



COVERSHEET

Minister	Hon Andrew Little	Portfolio	Immigration
Title of briefing	Future of the Skilled Migrant Category	Date to be published	15 January 2024

List of documents that have been proactively released							
Date	Title	Author					
September 2022	Future of the Skilled Migrant Category	Office of the Minister of Immigration					
27 September 2022	Future of the Skilled Migrant Category CAB-22-MIN-0411 Minute	Cabinet Office					
7 July 2022	Skilled Migrant Category Review	MBIE					
11 August 2022	Skilled Migrant Category Review – Draft Cabinet Paper	MBIE					
9 September 2022	Future of the Skilled Migrant Category – Updated Cabinet paper	MBIE					
14 September 2022	Future of the Skilled Migrant Category: Final Cabinet Paper and Talking Points	MBIE					

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's and MFAT'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 for reasons of protection of privacy of natural persons, free and frank opinions, and confidential advice to Government.

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BRIEFING

Future of the Skilled Migrant Category – Updated Cabinet paper

Date:	9 September 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2223-0790

Action sought								
	Action sought	Deadline						
Hon Michael Wood Minister of Immigration	Agree to lodge the Cabinet paper for consideration at DEV on 21 September 2022	15 September 2022						

Contact for telephone discussion (if required)								
Name	Position	Telephone	1st contact					
Andrew Craig	Manager, Immigration Policy (Skills and Residence)	Privacy of natural persons	~					
Nita Sullivan	Senior Policy Advisor							

The following departments/agencies have been consulted on the proposals in this Cabinet paper:

Ministry of Education, Ministry for Ethnic Communities, Ministry of Health, Te Tūāpapa Kura Kāinga Ministry of Housing and Urban Development, New Zealand Qualifications Authority, Ministry for Pacific Peoples, Ministry for Primary Industries, Ministry of Social Development, Te Puni Kōkiri, The Treasury, and Ministry for Women.

MBIE teams were also consulted as follows: Immigration New Zealand, Tourism Policy, Digital Policy, Skills and Employment Policy and ACC Policy.

Minister's office to complete:

Approved

☐ Noted

Seen

Declined

Withdrawn

Needs change

Overtaken by Events

See Minister's Notes

Comments



BRIEFING

Future of the Skilled Migrant Category – Updated Cabinet paper

Date:	9 September 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2223-0790

Purpose

To seek your agreement to lodge the attached Cabinet paper with Cabinet Office, for consideration at Cabinet Economic Development Committee (DEV) on 21 September.

Recommended action

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

a **Note** the attached draft Cabinet paper has been amended to reflect feedback from consulted government agencies and your Ministerial colleagues (Annex One)

Noted

b Agree to lodge the attached draft Cabinet paper with Cabinet Office by 10am on 15 September

Agree / Disagree

c **Note** talking points will be provided to you shortly, to support the discussion at DEV on 21 September

Noted

d **Note** communications material is being developed to support a Ministerial announcement on next steps for the Skilled Migrant Category (SMC) shortly after Cabinet, and material for a public consultation process in October- November

Noted

e **Note** in response to agency feedback about occupations that potentially miss out on residence, officials will provide further advice to you on potential candidates for the Green List

Noted

Privacy of natural persons

Andrew Craig Manager, Immigration Policy (Skills and Residence) Labour, Science and Enterprise, MBIE Hon Michael Wood Minister of Immigration

09 / 09 / 2022

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Background

- 1. Officials have consulted with a range of government agencies throughout the design, draft advice and official consultation process of the Skilled Migrant Category review.
- 2. Most recently, you sought feedback from your Ministerial colleagues on the draft Cabinet paper, *Future of the Skilled Migrant Category*, while officials ran a parallel process of agency consultation.
- 3. This paper details the feedback received on the draft Cabinet paper, and responses or changes made to the paper as a result.

Summary of changes made to the Cabinet paper

General changes to the Cabinet paper

- 4. Based on feedback from the Prime Minister's Office, Ministers, and agencies, we have made a number of amendments throughout the paper to improve the clarity of advice and readability. Updates include, but are not limited to:
 - a) Additional detail on the current labour market performance and likely trajectory in the medium-term (paragraphs 22-23);
 - b) Further context on how these proposed changes operate alongside other temporary and residence visa pathways, particularly in response to current labour market conditions (paragraphs 24-26) (therefore we have not included an option to loosen the interim opening settings or leave it at 160 points for the full duration as suggested in some feedback);
 - c) More information outlining the problem definition and objectives of the proposed changes (paragraphs 39.1-39.4);
 - d) Further detail on the practical application of the proposed policy, specifically how the new points system will operate (paragraphs 44-50);
 - e) Clarification on how the interim opening will operate, including setting out the likely scale of interest (due to the impacts of the 2021 Resident Visa), the likely impacts of job offer requirements, and intended communications throughout this limited period (paragraphs 74-82); and
 - f) Expansion of the population impacts section, updates to the consultation section and the inclusion of Treaty of Waitangi analysis.

Addressing substantive feedback from Ministers and agencies

5. The following table summarises the changes incorporated into the Cabinet paper to reflect the further feedback received on these documents, from both agencies and Ministers.

Feedback received	Response and/or changes made
 The Ministry of Health (MoH) supports a simplified points-based system in general but raised concerns about potential impacts on attraction pathways for a range of roles, at a time of critical workforce shortages across the health sector. It raised questions about defining professional registration, and the potential impact on a number of roles. 	 We have agreed to undertake further work with MoH on a potential age exemption for highly trained medical professionals. We have updated the paper to clarify that we will work with all relevant agencies to define the professional registration bodies that will be in scope and the number of points associated with each registration (paragraph 50). Further analysis has been undertaken on the

•	It noted interest in further work to consider a limited exemption for highly trained medical professionals above 55 years. The Minister of Health reiterated MOH's feedback and reinforced that the workforce shortages in the health sector are now structural shortages. The Ministry of Education (MoE) supports	 roles identified and further detail on our findings is included in the Cabinet paper (paragraphs 56 and 117). We have clarified with them that under the
•	the recommend points-based system over the alternative approaches considered during the policy advice process. It has consistently requested that the Green List is extended to include all registered teachers and learning specialists to support the attraction and retention of migrants in the education sector. It also requested that immigration policy work on how the learning support needs of dependents is assessed as part of immigration applications is prioritised in advance of planned work in 2023. It also indicated interest in contributing to further work on how professional bodies will inform points gained under the proposed system. The Associate Minister of Education reiterated the feedback provided by the Ministry.	 proposed system almost all education roles, including registered teachers, would have a pathway to residence. We also noted MoE's request relating to additional roles on the Green List and work on learning support needs of dependants. We confirmed that both are out of scope for this SMC project. Updates to the paper to clarify the process for professional registration (paragraph 50) are also relevant here. Further analysis has been undertaken on the roles identified and further detail on our findings is included in the Cabinet paper (paragraphs 56 and 117).
•	The Ministry for Primary Industries notes the benefits of a more simplified points system but flagged that this may create difficulties in recognising skills gained on the job, in apprenticeships or other similar vocational training environments (of which there are many in the primary sector). We understand the Minister for Primary Industries has sent a letter to you outlining views consistent with this feedback.	 The tension between simplicity and clarity of the system, and the ability to recognise all skillsets and emerging industries has also been reflected in the consultation section of the revised Cabinet paper (paragraph 115). Further analysis has been undertaken on the roles identified and further detail on our findings is included in the Cabinet paper (paragraph 56 and 117).
•	The Treasury (TSY) supports the overall intention of the policy changes and undertaking public consultation. It agrees that a simplified points-based system best balances multiple proxy measures of skill compared to alternative approaches considered. It raised concerns that the amount of change in the immigration system overall creates system delivery pressures and risks to immigration system stability. It also raised other minor points of feedback which were: suggesting more information is added to outline the system-level picture of immigration pathways for migrants; making the case for a general policy benchmark; and noting that the proposed extension of a stand down period to the SMC could have potential implications for multi-year infrastructure projects occurring in New Zealand.	 The TSY's concerns related to the proposed timing of these changes have been noted in the paper (paragraph 118); however, meeting the proposed implementation timeframes for the new points system (mid-2023) is important to prevent application queues forming during the interim reopening (queues were an issue under the existing settings). We have added additional information (paragraphs 24-26) to contextualise the proposed SMC changes within the other temporary and residence visa pathways currently available to migrants. In terms of the potential impacts for multi-year infrastructure projects, we agreed to work with the TSY as it develops its infrastructure plan to consider the most appropriate response or mitigation to longer-term workforce needs in this space, alongside further work on potential policy benchmarks.

Feedback that did not require changes to the Cabinet paper

- 6. The Minister for the Digital Economy and Communications and Commerce and Consumer Affairs recommended that New Zealand Tech, the Telecommunications Forum and Chartered Accountants Australia & New Zealand are included in the proposed targeted consultation and noted likely industry interest in the proposed stand-down. He also noted the digital technology and telecommunications sectors may consider that the proposed settings exclude some workers who have skills in severe shortage, which are needed to deliver some of the Government's priority initiatives (for example 5G and rapid improvements to rural connectivity). We cannot immediately identify the specific occupations that would be impacted here but will continue to engage with agencies on critical and immediate shortages and how immigration levers could play a facilitative role in the future, through pathways like the Green List.
- 7. The **Ministry for Ethnic Communities** emphasised that a policy response that provides certainty for ethnic communities is important, and support MBIE undertaking public consultation on the proposals. It raised the possibility of adding other skill proxies in the proposed points-based system to mitigate the potential structural pay discrepancies that persist across gender and ethnicity lines in New Zealand. We clarified that the suggested additional skill proxies had been previously considered and discounted for a range of reasons. We conveyed that the proposed simplified points system strikes the right balance between operational efficiency (to provide more certainty for applicants) and enough ways for people to demonstrate skill to avoid exacerbating existing structural inequities.
- 8. The **Ministry of Housing and Urban Development** supports the proposals in the Cabinet paper. It noted that immigration settings, including those for the SMC, provide certainty across a range of sectors (including building and construction) and enable employers and infrastructure providers (including social infrastructure or housing) to ensure that they have the right staff with the right skills, when they need them. It has offered to be part of further conversations about absorptive capacity (which MBIE will undertake as part of the response to the Productivity Commission report).
- 9. The **Ministry for Pacific Peoples** is supportive of the simplified points system. It also supported targeted public consultation on proposed settings for the SMC skilled residence visa and recommended consultation include Pacific peoples or Pacific migrant representative groups.
- 10. The **Ministry of Social Development** (MSD) did not raise any concerns with the proposals but noted that, where possible, it would still like employers to engage with them to see how MSD may be able to meet their future labour supply needs and assist with the upskilling and training of New Zealanders to fill future roles.
- 11. **Te Puni Kōkiri** supports the objective of a more effective SMC and agreed that the SMC needs to be balanced with the objective of prioritising the domestic workforce (including Māori) over recruiting offshore workers and, in the first instance, training and developing them. It supported targeted public consultation on the proposed settings for the SMC and recommended consultation include iwi and Māori groups which have economic and business interests and employ migrant or Māori workers.
- 12. The **Ministry for Women** continues to support the points-based model but reiterated concerns that the proposals will not address pay inequities based on country of origin. We have reflected concerns about disproportionate impacts on women in the Population Implications section of this paper. We have confirmed that the proposed simplified points system takes into account gender considerations, including additional data and analysis in the paper on how women are impacted.

Occupations of concern identified by agency consultation

- 13. The Ministries of Health, Education and Primary Industries have raised concerns about specific occupations missing out on SMC under the proposed new settings. These include roles that are below median wage (which would not be eligible for temporary work visas) and for which most training is on-the-job.
- 14. We have undertaken further analysis of available immigration data to better understand the specifics of the issues raised. Among the roles identified as least likely to have people eligible for residence, almost all had very low numbers of people coming through either temporary or residence visa pathways, including the SMC, in the past ten years. This is detailed further in Annex Two.
- 15. The SMC is unlikely to be the appropriate tool to address these specific occupation concerns; however, there may be some roles that could be potential candidates for the Green List. Officials will work with agencies and industry to identify specific occupations of concern that fall outside of the SMC requirements and would be hard to fill domestically or through the temporary migrant workforce; and options to address them. The current list of identified occupations includes, but will not be limited to:
 - Chef (highly skilled only)
 - Motor Mechanics
 - Telecommunications technicians
 - Scaffolders
- 16. Officials will report back on this following the proposed consultation process, which will also be important to identify occupations that may require special consideration. Additions to the Green List could be agreed in January 2023 when the final new settings are considered by Cabinet.

Next steps

- 17. Your authorised paper needs to be lodged with Cabinet Office by 10am Thursday 15 September to enable consideration of the paper by DEV on 21 September. We will provide your office with talking points to support you at this meeting.
- 18. We understand you intend to announce high level decisions made by Cabinet as soon as possible, to inform migrants, employers and other interested parties of the direction of travel, and to signal the upcoming public consultation process. We are well positioned to support you with delivering these announcements, as needed.
- 19. We will prepare public communications materials to be ready for the week beginning 26 September and continue work on material to support the upcoming public consultation process on options for the SMC. Current planning will see consultation and submission documents available on MBIE's "Have your say" webpage and targeted engagement occurring throughout October – mid November.

Annexes

Annex One: Draft Cabinet paper

Annex Two: Future of the SMC – Health, Education and Primary Industry analysis

Free and frank opinions

Annex Two: Future of the SMC – Health, Education and Primary Industry analysis

Impact of proposed settings on occupations on Health roles (non registered)

Registered health roles are either included on the Green List or would have a clear pathway under the proposed simplified points system – and for most, direct to residence.

We've looked at immigration data for other, mostly nonregistered roles identified by MOH to help understand the size of the problem (numbers are rounded to the nearest 3, so where it says 3 it means 1-3 people):

- Blue These are already covered by with the Green List or the care workforce sector agreement, which is the only below-median wage residence pathway. These lines stand out as where we have had significant numbers of temporary workers coming through.
- Various shades of green Roles where there is a (variable) possibility of people gaining residence under the new settings, based on estimated qualification and pay. For most of these, wage is the primary determiner. None have had significant numbers coming through either temporary or residence pathways in recent decades.

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White – These are where either we have limited information or a residence pathway is unlikely under the proposed points system. Across the board, numbers coming through either temporary or residence pathways have been very low. The possible exception is Pharmacy Technician, with the number of temporary visas much higher in 2020 and 2021 when the borders were closed. (As at 4 August, 100 Pharmacy Technicians are recorded as having gained residence through the one-off 2021 Residence Visa.)

Occupation	Context	Туре	Occupation Skill Level	2013	2014	2015	2016	2017	2018	2019	2020	20:
Aged or Disabled Carer (Sector Agreement)	Does not require a degree Paid below median	Temporary	Skill level 4	693	819	831	882	849	948	924	165	3:
Anaesthetic Technician	Generally requires a degree	Residence	Skill level 2	12	6	12	9	3	9	15	3	
(Green List)	Experienced likely to be paid above median wage (trainees/new grads are not)	Temporary	Skill level 2	27	18	15	24	12	21	39	18	:
Cardiac Technician	Qual requirements unclear. Pay levels unclear.	Residence	Skill level 2	6	3	6					3	
Complementary Health	Pay levels unclear. [Unclear]	Temporary Residence	Skill level 2 Skill level 1	6	6	3		9	3	9		
Therapists nec	[enoiodi]	Temporary	Skill level 1	3	3	3	3			9	3	
Dental Assistant	Some experienced assistants may be paid	Residence	Skill level 4	-	-	-	-				-	
	 above median wage (most are not) Does not require a degree. 	Temporary	Skill level 4	33	30	27	30	21	27	30	24	
Dental Technician	Some experienced technicians may be paid	Residence	Skill level 2	3	6	3	3	6		3		
	 above median wage (most are not) Requires registration, and a bachelors degr 	Temporary ee.	Skill level 2	9	3	6	3	6	6	12	9	
nrolled Nurse	Does not require a degree	Residence	Skill level 2	6	18	12	6		6	9	6	
	Pay unclear	Temporary	Skill level 2	12	9	6	3	6	6	9	6	
ife Science Technician	Some will have degrees, many will have a l		Skill level 2	15	12	24	12	18	15	9	6	
	5 or 6 qual. Some experienced technicians may be paid above median wage (most are not)	Temporary	Skill level 2	3	3	9	9	15	24	18	9	
ledical Laboratory Scientist	Experienced technicians are likely to be pair	d Residence	Skill level 1	9	12	12	18	12	6	9	15	
Green List)	 above median wage (most are not) Needs to have an undergraduate degree. Needs to be registered. 	Temporary	Skill level 1	18	15	9	18	12	18	15	12	
ledical Laboratory Technician	Some experienced technicians may be paid	Residence	Skill level 2	15	21	15	15	15	3	12	9	
Green List)	 above median wage (most are not) Many will have an undergraduate degree, b this is not a requirement. Needs to be registered. 	Temporary ut	Skill level 2	27	21	18	21	18	21	18	15	
edical Technicians nec	Unclear, but likely to be the same as above	Residence	Skill level 2	6	6	6	6		9	9	9	
		Temporary	Skill level 2	12	12	18	21	18	12	18	12	
uclear Medicine Technologist	 Generally requires a degree Most are likely to be paid above median wa (trainees/new grads are not) 	Residence	Skill level 1		3						3	
perating Theatre Technician	[Unclear]	Residence	Skill level 2				3					
		Temporary	Skill level 2	3	3	3	3	3				
ersonal Care Assistant	Does not require a degree	Residence	Skill level 4								18	
Sector Agreement)	 Paid below median Considered as part of the sector agreement 	Temporary s	Skill level 4	189	195	216	273	408	594	789	1518	
narmacy Technician	Requires a level 4 qualification	Residence	Skill level 2	24	24	33	18	12	6	12	9	
	Some experienced technicians may be paid above median wage (most are not)	Temporary	Skill level 2	18	27	45	21	27	21	18	54	
esidential Care Officer	Does not require a degree	Residence	Skill level 2	42	54	51	27	24	18	12	18	
ector Agreement)	 Paid below median Considered as part of the sector agreement 	Temporary s	Skill level 2	42	48	81	51	63	99	138	51	
terilisation Technician	 Some experienced technicians may be paid above median wage (most are not) Does not require a degree (Level 3 qual) 	Temporary	Skill level 4	9	6	6	6	6	6	9	6	

Impact of proposed settings on occupations on Education roles

- We've also looked at the immigration data for education roles. All registered teachers will have a clear pathway under the proposed simplified points system. For most other roles, many people within them will have degree-level qualification and experienced people will earn median wage, meaning they will qualify.
- Support teachers would be unlikely to have a pathway. Numbers coming in on temporary visas have been relatively low (even before the median wage threshold was introduced), although numbers increased to 42 in 2021. No support teachers have come through skilled residence pathways in the past decade.

Occupation			Туре	Occupation Skill Level	2013	2014	2015	2016	2017	2018	2019	2020	2021
Private teachers and Tutors	•	According to Careers NZ, most have a degree	Residence	Skill level 1	27	21	27	30	24	15	12	9	3
(Art Teacher, Dance Teacher, Drama Teacher, Music Teacher Private Tutors and Teachers nec)	•	Other than students, most earn 28-80 an hour so likely to make median wage.	Temporary	Skill level 1	27	27	21	24	27	33	39	24	30
Early Childhood (Pre-primary School)	•	Needs to be registered	Residence	Skill level 1	141	141	144	144	144	171	285	246	18
Teacher (Green List)	•	May not meet median wage threshold (some will, but not all) Requires a degree	Temporary	Skill level 1	48	57	72	66	87	117	231	156	231
Primary School Teacher	•	Needs to be registered	Residence	Skill level 1	24	21	18	24	30	42	96	111	3
	•	May not meet median wage threshold (some will, but not all) Requires a degree	Temporary	Skill level 1	33	45	27	48	66	153	297	183	123
Middle School Teacher (Aus) /	•	Needs to be registered	Residence	Skill level 1	3	6	6	3	3	6	15	15	
Intermediate School Teacher (NZ)	•	May not meet median wage threshold (some will, but not all) Requires a degree	Temporary	Skill level 1	3	0	3	9	12	30	36	9	12
Secondary School Teacher	•	Needs to be registered	Residence	Skill level 1	69	48	69	48	54	66	108	114	6
	•	New teachers may not meet the median wage threshold, but experienced teachers will. Requires a degree	Temporary	Skill level 1	72	69	66	87	141	174	249	165	99
Special Needs Teachers	•	Generally have a postgraduate degree	Residence	Skill level 1	6	51	36	33	30	27	18	9	0
(Special Education Teachers nec, Special Needs Teacher, Teacher of the Hearing Impaired, Teacher of the Sight Impaired)	•	New teachers may not meet the median wage threshold, but experienced teachers will. Needs to be registered	Temporary	Skill level 1	18	12	6	12	9	21	21	12	9
Support teachers	•	Not required to have a degree	Residence	Skill level 4									
(Preschool Aide, Teachers' Aide)	•	New aides will not meet the median wage threshold, but experienced aides may.	Temporary	Skill level 4	12	15	12	21	24	30	39	30	42
Teacher of English to Speakers of	•	Some have a postgraduate degree, but not required	Residence	Skill level 1	12	9	9	12	15	15	9	0	6
Other Languages	•	New teachers may not meet the median wage threshold, but experienced teachers will.	Temporary	Skill level 1	6	9	12	15	21	21	21	9	9
School Principal	•	Most will have qualifications, and be paid more than median	Residence	Skill level 1		3	0		3	3	3	3	
		wage.	Temporary	Skill level 1			0		3	0	3		3
Other Support Roles	•	Some have a postgraduate degree, but not required	Residence	Skill level 1	9	6	15	21	18	27	12	21	9
(Education Adviser, Education Managers nec, Education Reviewer, Educational Psychologist)	•	Some may not meet the median wage threshold, but many will.	Temporary	Skill level 1	15	24	21	18	18	21	21	18	36

Impact of proposed settings on occupations on Education roles

- These are specific roles identified by MPI.
- Very few people have gained residence through the SMC or Work-to-Residence pathways "3" means 1-3 people. Slaughterers have not been eligible for residence.
- Under the new settings, Ship's Master may eligible based on pay and potentially registration.

Occupation	Residence pathways	Occupation Skill Level	Туре	2013	2014	2015	2016	2017	2018	2019	2020	2021
Saw Maker and Repairer	 Some may be paid above median wage, but most will not. Generally requires an apprenticeship and level 3 – level 4 quals. 	Skill level 3	Residence Temporary				3			3	3	3
Ship's Master	Some may be paid above	Skill level 1	Residence	3	3	6	3		3		3	
	 median wage, those on larger vessels can earn above 1.5 x No formal registration regime, but required to hold a certificate of competency which takes at least 2-3 years of experience and training to get, so may be a candidate for Registration (to discuss with Maritime NZ) 		Temporary	33	15	12	15	3	9	3	3	3
Slaughterer	Some pay be paid above	Skill level 4	Residence									
(All Slaughterers. Halal is not differentiated in the data)	 median, many will not. Sub-degree qualifications available. 		Temporary	153	189	171	168	162	219	216	60	222