



COVERSHEET

Minister	Hon Erica Stanford	Portfolio	Immigration
Title of Cabinet paper	Progressing the Government's Immigration priorities	Date to be published	23 September 2024

List of documents that have been proactively released

Date	Title	Author
August 2024	<i>Progressing the Government's Immigration priorities</i>	<i>Office of the Minister of Immigration</i>
7 August 2024	<i>ECO-24-MIN-0158 Minute</i>	<i>Cabinet Office</i>

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.

Information has been redacted on the following grounds:

- *International Relations*
- *Free and Frank opinions*
- *Constitutional conventions*

In Confidence

Office of the Minister of Immigration
Cabinet Economic Policy Committee

Progressing the Government's Immigration priorities

Proposal

- 1 This proposal sets out my proposed work programme for the Immigration Portfolio over the next three years, and the scope and sequencing of this work to support the Government's priorities.

Relation to government priorities

- 2 This proposal relates directly to three core Government priorities: rebuilding the economy, delivering better public services, and supporting the Government's Fiscal Sustainability Programme.
- 3 This work programme aims to optimise immigration's contribution to the New Zealand economy, while managing risks to border integrity and pressures on key infrastructure. Government commitments including those agreed through the National ACT Coalition agreement, and the National New Zealand First Coalition agreement will be delivered by this proposal.

Executive Summary

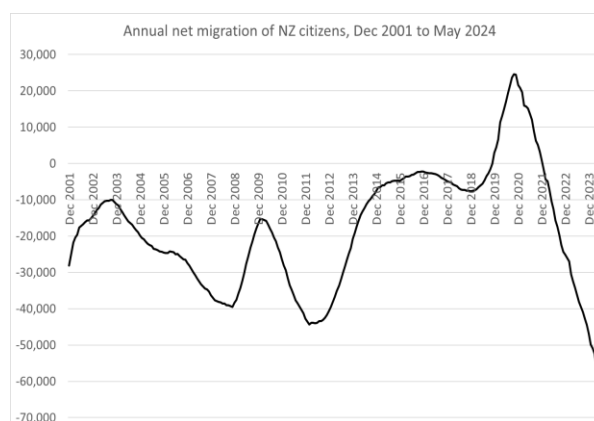
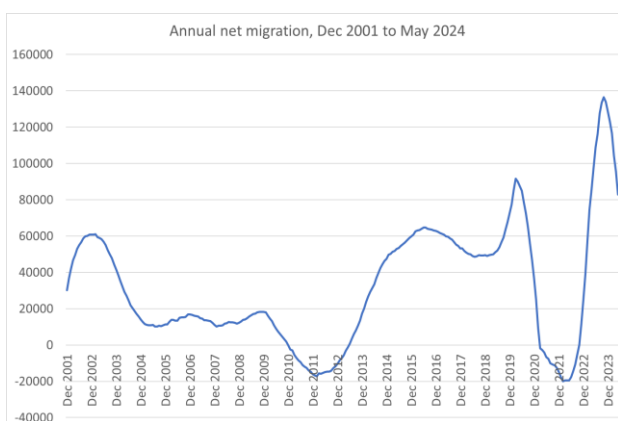
- 4 The Government inherited an immigration system struggling with unprecedented volumes of net migration, a significant increase in migrants of lower skill level than pre-COVID, increased migrant exploitation, and a higher risk international environment. Although these effects vary across regions and sectors, and lower skilled migrants are necessary in key areas of the economy, we are also experiencing a downturn in the economic cycle with increasing numbers of New Zealanders out of work, meaning it is critical that they have the first opportunity for jobs in New Zealand.
- 5 In April, Cabinet agreed interim steps to act with urgency to address unsustainable net migration, migrant exploitation, and pressure on infrastructure such as schools, as well as to restore checks and balances back into the Accredited Employer Work Visa (AEWV) which the previous Government had removed. These steps included a revised labour market test and introducing a minimum level of English language competency and relevant experience requirement for lower skilled workers.
- 6 My medium-term work programme delivers on the Government's commitments that were agreed through our coalition agreements. It also goes further by focussing on four priority areas: rebuilding our economy, delivering better public services (including protecting the integrity of our border), attracting top talent and skills to New Zealand, and advancing our priorities in the Pacific.
- 7 I am proposing a comprehensive work programme that aims to restore balance to the immigration system: targeting New Zealand's key skill gaps, prioritising higher skilled migrants, setting clear standards for access to lower skilled labour, recovering the costs of the immigration system from those who benefit from it, and using immigration settings strategically for international trade policy. I am committed to

reducing opportunities for migrant exploitation, supporting additional foreign investment for New Zealand, and fit for purpose settings across work, study, and visitor visas.

- 8 Like many areas, the immigration portfolio is operating with constrained capacity. This work programme is ambitious and MBIE has limited capacity. Adding items to this work programme would require trade-offs with slowing down, stopping, or delaying existing items.
- 9 There is no ‘ideal number’ of migrants. Migrants play an integral role in our economy and help to boost New Zealand’s capacity to deliver many critical services. However, the incentives for employers seeking to hire migrants need to be calibrated appropriately to ensure that New Zealanders are seriously considered for roles, and that the broader effects of migration on our absorptive capacity are mitigated.

Immigration is currently outpacing New Zealand’s infrastructure capacity

- 10 Since the border reopened in 2022, New Zealand has seen an unprecedented level of inbound migration. This peaked in October 2023, when total net inbound migration topped 134,000, the largest annual increase on record by far. Since then, New Zealand’s net migration figures have remained historically unprecedented.¹



- 11 Although net migration is now slowing, the effects of high migration continue to stretch the resources of key services and infrastructure. Practical limitations exist on the capacity of both government and the market to deliver services and infrastructure, and these limitations are being felt particularly acutely in healthcare, education, and housing.
- 12 From 2010-17, the average level of migration was a net increase of around 35,000 per year (about 0.75 % of the population). This allowed for sustainable population growth that didn’t put immediate pressure on our infrastructure while supporting the growth of the economy. When net migration reached 60,000 per year in 2016, pressures were being felt on our absorptive capacity, leading to a shift in the social licence around migration.
- 13 While there is no ‘target’ for net migration, I believe the right balance is one that supports the growth of the country without putting significant pressure on our physical and social infrastructure. Our ongoing work across housing, healthcare, education, transport, and cutting red tape mean that these pressures will not always be

¹ As of May 2024, annual net migration was 82,800

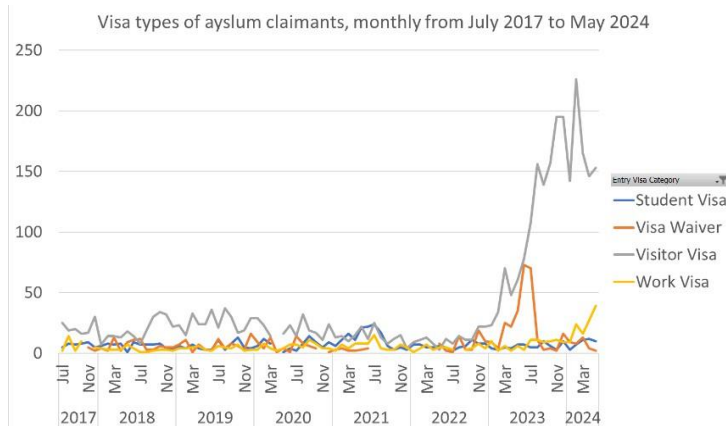
as significant as they currently are. In the interim, however, immigration settings will play a key role in mitigating short- and medium-term issues.

New Zealand is now facing more risk in the international environment

14 Instances of migrant exploitation, people trafficking, overstaying, organised immigration fraud and non-meritorious asylum claims are all risks that must be managed to protect New Zealand’s interests. International relations

[Redacted]

15 Asylum claims have increased eight-fold compared to pre-COVID and are being received faster than they can be processed, and New Zealand has legal responsibilities to process such claims. The result is a growing backlog of claimants and ever longer decision-making processes – with current wait times of up to 3 years or more. Not only does this subject genuine asylum claimants to long periods of uncertainty, but it also makes fraudulent or unmeritorious asylum claims a more viable route for individuals seeking to circumvent work visa requirements and stay onshore.



16 Individuals who overstay their visa also present risk. While New Zealand has a comparatively low rate of overstayers internationally, overstayers undermine the integrity of the immigration system. They prevent the proper function of policy designed to balance multiple risks and interests including labour market, exploitation and trafficking risks, national security risks, employment standards and many others. They strain the operational resources of Immigration New Zealand and overstaying significantly raises the likelihood that individuals will be subject to migrant exploitation. Further, overstaying also undermines the confidence of legal migrants in the New Zealand immigration system and is profoundly unfair to those who come to New Zealand legally and abide by the terms of their visa.

17 Free and frank opinions

[Redacted]

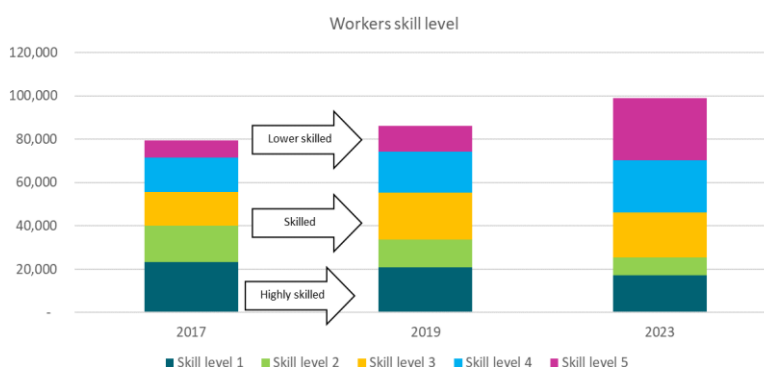
Free and frank opinions The recent increase in asylum claims has been characterised by many individuals submitting immediately before, or just after the expiry of their existing visa and there is evidence of applicants being ‘coached’, based on the similarities between asylum claims. Although most current asylum claims are by individuals on visitor visas, when the significant cohort of lower

skill individuals on three-year work or student visas begin to expire, I believe that we will see a significant jump in overstayers, and non-meritorious asylum claims that mirrors the currently emerging behaviour.

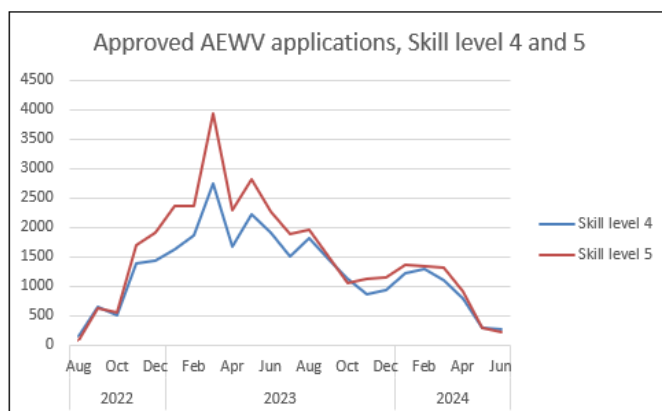
- 18 When implementing settings to address the current risk environment, judgements on risk tolerance are fraught. The results can be significant – as evidenced by the unacceptable migrant exploitation uncovered since early 2023. We need to strike the right balance between timeframes, cost and risk tolerance, but to do it right will require intelligent policy design, targeted scrutiny, fit for purpose technology, and working closely with other Ministers and portfolios.

We need the right migrant skill mix to meet New Zealand’s needs, while ensuring that employers are genuinely looking for New Zealanders who need work

- 19 In 2017, the proportion of *skill level one* migrants (the highest skill level) was larger than all other categories. In 2023 this picture had inverted, and the number of *skill level five* migrants outnumbered those of other skill levels. While we know that lower skill migrants are necessary in several areas of the economy, gaps in highly skilled individuals remain and the incentives for employers need calibrating to ensure that where New Zealanders are available they are always genuinely considered first for available roles ahead of lower skilled migrants.



- 20 Since the Government’s changes to the Accredited Employer Work Visa (AEWV) were implemented in April, the numbers of visas approved for skill level four and skill level five migrants have significantly dropped when compared with last year. However, New Zealand still has critical shortages in highly skilled occupations like doctors, where migrants are the only short- and medium-term solution.



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- 21 Immigration settings must play their part to support the priorities of other portfolios, working in combination with broader labour market settings and skills pipelines. This includes shortages like those in critical workforces, but also includes portfolios like Social Development and Employment, and Trade. As a government, we have an objective to reduce the number of people receiving Jobseeker support by 50,000 by 2030 as well as to significantly increase our exports. Calibrating settings across targets we have will require a balanced approach. A natural tension exists between the Government's priorities of reducing Jobseeker numbers and ensuring New Zealanders have the first opportunity for jobs; and some employers' ability to be able to access migrant labour, particularly in regions and industries where fundamental limitations on labour availability exist.
- 22 Under the previous Government, employers became used to immigration settings with few checks and balances, meaning they could recruit migrants effectively at will.
- 23 While there are many employers who engage effectively with MSD and genuinely look to employ New Zealanders, there remain some who see the requirement to advertise with MSD as a "tick box" exercise they need to get through to hire a migrant. For example, between 8 April and 10 July 2024, the Ministry of Social Development (MSD) listed a total of 3,473 vacancies through AEWV requests. As at 24 June, MSD had completed advertising processes for 2,460 vacancies, where nearly 3,100 suitable applicants were identified. Of these, only 45 were hired.
- 24 It is important to note that not all the remaining 2,415 vacancies would have resulted in an application to INZ for an AEWV. For example, the employer may have hired a New Zealander for the role who was not put forward by MSD or their business context may have changed, and they may not have progressed with filling the role. However, in my view, 45 roles filled by MSD from 3,100 applicants indicates that some employers are actively avoiding employing applicants receiving Jobseeker support.
- 25 For example, MSD have advised that a significant proportion of AEWV related requests are being listed by licensed immigration advisors (LIAs). This is a clear conflict of interest as an LIA has a financial incentive to fill the role with a migrant. It also clearly indicates that the employer is not properly engaged in the recruitment process if LIAs are lodging their vacancy with MSD. I have instructed officials to close this loophole and that the employer or their recruitment company should be the entity engaging with MSD when listing a role.
- 26 Some employers also hold the view that, having employed a lower skilled migrant, they should be entitled to retain that migrant for as long as they need them without any further market testing or restriction. The AEWV was designed as a temporary work visa and people on these visas have a more restricted ability to access health, education, and welfare support. It is unfair to allow a lower skilled worker and their family to become well settled in New Zealand without a realistic pathway to residency. If employers want to keep a migrant on a longer term basis then they have options to train and upskill their workers into jobs that have longer visa durations and/or pathways to residency.

The right skills mix and set of incentives will vary

- 27 Lifting New Zealand's economic performance is the Government's top priority and significant challenges lay ahead. In addition to objectives that have inbuilt tension with each other, the reality of New Zealand's poor productivity growth when compared to other advanced economies means that realising better economic performance will require striking a fine balance across a host of different settings. A focus on highly skilled migrants will support this because these individuals are more likely to inject innovation, talent and automation improvements into our economy with the corresponding potential for productivity enhancements and growth.
- 28 Supporting key industries, including those that rely on seasonal roles like the food and fibre sector, is also critical, given the part they play in New Zealand's export economy and international trade relations. These industries and the communities that support them are generally rural, and feeling the effects of aging populations and a lack of labour that is hindering their economic growth in different ways than New Zealand's urban and metropolitan areas. Discussion of infrastructure pressures resonates differently for these communities and the pressures felt by urban areas are not felt in the same way (for example, pressures on education resources are significant for some rural areas, but housing pressures are often reduced compared to urban areas).
- 29 Industries have different needs of the immigration system because they have unique labour requirements, skills pipelines, and automation potential. In this context, a one size fits all approach doesn't support businesses and employers to grow our economy, which is why immigration systems, including checkpoints like labour market tests, need to be well designed, flexible and responsive to sectoral and regional variations. The proposed work programme recognises the complexity of these challenges, and while the broad focus of the immigration system should continue to attract highly skilled individuals, there are several key aspects on this programme that will address the regional and sectoral variations.

Immigration will play a key part in New Zealand's economic recovery

- 30 While we have inherited some significant challenges in the immigration system, migrants continue to play a crucial role in the delivery of the Government's agenda across a range of portfolios. Many play critical roles by filling shortages in the very sectors that are struggling to increase their capacity, like healthcare and education. Targeting a certain number is therefore too prescriptive to accurately reflect New Zealand's dynamic needs. However, this needs to be balanced with prioritising New Zealanders for jobs and the pressure that high net migration places on our absorptive capacity.

31 Our coalition agreements articulate clear immigration deliverables and goals:

- Increase the cap on the number of workers under the Recognised Seasonal Employer scheme to increase the flexibility of the quota allocation system.
- Introduce a five-year, renewable parent category visa, conditional on covering healthcare costs, with consideration of a public healthcare levy.
- Remove median wage requirements from AEWV visas.
- Liberalise the rules to make it easier for family members of visa holders to work in New Zealand.
- Improve the Accredited Employer Work Visa to focus the immigration system on attracting the workers and skills New Zealand needs.
- Ensure Immigration New Zealand is engaged in proper risk management and verification to ensure migrants are filling genuine workforce needs.
- Commit to enforcement and action to ensure those found responsible for the abuse of migrant workers face appropriate consequences.
- Address and provide solutions for the long-expressed concern of the OECD into the lack of focus in New Zealand Immigration Policy.

32 We are already making progress on delivering on these commitments for New Zealanders. My work programme is based around work in four key priority areas:

- 32.1 Rebuilding the economy,
- 32.2 Delivering better public services,
- 32.3 Attracting top talent and skills,
- 32.4 Advancing our international priorities (particularly in the Pacific).

33 I am focussed on building an immigration system that:

- 33.1 Accurately targets the key skill and labour gaps in the New Zealand economy,
- 33.2 Attracts highly skilled and high net worth non-New Zealanders,
- 33.3 Manages settings for lower skilled migrants to help ensure New Zealanders are first in line for job opportunities,
- 33.4 Redirects the costs of immigration system from Government back onto the users of the system and its beneficiaries,
- 33.5 Strikes the right balance when managing risks, to ensure the right people are coming to New Zealand,
- 33.6 Ensures that we have the right immigration supports for permanent migrants to settle in New Zealand communities, and
- 33.7 Takes a strategic approach when using migration as a trade policy tool, while maintaining New Zealand's security interests.

34 These features will be key in delivering an immigration system which integrates effectively with other portfolios to follow through on Government commitments on housing, infrastructure investment, education, health, and other areas.

Visa products alone are not sufficient to attract the talent and investment we want

35 As highlighted in the recent NZIER (New Zealand Institute for Economic Research)

report, *The place where talent does not want to live* – New Zealand has an immigration system that has many of the right settings already in place. However, the attraction of top talent and skills is hindered by our broader tax settings, creating what the authors describe as ‘an open door, accompanied by a large tax bill’.

- 36 While immigration settings are an important lever to attract top talent and investment, simply creating new bespoke visa products will not be sufficient to attract the right people to New Zealand. Across the immigration system, there is over one hundred individual visa pathways of different sorts, across a range of sectors, partner countries, international agreements, and specialised visa categories.
- 37 For highly skilled potential migrants, New Zealand needs to offer more than new visa pathways. Other drivers of attraction, including economic performance, tax policy settings, the education system and the delivery of social services are just as important. This is also true when seeking to grow New Zealand’s attractiveness to overseas investors. The role of the immigration system in this space is to ensure that settings do not present barriers, perceived or practical, for highly skilled individuals or investors that choose New Zealand.

An immigration system that better balances costs and benefits

- 38 Within the first 180 days, I have already delivered changes that reduce the risk of migrant exploitation, target more highly skilled migrants, and the protection of our borders including:
- Improvements to Accredited Employer Work Visas to introduce minimum skills and work experience requirements, English language requirements, changes to the maximum continuous stay and visa lengths, revised employer accreditation suspension settings, and additional requirements to ensure at least 30 hours per week of employment for migrants, and that suitable New Zealanders are considered first for job opportunities.
 - Changes to the Green List, to allow aviation related roles, corrections officers, and secondary school teachers to immediately be eligible for residence.
 - Passing the Immigration (Mass Arrivals) Bill to reduce the risk associated with irregular mass arrivals.
 - Implementing a Transit Visa Waiver for Fijian nationals to support our international relations with the Pacific.
- 39 Delivering additional processing capacity and resource for the backlogged refugee and protection system to support asylum claim processing.
- 40 Like many areas, the immigration portfolio is operating with constrained capacity. This work programme is ambitious and has limited additional capacity. Adding items to this work programme will require trade-offs, with slowing down, stopping, or delaying existing items.

Priority One: Rebuilding the economy

- 41 Immigration settings should be calibrated, in concert with other settings, to ensure businesses have the labour and skills needed for growth, enable greater productivity

and innovation, and the recovery of the New Zealand economy. Settings should also ensure that the impacts of net migration on New Zealand infrastructure is factored in, New Zealanders are considered first for roles (particularly where low skilled migrants would otherwise be employed) and should also ensure that the risk of migrant exploitation is minimised.

42 In mid-August I will also be making changes to better support seasonal workforces needed to support our critical sectors for their upcoming 2024-2025 seasons while further work on AEWV settings is underway. Seasonal workers who are only in New Zealand for less than nine months do not contribute to net migration and it is important that our settings are appropriate to support these sectors access the workers that they need.

Year	Area	Work Programme
2024	AEWV	<ul style="list-style-type: none"> ○ Interim changes to support seasonal workforces ○ Lower compliance costs for good employers ○ Remove median wage requirement ○ Options for regional and sectoral variations (including seasonal)
		Constitutional conventions
	RSE scheme	<ul style="list-style-type: none"> ○ Short term amendments to reduce employer costs ○ Modestly increasing RSE scheme size
2025/26	Skilled Migrants	<ul style="list-style-type: none"> ○ Review Skilled Migrant Category (residence) settings to reflect skill gaps
	Green List	<ul style="list-style-type: none"> ○ Review Green List settings to reflect skill gaps
Constitutional conventions		

Priority Two: Better public services and fiscal sustainability

43 I am also committed to efficient immigration settings that deliver improved public services, better manage immigration risks that could affect New Zealanders, and that are based on a more sustainable funding model that reduces cost for taxpayers. To ensure New Zealanders are getting more from every dollar I will focus on getting the basics right, ensuring effective risk management, visa processing efficiency is improved, and the system is self-funding by shifting the costs from taxpayers to beneficiaries of the immigration system.

Year	Area	Work Programme
2024	Fees and Levies	<ul style="list-style-type: none"> ○ First Fee and Levy Review - reallocate costs from Government to users and adjust the fee and levy rates

	Constitutional conventions
	Constitutional conventions
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	Constitutional conventions

Priority Three: Attracting top talent and skills to New Zealand

44 Immigration settings plays an important role in attracting top talent and skills to New Zealand. The settings should never act as a barrier for highly skilled individuals who want to live, work, and invest in New Zealand. They should also reflect and facilitate the kind of innovation, economic viability, and lifestyle that highly talented individuals expect to see in their country of residence including the support of family connections.

Year	Area	Work Programme
	Constitutional conventions	
2025	Parent visitor visas	o Delivering five-year, renewable ‘Parent Boost’ visitor visa, conditional on covering healthcare costs, with consideration of a healthcare levy (aiming for implementation by 30 November 2025)
	Constitutional conventions	

Priority Four: Advancing New Zealand’s International and Pacific Priorities

45 Immigration settings play an important role in supporting trade opportunities, demonstrating our commitment to partner countries and enhancing New Zealand’s people to people links and reputation. In many cases, settings can be used as a lever to support our national security and broader strategic priorities, **International relations**
International relations

46 Given the recent Foreign Policy Reset, and the Government’s focus on lifting

relationships with Southeast Asia, the Pacific, Australia and negotiating a Free Trade Agreement with India, immigration policy is a key tool in our foreign policy toolkit. New Zealand’s influence, particularly in the Pacific region is becoming more important than ever, as the level of complexity in the international arena increases and the geo-strategic landscape shifts due to emergent competition. **International relations**

47 **International relations**

48 The immigration system is often the first point of contact for foreign nationals, and therefore plays a key role in shaping someone’s first impression of New Zealand. This makes delivering an effective, efficient visa processing experience important to support our international reputation and is why improvements to immigration service delivery and operationalisation form a key part of the work progressed under my second priority: Better public services and fiscal sustainability.

49 When immigration settings are utilised to uphold our international relationships, unlike other changes to immigration settings, they are often subject to international agreements and require negotiation to change. **International relations**

Year	Area	Work Programme
2024	RSE scheme	<ul style="list-style-type: none"> Implementation of changes to the RSE scheme, including expansion to Timor-Leste and an expansion of worker cap
Constitutional conventions		
	Working Holidays	<ul style="list-style-type: none"> Further consideration of working holiday changes on a bilateral basis where significant benefits for New Zealand are present

This work programme will support the coalition Government’s priorities

50 This work programme is designed to provide the stable basis that New Zealand needs for recovery and future growth. It targets key issues, including the impact of net migration on our infrastructure, skill gaps in the New Zealand workforce, the integrity of our borders and the prevalence of migrant exploitation. The work programme also includes key upgrades to the immigration system itself, to ensure that policy changes will be effective and well supported through their operationalisation. This work programme highlights the key areas that I will come back to Cabinet on – there will be further work undertaken by Immigration New Zealand to gain ongoing operational improvements.

- 51 It also recognises the effect of immigration on other portfolios and will help to facilitate the attraction of the talent and investment we need to rebuild the economy, the delivery of public services and the advancement of our international priorities. Finally, it is ambitious, with clear goals that will deliver results for industry, migrants, and everyday kiwis and follows through on the Government's commitments.

Cost-of-living Implications

- 52 There are no-cost-of-living implications associated with this work.

Financial Implications

- 53 There are no financial implications of this work programme. Future policy and operational level decisions that have financial implications will be subject to Cabinet approval or will be subject to future Budget decisions consistent with the Government's Budget Strategy and ongoing fiscal sustainability programme.

Legislative Implications

- 54 There are no legislative implications associated with this paper. Future government decisions on this issue may give rise to legislative change proposals.

Impact Analysis

Regulatory Impact Statement

- 55 No legislative changes are required for the consideration of this work programme, therefore regulatory impact requirements do not apply to this proposal. Policy changes in this work programme that require regulatory change will be considered by Cabinet in due course and will be subject to Cabinet approvals.

Climate Implications of Policy Assessment

- 56 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal, as the threshold for significance is not met.

Population Implications

- 57 This proposal outlines the key pieces of upcoming work in the immigration portfolio.
- 58 The population implications (if any) of each item will vary. The potential implications of each item are not able to be quantified at this stage, because detailed work on each item has not yet been completed. However, this analysis will be available to inform Cabinet when final decisions are taken on each item. This proposal therefore has limited direct impacts on New Zealanders.
- 59 Overall, this work programme will have certain indirect impacts on certain populations within New Zealand. For those populations that disproportionately occupy lower skill, low wage positions in New Zealand's economy including young people, Māori and Pacific populations, the proposal is likely to provide benefit. The proposal aims to shift the skill mix of migrants, reducing lower skill migrants that might otherwise displace employment opportunities at the lower end of the skill spectrum. A focus on higher skill migrants that facilitates productivity growth, technological innovation, and investment, is also likely to support economic growth

that allows individuals to upskill, pursue alternative career pathways and provides opportunity for economic mobility.

Human Rights

- 60 This proposal is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act.

Use of external Resources

- 61 External resources have not been used in the development of the proposals in this paper. Any use of external resource for future work, including any external advisory groups, will be consistent with the Governments ongoing fiscal sustainability programme.

Consultation

- 62 The following agencies have been consulted:

The Treasury, Ministry of Foreign Affairs and Trade, Ministry of Education, Ministry of Social Development, Ministry of Health, Te Puni Kōkiri, Ministry for Primary Industries, Ministry for Ethnic Communities, Department of the Prime Minister and Cabinet, Ministry for Pacific Peoples, Ministry of Housing and Urban Development, New Zealand Customs Service, Ministry of Transport.

- 63 The Treasury had the following comments on this proposal:

- 63.1 The Treasury supports the direction of the paper and work programme to address immediate challenges in the immigration system. In particular, we support the focus on attracting highly skilled migrants given the expected contribution to the New Zealand economy, and the continued focus on ensuring fee and levy settings are appropriately calibrated to start addressing some of the direct absorptive capacity pressures.
- 63.2 The work programme does not, however, currently include a mechanism to consider New Zealand's medium- to longer-term immigration priorities, and how immigration can best support New Zealand's labour market, economic, and fiscal needs over time. Consideration has been given to developing a Government Policy Statement for immigration to provide this mechanism [CAB-24-MIN-0096 refers], but this is not being progressed at this time. While this paper goes some way in articulating immediate system priorities, the Treasury's view is that there is still a need to capture the medium- to longer-term picture to guide immigration policymaking in a way that balances the longer-term benefits of immigration policy (e.g., the human capital and labour market benefits) with short-term pressures and challenges. We also see a gap in terms of analysis on the 'big picture' cumulative impact of individual policy changes, including the impact on related policy areas (e.g., public services).
- 63.3 The Treasury recommends that, should Cabinet agree that such work is a priority this Parliamentary term, an additional immigration workstream focussed on these issues be commissioned, led by MBIE in consultation with other relevant agencies. We do not consider this work needs to take the form of a Government Policy Statement, but that it should produce an output (or series of outputs) for consideration by Cabinet over the next six months. The

output should articulate the Government's medium- and longer-term priorities for immigration, interdependencies with other portfolios (and how these should be managed in a joined-up way), and propose an approach to improve overall regulatory stewardship and governance of decision-making in the immigration space. We acknowledge MBIE's capacity constraints. The Treasury's view is that space could best be made for this work by delaying work programme items that would benefit from being informed by this work, or discrete, less-urgent work programmes, depending on Ministerial priorities. Examples of the first category are the reviews of the Skilled Migrant Category and Green List settings, and an example of the second category (discrete work) is the working holiday changes item.

Response from MBIE

- 64 MBIE considers that there is limited utility in this work at this point in time. There are a set of known issues that the Minister of Immigration is focused on responding to, which are not likely to change following the work that the Treasury recommends. The work programme priorities that the Treasury suggests deprioritising in 2025 are important to support the Government's priorities. The work on the AEWV will lead directly into the work on Skilled Migrant Category and Green List settings to ensure that we have fit for purpose residency settings for the important skills that we need to attract and retain. Further, we consider that the role of Working Holiday visa settings are important for wider consideration with regard to New Zealand's foreign relationships, and as such would not look to deprioritise this.

Response from the Minister of Immigration

- 65 There are a number of coalition and government priority commitments that we need to fulfil in the next two years to deliver a more fit for purpose immigration system that responds to current and emerging needs. In an ideal world, these would sit alongside an accurate medium-longer term view of how immigration can support New Zealand's labour market, economic, and fiscal needs. However, we know that in reality the development of these types of theoretical outputs by government consume a significant amount of time and resource and often fail to reflect real world realities. This is particularly true when it comes to forecasting human behaviour which is always context dependent and can be unpredictable. This is why, as a Government, we took the decision to cease pouring valuable resources into things like Industry Transformation Plans and Regional Skills Leadership Groups. I also note that the Minister for Social Development's Employment Action Plan that is about to be considered by Cabinet will more practically address some of the matters that Treasury has raised.

Communications

- 66 I intend to set out my work programme publicly through various speeches and events with business and employer groups in the coming months.

Proactive Release

- 67 I intend to proactively release this paper.

Recommendations

- 1 Note that unprecedented net migration has been having significant effects on the

IN CONFIDENCE

- delivery of New Zealand's key services and infrastructure;
- 2 Note that since we implemented changes to the AEWV settings in April to require minimum English language and relevant experience requirements we have seen a significant decrease in visa approvals for lower skilled workers;
 - 3 Note concerns about the immigration risk environment, including the increased potential for migrant exploitation, human trafficking, and fraudulent asylum claims;
 - 4 Note that my work programme includes meeting the Government's coalition commitments, and focuses on four priority areas; rebuilding the economy, delivering better public services, attracting top talent, and advancing our international priorities;
 - 5 Note that a natural tension exists between the Government's priorities of reducing Jobseeker numbers and ensuring New Zealanders have the first opportunity for jobs; and some employers' ability to be able to access migrant labour, particularly in regions and industries where fundamental limitations on labour availability exist;
 - 6 Note that while many employers engage effectively with MSD and genuinely look to employ New Zealanders, there remain some who see the requirement to advertise with MSD for lower skilled workers as a "tick box" exercise they need to complete to hire a migrant;
 - 7 Note that I have directed that Licensed Immigration Advisors (LIAs) should not be able to advertise a lower skilled role with MSD given they have a conflict of interest and are financially incentivised to fill that role with a migrant;
 - 8 Note that I will be reporting back to Cabinet later in August with options for potential changes to the Accredited Employer Work Visa for targeted stakeholder consultation in September/October;
 - 9 Note that I have approved interim changes to the Specific Purpose Work Visa to provide greater access to seasonal workforces for key sectors until May 2025 and that these changes will be announced the week of 12 August; and
 - 10 Note that the proposed work programme has limited additional capacity, and any changes would require stopping, slowing down or delaying existing items on the proposed work programme.

Authorised for lodgement

Hon Erica Stanford
Minister of Immigration