



COVERSHEET

Minister	Hon Erica Stanford	Portfolio	Immigration
Title of Cabinet paper	Responding to high net migration trends and migrant exploitation	Date to be published	22 May 2024

List of documents that have been proactively released

Date	Title	Author
14 March 2024	Responding to high net migration trends and migrant exploitation	Office of the Minister of Immigration
20 March 2024	Responding to high net migration trends and migrant exploitation CAB-24-MIN-0096 Minute	Cabinet Office
25 March 2024	Responding to high net migration trends and migrant exploitation ECO-24-MIN-0031 Minute	Cabinet Office

Information redacted

YES / NO

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Some information has been withheld or the reasons of Confidential advice to Government.

Sensitive

Office of the Minister of Immigration

Cabinet

Responding to high net migration trends and migrant exploitation

Proposal

- 1 This paper seeks agreement to:
 - 1.1 implement targeted changes to the Accredited Employer Work Visa (AEWV) to:
 - 1.1.1 address short- and medium- term challenges with high net migration, particularly reducing the high volume of low-skilled workers we have seen through this pathway;
 - 1.1.2 respond to concerns raised in the recent Bestwick review and seek to mitigate the risk of migrant exploitation;
 - 1.2 my proposed approach to address challenges given the sustained upward trend in net migration.

Relation to government priorities

- 2 The proposals in this paper relate to the commitment in the Coalition Agreement between the National Party and the New Zealand First party to improve the AEWV to focus the immigration system on attracting the workers and skills New Zealand needs. I note that there are also related coalition commitments between the National Party and ACT which will be progressed through future work.

Executive Summary

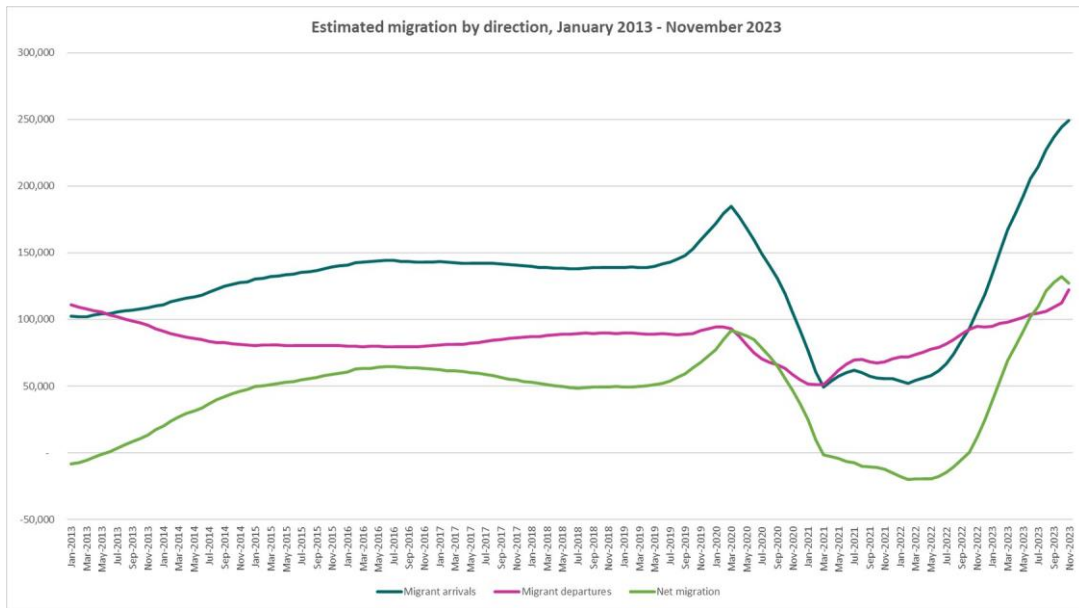
- 3 New Zealand has always relied on and benefited from migration. While the current record high levels of net migration are not sustainable and pose potential short- and long-term issues, it is important to respond in a measured way.
- 4 In 2022, the previous government combined six visa categories into one – the AEWV. This visa is high trust and based predominantly on self-declarations by both employers and workers. As a result, many of the checks and balances from the old Essential Skills visa were stripped away.
- 5 I am concerned about the high volume of low-skilled workers that we have seen through the AEWV pathway. It is clear that relying on the median wage as a proxy for skill has not achieved its intended purpose. Therefore, I am proposing a number of changes to tighten the AEWV. These changes are intended to restore checks and balances and reduce potential risks of displacing New Zealanders in a softening labour market.

- 6 The changes will also improve the integrity of the scheme, particularly in light of recent findings from the Bestwick review which made a number of recommendations to strengthen the approach to mitigating the occurrence of migrant exploitation and addressing it where it occurs. As of 10 March 2024, Immigration New Zealand had received 1,802 applications for a Migrant Exploitation Protection Visa (MEPV). Of those who previously held an AEWV around 72 percent of applicants were in an ANZSCO level 4 or 5 role.
- 7 We also need to ensure that we are working across Government to manage the possible impacts from persistent increases in net migration which could result in pressure on our infrastructure, government services and the economy. Alongside the Ministers for Social Development and Employment and Tertiary Education and Skills, I am proposing further work be undertaken to explore how we can better understand and plan for labour demand, consider a Government Policy Statement for immigration and consider pricing mechanisms within the immigration system to ensure that the true costs of migration are borne by those that benefit from it.
- 8 I expect the cumulative impact of these changes to modestly complement the slowing number of migrant arrivals already evident as the period of catch-up ends and the labour market softens. This should help work towards a sustainable level of net migration while continuing to attract and retain the talent and skills we need and progressing the broader immigration work programme. Many of these proposals are not new, but instead are a return to settings the same as, or similar to, those pre-pandemic.
- 9 I will report back to Cabinet in August with further opportunities to improve the AEWV, including looking to replace the median wage requirements as set out in the coalition agreement with ACT.

Background

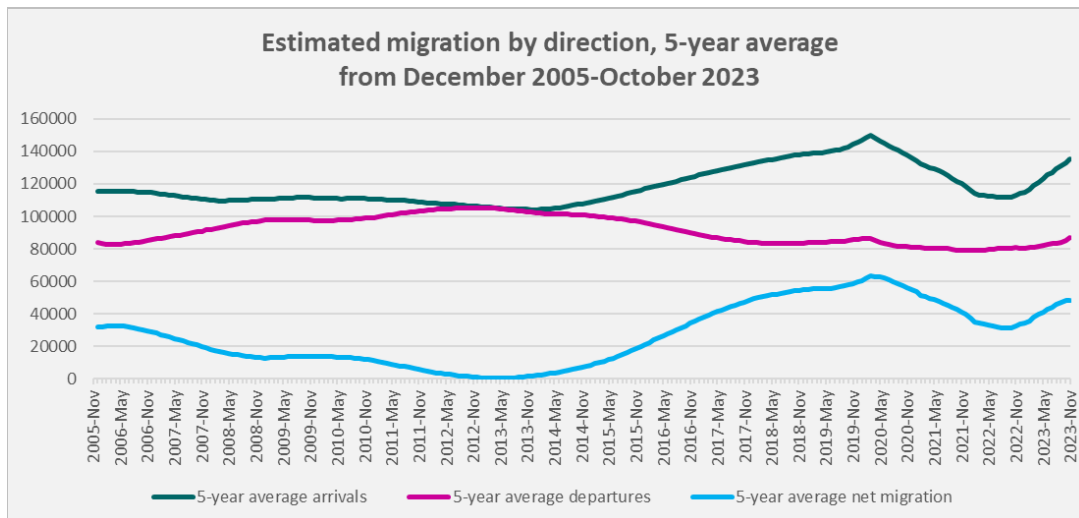
- 10 New Zealand has always relied heavily on migration for labour, skills, and economic growth. However, current levels of net migration are at a record high, as part of an increasing trend since the mid-2000s.

Figure One: Estimated migration by direction, January 2013 – November 2023¹



- 11 Current net migration figures are made up of relatively high numbers of New Zealand citizens departing (74,200 departing with 27,300 having returned) and record high numbers of migrant arrivals (229,800 with 49,100 having departed) to the year ended January 2024.
- 12 As the recent high net migration follows two years of negative net migration in 2020 and 2021 during the border closure, the five-year average as demonstrated in Figure Two below, is more in line with pre-COVID trends than annual data.

Figure Two: Estimated migration by direction, five-year average from December 2005 to October 2023



¹ Source: Statistics New Zealand.

- 13 Other comparable countries such as Australia and the United Kingdom have also experienced high levels of net migration in the past year, similarly, experiencing more than double the number of migrant arrivals compared to pre COVID-levels.
- 14 There are several contributing factors to high levels of net migration, including:
- 14.1 pent-up demand for workers following COVID-19 border closures;
 - 14.2 potential exploitation of more facilitative settings and assessments in the AEWV;²
 - 14.3 a large volume of visa holders onshore whose visas have not yet expired;
 - 14.4 global trends and increasing push factors for some to migrate.

Potential issues arising from current net migration trends

- 15 I do not consider that the current level of net migration is sustainable, however, I want to ensure any response is measured and appropriately targeted to the two potential issues which arise from high net migration– the first arising from the short-term spike in migrant inflows, and the second from persistent increases in net migration.
- 16 I am concerned about the composition of this growth and the high volumes of lower-skilled (ANZSCO level 4 and 5) workers arriving. As at 21 February 2024, approximately 105,000 AEWVs had been approved, with approximately 57,000 issued to people in skill level 4 and 5 occupations. Such migrant inflows may be addressing labour gaps but put pressure on our absorptive capacity,³ may displace New Zealanders from entry-level roles especially in certain sectors and/or regions as the labour market softens, and reduce incentives for employers to invest in productivity-enhancing business practices.
- 17 The use of the median wage threshold within the AEWV scheme was intended to limit reliance on offshore low-skilled labour. It has not achieved this intended outcome as highlighted in Figures Three and Four below which show an increase of lower skilled workers entering New Zealand both in total figures and as a larger proportion of the overall composition. The highest volume ANZSCO level 4 and 5 roles are also included in Annex One, how the highest volume roles compare to 2019 levels is outlined in Annex Two. This does not support increasing productivity and GDP. We need to recalibrate the skills composition of the migrant workforce back towards 2017 levels.

² The AEWV, is New Zealand’s main temporary work visa having replaced six visas when it was fully implemented in 2022.

³ Absorptive capacity relates to a country’s physical ability to house new people within available housing and infrastructure to a standard that society is comfortable with.

Figure Three: Skill composition of workers over time⁴

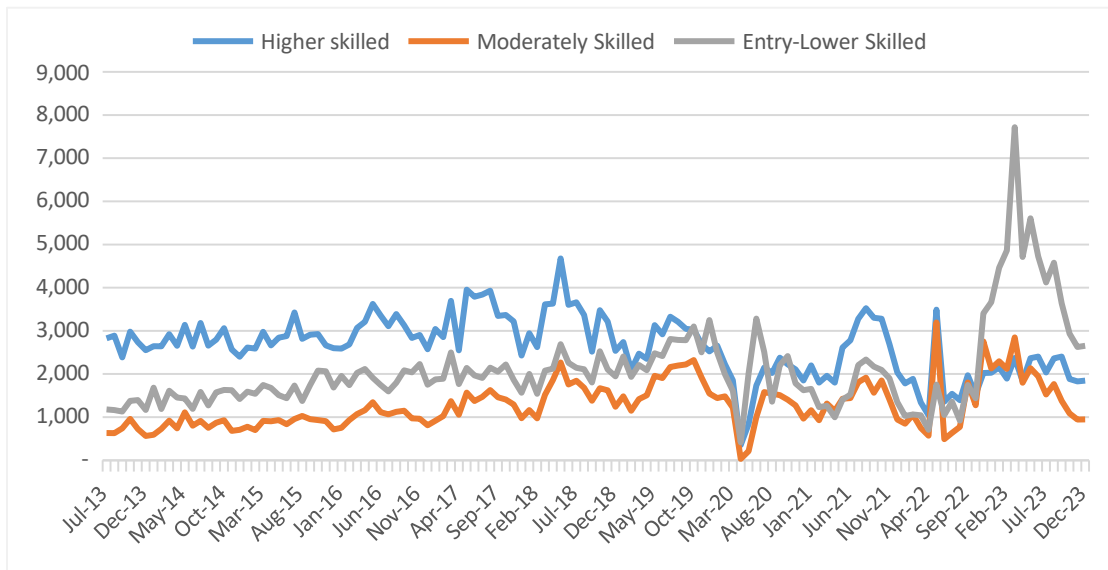
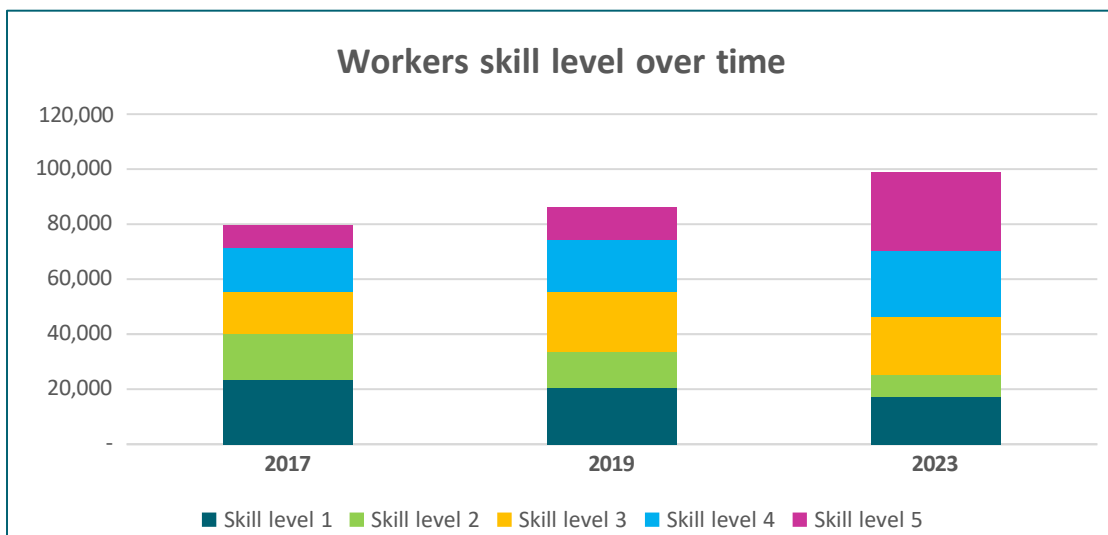


Figure Four: Current skill composition of workers compared to 2017 and 2019⁵



18 Secondly, there appears to be a longer-term upwards trend in net migration. High net migration can add pressure on our infrastructure (including housing), government services and the economy, with the Reserve Bank linking recent high migration to inflationary pressures. I note that the impacts from high levels of migration are likely to be more prominent in urban centres than in rural areas. Limiting overall migration growth, however, can exacerbate labour and skills shortages, increase wage inflation, and dampen consumption and GDP growth.

⁴ Source: MBIE Migration Data Explorer.

⁵ Skill levels are based on the Australian and New Zealand Standard Classification of Occupations (ANZSCO) that classifies all roles from Level 1 (the highest) to Level 5 (the lowest) based on qualification and experience requirements for the role. The commensurate qualification/experience requirements for each skill level are: Level 1: requires a Bachelor's degree or higher or at least five years of relevant experience (i.e., professionals). Level 2: requires at least a Diploma or three years of relevant experience (i.e., technicians). Level 3: requires a level 4 qualification or at least three years of relevant experience (i.e., trades). Levels 4 and 5: requires a level 1-3 qualification or a short period to one year of relevant experience (i.e., low-skilled).

- 19 It will be important in the longer term to ensure that growth in migration strikes an appropriate balance between these twin effects.

I am seeking agreement to a number of short-term changes to tighten immigration settings for lower-skilled workers

- 20 It is important that our immigration settings are focused on facilitating the right mix of skilled temporary migrants.
- 21 Attracting skilled migrants to come to New Zealand is essential to support economic growth and enable businesses with genuine skill and labour shortages to continue to access migrant labour. However, with a softening labour market, we need to manage the volume of lower-skilled migrant workers to minimise the potential risk of displacing New Zealand workers. Lower-skilled workers can also be more vulnerable to exploitation. The recently released Bestwick Review⁶ made a number of recommendations⁷ to strengthen the Ministry of Business, Innovation and Employment and Immigration New Zealand’s approach to mitigating the occurrence of migrant exploitation, and addressing it where it occurs. While further work will be undertaken to address these recommendations, I note that some of these proposals are likely to reduce the vulnerability of migrants to exploitation.
- 22 As a first step of this work, I am proposing a number of changes to the AEWV, with a specific focus on tightening settings at the lower-skilled end. Many of the proposed options specifically target pathways for the lower skilled level 4 and 5 roles, while this may increase the risk of role inflation, I consider it necessary to continue to attract and retain highly skilled migrants. As there is already a large volume of migrants onshore, the changes proposed below also consider settings for both those already onshore and to tighten eligibility criteria to manage the future volumes of migrants through the AEWV.
- 23 The changes proposed to tighten settings are:
- 23.1 introducing a minimum English language requirement for ANZSCO level 4 and 5 roles;
 - 23.2 reducing the duration of the AEWV and Maximum Continuous Stay for low-skilled occupations from five years to up to three years (with an exception for those on a pathway to residence);
- Confidential advice to Government
■
- 23.4 introducing minimum skills and experience requirements for AEWV applicants (with some exceptions);

⁶ Assurance Review of the Operation of the AEWV Scheme.

⁷ The recommendations include strengthening existing, and exploring new, reporting mechanisms to enable a more “real time view” of the nature and extent of migrant exploitation, providing advice on removing the Job Check Requirement if migrants changes employers which limits a migrant’s employment mobility and may increase the risk of migrant exploitation, continuing work on an integrated compliance model and reporting system which will enable better and more timely migrant exploitation indicators.

- 23.5 requiring ANZSCO level 4 and 5 roles to be advertised with the Ministry of Social Development;
 - 23.6 introducing a requirement for employers to notify Immigration New Zealand when a migrant leaves their employment;
 - 23.7 not proceeding with planned additions to the Construction and Infrastructure Sector Agreement; and
 - 23.8 disestablishing the residence pathway for bus and truck drivers.
- 24 I am also proposing two further changes to address known issues with AEWV settings:
- 24.1 granting work rights to high school leavers who are awaiting the outcome of a family residence application; and
 - 24.2 disestablishing the franchisee accreditation category under the AEWV, and allowing franchisee employers to hold standard, high-volume or triangular employment accreditation, depending on their circumstances.

Changes impacting current and future migrants

Reducing the duration of the AEWV and Maximum Continuous Stay for some occupations

- 25 Following recent changes, the AEWV allows those earning at or above the median wage to work in New Zealand for a specified accredited employer for up to five years. These changes include the ability for current AEWV holders to apply to extend their existing visa duration from three years to five years. Complementary to the AEWV, is a Maximum Continuous Stay (MCS) which is the period of time a migrant can stay in New Zealand on an AEWV before either applying for residence or leaving the country for a minimum of 12 months before being eligible for another AEWV.
- 26 The concept of a MCS was introduced by National in 2017 when Cabinet agreed that after three years on an Essential Skills visa, migrants earning below median wage would be subject to a 12-month stand-down where they must leave New Zealand before they could qualify for another Essential Skills work visa [EGI-17-MIN-0197 refers]. This was to stop those migrants not eligible for residency from becoming settled in New Zealand.
- 27 I am concerned that the current five-year duration for both the AEWV and MCS does not allow for frequent enough testing of the labour market to avoid potential displacement of New Zealanders in lower-skilled roles.
- 28 For level 4 and 5 roles paying at or above median wage, I am proposing to reduce the duration of the AEWV to two years (with the ability to apply for a further year with a new job check) and reduce the MCS to three years. To continue to attract and retain skilled migrant workers, those in ANZSCO levels 1-3 occupations will continue to be able to access an AEWV and MCS of five years.
- 29 Some sectors have been provided with an exception to the median wage requirement (called a Sector Agreement). Sector Agreements generally offer a shorter AEWV

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duration and in some cases a shorter MCS, providing less generous settings compared to those paid at or above the median wage. As a result of the proposed changes, there are three sector agreements (the Transport, Seasonal Snow and Adventure Tourism, and Care Workforce) that without change, would provide more generous settings for those earning below median wage than those earning at or above the median wage.

- 30 To ensure consistency across the system following this change, and the proposal to remove some residence pathways from the Transport Sector Agreement, I am proposing to reduce the AEWV duration from three to two years for the Transport Sector Agreement, and reduce the MCS from five to three years for the Transport and Seasonal Snow and Adventure Tourism Sector Agreements. This will ensure consistent treatment of workers in roles being paid at both below and above the median wage (e.g. specifically preventing bus drivers earning below the median wage from having a longer AEWV duration (3 years) and MCS (5 years) than bus drivers earning at or above median wage (2 years, and 3 years respectively)). The Care Workforce Sector Agreement will remain the same as workers will continue to have a pathway to residence.
- 31 These changes will reinforce the temporary nature of the AEWV and prevent migrants from becoming well settled in New Zealand without any realistic prospect of gaining residence. It also supports more frequent labour market testing to ensure New Zealanders are first in line for roles, particularly in lower-skilled roles where the risk of displacement is greater.
- 32 I propose that these changes apply to existing AEWV holders in ANZSCO level 4 and 5 roles earning above the median wage who had applied for an AEWV prior to 21 June 2023, when announcements to increase the AEWV duration were made, as well as anyone who applies for an AEWV after the changes are made. Anyone who has already applied for or been issued a visa longer than three years will continue to have the full duration of their visa honoured (i.e. anyone who currently has a five year visa).
- 33 I note that some people on an AEWV in ANZSCO level 4 and 5 roles may have a pathway to residence where the role has been identified as a long-term skills gap (via Green List or Sector Agreement) or the visa holder has the long-term skills NZ needs (via the Skilled Migrant Category). I propose to exempt people in skill level 4 and 5 roles with a residence pathway from these changes so that they can continue to be able to access an AEWV and MCS that enables them to meet their residence threshold. This will ensure those with the skills New Zealand needs in the long term are supported to stay in New Zealand.
- 34 These changes will mean a shorter visa duration for approximately 30,000 AEWV holders already onshore who applied prior to 21 June 2023, and a shorter duration for most future applicants at ANZSCO level 4 and 5.
- 35 I note that this change is similar to previous settings but is a significant departure from the current settings and some employers and current AEWV holders' expectations about how long they will be able to remain in New Zealand.
- 36 However, I believe that in the changing context it is important that we take immediate steps to manage our net migration challenges and the impact on the employment of

New Zealanders and core infrastructure such as schools, housing, and the health system.

37 For example, as the Minister of Education I have received advice from the Ministry of Education that in 2023 net migration resulted in the addition of over 17,000 5-17 year olds into the schooling system. I am also receiving reports from school principals that they are unable to cope with the surge in enrolments from the children of migrants, with a number of schools looking at urgent steps to try to both acquire more classrooms and teachers, and manage their enrolments. This is not sustainable.

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Requiring employers to notify Immigration New Zealand when a migrant leaves their employment

44 To ensure that Immigration New Zealand (INZ) has better information about AEWV holders who are no longer employed, I am proposing that a new requirement be introduced that employers must notify INZ within 10 working days if an AEWV holder’s employment ends.¹⁰ This will apply to current and future migrants when their employment ends. This new requirement means that an employer’s accreditation could be revoked if they fail to notify INZ within the 10-working day period.

■ Confidential advice to Government
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Tightening settings for future lower-skilled applicants

Not progressing planned additions to the Construction and Infrastructure Sector Agreement

46 In August 2023, the previous Cabinet agreed to add seven roles to the Construction and Infrastructure Sector Agreement (CISA) following the closure of the Recovery Visa, to support the recovery from the extreme weather events in early 2023.¹¹ The seven roles to be added are earthmoving plant operators, linemarkers, machine operators (not elsewhere classified), driller’s assistants, earthmoving labourers, mechanic’s assistants and road traffic controllers.

47 This has been announced but has not yet implemented. I propose that these seven roles, which are all lower-skilled,¹² not be added to the CISA. I am advised that given the low-skilled nature of these roles, labour demand softening¹³ and employers being able to hire migrants for these roles at the median wage¹⁴, MBIE do not consider that the additions are necessary or likely to significantly impact the sector¹⁵. Not progressing these additions supports our objectives to tighten pathways for lower-

¹⁰ This was not a requirement under the previous Essential Skills visa as there was no employer accreditation for that visa.

¹¹ The CISA allows employers to recruit migrants for the listed occupations on an AEWV at a wage rate set below the median wage (currently \$26.69 per hour or above, or the equivalent annual salary).

¹² Either ANZSCO Level 4 or 5 (the two lowest levels).

¹³ Job advertisement volumes for these roles have dropped between 14% and 44% over the year ending December 2023.

¹⁴ Across all seven roles, 951 migrants have been issued an AEWV (which has a median wage threshold) and 73 on the Recovery Visa (which had no wage requirement).

¹⁵ The Infrastructure Commission (Te Waihanga), MBIE’s Construction Accord and Civil Contractors New Zealand expressed support for progressing the additions. Civil Contractors New Zealand noted that sector is currently experiencing a slowdown in work, however this was unlikely to last given the significant infrastructure investment programme on the horizon.

skilled workers to reduce the risk of displacing New Zealanders given the softening labour market.

Closing the Work to Residence pathway for bus and truck drivers

- 48 Currently, the Transport Sector Agreement provides a two-year work to residence pathway for bus drivers (on the public transport network), truck drivers (with class 4 or 5 licences), deck hands and ship's masters.
- 49 I am proposing to disestablish the residence pathway for bus drivers and truck drivers, as visa data and information from NZTA suggests that these shortages have now been resolved.¹⁶ The intention of the residence pathway was to provide a one-off boost of workers to fill the critical shortages presenting at the time, with the sector expected to take steps to improve attraction and retention of its domestic workforce in exchange. Given the strong demand for AEWV in other lower-skilled occupations that do not have residence pathways, and evidence of demand for bus and truck drivers before the residence pathways were announced, it is expected employers will still be able to attract candidates to fill genuine vacancies, even without the offer of a residence pathway. Due to timing constraints, while NZTA and the Ministry of Transport have been consulted on this proposal, the sector has not.
- 50 I do not, however, propose any changes to the residence pathways for maritime roles at this stage, as there is still evidence of shortages for deck hands and ship's masters.

Introducing a minimum skills and experience threshold

- 51 Currently, there are no minimum skills or experience requirements for the AEWV, instead relying on the median wage as a proxy. Previously under the Essential Skills visa, applicants had to meet the skill level associated with the ANZSCO code for the occupation. As a result of current settings, there are significant numbers of visas being issued for migrants with little or no skills and experience for roles. Some actors are also exploiting this to sell fake jobs to unskilled people who do not have a pathway to live in New Zealand.
- 52 To address this, I am proposing to introduce a minimum threshold for skills and experience for the AEWV. I propose to set the threshold at three years' relevant work experience, or a relevant qualification at level 4 or above of the New Zealand Qualifications and Credentials Framework (NZQCF).¹⁷ This will apply to all AEWVs, except for roles paid twice the median wage, where applicants are likely to be highly qualified and experienced and Green List roles, which have their own skills and experience requirements. I intend to introduce this requirement as part of each gateway in the AEWV process.¹⁸
- 53 This will require employers to take reasonable steps to ensure migrants meet the threshold, and migrants to provide documentation to demonstrate they meet it. Officials advise that most migrants seek to meet this threshold with work experience.

¹⁶ Bus drivers and truck drivers will continue to be able to apply for an AEWV at the existing wage thresholds, but new applicants will not be eligible for residence and will be subject to the MCS. AEWV holders already working in a qualifying role, or already submitted an application under the current conditions, will be able to continue on their residence pathway.

¹⁷ This is equivalent to a post-secondary school certificate.

¹⁸ The three gateways are: employer accreditation, job check and visa application.

54 Once in force, new requirements will enable INZ to decline applications where they do not meet the minimum requirements. While these requirements will not prevent all breaches, noting that there are inherent difficulties in verifying some evidence of work experience, they will go a significant way to setting the standard for skills and experience for the AEWV.

Minimum English language requirements

55 Under the current settings, there are no English language requirements for migrant workers on an AEWV¹⁹. Similar to our comparator countries (e.g. Australia, Canada and the United Kingdom). I propose that applicants for ANZSCO level 4 and 5 roles meet a minimum standard of English language competence, in line with Level 4 of the International English Language Testing System (IELTS).²⁰ While this new requirement may be met with concern by some employers and migrants, a minimum level of English for temporary migrants supports a higher level of skill and can ensure applicants are able to effectively engage at their workplace (including with health and safety requirements) and in their community. Migrants may also be less vulnerable to exploitation, as they will be better able to access support information and services and report abuses. This change supports concerns raised in the Bestwick review.

56 As with existing skilled residence settings, applicants from some countries will be exempt from providing evidence of an IELTS or equivalent test result.²¹ This requirement will not be applied to those who have already lodged an application,²² or to people travelling as the partner or child/ren of an affected AEWV holder. There is a risk that by focusing this requirement on applicants for level 4 and 5 roles, roles may be inflated to avoid the English language requirements – for example, a role that is functionally a cook or building labourer may be embellished as a chef or carpenter. INZ will develop processes and upskill staff to identify role inflation at the Job Check stage where possible, to lessen this risk, but this will extend processing times.

Ensuring New Zealanders are first in line for jobs

Requiring employers engage with the Ministry of Social Development

57 Current AEWV settings require that an employer advertise the role and confirm that there were no suitable New Zealanders, but there are limited checks on the employer.

58 At this stage, I propose that employers be required to list vacancies with the Ministry of Social Development (MSD) for ANZSCO level 4 or 5 roles, in addition to their wider advertising requirements²³. A similar version of this requirement (with some regional exceptions) was in place under the Essential Skills visa.

¹⁹ Historically, English language requirements have not been used for the main temporary work visa in New Zealand.

²⁰ A Level 4 competence indicates that the applicant is a limited user of English, and their competence is limited to familiar situations. The equivalent scores from other recognised systems would also be accepted. This is the same as the requirement for the Entrepreneur Visa and is appropriate for lower-skilled roles.

²¹ The exemption will apply to applicants who are either from or have studied for a time in English-speaking countries as specified in Immigration instructions.

²² For employers with job tokens issued where applications have yet to be lodged they will require an applicant to meet the new standard in order to be eligible.

²³ Roles on the Green List and those earning twice the median wage are not required to advertise domestically and will not be required to advertise with MSD.

- 59 In some cases, MSD will not be able to fill the vacancy with viable candidates. To facilitate efficiency, I propose that MSD is able to choose not to list the vacancy either at all or for the full required time period. MSD will provide confirmation of the outcome of the employer's engagement, including whether the vacancy was listed, and for how long. The outcome of the vacancy process (i.e. whether there were suitable jobseekers and whether they were hired) will not be taken into consideration at this stage.
- 60 To support this change to have a material impact, I will report back to Cabinet in August with options for a more robust mechanism to assess whether there are suitable jobseekers available for roles alongside other proposals to strengthen the labour market test.
- 61 This aligns with recommendations from the Bestwick review to consider the risk of domestic job displacement through the AEWV, together with policy options to mitigate that risk, which will include consultation with MSD about exploring the potential reintroduction of a strengthened labour market test.

Targeting scrutiny on the highest-risk employers

Disestablishing the franchisee accreditation category

- 62 There is currently no compelling evidence to suggest that franchise employers are more likely to be non-compliant, they are however, currently required to pay a higher fee, subject to more post-decision checking, and must meet additional accreditation requirements, compared to standard and high-volume employers.
- 63 I propose removing the franchisee accreditation category, and instead allowing franchisee employers to hold either standard, high-volume or triangular employment accreditation, depending on their circumstances.
- 64 This change will reduce costs for franchisee employers and put them on an even footing with other businesses operating in the same industry.

Monitoring labour hire firms

- 65 The AEWV requires triangular (labour hire) employers to meet a minimum threshold of 15% of their labour hire workforce be New Zealanders in full-time employment before they are able to hire migrants. Late last year, a 35% threshold was introduced for labour hire firms in the construction sector recruiting for certain low-skilled roles.
- 66 I am concerned about the reliance on migrant labour in some labour hire firms, especially given several recent cases of liquidation and downsizing by labour hire firms in the construction sector. I have directed officials to closely monitor how the workforce thresholds are operating and consider whether changes are required as part of advice later this year.

Other changes

Work rights for dependent children on family residence visa applications

- 67 I am mindful that, while we are tightening settings, we want to ensure that people who are onshore and on a pathway to residence can continue to contribute and live a

meaningful life. Currently, migrant high school leavers who are part of a family on a residence application are unable to work. These young people often remain on visitor visas for long periods of time because they can't afford international student fees and can't work. This affects their wellbeing and mental health and is a waste of their potential at a critical time in life. I propose granting work rights to migrant high school leavers who are awaiting the outcome of a family residence application.

Other technical changes being progressed to address current gaps

- 68 I have also agreed to progress several technical changes to address current gaps in the system which may be enabling current high volumes and reducing INZ's ability to respond to poor employer behaviour. This includes ensuring accreditation can be revoked if employers do not provide 30 hours of work per week to those on an AEWV, enabling INZ to suspend accreditation for employers who breach any accreditation standard not just some, ensuring businesses consider New Zealand applicants by extending the duration required to advertise ANZSCO level 4 and 5 vacancies domestically and declare reasons for not hiring New Zealand applicants.

Further options to improve the AEWV

- 69 This package is aimed at improving the integrity of the immigration system in the short term. While the change for franchises will reduce cost and potential burden for those employers, I note that some other employers may be worried about the compliance impact of other changes proposed in this paper. However, I am satisfied that they are critical.
- 70 To ensure these changes are effective and not having unintended consequences officials will undertake regular monitoring with an initial review of how the changes are performing after six months.
- 71 I will continue to look for options to improve the AEWV, including whether further changes should be made to the settings for triangular employers (labour hire firms), and will report back to Cabinet in August.

Addressing longer-term challenges from the upwards structural shift in migration

- 72 As noted, structural increases in net migration can have significant impacts on New Zealand's capacity to absorb the consequent population increase. However, putting undue constraints on inward migration can impact on our capacity to produce. To best balance these impacts, I consider that further work is needed to address:
- 72.1 How we best identify skill shortages sufficiently early so we can grow a sustainable supply of domestic workers.
- 72.2 The impact of migration on our broader infrastructure – those who benefit from the immigration system do not bear the costs associated with the impact on New Zealand's broader infrastructure.

- 73 I am proposing that further work be undertaken:
- 73.1 With the Ministers for Social Development and Employment and Tertiary Education and Skills, to explore how we can better understand labour demand and create more coordinated responses across the domestic skills pipeline.
 - 73.2 To consider a Government Policy Statement for immigration which could set out how this Government will think about the balance between our absorptive capacity and the need to address skill shortages.

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- 74 I will report back to Cabinet in August about progress on those proposals. I note though that these would be significant changes to our immigration system and would take some time. At this stage I expect that I would not be reporting back to Cabinet with firm proposals on these issues until 2025.
- 75 I note that this work is not exhaustive and is the start of a more comprehensive work programme for the immigration portfolio which will work to create a smarter immigration system that manages net migration, attracts top talent, revitalises international education, is self-funding and sustainable and better manages risk. It is also complemented by work across labour market portfolios, including the reform of the Vocational Education and Training system to be more responsive to the needs of industries and communities.

Implementation

- 76 Subject to Cabinet agreement, INZ will implement most of these changes immediately, with exceptions being work rights for dependent children on a residence application, Confidential advice to Government and changes for franchise accreditation which will occur three months after decisions.
- 77 I note that implementing these changes quickly is important to immediately respond to concerns about the number of lower-skilled workers coming in on an AEWV. However, fast paced implementation also poses risks, notably that manual workarounds will be required in the first instance and there will be limited ability to consult with and/or train staff, employers and key stakeholders on the changes. To mitigate these risks, INZ have developed standard operating procedures and training for staff based on the proposals as outlined in this paper so these can be rolled out immediately, deviations from these proposals therefore may delay implementation. The Bestwick review outcomes will inform the delivery of this work, noting the timeframes for implementation are very tight.
- 78 The cumulative impact of these changes is also likely to impact processing times under the AEWV. These impacts will be particularly significant in the short term as the policy changes will go live with manual workarounds to support fast implementation. However, it is also likely to have an ongoing impact on processing times with increased processing efforts required across AEWV applications to enforce new requirements.

Cost-of-living Implications

79 These proposals will increase the cost for some employers to hire migrants. This should encourage employers to genuinely consider their business needs and any suitable New Zealanders prior to recruiting migrants.

Financial Implications

■ Confidential advice to Government
[Redacted]
[Redacted]
[Redacted]

81 While initial changes for MSD can be met within baselines, I will report back in August on financial implications for MSD as future changes are agreed and implemented.

Legislative Implications

82 The proposals in this paper require amendments to immigration instructions. Subject to Cabinet’s agreement, I will certify new instructions in line with the decisions taken.

Impact Analysis

83 This proposal does not require a Regulatory Impact Assessment as it has no direct legislative implications.

84 There are no direct climate implications of this proposal.

Population Implications

85 While some of these proposals will impact existing AEWV holders, they will for the most part limit the ability for potential future migrants to be able to come to New Zealand. I consider this justified, given that this should support New Zealanders who face challenges in attaching to the labour market to find employment.

Human Rights

86 The proposal in this paper does not have direct implications for the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of external resources

87 There has been no use of external resources in the context of this proposal.

Consultation

88 The following agencies and departments have been consulted: the Treasury, the Ministries of Social Development, Primary Industries, Transport, Education, Children, Housing and Urban Development, Ethnic Communities and Pacific Peoples, Te Puni Kōkiri, New Zealand Qualifications Authority, New Zealand Transport Agency and Tertiary Education Commission. The Department of the Prime Minister and Cabinet (Policy Advisory Group) was informed.

89 Ministry for Primary Industries comment:

The primary sector continues to find filling vacancies challenging. Labour shortages not only limit productivity, especially if shortages are preventing activities, such as on-farm activities and meat processing, at optimal times. If we do not address the current labour shortages, firms will struggle to maintain or enhance profitability, lift exports and economic growth. Confidential advice to Government

Communications and proactive release

- 90 I intend to communicate these changes at the time of implementation to ensure that there are not any surges in demand for applications which would undermine the policy intent of these changes.
- 91 Alongside announcements, updated information will be available on the INZ website to ensure current and future migrants are aware of the changes in eligibility.
- 92 This paper will be proactively released subject to redactions as appropriate under the Official Information Act 1982 after announcements are made.

Recommendations

The Minister of Immigration recommends that Cabinet:

- 1 Note that current levels of net migration are at a record high, as part of an increasing trend since the mid-2000s;
- 2 Note that the current trends around net migration highlight issues related to both the short-term growth in migration and an upwards structural trend in net migration;
- 3 Note that the current Accredited Employer Work Visa (AEWV) settings have contributed to a surge in cases of migrant exploitation;
- 4 Note that a number of the changes recommended in this paper respond to concerns raised in the recent Bestwick review and seek to mitigate the risk of future exploitation;
- 5 Note that many of the proposed changes in this paper are not new but a return to settings that are the same as, or similar to, those pre-pandemic;

Changes impacting current and future migrants

- 6 Note despite the median wage threshold under the AEWV we have seen an increase in the number of lower-skilled migrant workers coming to New Zealand through this pathway;
- 7 For people who submitted an AEWV application between 4 July 2022 and 20 June 2023 in an ANZSCO level 4 and 5 role and earning at or above median wage, agree to:
 - 7.1 reduce the duration of the AEWV to two years (with the ability to apply for a further year); and

- 7.2 reduce the Maximum Continuous Stay (MCS) to three years;
- 8 Agree that the proposal in recommendation 7 applies to anyone who submits an application from the date of implementation of the changes, including anyone who has been issued a re-used job token;
- 9 Note that in-progress AEWV applications at the time of implementation will continue to be assessed under the current AEWV settings;
- 10 Agree to exempt workers in ANZSCO level 4 and 5 roles who are either earning 1.5 times the median wage, or who are in an occupation on the Green List or Sector Agreement residence pathway, from these changes;
- 11 Agree to reduce the MCS of the transport and seasonal snow and adventure tourism Sector Agreements to three years and the AEWV duration to two years for the transport Sector Agreement;
- 12 Agree to introduce a new accreditation standard that an employer must notify Immigration New Zealand within 10 working days if an AEWV holders employment ends;

■ Confidential advice to Government
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■ Confidential advice to Government
[Redacted]

■ Confidential advice to Government
[Redacted]

Tightening settings for future lower-skilled applicants

- 16 Note that Cabinet agreed to add earthmoving plant operators, linemarkers, machine operators not elsewhere classified, driller’s assistants, earthmoving labourers, mechanic’s assistants and road traffic controllers to the Construction and Infrastructure Sector Agreement, in August 2023 [CAB-23-MIN-0377];
- 17 Agree to rescind the decision in recommendation 16;
- 18 Agree to shut-down the work to residence pathways for truck drivers and bus drivers under the transport Sector Agreement;
- 19 Agree to introduce a minimum skills and experience threshold for the AEWV of three years’ relevant work experience, or a relevant qualification at level 4 or above of the New Zealand Qualifications and Credential Framework, except for roles paid twice the median wage roles and Green List roles;
- 20 Agree to introduce an accreditation and job check requirement that employers must take reasonable steps to ensure that migrant workers are suitably qualified before inviting them to apply for an AEWV;

- 21 Agree to require AEWV applicants applying for an ANZSCO Level 4 and 5 roles to meet a minimum standard of English language competence of Level 4 of the International English Language Testing System or higher;

Ensuring New Zealanders are first in line for jobs

- 22 Agree to introduce a requirement under the AEWV that ANZSCO level 4 and 5 occupations are advertised with the Ministry of Social Development;

Targeting scrutiny on the highest risk employers

- 23 Agree to disestablish the franchisee accreditation category under the AEWV, and allow franchisee employers to hold standard, high-volume or triangular employment accreditation, depending on their circumstances;

Other changes

- 24 Agree to grant work rights to high school leavers who are awaiting the outcome of a family residence application;
- 25 Authorise the Minister of Immigration to make further policy decisions as required to give effect to the decisions made in this paper;
- 26 Note that the Minister of Immigration will certify new immigration instructions under Section 22 of the immigration Act 2009 to give effect to the decisions in this paper;

Further options to improve the AEWV

- 27 Invite the Minister of Immigration to report back to Cabinet in August 2024 on a second phase of work which will include considering further options to tighten the AEWV at each stage, including a suitable replacement to the median wage threshold;

Addressing longer-term challenges from the upwards structural shift in migration

- 28 Note that the Ministers of Immigration, Social Development and Employment and Tertiary Education and Skills will explore how to better understand labour demand to ensure that our supply pipelines are properly calibrated to meet that demand;
- 29 Note the Minister of Immigration will consider a Government Policy Statement for immigration that could set out how this Government will think about the balance between our absorptive capacity and the need to address skill shortages in developing our immigration settings;

Confidential advice to Government

Hon Erica Stanford
Minister of Immigration

S E N S I T I V E

Annex One: Top 15 Jobs of all current work visa holders for Skill Level 4 & 5

Rank	Occupation	Count of people
1	Builder's Labourer	8,909
2	Truck Driver (General)	3,261
3	Cook	3,051
4	Personal Care Assistant	2,357
5	Retail Supervisor	2,333
6	Dairy Cattle Farm Worker	2,235
7	Meat Process Worker	1,730
8	Fast Food Cook	1,585
9	Kitchenhand	1,420
10	Aged or Disabled Carer	1,365
11	Commercial Cleaner	1,364
12	Sales Assistant (General)	1,131
13	Scaffolder	1,047
14	Delivery Driver	1,038
15	Bus Driver	943

SENSITIVE

Annex Two: Top 20 jobs for AEWV in 2019 and 2023

**Top 20 Jobs for Essential Skills & Work to Residence approved in 2019
(1 January - 21 December)**

Rank	Occupation	Skill Level	Count of people
1	Dairy Cattle Farm Worker	5	3,759
2	Retail Supervisor	4	3,073
3	Chef	2	2,773
4	Carpenter	3	2,693
5	Cook	4	1,387
6	Retail Manager (General)	2	1,100
7	Cafe or Restaurant Manager	2	1,097
8	Truck Driver (General)	4	1,029
9	Aged or Disabled Carer	4	926
10	Metal Fabricator	3	885
11	Scaffolder	4	814
12	Registered Nurse (Aged Care)	1	801
13	Personal Care Assistant	4	789
14	Dairy Cattle Farmer	1	770
15	Builder's Labourer	5	728
16	Sales Assistant (General)	5	607
17	Commercial Housekeeper	5	600
18	Motor Mechanic (General)	3	600
19	Diesel Motor Mechanic	3	598
20	Telecommunications Technician	3	553

Top 20 Jobs for AEWV approved in 2023 (1 January - 21 December)

Rank	Occupation	Skill Level	Count of people
1	Builder's Labourer	5	7,905
2	Truck Driver (General)	4	2,889
3	Carpenter	3	2,341
4	Cook	4	2,247
5	Personal Care Assistant	4	2,237
6	Retail Supervisor	4	1,961
7	Chef	2	1,923
8	Dairy Cattle Farm Worker	5	1,847
9	Meat Process Worker	5	1,775
10	Fast Food Cook	5	1,542
11	Kitchenhand	5	1,287
12	Commercial Cleaner	4	1,184
13	Painting Trades Worker	3	1,149
14	Aged or Disabled Carer	4	1,133
15	Registered Nurse (Medical)	1	1,093
16	Beauty Therapist	3	999
17	Delivery Driver	4	994
18	Bus Driver	4	919
19	Sales Assistant (General)	5	918
20	Retail Manager (General)	2	875