under the ES visa scheme explaining that they often asked existing employees to identify others from their home country who would be suitable for employment.

Other participants indicated that they knew very little about Pacific workers and about labour markets and their equivalent industry in Pacific countries. This confirmed that informal connections were weak or non-existent and pointed to an absence of any substitute for informal networks that might allow employers to identify potential sources of labour in the Pacific islands.

#### 4.5.2 Pre-existing communities

Employers' belief that a cluster of workers from a particular country was needed to ensure they would settle well could be a barrier or enabler. For Pacific workers, where other factors had prevented previous employment of Pacific workers, and communities of other nationalities had been established, this reinforced the status quo.

Comments included:

- *"...our migrant workers thrive when there are clusters of them to support each other. Pacific workers would need similar support to thrive in our industry and it isn't there at the moment."*
- *"...we would need to bring into our small community a group of Pacific Islanders rather than odd one or two."*
- *"Filipino community thrives as they have that support for coming in and speak to each other re visas and how to survive in NZ!"*

The concern about workers' need for a community, either by simultaneously introducing a significant number or by integrating new workers into established communities, raises the risk that measures designed to facilitate employment of Pacific workers could still fail if this issue is not addressed as well.

#### 4.5.3 Employer preference for face-to-face meetings

Employers' strong preference for workers whom they had already met was identified as a potential barrier for all ES visa workers. Our data shows that Pacific workers are more likely to apply offshore than other nationalities, indicating that this is likely to be a more significant barrier for employment of Pacific workers.

Participants agreed with our data finding that Pacific Islanders are more likely to apply from outside of New Zealand. Pre-workshop interviews with immigration advisors pointed to Pacific workers being less able to afford the holidays and other visa-type visits that often bring other workers to New Zealand and facilitate connections with potential employers.

#### 4.5.4 Lack of industry experience

On several occasions throughout the e-workshop, participants came back to the point that, as much as they would like to access labour from the Pacific Islands, they believed it would be impossible for Pacific workers to gain the type of experience needed to satisfy Immigration New Zealand requirements.

The dairy industry was an example of this. Employers in this industry believed there was no dairy industry in the Pacific islands, or at least no industry employment that provided similar

roles. The same employers also felt that this didn't need to be a barrier: They would be willing to employ Pacific workers under the ES visa scheme without industry experience as they often had a shortage of general labour.

#### 4.5.5 Difficulties of documenting work experience in Pacific Islands

The heavy burden of documentation was noted as a general barrier to employment under the ES visa scheme. But the additional difficulty of gathering sufficient documentation to demonstrate the quantity and type of work experience required was suggested as a particular barrier for employment of Pacific workers.

Participants with experience employing, advising, or attempting to employ Pacific workers said that the documents required are often difficult to obtain in the Pacific Islands. In some cases, this was due to employers failing to enrol workers in national superannuation schemes or similar programmes, and in others this was due to the nature of industry in the islands: a higher prevalence of self-employment, very small businesses, short life of businesses, and a more casual approach to employment. Participants felt strongly that this was a very Pacific Island-specific issue.

#### 4.5.6 Employer perceptions of more stringent requirements for Pacific workers

Discussion of the work documentation issue across the wider group, raised confusion as employers of workers from other countries indicated that all that was required from workers employed in their industry (from non-Pacific countries) was a certificate of service. This led participants to agree that there seemed to be inconsistencies in the requirements of immigration officials depending on the applicant's country of origin.

Some participants commented on differential treatment of applicants based on where they are applying from:

- Regarding applications from outside of New Zealand, *“Immigration can decline visas without engaging in any communication/correspondence with the applicant.”*
- *“If the migrants are in NZ when they apply, Immigration will need to engage in correspondence, can't decline straight away.”*
- *“Immigration don't seem to like certain countries.”*
- *“It depends on which country they are a citizen of.”*

Another participant indicated that medical checks were an area where there were inconsistencies and Samoa was mentioned specifically in this context:

- *“Inconsistencies from case manager to case manager. Inconsistencies between Samoa and NZ Immigration in relation to medical checks.”*
- *(Regarding inconsistencies between Samoa and NZ Immigration on medical checks) “NZ is very expensive and at times multiple tests are needed.”*

#### 4.5.7 Applicant literacy issues

Although the issue of literacy did not come up widely in the e-workshop, one employer and pre-workshop interviews with immigration advisors suggested that this was a particular challenge for Pacific Island applicants.

These individuals indicated that although Pacific Island workers' English language skills may meet minimum requirements, they were less likely than applicants from other countries to have the particular literacy skills that are helpful for understanding instructions, filling out forms and responding to requests for detailed information. It was also suggested that Immigration New Zealand's recent increasingly difficult approach to requirements compounded this problem.

Participants who did employ Pacific workers through the ES visa scheme said they were only able to be successful by completing the applications themselves. This was a time-consuming and costly process but was considered to be the only way to go about employing Pacific workers.

An additional cost for employers as is suggested by the need to complete all applications for Pacific workers, is an incentive for employers to seek workers from other countries and avoid those workers for whom this is required.

#### 4.5.8 Pacific Island government requirements and processes

Participants comments about experience and strategies revealed that different Pacific Island nations have requirements or processes around employment from overseas that employers must deal with in addition to INZ requirements. These could be barriers or enablers. Only two countries were specifically discussed as these were the ones that participants had some experience of: Fiji and Samoa.

Fiji was described as having rules about using local recruiters to find potential workers. This meant that New Zealand employers had to find a Fiji-based recruiter that they were happy to work with and pay the recruiter to find a pool of applicants. This added additional difficulties and costs to the process of employing Fijian workers and was particularly unattractive to employers who had informal networks or preferred to do their own recruitment.

Samoa on the other hand was identified as a country whose government provided an enabler in the form of pre-employment screening. Participants indicated that a Samoan government scheme screened potential workers for qualifications, experience and health, to provide a ready-pool of workers for overseas employers. Employers who had accessed Pacific workers through this scheme found this to be a valuable time- and cost-reducing feature of the Samoan labour market.

These country-specific differences may explain some of the differences observed in the data section.

Comments included:

- *"Some countries require the use of a licensed recruiter to recruit in their country from offshore. This creates a barrier and a cost for employers."*
- *"The requirement under Fijian legislation to use a licensed recruiter (in Fiji) there can add cost to either the visa applicant or the employer. Employers just find it easier to recruit where this doesn't exist."*
- *"We have a pre-screen process by the Samoan Government, checking criminal history, etc. At the Government pre-screen process they have an interview process and provide us with a profile on each candidate including work history, English proficiency, etc."*

#### 4.5.9 Pacific Island-specific industry awareness

Although participants indicated that the shortage of labour in their industries had forced employers to identify ways of accessing foreign labour and consequently awareness of the ES visa scheme was high in their industries, they also indicated that there were other industry awareness issues that posed barriers to employing Pacific workers.

Employers in the focus group who had not previously employed from the Pacific Islands were unsure of the potential for employment from Pacific Islands. They did not know what industry existed in the islands, how it worked, or what kinds of skills workers from those industries might have.

Similarly, employers whose experience was limited to particular Pacific Island nations had stuck with those nations as a source of labour, in part due to a lack of awareness of what other Pacific Island nations had to offer.

### 4.6 Multiple pathways as enablers

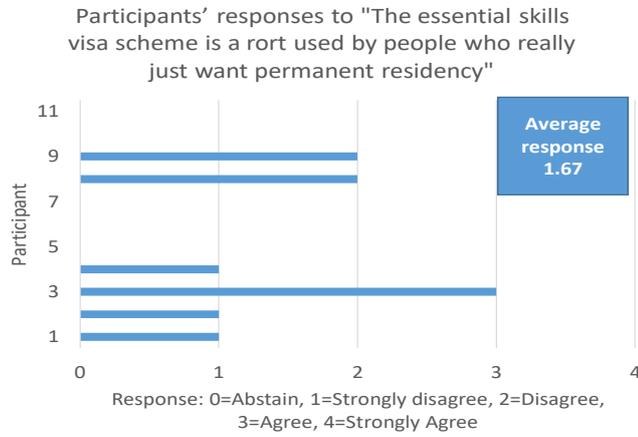
Pre-workshop interviews with key players revealed multiple pathways for people seeking employment under the ES visa. These pathways sometimes involved workers using a range of visas before ultimately going on to apply for permanent residency. Other workers were more short-term, but may still use one or two visa types, sometimes repeatedly, before their planned return to their home country. The term “rort” was used to describe the scheme from both an employer perspective and a worker perspective when permanent residency is the ultimate aim of the worker. This theme was explored through both the IDI data and the e-workshop.

The IDI data did reveal that some workers do go on to secure permanent residency after using the ES visa, but this was a minority.

The e-workshop revealed that overall participants did not feel that the ES visa scheme was a ‘rort’ used by workers as a stepping stone to permanent residency or a ‘rort’ used by employers to pay lower than market wages. On the other hand, participants felt that the hope of permanent residency attracted good workers to the ES visa scheme, indicating that the existence of multiple pathways is perceived to be beneficial to employers.



**Figure 27 Participants' responses to a question about ES visas on the pathway to residency**



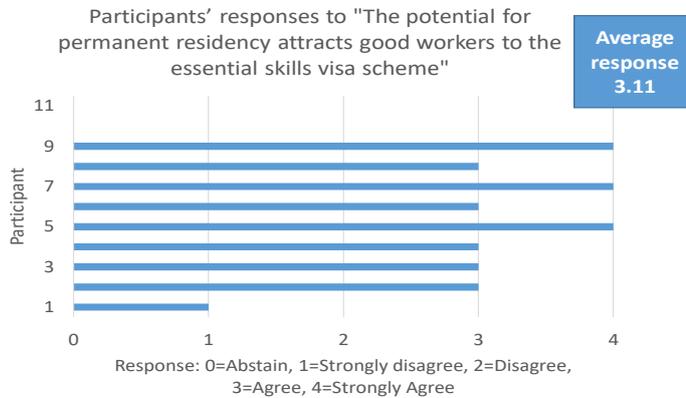
Source: NZIER

**Figure 28 Participants' responses to a statement about employers' use of the ES visa scheme**



Source: NZIER

**Figure 29 Participants’ responses to a statement about the quality of workers attracted by potential permanent residency**



Source: NZIER

This may indicate that although employers feel that they offer ES visa workers a fair market wage for the work they are employed to do, those workers are in fact often more qualified, more skilled, more productive, or more reliable than the average worker who might otherwise fill that role.

## 4.7 Scheme improvements and other potential enablers

Workshop participants were asked to suggest possible improvements to the ES visa scheme or to policy settings that would enable more employment of Pacific Island workers.

### 4.7.1 General operational improvements

Suggested improvements to operational aspects of the ES visa scheme focused on addressing current issues with transparency, clarity and consistency.

- *“Transparency and clarity: It should be possible to understand exactly how the process works, what experience/qualifications/character requirements are required and what timeframes will be... so that you will know whether your application is likely to be successful.”*
- *“Make the process quicker and have consistency across all applications.”*
- *“Don’t have the local offices decide ESV decisions. If they are decided in the rest of the INZ network, it would allow for more consistent decision-making.”*
- *“Consistency with INZ requirements from each officer processing applications.”*
- *“Making it compulsory for all ESV applicants to be a member of a Trade Union. It will stop all this rubbish of quasi slavery and people being set up on the sly as independent contractors.”*

Suggestions also included having dedicated sector officials who would have more in-depth understanding of industry issues.

Accreditation was seen as a partial solution by at least one participant, but the accreditation process was seen as very time-consuming itself.

The one-year visa, which was considered too short a timeframe to be practical, was suggested as needing to be extended to 2 years to make the application and renewal process worthwhile.

#### 4.7.2 Solutions targeting Pacific workers

Although participants had identified that there was nothing about the ES visa scheme itself that posed a barrier to employing Pacific workers specifically, it was generally felt that the scheme should be adjusted to help overcome barriers posed by Pacific Island labour market issues.

Difficulties in documenting Pacific Island work experience had possible solutions:

- Participants suggested that ES visa requirements should be different for Pacific workers to reflect the different labour market conditions in the Pacific Islands and the difficulties of documenting work experience under such conditions.
- An alternative approach may be to work with Pacific Island government officials to identify ways in which Pacific workers' experience can be documented to enable employment under New Zealand's visa schemes.
- Similarly, New Zealand Aid Programme may be able to help with documentation of work experience.

Participants felt that Pacific Island labour markets were being under-utilised and that a lack of relevant industry experience would prevent those workers from successfully applying for ES visas. Three possible solutions were suggested:

- Creating specific enablers such as new visa categories – ES or other – for Pacific workers to be considered for roles where they can't get experience in their home country and where industry was unconcerned with their lack of experience and could even provide training.
- Widening the ES visa criteria to allow low skilled workers to be inexperienced when employers just require general labour and are unable to find it in New Zealand.
- Creating programmes specifically to provide relevant work experience in the Pacific Islands to help Pacific workers to overcome the lack of work experience barrier. This could be a role for New Zealand Aid Programme.

Additional suggestions included:

- Offering New Zealand-recognised qualifications in Pacific Islands (participants said that this was being done by Australia), or the New Zealand Aid Programme working with Pacific trainers/institutions to bring them into line with INZ requirements.
- Where medical checks were frequently rejected, working with officials in those countries to clarify requirements.
- Assisting employers and industry representatives in New Zealand to establish informal networks into the Pacific Islands. This could be combined with raising industry awareness of what Pacific Island workers have to offer.
- Removing the one-year stand-down requirement on a 3-year term of employment.

Some participants felt that a lack of applications from Pacific workers for roles in their industry meant that Pacific workers were discouraged from applying, and suggested:

- Providing better pathways to residency to attract more workers.
- Allowing workers to bring families and allowing partners to work and help overcome the lack of existing communities to help workers settle.

## 5 Conclusions and future directions

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This report summarises the results to date from a suite of analyses of the trends and patterns of the use of work visas by Pacific people.

The longitudinal dataset we have constructed provides a rich resource which can continue to be explored for more insights. We now have available a valuable source of evidence about the operation of two of the work visa schemes as well as a more detailed understanding of the schemes' utilisation by Pacific workers.

One of our principal findings is that the IDI is a valuable research tool to look at transitions (e.g. that transitions to and from RSE and ES visas are relatively uncommon, and very few RSE workers transition to residency), retention rates as well as a unique source of accurate and reliable data on wage earnings.

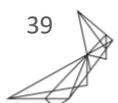
The research has also shown how qualitative research based on single round Delphi type process using electronic decision support software can use the 'wisdom of crowds' to explore issues and develop rich insights.

Looking at any future work in this area, there is a number of lines of inquiry that could be useful. Further analysis could focus on:

- Barriers and enablers for RSE visas, which could be conducted using electronic decision support software (as for the ES workshop above) and this would enable an interesting comparison with the research on ES visas.
- Researching the supply side barriers and enablers phase testing findings on the nature and extent of the issues identified (such as the differences in requirements and processes in place in various Pacific countries) and explore possible solutions that would address labour supply constraints.
- Identifying the key barriers and enablers for specific industries.
- Exploring barriers and enablers for female workers (or other specific groups of workers)
- Using employer data to review net tax home pay after tax and other deductions and compare that with IDI data for the same industry.

Future work using the IDI could include:

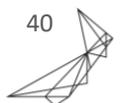
- Median wage income by gender and industry
- Lower and upper ranges for earnings of Pacific workers
- Pacific workers movement across regions
- Wage earnings by industry and gender
- Migrant transitions in and out of the New Zealand labour market
- Median income of workers who transition between visa types and achieve residency



- Characteristics of Pacific workers that transition between visa types
- Characteristics of Pacific workers who return home
- Comparing Pacific worker uptake and transition to other visas or permanent residence with other/non-Pacific workers.

The e-workshop with employers indicated that there are some key takeaways for New Zealand policy settings and operational considerations:

- Employers need greater clarity and consistency from Immigration New Zealand to reduce the burden of applications for ES visa workers;
- Pacific workers need support to access the New Zealand labour market as they are less able to afford travel to meet potential employers face-to-face, less able to afford immigration advisory services and NZQA qualification assessments, and may lack the necessary skills to complete documents as required.
- Employment of Pacific workers in some industries may be able to be increased if the profile of Pacific workers were raised and more flexible employment categories were created to enable a wider range of workers to be employed.
- There is a need for better coordination between Immigration New Zealand requirements and some Pacific countries' government initiatives to support migrant workers, for example training programmes and medical certification.
- Maintaining the same criteria for workers regardless of the country of origin disadvantages Pacific workers, who need criteria to reflect the more informal nature of their labour markets and employment contracts.



## Appendix A Technical Background on the E-workshop

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This technical appendix will provide some background on the rationale for the method selected, the weight that can be given to the results, how the participants were recruited, and the design of the electronic workshop.

In the final stage of the project, we undertook qualitative research, centred on an electronic workshop to explore the enablers, barriers and opportunities for increased Pacific uptake of ES visas by New Zealand employers. The design used a single round Delphi type process using electronic decision support software, ThinkTank,<sup>10</sup> to facilitate and aggregate participants' positions. This research design was selected because:

- Researcher bias is minimised as respondents' views are fully captured electronically and so can be analysed separately.
- Voting enabled by the software enables the people directly involved to articulate the most important factors at play and makes it possible to identify areas of disagreement and work towards consensus.
- Participants then generalise about what is most important based on the dialogue.

This approach has a number of practical advantages because:

- Access is easy for respondents as they can login to the browser-based software remotely (particularly important for industries which are dispersed).
- Anonymity encourages the free flow of ideas, enabling ideas to be evaluated on merit, rather than on who submitted them.
- Time required is minimised and productivity is enhanced as multiple threads can be explored in the workshop at the same time.
- All participants have an equal opportunity to 'speak' (via typing) and 'listen' (through reading) at the same time.
- Diversity of views is encouraged, and the workshop can't be dominated by a couple of respondents.

However, the main conceptual advantage comes from the 'wisdom or crowds' and the principle of the 'collective intelligence'. In this view, the collective view of a diverse group is superior to that of any single individual due to its arriving at a richer, more accurate view of reality. A group that has diversity of opinions, experience and expertise means a researcher can rely on a relative low number of respondents for data validity.

Recruitment of Immigration Advisors was facilitated by the New Zealand Immigration Advisers Authority. Recruitment of employers for the workshop was undertaken by MBIE's Immigration Account Managers approaching contacts in peak bodies, industry associations as well as industry contacts. The setup of the workshop coincided with the build of the response to coronavirus, which limited the number of employers who were willing to attend. In the end we had 16 people confirm their attendance, 13 attended and some participation

<sup>10</sup> [www.thinktank.net](http://www.thinktank.net)

dropped off as the workshop proceeded. Attendees included Immigration Advisors, people from the dairy, forestry, and hospitality industries as well as people management consultants.

The content of the workshops, shown in Table 3, was developed from a synthesis of the available literature, identification of potential issues from the preliminary data work, and information obtained from semi-structured interviews with a range of people involved in the ES visa scheme. The preliminary interviews included Immigration Advisors, Employers, Recruitment agents, and an MBIE Immigration official with extensive knowledge of the ES visa scheme.

Table 3 shows how participants were guided through a range of activities including open-ended questions designed to elicit responses and generate discussion; and voting/rating activities where respondents were asked to choose statements that were most true, or to agree/disagree with a range of statements. These activities were designed to test the hypotheses with the group and identify where there was broad consensus on barriers and enablers; where there was significant disagreement; and what improvements participants felt were needed to facilitate employment of Pacific workers through the ES visa scheme.

Although participants were encouraged to contribute to all activities, they could choose to abstain. This was most likely to happen when participants felt they did not have sufficient experience of an issue.

Although participants sometimes abstained from voting/rating activities, they frequently made comments which revealed important related insights relevant to the issues that activities were designed to explore.

**Table 3 Essential Skills Visa e-workshop: activities and time allocation**

Activity number	Activity type	Focus question/proposition	Time planned (minutes)
1	Introductions	What has your experience of the essential skills visa been?	10
2	Describe experience	How well do you think the essential skills visa scheme works for you as an employer/for people you have advised?	10
3	Slideshow	Comments on slides – only those slides which had comments	5
4	Reactions to slideshow	Feedback on essential skills visa statistics	5
5	Rate 10 statements	<p>Pacific workers have a good reputation with New Zealand employers.</p> <p>Being able to employ Pacific workers through the essential skills visa scheme is good for New Zealand employers.</p> <p>The potential for permanent residency attracts good workers to the essential skills visa scheme.</p> <p>The heavy burden of documentation is a major barrier to employment under the essential skills visa scheme.</p> <p>The heavy burden of documentation is a more significant barrier for Pacific workers.</p>	5

Activity number	Activity type	Focus question/proposition	Time planned (minutes)
		<p>Employers have a strong preference for hiring workers through the essential skills visa scheme if they have already met face to face.</p> <p>Employers have more difficulty finding Pacific workers because they don't have good informal connections to the Pacific islands.</p> <p>Overall, it is more difficult to hire Pacific workers (than workers from other parts of the world) through the essential skills visa scheme.</p> <p>The essential skills visa scheme is a rort used by employers who want to pay lower than market wages.</p> <p>The essential skills visa scheme is a rort used by people who really just want permanent residency.</p>	
6	Employer strategies	Hiring workers can be risky for employers. Employers: What strategies do you use to minimise your risk when hiring under the essential skills visa scheme? Advisors: What strategies are you aware of employers using?	10
8	System barriers and enablers	What are the existing barriers and enablers in the essential skills visa scheme that impact on employment of workers from the Pacific Islands?	10
9	Choose 5 statements from 20	<p>When foreign workers are preferred over local workers, this is because of local workers' poor work ethic.</p> <p>Inconsistencies between immigration officer requirements create uncertainty and a significant burden.</p> <p>A worker who is already in New Zealand will be preferred over a worker who is applying from overseas.</p> <p>When foreign workers are preferred over local workers, this is because of local workers' lack of skills.</p> <p>Pacific workers I have employed (or advised) under the essential skills visa have mostly returned to their home country without seeking permanent residency.</p> <p>Pacific workers find it more difficult to prove skills and qualifications than workers from other countries.</p> <p>Getting qualifications recognized by NZQA is a major barrier for foreign workers applying under the essential skills visa.</p> <p>Personal and cultural networks, including contacts of existing employees, are important facilitators of employment under the essential skills visa scheme.</p> <p>The processing time for essential skills visas has become longer and this is a barrier to employment of Pacific workers.</p> <p>The burden on workers to gather documentation for the visa is too heavy.</p> <p>Pacific workers find it more difficult to prove work experience than workers from other countries.</p> <p>The level of evidence required for the essential skills visa appears to have increased over time, making it more difficult for Pacific workers.</p> <p>When foreign workers are preferred over local workers, this is because of local workers' lack of qualifications.</p> <p>It is easy to employ Pacific workers through the essential skills visa scheme.</p>	10

Activity number	Activity type	Focus question/proposition	Time planned (minutes)
		<p>It is easy to employ foreign workers from non-Pacific countries through the essential skills visa scheme.</p> <p>Pacific workers I have employed (or advised) under the essential skills visa have mostly been using the scheme as a stepping stone to permanent residency.</p> <p>The English language requirements of the essential skills visa scheme are a major barrier to employment.</p> <p>Pacific workers' English language skills are weaker than those of other workers on essential skills visas.</p> <p>Pacific workers are more likely to have a poor work ethic than other foreign workers.</p> <p>Pacific workers are more likely to fail to meet health requirements than other foreign workers.</p> <p>Pacific workers I have employed/advised under the essential skills visa scheme have usually been located in New Zealand before making their application.</p>	
10	Scheme improvements	If you could make one change to the day-to-day operation of the essential skills visa scheme to increase employment of Pacific workers, what would you do?	5
11	Policy settings	If you had one message for Immigration New Zealand about overall policy on employment of Pacific workers, what would you want them to know?	5
12	Workshop learnings	What have you learned from this workshop that will be helpful to you as an employer/advisor for your continued professional development?	10

## Appendix B References located in the literature review

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