



COVERSHEET

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|-------------------------------|--|-----------------------------|--------------|
| Minister | Hon Andrew Little | Portfolio | Immigration |
| Title of Cabinet paper | Immigration Rebalance - implementing agreed changes to partner work rights | Date to be published | 12 July 2023 |

List of documents that have been proactively released

| Date | Title | Author |
|------------------|---|--|
| February 2023 | Immigration Rebalance - implementing agreed changes to partner work rights | Office of the Minister of Immigration |
| 22 February 2023 | Immigration Rebalance - implementing agreed changes to partner work rights DEV-23-MIN-0012 | Cabinet Office |
| 25 November 2022 | Options for changes to partners work rights and oral item for Cabinet, 28 November | Ministry for Business, Innovation and Employment |
| 8 December 2022 | Further advice on possible changes to partner work rights | Ministry for Business, Innovation and Employment |
| 2 February 2023 | Draft Cabinet paper on Immigration Rebalance - implementing agreed changes to partner work rights | Ministry for Business, Innovation and Employment |

Information redacted

YES / NO (please select)

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld to maintain the privacy of natural persons.



BRIEFING

Draft Cabinet paper on Immigration Rebalance - implementing agreed changes to partner work rights

| | | | |
|---------------------------------|-----------------|-------------------------|-----------|
| Date: | 2 February 2023 | Priority: | High |
| Security classification: | In Confidence | Tracking number: | 2223-2457 |

| Action sought | | |
|--|---|-----------------|
| | Action sought | Deadline |
| Hon Michael Wood Minister of Immigration | Agree to consult on the Cabinet paper with your Ministerial colleagues | 7 February 2023 |

| Contact for telephone discussion (if required) | | | | |
|--|--|----------------------------|----------------------------|-------------|
| Name | Position | Telephone | | 1st contact |
| Andrew Craig | Manager, Immigration (Skills and Residence) Policy | Privacy of natural persons | Privacy of natural persons | ✓ |
| Rachel Carruthers | Senior Policy Advisor | Privacy of natural persons | | |

The following departments/agencies have been consulted on the draft Cabinet paper

Department of the Prime Minister and Cabinet, Ministry for Ethnic Communities, Ministry of Education, Ministry of Foreign Affairs and Trade, Ministry of Health, Ministry for Pacific Peoples, Ministry for Primary Industries, Ministry of Social Development, Ministry for Women, Te Puna Aonui, the Treasury and Immigration New Zealand

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



BRIEFING

Draft Cabinet paper on Immigration Rebalance - implementing agreed changes to partner work rights

| | | | |
|---------------------------------|-----------------|-------------------------|-----------|
| Date: | 2 February 2023 | Priority: | High |
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Purpose

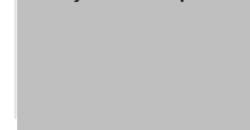
To provide you with a draft Cabinet paper which seeks agreement to implement the change to partner work rights through a conditional Partner of a Worker Work Visa rather than the Accredited Employer Work Visa.

Recommended action

The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Note** on 25 November and 8 December 2022 MBIE officials provided you with advice on alternative ways to implement the change to partner work rights agreed by Cabinet in December 2021 and sought your preference on your preferred implementation approach [2223-1923 and 2223-2124 refer] *Noted*
- b **Note** officials have prepared the attached draft Cabinet paper (Annex One) to reflect your feedback on that advice *Noted*
- c **Agree** to circulate the draft Cabinet paper to your Ministerial colleagues for feedback by 8 February 2023 *Agree / Disagree*
- d **Agree** to take this proposal to the Cabinet Economic Development Committee on 8 March 2023 and Cabinet on 13 March 2023 *Agree / Disagree*

Privacy of natural persons



Andrew Craig
**Manager, Immigration (Skills and Residence)
Policy**
Labour, Science and Enterprise, MBIE

Hon Michael Wood
Minister of Immigration

..... / /

2/2/2023

Context

MBIE has prepared a draft Cabinet paper to reflect your preferred approach to implementing the agreed changes to partner work rights under the Immigration Rebalance

1. The attached draft Cabinet paper (Annex One) seeks agreement to allowing partners of most temporary workers to apply for a partnership-based work visa which has conditions that only allow the visa holder to work:
 - a. for an employer accredited under the Accredited Employer Work Visa system, and
 - b. in roles paid at or above the median wage (or the relevant wage threshold for roles covered by uncapped sector agreements or temporary exemptions to the median wage threshold).

2. This paper was drafted to reflect the decisions you have taken in previous briefings on this topic, *2223-1923 Options for changes to partner work rights and oral item for Cabinet, 28 November* and *2223-2124 Further advice on possible changes to partner work rights*.

This policy represents a trade-off between displacing New Zealanders and disincentivising temporary migrant families from coming to New Zealand, and the impact is relatively unknown

3. This policy represents a trade-off between limiting the pool of migrants available that displace New Zealanders from entry-level opportunities and disincentivising migrant families from coming to New Zealand if one member of a partnership is unable to work. This has been reflected in the feedback received, with concerns for the disincentive effect in the currently-tight labour market emphasised in particular.
4. This change will help lift the skill level of migrants, but it is worth noting that it will affect only a small portion of the total labour force we have in New Zealand (discussed below). The recent expansion of the Green List has also increased the proportion of partners that will be exempt from these changes.
5. We cannot estimate the impact of this change on displacement levels or disincentive effects. We do not know for certain the number of partners of migrants that will be affected in the future, as we do not have good data about the roles migrant partners worked in previously (nor will we be collecting this information under the new settings). Nor can we estimate the impact that policy and economic changes will have on future levels of demand. However, based on pre-COVID (July 2019) partner levels we estimate between 8,000 and 9,500 of onshore migrant partners at any point in time could no longer be able to work in lower-paid, lower skilled roles.¹
6. We have developed this estimate of impacted partners based on some high-level assumptions:
 - over 2023 we will build a stock of AEWV holders similar to the number of people on equivalent employer-assisted work visas pre-COVID (taken as July 2019)
 - that around 75 percent of people on employer assisted visas in July 2019 would qualify for an AEWV, based on rates of pay above the then-median wage

¹ If we take the number of around 70,000 employer-assisted visa holder in July 2019, this translates to 52,500 AEWV holders accompanied by 23,600 partners. Of these AEWV holders, 13,500 would be in Green Listed occupations, so their 6,100 partners would receive open work visas. Of the remaining 17,500 migrant partners who would receive an open work visa with conditions, 8,750 would have previously been earning below the median wage, and will no longer be available to fill lower-skilled roles.

- around 45 percent of AEWV holders will be accompanied by a partner²
 - around 25 percent of AEWV holders will be in Green Listed roles³, so their partners would qualify for open work rights anyway; and
 - of those partners who do end up on a visa subject to the requirement to work in roles above the median wage, 50 per cent would have been working in these roles anyway (i.e., earning above the median wage) so are not removed from the stock of lower-paid, lower-skilled workers.
7. This approach does not account for the impact of COVID-19 and recent visa changes on there has been no accounting for AEWV holders on a highly-paid pathway, as the data was not readily available to inform these estimates. Finally, the above assumes partners of migrant workers will match the national distribution for earning above the median wage, which may not be the case.
 8. This is arguably a small proportion of the total workforce so may not have a major displacement or wage suppression effect. This does however come on top of a decrease in the number of principal visa holders in lower-skilled roles compared to pre-COVID settings (an estimated 15,000 to 20,000 based on July 2019 volumes), and impacts may be more pronounced in some sectors. However, the flip side of this is that, while there are anecdotal suggestions of skilled migrants being deterred from New Zealand, there is no hard evidence or quantum for any deterrent effects that would prevent roles being filled by migrants.

Feedback received on the draft Cabinet paper

Feedback from other agencies

9. MBIE officials consulted the following agencies on the draft Cabinet paper: the Department of the Prime Minister and Cabinet, Ministry for Ethnic Communities, Ministry of Education, Ministry of Foreign Affairs and Trade, Ministry of Health, Ministry for Pacific Peoples, Ministry for Primary Industries, Ministry of Social Development, Ministry for Women, Te Puna Aonui, and the Treasury.
10. Feedback provided by these agencies has been incorporated where appropriate in the draft Cabinet paper. The key points of feedback received included:
 - a. general support for an easier process for migrant applicants;
 - b. noting the need to have an internationally-competitive offer to attract migrants to highly skilled jobs, and that the ability of a partner to work will impact New Zealand's attractiveness as a destination for these migrants;
 - c. concern about the impact of these changes on onshore migrant families. It is possible that when current visas expire for migrant families who are already onshore, the partner may not qualify under these new settings, as they are not in or are unable to get a job paying above the median wage. The family would face the loss of an income, which may place them in financial distress.

² Based on the estimated ratio of partners of temporary workers to the number of Essential Skills and Work to Residence visa holders, which are the main visa types able to support a partner to get a work visa. In July 2019 there were approximately 30,000 partners of temporary workers, and around 70,000 Essential Skills and Work to Residence visa holders.

³ This is based on the proportion of Essential Skills and Work to Residence visa holders in July 2019 earning above the median wage (i.e., 75 percent of 70,000, which is around 50,700) and who were working in roles that have subsequently been added to or agreed to be added to the Green List (around 12,200 of those 50,700). It is assumed for purposes of this exercise that all people in Green Listed occupations were earning above the median wage.

11. The Ministry of Social Development suggested more on the economic rationale for and impacts of the decision to change partner work rights be included. This information was incorporated in the original Immigration Rebalance Cabinet papers, to support Cabinet to take a decision on whether to change the work rights of partners. As we are not seeking to revisit that decision, rather seek agreement to how it is implemented, we have not incorporated this information.

Feedback from Immigration New Zealand

12. Immigration New Zealand (INZ) are supportive of this approach, as it is less burdensome on the system to administer than if this change were progressed via the AEWV, but note this proposal:
- places greater burden on the migrant to confirm that any job they are taking up meets the conditions of their visa, which may lead to an increase in customer queries and a need for greater communications efforts, and
 - there is a possibility of a small spike in applications between this change being announced and when it goes live. This is a short period so the impact will be limited, but there may be a small increase in wait times.

Next steps

13. Officials recommend you take this proposal to the Cabinet Economic Development Committee (DEV) on 8 March 2023 and Cabinet on 13 March 2023. This would see the following timeline for decisions and announcements:

| Action | Date |
|---|---|
| Minister of Immigration begins consultation with Ministerial colleagues | Wednesday 8 February |
| Minister of Immigration provides any final feedback to officials on the draft Cabinet paper | Friday 24 February |
| Officials provide a final Cabinet paper for review and lodgement | Wednesday 1 March (for lodgement by Thursday 2 March) |
| Cabinet Economic Development Committee considers Cabinet paper | Wednesday 8 March |
| Cabinet considers Cabinet paper | Monday 13 March |
| Announcement of the partner work rights and VFV work visa changes | <i>(subject to your views)</i> Wednesday 15 March |
| Go live of VFV changes | Monday 20 March |
| Go live of partner work rights changes | Sunday 30 April |

14. This timeline allows for two full weeks of Ministerial consultation but would see the announcement and implementation of the Victims of Family Violence (VFV) work visa changes pushed back. It is our understanding that you wish to announce the partner work rights and VFV work visa changes together. As the VFV work visa changes are not yet public knowledge, there is limited risk in pushing the implementation out slightly (currently scheduled for 28 February 2023).

15. If you would like to pursue the original implementation timeline for the VFV work via changes and continue with a joint announcement, you could take this proposal to DEV on 22 February 2023 and Cabinet on 27 February 2023. This would only allow one week for Ministerial consultation, and would also require having communications ready for announcement immediately after the Cabinet decision.

Annexes

Annex One: Draft Cabinet Paper: Immigration Rebalance - implementing agreed changes to partner work rights

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Attached as separate document