



# Registered Master Builders Association of New Zealand Incorporated

Accredited Employer Work Visa Review: Phase 2

October 2024

## The Registered Master Builders Association submission on the Accredited Employer Work Visa Review: Phase Two

The Registered Master Builders Association (Master Builders) welcomes the opportunity to submit to the Ministry of Business, Innovation & Employment (MBIE), specifically Immigration New Zealand (INZ) on the Accredited Employer Work Visa Review: Phase Two.

### About Master Builders

The Master Builders represents over 3,000 commercial and residential builders and are the leading sector advocates on the built environment. Our members have been building the places where New Zealanders live, work, and play since 1982.

Our sector is a key contributor to the New Zealand economy. For the year ended March 2023, the construction sector contributed 6.4 per cent of the country's real Gross Domestic Product (GDP) amounting to over NZ\$17.6 billion. It also employed nearly 308,500 people (or 10.7 per cent of the country's total workforce) in the year ended June 2023<sup>1</sup>.

We are working hard to lead the change our sector needs by ensuring we have the regulatory systems and processes in place to build faster and better. We are supporting our members to grow their capability and business acumen to ensure a strong and healthy sector; to innovate and make the most of new technologies so we meet the climate change challenge; and to attract, train and retain skilled talent. We are proud to be New Zealand's best builders.

At Master Builders we are committed to transforming the sector and rebuilding our economy. We are focused on building better homes, communities and workplaces, and ultimately better lives for all New Zealanders. We want to ensure that the houses that we build now are well-built, accessible, affordable, and appropriate to the needs of our ever-changing society. We are building a better New Zealand.

Our members are supported on the ground by 23 branches across 6 regional hubs:

Branch hub	Serving
Auckland	Auckland and Northland, Coromandel
Midlands	Waikato, Tauranga, Whakatāne, Rotorua, Taupō
Central North Island	Taranaki, Whanganui, Hawkes Bay, Manawatū, Gisborne
Cook Strait	Wellington, Wairarapa, Nelson, Marlborough, West Coast
Canterbury	Canterbury, Ashburton and South Canterbury
Southern	Otago, Central Otago, Gore, Southland

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<sup>1</sup> MBIE Building and Construction Trends Annual Report 2023.

## **1. Executive Summary**

- 1.1 Master Builders welcomes the opportunity to provide feedback on the Accredited Employer Work Visa (AEWV) Scheme Review: Phase Two.
- 1.2 This submission consolidates feedback from Master Builder members, including major vertical and horizontal construction companies, and focuses on the changes needed to streamline process, improve compliance, and ensure the system better supports both employers and migrant workers.
- 1.3 The construction sector plays a vital role in New Zealand's economy, contributing significantly to employment, economic growth and infrastructure development. However, the industry faces ongoing and significant workforce shortages.
- 1.4 In response, the sector heavily relies on skilled migrant workers to fill critical roles. The AEWV scheme is essential to addressing these shortages, but there are areas where the system can be improved to better serve the needs of the construction industry.
- 1.5 We propose streamlining the accreditation process for high-trust employers, as long as there are high levels of checks and balances in place. We also need to ensure that once in the accredited high-trust model, employers should reap the benefits. We also propose extending accreditation periods, and waiving Job Check requirements for high-skilled roles to reduce delays.
- 1.6 The current Job Check process is rigid and causing delays. We recommend more flexibility, including modifying job listings without restarting the process, shortening the job advertisement period, and aligning migrant wages with market rates.
- 1.7 Region-specific and sector-specific visa settings are crucial to address labour shortages, particularly in rural areas and for high-demand roles like carpenters. Additionally, the ability to repurpose migrant workers during downtimes would help retain skilled labour.
- 1.8 A risk-based compliance approach should focus on high-risk businesses, easing the burden on compliant employers. Prioritizing high-trust employers for faster processing and allowing minor corrections without restarting applications would help maintain project timelines.
- 1.9 Overall, Master Builders supports these changes to improve the AEWV system, ensuring it better serves the construction industry's needs and supports economic growth.

## **2. Accreditation and Streamlining Processes**

- 2.1 *INZ is considering a tiered accreditation to allow high-trust employers fewer checks and more autonomy, potentially removing Job Checks for high-skilled roles. Current accreditation models (especially for labour hire firms) are being evaluated for effectiveness in managing risks, with suggestions for using third-party certifications.*
- 2.2 Master Builders strongly supports the streamlining of the AEWV accreditation process, particularly for high-trust employers with proven records of compliance.
- 2.3 Currently, the need for frequent reaccreditation creates unnecessary administrative burdens, especially for businesses operating in an industry like construction, where project timelines are

often tight and subject to change. The frequent need for reaccreditation detracts from the ability of construction companies to focus on project delivery.

- 2.4 The proposal to introduce tiered accreditation, allowing high-trust employers to undergo fewer checks, once accredited, and longer accreditation periods, would greatly benefit the sector.
- 2.5 We recommend extending accreditation periods to three to five years for businesses that demonstrate compliance with immigration laws, strong workforce retention, and commitment to employee training. This approach would reduce administrative overhead and allow businesses to focus on their core business.
- 2.6 Master Builders is also well-positioned to act as a third-party certifier for its members, helping to ensure compliance with immigration standards while easing the burden on INZ resources.
- 2.7 Additionally, we endorse the proposal to waive Job Check requirements for high-skilled roles, such as those listed under the Green List and ANZCO levels 1-3. This change would save time and reduce administrative delays, particularly in sectors like construction that face critical skills shortages.
- 2.8 In feedback from our members, low-skilled roles, ANZCO levels 4-5, present particular difficulties. Employers are required to advertise for a 4 week period, which significantly delays recruitment for vital positions. Large-scale infrastructure projects (e.g. \$100 million+ projects) often suffer due to these delays.
- 2.9 We recommend that INZ considers offering exemptions from the Labour Market Test for projects that exceed certain monetary value, or expedite the process in such cases.

### **3. Job Check and Labour Market Test**

- 3.1 *INZ is considering replacing the current wage threshold of 10% above minimum wage with more flexible options, such as market rates or sector specific wages. Options to improve MSD's process to better identify suitable New Zealanders for roles are being explored, with proposals to possibly eliminate the test for high-skilled roles. INZ is also looking at addressing concerns to about role changes during immigration process and ensuring the genuineness of roles.*
- 3.2 Master Builders acknowledges the importance of the Job Check process in protecting local employment opportunities and preventing the exploitation of migrants.
- 3.3 The Job Check process remains one of the most significant bottlenecks for construction employers. The current system is rigid, often leading to delays in hiring, which can disrupt project planning and increase costs. Furthermore, outcomes from the Job Check process can vary significantly between regions, adding to the complexity of managing construction projects across multiple locations.
- 3.4 We recommend introducing greater flexibility in the Job Check process. Employers should be allowed to modify job listings without having to restart the process.
- 3.5 In the construction industry, projects often evolve over time, and the ability to adjust roles without unnecessary delays is critical. The four-week job advertisement period required for the Labour Market Test is also excessive for sectors like construction, where labour shortages

are well-documented. Reducing this period to two weeks would still provide sufficient opportunity for local workers to apply while expediting the process for employers.

- 3.6 In addition, we support the introduction of alternative evidence for recruitment efforts, such as consultations with recruitment agencies or internal job postings, to streamline the Labour Market Test.
- 3.7 Master Builders also advocated for the alignment of migrant workers' wages with market rates specific to roles within the construction sector. The current requirement to pay wages 10% above minimum wage can result in wage inflation for lower-skilled roles while undercompensating higher-skilled workers.
- 3.8 For many low-skilled roles, wage requirements and the Labour Market Test are additional obstacles. Members have noted that the current wage thresholds create wage inflation, which discourages the hiring of local workers and places undue financial strain on employers. RMBA supports adjusting wage thresholds to align with market rates, allowing for competitive compensation without inflating costs.
- 3.9 Using industry data and regional adjustments to set wages would ensure fair and competitive compensation for both skilled and lower-skilled positions, making it easier for employers to attract the talent they need.

#### **4. Sector-Specific and Regional Flexibility**

- 4.1 *INZ is looking at proposals to optimise pathways for seasonal workers (outside of horticulture) with a potential new visa type or adjustment to AEWV settings. INZ are also looking at regional variations. Certain regions or sectors may need adjusted AEWV settings due to unique challenges, such as access to lower-skilled workers.*
- 4.2 The construction industry is facing shortages in specific roles, such as carpenters, project managers and quantity surveyors. These shortages are particularly acute in rural and regional areas, where it is difficult to attract local talent.
- 4.3 The AEWV system must be more responsive to the unique challenges faced by the different regions and sectors, particularly construction. National and region-specific visa settings would help address these shortages by allowing employers in areas facing critical shortages to access migrant labour more easily.
- 4.4 In addition, sector-specific adjustments should be made to the AEWV system to reflect the demands of the construction industry. Roles such as carpenters, project managers and quantity surveyors are in high demand across New Zealand, and simplifying the process for hiring workers in these roles would help alleviate workforce pressures.
- 4.5 Waiving Job Check requirements for high-demand roles like carpenters and general labourers would help alleviate workforce shortages and ensure that projects remain on track.
- 4.6 Although the construction sector does not face the same seasonal pressures as horticulture, there are still periods of heightened demand for short-term labour, especially in natural hazard events, and the boom cycle. Master Builders supports the creation of a fit-for-purpose short-

term visa pathway that allows re-entry for repeat employment in roles where demand fluctuates.

## **5. Worker Retention and Repurposing**

- 5.1 *The AEWV review identifies challenges in retaining and repurposing migrant workers in industries like construction. Currently, employers must lay off workers during slow periods, even if they have other valuable skills. A proposal suggests allowing employers to repurpose these workers for different roles or regions, providing flexibility to retain staff and better utilize their skills, avoiding layoffs.*
- 5.2 One of the key challenges facing construction employers is the cyclical nature of the industry. The construction industry's workload often fluctuates, with periods of high demand followed by project slowdowns, commonly known as the boom-bust cycle.
- 5.3 The current AEWV system does not allow employers to repurpose migrant workers when work halts or slows, often leading to layoffs (often seeing migrant workers returning to their home country), financial strain, and project delays. Often this occurs in the bust cycle. Then, when the construction industry goes into the boom cycle, it struggles to find labour.
- 5.4 This is particularly problematic in the construction sector, where project timelines can change unexpectedly due to market conditions.
- 5.5 We recommend introducing greater flexibility in the AEWV system to allow employers to repurpose migrant workers across different projects or roles within the business during downtimes.
- 5.6 Many migrant workers possess additional skills that could be utilised in other areas, and the ability to reassign them would help retain skilled workers and prevent unnecessary layoffs.

## **6. Compliance and Assurance**

- 6.1 *INZ is looking at addressing migrant exploitation by tightening rules around recruitment agents and fees. They are considering whether three months is sufficient for migrants whose employment ends to find new employment or visa status.*
- 6.2 Master Builders supports stronger measures to prevent the exploitation of migrant workers, but we believe that compliance requirements should be risk-based.
- 6.3 The current system applies a blanket approach, which often penalises compliant employers while failing to adequately target higher-risk businesses. A risk-based compliance framework would allow INZ to focus its resources on employers with a history of non-compliance, while reducing the burden on those with strong compliance records.
- 6.4 Increased oversight of labour-hire firms is also necessary. These companies are often responsible for bringing migrant workers into high-risk industries like construction, and there is a heightened risk of exploitation.
- 6.5 Employers should be held accountable for ensuring the firms they work with adhere to ethical recruitment practices. Third-party certification, through organisations like StaffSure, could help validate the practices of labour-hire firms and ensure compliance with labour standards.

6.6 Additionally, the timing of migrant support training needs improvement. Currently, support training is delivered too late in the employment process, after contracts have been signed. We recommend offering this training before contracts are signed, allowing migrant workers to better understand their rights and negotiate terms before accepting a role.

## **7. Processing Delays and Systemic Challenges**

7.1 *The INZ review into the AEWV is seeking additional input on system pain points, especially on how to simplify or make AEWV process more flexible for specific industries and regions. Feedback is requested on any unintended consequences from these proposals and how the changes might affect stakeholders.*

7.2 Processing delays, particularly at the Job Check and visa approval stages, continue to pose significant challenges for the construction sector. These delays can disrupt project planning, increase costs, and make it difficult for employers to meet contractual deadlines.

7.3 High-trust employers with proven compliance records should be prioritised for expedited processing to ensure projects can proceed without unnecessary delays.

7.4 Furthermore, the AEWV system should allow employers to correct minor errors in their applications, without having to restart the entire process. Minor administrative oversights, such as inconsistencies in job descriptions, should not result in substantial delays. A more flexible approach to addressing these small errors would greatly improve the efficiency of the AEWV system.

## **8. Conclusion**

8.1 Master Builders strongly supports the AEWV Review: Phase Two and believes that the proposed changes – if implemented – can greatly improve the visa system for employers, particularly within the construction sector.

8.2 By addressing key challenges such as processing delays, compliance burdens, and inflexibility in workforce management, the AEWV system can better serve the needs of the construction industry and support New Zealand's broader economic goals.

8.3 We urge INZ to adopt a balanced approach that enhances flexibility, reduces administrative burdens, and maintain the integrity of New Zealand's immigration processes.

8.4 Master Builders looks forward to continued collaboration with INZ to ensure that the AEWV system meets the evolving needs of the construction industry and helps build a better New Zealand.

8.5 We thank you for the opportunity to make this submission.

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