

Submission to the Ministry of Business, Innovation and Employment on the:

2026 RSE Policy Review

Submitted by the New Zealand Council of Trade Unions Te Kauae Kaimahi

10 April 2026

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This submission is made on behalf of the 32 unions affiliated to the New Zealand Council of Trade Unions Te Kauae Kaimahi (NZCTU). With over 340,000 union members, the NZCTU is one of the largest democratic organisations in New Zealand.

The NZCTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga), the Māori arm of Te Kauae Kaimahi (NZCTU), which represents approximately 60,000 Māori workers.

Introduction

1. The NZCTU welcomes the opportunity to comment on the 2026 RSE Policy Review. We hope the review leads to positive outcomes for RSE workers, New Zealanders, and the industries and communities involved.
2. In this submission we outline ongoing problems in the RSE scheme that we would like to see addressed. We then provide comments on specific questions asked in the review consultation document.

General comments

3. The RSE scheme greatly benefits horticulture and viticulture firms by providing them with a source of low-cost seasonal labour. It can also benefit migrant workers by providing them with opportunities to earn wages higher than they would be able to get in their home country.
4. The experience of migrant workers in the scheme is, of course, mixed. However, the NZCTU has long been concerned by the systemic weaknesses in the scheme regarding labour protections. Our concerns are supported by independent research;¹ the many stories of migrant labour exploitation covered in the media over recent years; and the *Soapi v Pick Hawke's Bay Inc* case.² Our concerns are also supported by the NZ Human Rights Commission, which found in a 2022 report that, "Due to a lack of oversight, regulation, enforcement, and human rights protections within the RSE scheme, employers are able to exploit workers with few consequences if they wish".³
5. Some of the most significant issues in the system that the NZCTU remains concerned about are employer bonding, low wages, excessive deductions, accommodation costs, and regulatory enforcement. We comment briefly on each below.

¹ Christina Stringer and Snezhina Michailova, *Understanding the Exploitation of Temporary Migrant Workers: A Comparison of Australia, Canada, New Zealand and the United Kingdom*, Report prepared for the Ministry of Business, Innovation and Employment, 2019; Charlotte Beford and Richard Bedford, 'New Zealand's Recognised Seasonal Employer Scheme: Pathways and Prospects', *Asia & Pacific Policy Studies*, 2025.

² *SOAPI v PICK HAWKE'S BAY INCORPORATED* [2025] NZEmpC 208 [15 September 2025].

³ NZ Human Rights Commission, *The RSE Scheme in Aotearoa New Zealand: A Human Rights Review*, Human Rights Commission, 2022, p. 2.

Employer bonding

6. Employer bonding is widely recognised to increase the risk of migrant labour exploitation, as it exacerbates the inherent imbalance of power between employer and worker.
7. The policy challenge in this area is to design a system that allows greater freedom for migrant workers to shift to a new employer during their time in New Zealand, without undermining the system of targeted migration.
8. The NZCTU's view is that the appropriate solution here is to allow RSE workers to shift to any RSE-accredited employer in the same sector (i.e., horticulture employer to horticulture employer) during the duration of their visa. We comment further on this below.

Low wages

9. Until late-2024, RSE employers had to pay the minimum wage plus 10%. Now, they only have to do that for RSE workers on their 3rd season and beyond. Using the new minimum wage of \$23.95, that means workers on their first season will potentially earn \$2.40 less an hour than they would have under the previous settings ($\$23.95 + 10\% = \26.35). For a 30-hour week that means \$71.85 less, a significant difference.
10. In addition, the wage floor of 30-hours per week was changed to 30-hours per week on average over 4 weeks. This increases the risk that some workers will be left with insufficient income in weeks where work is affected by weather or other factors.
11. These changes have benefitted employers at the expense of RSE workers and risk driving down wages for New Zealand citizens working in the horticulture and viticulture industries.
12. The previous settings should be restored, and, following that, the wage for RSE workers should be lifted progressively to the living wage.

Excessive deductions

13. Low wages are exacerbated by excessive, and in some cases illegal, deductions. This includes deductions for accommodation but also for clothing, food, transport, and many other things.
14. Under New Zealand law, deductions from an employees' pay are strictly regulated. The employer must obtain freely given consent from the employee before any deductions are made; deductions must be for a specified purpose and must be reasonable and verifiable expenses in relation to that purpose; and contractual wage deductions cannot reduce an employee's pay below the minimum wage.
15. However, in practice, it appears these laws are flaunted by some RSE employers, as many RSE workers are unaware of these protections or feel unable to raise a complaint for fear of losing their job.
16. Deductions need to be strongly regulated and policed to ensure that RSE workers take-home pay is fair and reasonable.

Accommodation quality and cost

17. Related to the deductions issue, accommodation is a major source of concern in the scheme. Employers are supposed to provide RSE workers with accommodation at reasonable cost. Accommodation provided is either motels/camping ground cabins, purpose-built cabins, or rental houses.
18. In practice, RSE workers are often over-charged, and the accommodation provided is unhealthy. In its report the NZ Human Rights Commission identified that severe overcrowding was commonplace in RSE accommodation and that accommodation was frequently cold and damp. In addition, accommodation rents are often far in excess of what could be charged to New Zealanders in the residential rental market. For example, the HRC found that workers who were sharing rooms with up to 6 other people were being charged between \$150-175 per week.
19. In late-2025, the NZCTU provided feedback on the proposed revisions to the accommodation cost methodology. We noted strong concerns that the proposed minimum standards for each tier were set too low and, correspondingly, the upper dollar limits for each tier were set too high. We remain concerned that this methodology will enable employers/accommodation providers to continue to charge RSE workers extortionate rents for sub-standard accommodation.
20. Minimum accommodation standards need to be significantly lifted – all accommodation should conform to healthy homes standards and be independently verified.

Regulatory enforcement

21. The issues covered above are exacerbated by the lack of proactive regulatory capacity in New Zealand. We have very few labour inspectors, which means that labour standards are not proactively enforced and we lack the capacity to follow up on all complaints of exploitation.
22. It is perhaps unsurprising, then, that even though there have been significant high-profile cases of worker exploitation in the scheme, very few RSE employers have lost their RSE status.⁴
23. The compliance framework needs to be strengthened, and more resourcing is needed to enable proactive enforcement of labour standards in the scheme. Ultimately, the regulatory settings and enforcement practices need to reflect the fact that RSE workers, like other low-wage migrant workforces, are uniquely vulnerable to exploitation by their employer.

⁴ Beford and Bedford, 'New Zealand's Recognised Seasonal Employer Scheme', p. 5.

Comments on specific aspects of review

Status/accreditation duration and settings

24. The NZCTU is uneasy about a proposed extension of RSE status, due to the broader issue highlighted above which is the lack of proactive regulatory enforcement. The risk here is that if RSE status is extended for longer periods of time, poor employers will be further enabled to drift away from good employment practices.
25. If it was decided to move to providing extended (i.e., 4 or 5 year) status accreditation, then we would strongly advise that is done on a risk/performance basis. Only employers who have a good employment relations track record should be able to apply for extended status.

Compliance settings

26. As noted above, the key compliance problem remains the lack of proactive labour rights inspection and enforcement in the scheme. The key change needed here is to materially increase the resourcing available to the Labour Inspectorate so that it can present a credible threat to poor employers that they may be inspected and, if found to be breaching labour standards, sanctioned. In the absence of a credible regulatory threat, poor employers will be empowered to flout the rules and exploit RSE workers, regardless of how strong other compliance settings are.
27. It is noted in the consultation document that “some minor breaches may be a result of a lack of clarity in system settings which may not be intentional”. This may be the case; however, we note there is no further detail provided in the slide pack as to what particular elements of the compliance settings may be problematic here. Further information on this issue would be welcome. We recommend that, if a lack of clarity is the issue in some cases, then an education and communication response is the appropriate one. For example, MBIE could produce explanatory resources for employers as to how they can meet the compliance standards.
28. The NZCTU would be comfortable with additional compliance levers being introduced between formal warnings and revocation of status/accreditation, as these may make it more likely that action would be taken against non-compliant employers. The most useful intermediary lever here would likely be financial penalties.

ATR duration and settings

29. ATR duration and settings must ensure the ongoing integrity of labour market tests and ensure that RSE workers are filling genuine vacancies that cannot be filled by New Zealand workers (this may change year to year as economic conditions change). Labour market testing should remain annual.

Cap and cap allocation

30. The NZCTU would support a multi-year cap and allocation to provide greater certainty for RSE workers. This allocation should be set by government, in line with current practice.

Visa settings

31. As noted above, the NZCTU has long advocated for more flexibility for RSE workers to switch employers when in New Zealand. This is critical in providing workers a mechanism by which they can exit from a problematic employment relationship but still be able to earn an income. If RSE workers are effectively “bonded” to an employer, they become far more vulnerable to exploitation.
32. The NZCTU proposes that employees should be able to transfer between RSE-accredited employers within the same sector (i.e., from one accredited horticulture employer to another). This would provide the necessary flexibility for employees to change to a new employer without undermining the integrity of labour market testing. A requirement should also be made of both employers and employees to notify Immigration NZ of any change in employment.
33. We understand there are concerns in this space regarding employers’ potential unwillingness to pay their share of RSE workers’ travel expenses in getting to New Zealand if there was a chance that worker would transfer to another employer at a later date. One mechanisms by which this could be avoided would be that, in a situation where an employee moves to a new employer, the new employer would have to pay the old employer the balance of the travel costs incurred by the old employer (e.g., if the travel costs incurred by the employer was \$2,000 for a 9-month employee, and that employee transferred to a new employer at the end of their 3rd month, the new employer would need to pay the old employer \$1,333 – that is, the 6 months lost expenses).

Healthcare and insurance

34. RSE workers should be able to access affordable healthcare during their period of working in New Zealand. This is both morally necessary and also supports the functioning of the RSE scheme by supporting workers to stay healthy.
35. The NZCTU lacks visibility on the affordability of the insurance schemes, and the coverage of those schemes, that RSE workers currently use. We would welcome analysis of this as part of the review.
36. If affordability and coverage of health insurance is an issue identified in the review, we recommend that consideration is given to partial subsidisation of insurance, for example via the employer, or to the extension of public healthcare coverage to RSE workers for the duration of their stay. This latter option would likely need to be balanced by more comprehensive healthcare checks as part of a visa process. We would welcome further analysis in this area.

Worker voice and pastoral care

37. The NZCTU would welcome reforms to the scheme that enable RSE workers to better exercise their voice and agency. Trade unions and migrant advocacy organisations already play roles in helping to support RSE workers in this respect, but it is a difficult and resource intensive environment to operate in. For trade unions, there it is very difficult to gain access to RSE workers.
38. The NZCTU recommends exploring mechanisms to connect RSE workers with relevant New Zealand trade unions, both before departure and upon arrival in New Zealand. This would support workers who wish to join a union to do so, strengthening worker voice within the scheme and supporting broader efforts to prevent and eliminate exploitation.
39. We also recommend that Immigration NZ increases its work in providing onboarding and education resources and face-to-face sessions for RSE workers regarding their employment rights while in New Zealand and where and how to access support. We acknowledge that good work is already done in this space, but our view is that this could be expanded.

Training, upskilling and role differentiation

40. The NZCTU is supportive of initiatives to improve the availability of training and upskilling for RSE workers. This would provide shared wins for both the workers involved and the firms that employ them.
41. It is important that training and upskilling is recognised through higher remuneration, and this should be considered as part of any proposal to improve training and upskilling provision.

Accommodation

42. The objectives of accommodation settings should be to ensure RSE workers have affordable, healthy, and comfortable accommodation.
43. As noted above, the NZCTU's view is that the accommodation cost methodology sets minimum standards too low, and, correspondingly, the upper dollar limits that can be charged for different "tiers" of accommodation are too high.
44. The NZCTU would strongly support an improvement in minimum accommodation standards. We recommend that minimum standards for accommodation should be consistent with the level that New Zealand citizens would consider acceptable. This means, among other things, reducing room occupancy levels, increasing the availability of bathroom facilities, and ensuring that healthy homes standards are independently certified in all cases.

Cost recovery (i.e., deductions)

45. The consultation slide pack notes that "Recent Court decisions have created significant uncertainty for employers about allowable deductions". We assume that MBIE is referring

here to *Soapi v Pick Hawke's Bay Ltd*. If this is the case, we query what the uncertainty is that MBIE is referring to. The Employment Court's decision was clear. Among other things, it clarified that contractual wage deductions must not reduce an employee's wages below the minimum wage and wage deductions that are not approved by Immigration New Zealand are unlawful.

46. The NZCTU would support a minimum take-home pay requirement. We recommend that a minimum take-home pay requirement should be calculated for either weekly or fortnightly intervals. This is important in ensuring that RSE workers have regular incomes and do not risk falling into arrears with employers/accommodation providers because their take-home pay falls below their costs for a time.

Conclusion

47. The NZCTU thanks MBIE for the opportunity to comment on this review. We look forward to further engagement with MBIE as this review develops.

For further information, please contact

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