**STePNZ PILOT PROGRAM**

***Short Term Employment Permits for NZ Passport Holders***

**11 October 2016**

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***Short Term Employment Permits for NZ Passport Holders***

**STePNZ is a pilot programme intended to address immediate, short-term labour shortages faced by Cook Islands employers by introducing a new fast-track immigration clearance process targeting New Zealand passport holders. The Pilot will be trialled over a 12 month period and then reviewed for its relevance, effectiveness, efficiency and sustainability.**

**Context**

The sustained economic growth experienced in recent years, reflected in the construction and tourism industry directly, and consequently on all other sectors such as restaurants and retail sectors, is placing increased pressure on labour supply requirements on Rarotonga. As the local labour supply is insufficient to meet immediate needs of employers, it is necessary to supplement those labour requirements with external supply through immigration.

Current immigration processes are designed to ensure effective border control for all persons that enter the Cook Islands for work purposes. There are concerns by businesses that while the process may meet that primary objective of border control, the current processes place significant barriers on their ability to be responsive and operate effectively due to lengthy clearance processes to meet their immediate labour needs.

Given New Zealanders already have ease of access into the Cook Islands as visitors with maximum stay of up to 6 months, without having to meet the police and health checks that are required for work permits, consideration has been given to build on the special constitutional relationship with New Zealand as an immediate option to address short term labour needs.

**Challenges and Considerations**

The Cook Islands has experienced a long-term steady decline in its working age population over the past forty years, with people leaving to take advantage of opportunities in New Zealand and Australia that are not available to the same extent in the Cook Islands. This has had a major impact on the job market in the Cook Islands, resulting in local employers recruiting from overseas to address acute labour shortages. This is most prevalent in the tourism and hospitality sectors, as tourist numbers into the Cook Islands are rising and has consequential impacts on all other industries necessary for servicing that growth, such as the construction and building industry.

Government recognises that employers are facing labour shortages now and for the foreseeable future. STePNZ is a new pilot programme that will target New Zealanders seeking short term employment in the Cook Islands of six months (extendable by a further six months) to help alleviate some of the labour capacity issues facing employers.

This programme also seeks to address some concerns that STePNZ could be used to circumvent current work entry processes or that it may lead to unemployment of local workers who are currently available and willing to work or that it may result in less investment by employers to train and develop local workers to meet skill requirements.

These concerns are valid as the long term consequences of these impacts could contribute to continued emigration of Cook Islanders and greater diversification of the resident Cook Islands population which could have a substantial impact on the culture and social demography of the Cook Islands.

Given this, STePNZ will commence as a pilot programme and will be closely monitored to ensure that it meets the intended objectives of meeting short-term labour needs and that any unintended consequences are identified early.

The Ministry for Foreign Affairs and Immigration (MFAI) and the Ministry of Internal Affairs (INTAFF) will manage the STePNZ application process under interagency partnering arrangements to ensure effective coordination, monitoring and evaluation. STePNZ will operate under different immigration procedures. All existing procedures for other work permit types are unchanged by this pilot programme.

**National Sustainable Development Plan - National Development Goals**

*National Vision - To enjoy the highest quality of life consistent with the aspirations of our people, and in harmony with our culture and environment*

The STePNZ pilot programme is expected to contribute to our National Vision set out in the National Sustainable Development Plan 2016-2020, so that our people can enjoy the highest quality of life consistent in harmony with our culture and our environment.

STePNZ has been designed to support the following National Development Goals identified in the National Sustainable Development Plan 2016-2020:

**Goal 1: Improve welfare, reduce inequity and economic hardship**

STePNZ is expected to provide the necessary short-term labour requirements of employers to support continued economic growth. That economic growth should have broad based benefits to all sectors and create general and stable long-term employment opportunities for Cook Islanders as well as equitable sharing of economic benefits to all members of our society.

**Goal 2: Expand economic opportunities, improve economic resilience and productive employment to ensure decent work for all**

STePNZ is expected to support expansion in economic opportunities that create long-term employment opportunities for Cook Islanders by ensuring that immediate short-term labour requirements of employers are met and will also ensure that employment under this programme is underpinned by productive and decent work for all with alignment to Employment Relations Act 2012.

**Goal 7: Improve health and promote healthy lifestyles**

STePNZ is expected to continue to support improvement in health and healthy lifestyles by ensuring that medical checks for all workers under this work permit type are met in order to prevent introduction of communicable diseases in the Cook Islands.

**Goal 14: Preserve our heritage and history, protect our traditional knowledge, and develop our language a, creative and cultural endeavours**

STePNZ is designed as a short term labour mobility programme (6 months extendable up to 12 months only) as a key element to minimise the risk of long-term erosion of our Cook Islands heritage and cultural identity.

**Goal 15: Ensure a sustainable population engaged in development for Cook Islanders by Cook Islanders**

STePNZ is designed to support a sustainable Cook Islands population engaged in development for Cook Islanders by Cook Islanders by ensuring that it targets short-term foreign worker labour requirements only as an immediate and responsive way to support continued economic growth. A 12-month maximum time limit on STePNZ will help ensure that investment in the long term skills development of local labour by workers and employers are not ignored. STePNZ will support continued economic growth which will provide long-term economic stability creating opportunities for Cook Islands to return to live and work in the Cook Islands over the long-term.

**Goal 16: Promote a peaceful and just society and practice good governance with transparency and accountability**

STePNZ supports a peaceful and just society by ensuring that police clearance checks for all workers under this work permit type are met. STePNZ has also been designed with clear and accountable procedures and processes that are available for public scrutiny.

**Policy Values and Principals**

The key values and principles that are enshrined in the STePNZ pilot programme are:

* **Respect and custodianship** -STePNZ is based on respect and courtesy for the needs of Cook Islands Employers, workers employed under STePNZ, and the Cook Islands people and their ancestry, heritage, culture and identity
* **Integrity** -STePNZ requires the highest level of integrity of government officials, employers and workers employed under the pilot programme, to deal with each other in good faith and under good employer principles to ensure that the new process meets the needs of employers and workers while protecting border control and the long-term development needs of the Cook Islands
* **Transparency** – the STePNZ policy procedures and decision making processes are open and available to the public for scrutiny.
* **Accountability** – decisions made by Government agencies under STePNZ will be accounted for and reviewable
* **Efficiency** -STePNZ will achieve its goals to improve efficiency in the immigration clearance process by ensuring that requirements and processing by government agencies, employers and workers are as efficient as possible
* **Effectiveness** – STePNZ will be monitored and reviewed to ensure that it meets the intended goals of addressing immediate short-term labour shortages and not being used to by-pass general work entry requirements with a 6 month mid-term review and a 12 month annual review against identified targets
* **Equity and equal opportunity** - STePNZ is expected to meet short-term labour needs but not at the cost of Cook Islands employment. Employers using STePNZ and workers employed under STePNZ will be reviewed to collect data on equal opportunity in employment with respect to gender, income, ethnicity, leadership and management
* **Collaboration** – STePNZ requires collaborative efforts between Government agencies and with employers and workers. Under this programme we will endeavour to work together productively and constructively to achieve mutually agreed outcomes

**Policy Objectives**

The policy objectives of STePNZ are:

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| 1. **To meet immediate, short-term labour shortages** | STEPNZ will help meet immediate, short-term labour shortages by:   * introducing a new short term work permit (up to 6 months contracts) for NZ Citizens (extendable once for a further 6 months) * preventing transfer between employers once issued a work permit under STEPNZ * preventing renewal after 12 months, which may reduce long-term development and employment opportunities for Cook Islanders. STePNZ workers will need to return to New Zealand at the end of work permit. Residence under this permit will not provide a pathway to permanent residency |
| 1. **By reducing clearance process times** | STEPNZ will reduce immigration clearance times enabling:   * Reduced requirements for advertising (14 days to 5 days) * Shorter permit processing times (no more than 5 days) * Onshore approval of police checks within one month of arrival * Onshore approval of medical clearance within one month of arrival |
| 1. **Without compromising border control standards** | STEPNZ will not compromise border control. If police or medical clearance checks are not approved within one month of arrival or fail clearance, the permit will be cancelled and departure will be required. |
| 1. **And by ensuring good employer principles are observed** | STEPNZ will require that all contracts be reviewed against minimum employment standards required under the Employment Relations Act 2012 and mandatory immigration requirements to ensure decent work for all and fair employment practices are observed |

The ability to transfer a person under this permit type to a regular work permit is not considered within this policy and will be a matter for separate policy discussions.

The procedures and processes documents on how STePNZ will be outlined in a Standard Operating Procedures manual.

**Outputs**

**Policy Statement - To address immediate, short-term labour shortages faced by Cook Islands employers by introducing a new fast-track immigration clearance process targeting New Zealand passport holders.**

The following outputs have been identified to achieve the policy statement.

1. Establishment of the Short Term Employment Permit for New Zealanders pilot programme (including the development of the underpinning policies, manual procedures and processes and fact sheets)
2. Development of an on-line application process to replace the initial manual process
3. Design and delivery of a general public awareness programme and a targeted employer awareness programme
4. Monitoring system developed (data collection of application process, timeliness of approvals, compliance and labour inspections)
5. Review of STEPNZ carried out (relevance, effectiveness, efficiency and sustainability in meeting the intended objectives)

**Performance Measurement, Monitoring and Evaluation**

Given the need to assess the effectiveness of this policy in meeting short-term needs while also taking into account potential long-term unintended consequences arising from STePNZ of continued emigration of Cook Islanders and the impact on the culture and social demography of the Cook Islands, monitoring and evaluation is an important component of the programme.

Programme delivery targets will be measured (e.g. whether expected outputs were delivered, whether administrative performance targets were met) and Outcome Indicators will be measured.

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| Outcome Indicators | Baseline | Target |
| Change in Unemployment Rate   * By island * By age * By gender |  |  |
| Changes to Labour force composition   * By island * By age * By gender |  |  |
| Number of Work Permits issued   * By country * By type * By gender * By skill level |  |  |
| Number of Work Permits renewed   * By country * By type * By gender * By skill level |  |  |
| Number of STePNZ permits issued   * By employer * By worker * By industry * By gender * By skill level * By income |  |  |
| Number of STePNZ permits renewed   * By employer * By worker * By industry * By gender * By skill level * By income |  |  |
| Growth in company profits of Employers using STEPNZ measured by:   * PAYE returns * VAT returns * By industry |  |  |