

# Future of the Skilled Migrant Category

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COMMENTARY AND REQUEST FOR SUBMISSIONS  
OCTOBER 2022



MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT  
HĪKINA WHAKATUTUKI

Te Kāwanatanga o Aotearoa  
New Zealand Government

## Ministry of Business, Innovation and Employment (MBIE) Hīkina Whakatutuki – Lifting to make successful

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

### **MORE INFORMATION**

Information, examples and answers to your questions about the topics covered here can be found on our website: [www.mbie.govt.nz](http://www.mbie.govt.nz) or by calling us free on 0800 20 90 20.

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# How to have your say

The Ministry of Business, Innovation and Employment (MBIE) is seeking views on proposed new settings for the Skilled Migrant Category residence visa by **18 November 2022**.

Your submission may respond to any or all the issues set out in this document. Where possible and relevant, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples.

You can make your submission before 18 November 2022 by:

- completing the [online survey](#)
- sending a completed [submission template](#) to [SkilledMigrantReview@mbie.govt.nz](mailto:SkilledMigrantReview@mbie.govt.nz), or
- mailing your submission to:

Skilled Migrant Review  
Immigration Policy (Skills and Residence) team  
Employment, Skills and Immigration Policy  
Ministry of Business, Innovation and Employment  
PO Box 1473  
Wellington 6140  
New Zealand

Please direct any questions that you have in relation to the submissions process to [SkilledMigrantReview@mbie.govt.nz](mailto:SkilledMigrantReview@mbie.govt.nz).

## USE OF INFORMATION

The information provided in submissions will be used to inform MBIE's policy development process and advice to the Government on the future of the Skilled Migrant Category. We may contact submitters directly if we require clarification of any matters in submissions.

## RELEASE OF INFORMATION

MBIE may upload PDF copies of submissions received to MBIE's website at [www.mbie.govt.nz](http://www.mbie.govt.nz). MBIE may also refer to submissions or parts of submissions in any summary of submissions. By making a submission, MBIE will consider you to have consented to this uploading and/or referencing of submissions, unless you clearly specify otherwise.

If your submission contains any information that is confidential, or you otherwise do not wish us to publish, please:

- indicate this on the front of the submission, with any confidential information clearly marked within the text; and
- provide a separate version excluding the relevant information, for publication on our website.

Submissions remain subject to request under the Official Information Act 1982. Please set out clearly in the cover letter or e-mail accompanying your submission if you have any objection to the release

of any information in the submission and which parts you consider should be withheld, together with the reasons for withholding the information. MBIE will take such objections into account and will consult with submitters when responding to requests under the Official Information Act 1982.

### **PRIVATE INFORMATION**

The Privacy Act 2020 establishes certain principles with respect to the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information you supply to MBIE in the course of making a submission will only be used for the purpose of assisting in the development of policy advice in relation to this review. Your personal information or any other identifiable information will only be published where we have sought and received your consent to do so.

# Purpose of consultation

MBIE is seeking feedback to inform further advice to the Government on proposed changes to the Skilled Migrant Category residence visa.

The Skilled Migrant Category has traditionally been New Zealand's main residence visa category based on skills and employment. Its objective is to support New Zealand's economic growth by granting residence to people who have skills to fill identified long-term needs, and who can deploy those skills in New Zealand. We are not proposing any changes to this overarching objective.

The Skilled Migrant Category was effectively closed to new applications in April 2020, after the COVID-19 border restrictions were put in place. In the context of the [Immigration Rebalance](#), the Government invited the Minister of Immigration to review the Skilled Migrant Category, to ensure it's meeting its objectives and to address the issues that were seen pre-COVID.

MBIE is consulting on proposed changes to the Skilled Migrant Category to:

- ensure the proposed settings are appropriate for the visa category to achieve its objectives;
- test the clarity and usability of the settings; and
- understand the impact of the proposed changes on migrants, employers, and communities.

This document provides a commentary on the proposed changes and asks questions to highlight areas on which we are seeking feedback. We also welcome any other feedback on the proposals.

## PROCESS AND TIMELINE

Following consultation, we will analyse feedback, submissions, and any other evidence before providing further advice to the Government on changes to the category.

The new settings are expected to be considered by the Government in early 2023, after which final decisions will be announced. Subject to the Government's agreement, the changes are expected to be introduced in mid-2023.

## WHAT ABOUT PEOPLE WANTING TO APPLY FOR SKILLED RESIDENCE NOW?

On 12 October, the Minister of Immigration announced that the Skilled Migrant Category would reopen under existing settings, to provide a pathway to residence for potential applicants while enabling time to consult on the future settings, make final decisions, and implement them.

For more information on the process for applying for the Skilled Migrant Category under the current settings, see [here](#).

# Summary of Proposed Changes

We are proposing the following key changes to the Skilled Migrant Category:

1. [Introduce a simplified points system](#) to set a clear threshold for residence and increase certainty for migrants. Points can be made up from one of three skill categories, i.e. professional registration, qualifications, or high income, and up to three years of skilled work in New Zealand.
2. [Process all applications that meet the eligibility criteria](#), i.e. no caps, meaning a higher proportion of migrants will gain residence every year.
3. [Special requirements for people in specified occupations](#), including some roles in retail and hospitality, to manage immigration and labour market risks while granting residence to highly skilled people in these occupations.
4. [Apply the stand-down period requirement](#) to all migrants who do not meet the eligibility criteria for residence. The stand-down would mean that after a maximum period of three years on an Accredited Employer Work Visa, people must spend at least 12 months outside New Zealand. This is to avoid the risks to migrants of becoming well-settled in New Zealand without the rights and protections that come with residence.

# Context

The Government is rebalancing the immigration system to support its plan for a higher-productivity, higher-wage economy.

## IMMIGRATION REBALANCE

The Immigration Rebalance has been designed to make it easier to attract and hire high-skilled migrants, while supporting some sectors to transition to more productive and resilient ways of operating, instead of relying on lower-skilled migrant workers.

It aims to make it easier to fill genuine skills gaps, where New Zealanders can't be found. For highly skilled workers in global shortage, it will ensure New Zealand is an attractive destination, with priority pathways to residence and simplified application processes.

Together these changes aim to:

- encourage employers to offer competitive wages, hire less-experienced New Zealanders and train them, and work together as a sector to showcase employment opportunities and career pathways. This will help build businesses' resilience and productivity.
- encourage businesses to invest more. Technology provides huge opportunities to increase productivity and create more value, and these upfront investments will pay dividends in the long run.
- reduce the recent pressure on infrastructure and housing and support economic growth. Our GDP growth in the past has been led by high levels of migration, but the GDP growth per capita has been much lower. By shifting to a higher skill mix of migrant labour and reducing the previous reliance on low wage low skill migrant labour, this can help New Zealand grow a more productive economy.

More information on the Immigration Rebalance is available [here](#).

## NEW RESIDENCE VISAS

New priority skilled residence pathways have been introduced under the Immigration Rebalance. These are expected to cover up to 45 to 55% of the people previously approved under the Skilled Migrant Category and will mean that there are three main pathways to skilled residence:

- the Skilled Migrant Category, which recognises individuals' skills;
- the [Green List residence pathways](#) for eligible migrants in specified highly skilled, hard-to-fill occupations; and
- the [Highly Paid Residence Visa](#) for migrants earning at least twice median wage.

## 2021 RESIDENT VISA

The one-off [2021 Resident Visa](#) will grant residence to over 200,000 people<sup>1</sup>. This is equivalent to more than five years of all residence approvals pre-COVID. It includes both people who would have become eligible for the Skilled Migrant Category over the next few years and people who would

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<sup>1</sup> 106,048 applications have been received covering 214,428 people (principal applications and their partners/families).



otherwise not have been eligible for residence. The key criteria for the visa were that people were in New Zealand on eligible visas on 29 September 2021 and either:

- 'settled': have lived in New Zealand for the past three or more years, or
- 'skilled': earn at or above the median wage (NZD \$27 per hour), or
- 'scarce': work in a role on a scarce list.

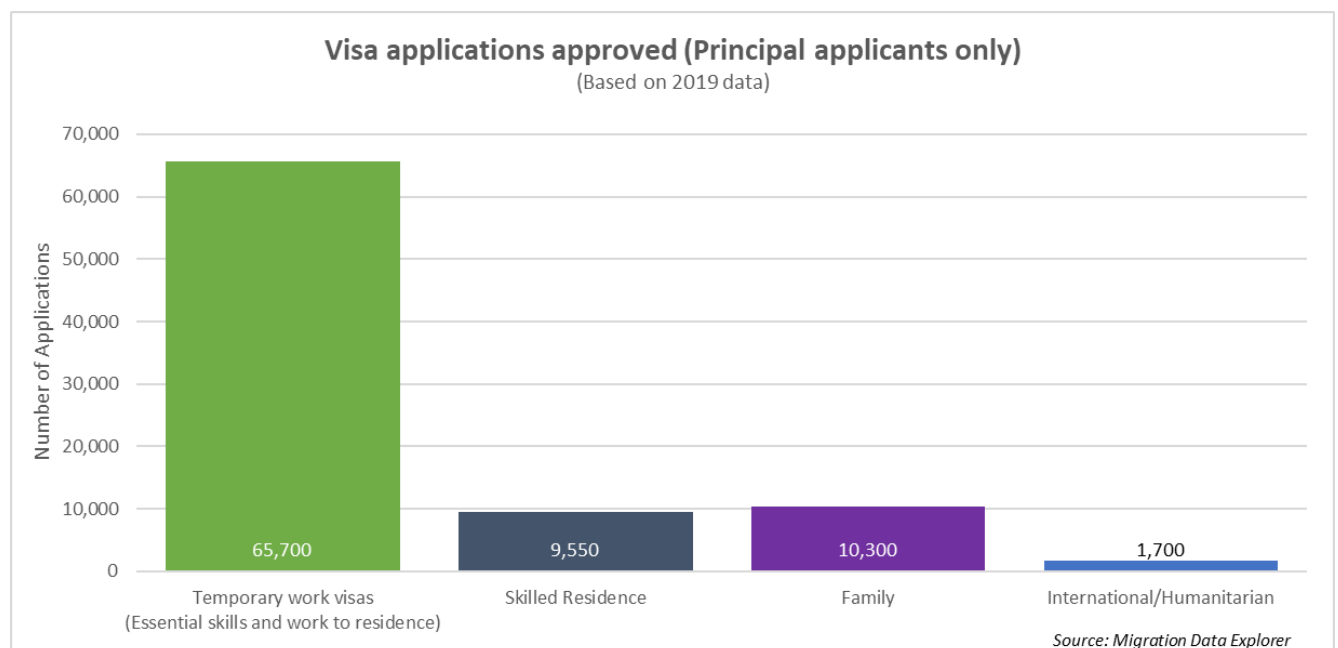
## WHAT DOES RESIDENCE GIVE YOU?

The two main visa classes in the New Zealand immigration system are temporary entry and residence class visas:

1. A **temporary entry class visa** allows a holder to be in New Zealand for the purpose and length of the visa (e.g. for work, study, or holiday/visit). Following recent changes under the Immigration Rebalance, the main skilled temporary work visa is the [Accredited Employer Work Visa](#) (AEWV), which allows employers to hire migrants on visas for up to three years. Employers must pay market rate and at least the median wage, with limited exceptions, and show that they cannot find a suitable New Zealander for the job first.
2. A **residence class visa** provides the holder the right to live and work in New Zealand indefinitely, as well as the rights to vote, buy a house, and access social security benefits and subsidised tertiary education. There are three overarching residence streams: Skilled Residence (which is the subject of this consultation), Family, and International/Humanitarian (including refugees).

The figure below shows a comparison of the number of temporary work visa and residence visa approvals in 2019. The number of temporary work visas includes both new migrants and those renewing visas or changing visa types.

**Figure 1: 2019 Comparison of temporary and residence visa approvals**



# Rationale for making changes to the Skilled Migrant Category

We are proposing changes to attract and retain migrants with the medium- to long-term skills New Zealand needs. The changes are designed to align with the Immigration Rebalance and give more certainty to migrant workers and their families.

## HOW DOES THE SKILLED MIGRANT CATEGORY CURRENTLY WORK?

The Skilled Migrant Category is currently a two-stage process:

1. Potential applicants submit an Expression of Interest (EOI) into the EOI pool indicating the points they are claiming, and
2. Immigration New Zealand periodically draws all applications in the pool that have claimed sufficient points to meet the current threshold (160 points).<sup>2</sup> Following an initial assessment, Immigration New Zealand sends submitters an invitation to apply for residence under the Skilled Migrant Category.

Under the current points system, people can claim points for:

- formal skills, assessed using skilled work experience and qualifications as proxies
- a job or a job offer at median wage or above that meets the definition of 'skilled'
- bonus points for a range of factors relating to the ability to settle well or to contribute to other policy objectives, e.g. points for working outside Auckland, studying in New Zealand, or having a skilled partner
- age, with fewer points able to be claimed the older the applicant is, and an upper limit of 55 years.

Historically, most applicants for the Skilled Migrant Category have been people already onshore on temporary work visas (94% in 2019).

The points threshold was intended to be adjusted regularly to manage the skill level and volume of applications. In practice, changes were rarely made. A 2015/16 review of the Skilled Migrant Category resulted in some changes to the balance of points and an increase from 140 to 160 points.

[Annex One](#) shows the points available under the current points system.

## WHY ARE CHANGES PROPOSED?

Before the borders closed, we were seeing the following issues under the Skilled Migrant Category:

- **Large numbers of migrants with limited training or experience becoming eligible for the Skilled Migrant Category.** This is not consistent with the objective of granting residence to people who can fill long-term skill needs.

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<sup>2</sup> Pre-COVID, applications were drawn every two weeks.

- **A significant backlog of eligible applications and long wait times for decisions**, because the number of eligible applicants significantly exceeded the places available, and many applications were complex to process under current settings. For example, in 2019 only around 40% of all eligible applications were processed and approved.<sup>3</sup> This created significant uncertainty for migrants about when and if they would be granted residence.
- **A population of migrants who had become well-settled in New Zealand, but did not have a realistic pathway to residence**, by repeatedly renewing temporary work visas. Settling without the rights and protections of residence creates a range of risks for the migrant.

It's a good time to make changes, because:

- most people already in the queue for the Skilled Migrant Category, as well as those who would have become eligible over the next few years, will gain residence through the one-off 2021 Resident Visa (given historically most people apply from onshore); and
- the one-off 2021 Resident Visa also means the population of migrants who would otherwise not be eligible for residence has also drastically reduced.

The proposed changes to are designed to:

### **1. Align with the Immigration Rebalance**

The proposed changes aim to set a clear skills threshold, to align with key principles of the Immigration Rebalance of training and employing New Zealanders in the first instance; reducing reliance on lower-skilled migrant labour; and incentivising employers to improve wages and conditions, and to lift productivity. The focus of the proposed changes is therefore on granting residence to people who can fill medium- to long-term skill needs that would be hard, or take time, to fill from the domestic labour market, even under the right conditions.

The current labour market is tight. Residence can be an important mechanism to attract migrant workers to New Zealand. However, the permanent nature of residence means it's appropriate to focus the settings for the Skilled Migrant Category on medium- to long-term skill needs.

In general, temporary work visas should be used to address immediate labour market needs. Giving residence to everyone eligible for a temporary work visa could lead to potentially unmanageably high immigration flows; or a need to increase the threshold for temporary work visas. Focusing on our medium- to long-term skill needs over immediate labour shortages will be particularly important if there is an economic downturn or the labour market changes, e.g. if unemployment rates were to increase again.

### **2. Give more certainty to migrants and employers**

Certainty is a key part of both attracting migrants to New Zealand and treating them well. The proposed changes aim to create clear pathways to residence to support employers to attract skilled migrants, and to give more certainty to migrants and their families.

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<sup>3</sup> In 2019 there were 19,750 applications for residence under the main skilled residence categories at the time (Skilled Migrant Category and Residence from Work). Only 8,150 applications of these were approved, because of the [planning range](#).

Treating migrants well includes being clear about who is unlikely to be eligible for residence, to enable potential migrants to make informed decisions about their immigration options from the beginning. At the same time as providing clear residence pathways, we want to avoid people becoming well-settled in New Zealand without a realistic pathway to residence, and the rights and protections that residence provides.

### **3. Improve processing times**

The current points system is complex to administer. The proposed changes aim to simplify processes where possible, to support faster decision-making and reduce the time required to process each application. The goal is shorter wait times for migrants and no long queues. This will contribute to improving certainty and the attractiveness of New Zealand to skilled migrants.

### **4. Reduce immigration and labour market risks**

The proposed changes also aim to close off access to roles shown to be prone to misuse of visas and supplier-induced demand (i.e. where jobs are available primarily to support migrants to gain residence, rather than because of actual labour market needs). They also aim to appropriately manage risks of immigration gaming and/or fraud, which are drivers of exploitation and poor conditions for both migrants and domestic workers.

## **QUESTIONS**

*We are proposing changes to attract and retain migrants with the medium- to long-term skills New Zealand needs. The changes are designed to align with the Immigration Rebalance and give more certainty to migrant workers and their families.*

- 1 Do you agree with what the proposed changes to the Skilled Migrant Category are seeking to achieve? Why/why not?
  - To align with the Immigration Rebalance
  - To give more certainty to migrants and employers
  - To improve processing times
  - To reduce immigration and labour market risks.
- 2 Are there any other issues or opportunities that we should consider?

# Proposed changes to the Skilled Migrant Category

We are proposing to introduce a simplified points system that sets a clear, fair, and transparent eligibility threshold for skilled residence.

## SIMPLIFIED POINTS SYSTEM

Figure 2: Proposed future points system

Points: 6 points

Claim from one skill category			OR	Qualification		OR	High Income		+	Skilled work in NZ*	
NZ Professional Registration (≥6 years training/work experience)	6			Level 10 (PhD)	6		3 x Median Wage	6		3 years	3
NZ Professional Registration (≥5 years training/work experience)	5			Level 9 (Master's)	5		Migrants earning 2 x Median Wage already have a two year pathway to residence under the Highly Paid Residence Visa			2 years	2
NZ Professional Registration (≥4 years training/work experience)	4			Level 8 (Honours, Post-grad Diploma)	4					1 year	1
NZ Professional Registration (≥3 years training/work experience)	3			Level 7 Degree (Bachelor's degree)	3		1.5 x Median Wage	3			

\*Skilled work means ANZSCO 1-3 occupations at 1 x median wage or ANZSCO 4-5 occupations at 1.5 x median wage

We are proposing to introduce a new, simplified points system. The simplified points system sets a clear skill threshold for residence and offers several ways for people to demonstrate their skill level.

A key choice is how tightly to target the skill level:

- Setting a higher skill level supports a higher-wage, higher productivity economy, and helps to manage numbers within New Zealand’s absorptive capacity.<sup>4</sup> People at higher skill levels tend to be more able to transfer skills if the labour market changes. However, if the skill threshold is set too high, employers can struggle to attract the appropriate skills and experience to supplement the domestic workforce, meaning economic growth can stagnate.
- Setting a lower skill level provides employers and migrants with certainty and avoids creating a large population of people onshore without a realistic pathway to residence. However, if the skill threshold is set too low, it can lead to wage stagnation, reliance on low-wage migrant labour, and limited incentives for employers to invest in improving productivity through investment in higher skill levels and technology.

Under the simplified points system, the eligibility threshold is set at equivalent to six years of “human capital”. This means it would take at least six years for someone in the domestic workforce to gain that level of education, training and/or work experience. This is consistent with the focus on granting

<sup>4</sup> The Productivity Commission’s Report on Immigration describes absorptive capacity as a broad concept, covering physical infrastructure (like transport, communications), land supply and housing infrastructure, core public health and education services, and broader community infrastructure.

residence to people who can fill medium- to long-term skill needs that would be hard, or take time, to fill from the domestic labour market, even under the right conditions.

Applicants must have at least 6 points to be eligible. This can be made up from:

- 3 to 6 points based on professional registration, qualifications, or income. People can choose the skill category that offers the most points based on their circumstances; and
- 1 point per year of work in New Zealand in a skilled job, up to a maximum of 3 points.

As set out [below](#), people working in a small number of occupations identified as presenting immigration and labour market risks will need to meet a higher income threshold to be eligible to apply. This is consistent with the higher income threshold for lower-skilled roles (ANZSCO level 4-5) under the current (and proposed) points systems.

***Details of the proposed simplified points system, including examples of how simplified points system would apply, are set out in the [next section](#).***

### **What about bonus points?**

“Keeping it simple” means that the Skilled Migrant Category no longer offers bonus points for non-skill factors such as location, study in New Zealand and partner credentials. This helps to set a clear skill threshold: under the current points system bonus points can act to “discount” the skill level a migrant needs to demonstrate.

In many cases the policy objectives behind these bonus points are better achieved in other ways. For example, under the current system points for employment outside the Auckland region are equivalent to six years of skilled work experience, but evidence shows it has not had the intended impact of increasing migrant retention in the regions. Incentives outside the immigration system, such as wages, employment conditions or lifestyle are likely to have more impact in attracting people to the regions.

### **Who will miss out on residence?**

As set out [above](#), the proposed changes aim to give migrants certainty about who will be eligible for skilled residence. We cannot definitively say that specific occupations will miss out under the proposed settings, because the Skilled Migrant Category focuses on individual skills and characteristics (unlike the Green List, which is occupation-based). However, it will be more difficult for migrants in some occupations to meet the points threshold, especially where training is primarily on-the-job and there is no associated registration scheme.

Following consultation, we will provide further advice to the Government on critical roles that do not meet the criteria for the Skilled Migrant Category and options to address them. To keep the points system simple, the Green List is likely to provide the best avenue for any occupation-based exceptions. The Green List will, however, remain tightly focused on occupations of critical importance to the New Zealand economy. A review of the Green List is planned for July 2023, around the same time as the new Skilled Migrant Category settings are expected to be introduced.

### **What other options were considered?**

We also considered:

- A **time-based system**, which would grant residence to people that have worked in New Zealand for a period, e.g. five years, on the basis that the length of time worked demonstrates

a medium-term skill need. This option would minimise (or eliminate) the number of people onshore without a pathway to residence. However, it would limit our ability to manage residence numbers, unless the threshold for temporary work visas was increased. For higher-skilled migrants, the length of time required to work before gaining residence could potentially put them off, particularly if comparable countries provide faster residence pathways. Instead, the simplified points system enables people to claim time worked in New Zealand to meet up to half of the points requirement.

- An **income-based system**, which uses an income threshold, e.g. 1.5 times median wage, as the only proxy for skill. Income is already used as a threshold for the Accredited Employer Work Visa and to provide a residence pathway for highly paid migrants. This option would lead to a lower number of people eligible for residence. Some highly skilled occupations that are highly skilled but comparatively not as well paid would likely miss out (e.g. qualified trades, teachers, some health sector workers such as physiotherapists, and social workers). It may also reflect or embed structural pay issues (e.g. pay parity/discrepancies across gender and ethnicity lines). Instead, the simplified points system builds in income as one way of demonstrating skill.

## QUESTIONS

*The key proposal is to introduce a new, simplified points system. It focuses on granting residence to people who can fill medium- to long-term skill needs that would be hard, or take time, to fill from the domestic labour market, even under the right conditions.*

- 3 Do you agree with the proposed skill threshold, i.e. equivalent to six years formal training and/or skilled experience? Why/why not?
- 4 Do you agree that a points system using a range of skills proxies is a clear, fair way to assess Skilled Migrant Category applications? Why/why not?
- 5 Do you have any other comments on this section?

*More questions on the proposed simplified points system are in the [next section](#).*

## HOW MANY PEOPLE WILL GAIN RESIDENCE UNDER THE PROPOSED SETTINGS?

The benefits of managing the flow of migrants into New Zealand are:

- It helps population growth to remain within New Zealand's capacity to absorb people, to avoid putting unsustainable pressure on New Zealand's long-term housing, infrastructure, and social services.
- It maintains tension in the labour market to encourage employers to lift wages and conditions and shift to more productive business models, rather than relying on access to large numbers of migrants.

Pre-COVID, the number of Skilled Migrant Category visas approved every year was managed under a "planning range". The Government would agree to an overall number that covered all residence class visas under the New Zealand Residence Programme. Although not a formal cap, the planning range acted to limit the number of people granted residence annually. This approach enabled Immigration New Zealand to commit sufficient processing resource to deliver the agreed number of approvals. In practice, the number of eligible applications significantly exceeded the planning range. For example,

as set out [above](#), in 2019 only 40 per cent of eligible residence applications were processed and approved. This resulted in a large backlog of applications and long wait times for decisions. In 2018, the Government agreed to move away from planning ranges beginning in 2020, but COVID impacts meant that a new approach was not implemented.

Under the proposed new settings, there will be no cap on the number of eligible applications that can be processed. Immigration New Zealand will adjust its resources based on forecasting and process “to demand”, as it does for temporary visas. The move away from a numerical limit relies on setting an appropriate skill level to help manage demand.

### **Application Process**

We are proposing to remove the step where people need to submit an Expression of Interest (EOI) before being invited to apply, i.e. people can go straight to the application stage. The EOI process is primarily used to help manage numbers under the planning range, which would no longer be relevant under the proposed system where all eligible applications can be processed.

### **Expected migrant flows**

If migrant flows return to pre-COVID levels, a higher number of people are expected to gain residence every year under the proposed settings, even with a tighter skill threshold than the current points system.<sup>5</sup> This does not mean higher overall migrant flows, but rather that, combined with the introduction of the median wage threshold for Accredited Employer Work Visas under the Immigration Rebalance, a higher proportion of people on temporary work visas will move to residence.

Over the next few years, the number of people coming through the Skilled Migrant Category is expected to be relatively low, because:

- most onshore migrant workers gained residence through the one-off 2021 Resident Visa; and
- under the proposed future settings most new migrants will need to spend some time working in New Zealand before becoming eligible.

### **Monitoring of migrant flows**

In place of a planning range, MBIE will monitor the settings and adjustments may be made if e.g. the number of approvals is higher (or lower) than expected, or the types of skills are not well-aligned with New Zealand’s long-term needs. The monitoring framework will be developed following final decisions on the proposed changes. Consideration will be given to factors such as net permanent and long-term migration, as well as significant shifts in immigration patterns or labour market demand. A response could be either a policy response, e.g. changes to the eligibility criteria, or an operational response, e.g. streamlining of processes or adjusting processing resources if appropriate.

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<sup>5</sup> If we were to return to 2019 migrant flows, MBIE estimates that the simplified points system would result in around 26 per cent fewer applications being submitted. However, approximately 14,500 of the 19,750 applications submitted would be eligible across the skilled residence pathways (Green List, Highly Paid (twice median wage) pathway and a simplified points system). This compares to 8,150 actual approvals in 2019.



Work on a monitoring framework for migrant flows may also feed into broader, whole-of-government consideration of population issues, including in response to the recent Productivity Commission Report on Immigration.<sup>6</sup>

## QUESTIONS

*Under the proposed new settings, there will be no cap and all eligible applications can be processed annually. This relies on setting an appropriate skill level to help manage demand. The settings will be monitored and adjustments may be made if the number of approvals is higher (or lower) than expected.*

- 6 Do you agree with the proposed approach to managing migrant numbers? Why/why not?  
7 Do you have any other comments on this section?

## WHAT ABOUT PEOPLE WHO ARE NOT ELIGIBLE FOR RESIDENCE?

There are currently no restrictions on the amount of time someone earning over median wage can spend in New Zealand on a temporary work visa. This created a population of people onshore who were able to become well-settled, but who had no realistic pathway to residence. A significant proportion of these people will gain residence through the one-off 2021 Resident Visa, but we want to avoid growing this population again.

Becoming well-settled without a pathway to residence can create a range of negative impacts for migrants, including:

- The longer people live in New Zealand, the more difficult and less desirable it can become to return home. This means people can effectively become *de facto* residents, but without the rights and protections that go along with residence.
- Temporary work visas are based on a job offer. This means that if a migrant is injured or ill and no longer able to work, or they lose their job, they lose the basis for their visa and need to leave the country. This can create significant insecurity and vulnerability to exploitation.
- Temporary migrants don't have access to the same benefits and government support as New Zealanders, such as the right to vote, to purchase a home, or to access to social security benefits and subsidised tertiary education.

The new median wage income threshold for most temporary workers will reduce the proportion of people without a realistic pathway to residence. However, there will still be a gap between eligibility for temporary work and residence visas. This is appropriate – closing the gap completely by giving residence to everyone eligible for a temporary work visa would mean either:

- the potential for unmanageably high immigration flows; or
- a need to increase the threshold for temporary work visas, which is harder and not appropriate in the context of immediate labour shortages.

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<sup>6</sup> The Productivity Commission Report recommends the Government develops a Government Policy Statement that includes how the demand for temporary and residence visas will be managed, taking account of significant pressures (if any) on New Zealand's absorptive capacity.

A stand-down policy is already in place for migrants on temporary visas earning below median wage, where after a maximum period of three years they must spend at least 12 months outside New Zealand.<sup>7</sup> Under sector agreements,<sup>8</sup> which provide limited exceptions to the median wage requirement for people on Accredited Employer Work Visas, stand-down periods will apply to people after a period (up to a maximum of two years).

We are proposing to apply the stand-down period requirement to all migrants on Accredited Employer Work Visas who do not meet the eligibility criteria for residence, including those earning above median wage, to avoid the risks to migrants of becoming well-settled in New Zealand without the rights and protections that come with residence. Consistent with the existing stand-down policy, we propose to set the maximum time at three years.

The change would effectively mean that migrants could not renew an Accredited Employer Work Visa multiple times. Time on a Post Study Work Visa or Working Holiday Visa would not count towards the time in New Zealand for the stand-down requirement.

Under the simplified points system, migrants would have more clarity about their likelihood of gaining residence, meaning that they could make informed decisions about their immigration options from the beginning. Some people may, however, meet the skill threshold within three years in New Zealand, e.g. through gaining a professional registration, higher-level qualification, or through an increase in pay. We intend to do further work on how to accommodate people on a recognised pathway to residence.

For employers, the stand-down would mean that they could not rely on keeping the same person in a role long-term, if they do not meet the criteria for residence. However, it would not affect their ability to recruit other temporary workers to fill immediate needs that cannot be filled from the domestic labour market.

### QUESTIONS

*We are proposing to apply the stand-down period requirement to all migrants who do not meet the eligibility criteria for residence. The stand-down would mean that after a maximum period of three years on an Accredited Employer Work Visa, people must spend at least 12 months outside New Zealand. This is to avoid the risks to migrants of becoming well-settled in New Zealand without the rights and protections that come with residence.*

- 8 Do you agree with the proposal to apply the stand-down period, to reduce the risks associated with migrants becoming well-settled without a realistic pathway to residence? Why/why not?
- 9 Do you have any other comments on this section?

<sup>7</sup> In practice, most people who would have been subject to the stand-down would have gained residence through the 2021 Resident Visa; and most people need to earn median wage to be eligible for the Accredited Employer Work Visa, so the stand-down will not apply.

<sup>8</sup> Sector Agreements will allow sectors traditionally reliant on low-paid migrants time to improve working conditions and work on longer-term resourcing. These sectors are care, construction and infrastructure, meat processing, seafood, seasonal snow, and adventure tourism. Many tourism and hospitality roles will also be provided an exemption to the median wage for a limited period.

# Simplified Points System in depth

This section sets out details of the proposed simplified points system and seeks feedback on its workability.

## BASELINE REQUIREMENTS

Under the proposed simplified points system:

- 1. The wage threshold will remain the same as under the current points system.**

The wage thresholds are:

- at least median wage<sup>9</sup> for occupations classified as skilled (ANZSCO Level 1-3); and
- at least 1.5 times the median wage for other occupations (ANZSCO Level 4-5).

Immigration New Zealand will continue to assess if wages are consistent with the market rate for the occupation. MBIE is undertaking work on market rates, which may inform the Skilled Migrant Category in future.

- 2. Applicants must have a job or a job offer.**

Requiring people to have a job or job offer at median wage or above shows that an employer considers a person's skills can be deployed in New Zealand.

Currently, if people meet the points threshold but do not have a skilled job or job offer, they can get a Job Search Visa to come to New Zealand to find a skilled job, so that they can complete their Skilled Migrant Category application. The Job Search Visa will no longer be available because it is now largely redundant. Technology has improved the ability for people to job hunt from offshore and most people can come to New Zealand on visitor visas to look for work before transitioning to a work or residence visa. Job Search Visa applications are often the most difficult and time-consuming for Immigration New Zealand to assess.

- 3. Applicants must continue to meet a minimum standard of English language skills.**

No changes to [English language requirements](#) are considered as part of this review.

- 4. Applicants (and accompanying family) must continue to meet age, health, character, and national security requirements.**

No changes to the [age \(up to 55 years\), health, and character](#) requirements are considered as part of this review. The exception is that we are working with the Ministry of Health to determine if it is appropriate to lift the age limit of 55 years for a limited number of highly specialised medical roles, recognising the significant time it takes to qualify and challenges in developing these critical skills domestically.

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<sup>9</sup> The median wage will be updated annually. From February 2023, median wage will be assessed as \$29.66 per hour, or approximately \$61,700 per annum.

## USE OF ANZSCO

[ANZSCO](#) (Australian and New Zealand Standard Classification of Occupations) classifies occupations into five skill levels. The skill level is based on the amount of formal education and training, work experience or on-the-job-training that is required to competently perform the tasks of the occupation.

Under the proposed simplified points system, ANZSCO is used to distinguish skill level as follows:

- Applicants with a job or job offer in an ANZSCO Level 4-5 role will need to meet a higher wage threshold (1.5 times the median wage) to be eligible.
- Applicants will only be able to claim “skilled work experience” in ANZSCO Level 4-5 roles if they earn at least 1.5 times the median wage.

ANZSCO plays an important role in providing an objective and consistent classification of occupations. However, we recognise that ANZSCO has limitations. Jobs often don’t fit neatly within a specific ANZSCO description and feedback from applicants and employers is that ANZSCO is one of the most challenging criteria to meet. ANZSCO assessments are also one of the most time-consuming and difficult factors for Immigration New Zealand to assess.

We considered removing ANZSCO assessments altogether under the simplified points system, given applicants must already meet a clearer skills threshold. Ultimately, we assess that it continues to be relevant. Our skilled residence settings focus not just on skills alone, but also the ability to deploy skills in New Zealand in higher-skilled roles. Residence for people in ANZSCO level 4-5 roles, which require lower levels of training and experience, should only be available to the highest skilled migrants within these occupations.

The introduction of a clear skill threshold under the new system does, however, mean that there are opportunities to streamline ANZSCO assessments in many cases.

Note:

- Statistics New Zealand is considering moving away from ANZSCO and will shortly be consulting on this. If New Zealand does move away from ANZSCO, it is likely to be replaced by an equivalent classification system. We use ANZSCO here to refer to both the current system and a potential replacement.
- Immigration New Zealand currently uses Version 1.2 of ANZSCO to assess the skill level of most occupations. ANZSCO has been updated to Version 1.3 and some occupations that were skill levels 4 or 5 are now skill levels 1 to 3 in the updated version, and vice versa. Immigration New Zealand will update to the latest version when the Skilled Migrant Category settings are updated.

### Special conditions for people in specified occupations

Some occupations are associated with higher immigration or labour market risks. These are occupations which:

- are prone to “job inflation”, i.e. where job titles and the associated ANZSCO skill level do not match the skill level of tasks undertaken;
- require little or no training and are in sectors where there is a risk that migrant placement displaces or prevents New Zealand workers from advancing into more highly skilled roles;
- have amongst the lowest average incomes across previous Skilled Migrant Category applicants; and/or

- carry risks of gaming and/or immigration fraud, which are drivers of exploitation and poor conditions for both migrants and domestic workers.

These occupations have generally been highly represented in previous Skilled Migrant Category applicants but are not the intended target for skilled residence.<sup>10</sup>

We are proposing to treat specified occupations as equivalent to ANZSCO levels 4-5, meaning a job offer and skilled work in these occupations would only qualify if paid at least 1.5 times the median wage. This proposal aims to manage the risks, while granting residence to genuinely highly skilled people in these occupations.

These changes would only apply to residence visas under the Skilled Migrant Category. People working in these occupations on temporary work visas, including the Accredited Employer Work Visa and working holiday visas, would not be required to meet the higher income threshold.

The proposed initial list of specified occupations is:

- Café or Restaurant Manager
- Hospitality, Retail and Service Managers not elsewhere classified
- Retail Manager (General).

The following occupations were also identified, but they are classified as ANZSCO level 4-5 so will already be subject to the 1.5 times median wage threshold:

- Cook<sup>11</sup>
- Retail Supervisor.

The list would be monitored and changes made to mitigate any emerging risks, or to recognise improvements.

## QUESTIONS

*We are proposing to introduce special requirements for people in specified occupations, including some roles in retail and hospitality, to manage immigration and labour market risks while granting residence to highly skilled people in these occupations.*

- 10 Do you agree with having a higher threshold for people in specified higher-risk occupations? Why/why not?
- 11 Do you have any other comments on this section?

<sup>10</sup> For example, from 2017-2019 the second and third highest volume of approved residence applications through the Skilled Migrant Category were Retail Manager (General) (765 approved) and Café or Restaurant Manager (729 approved). The top occupation was Registered Nurse (1,755), which is included on the Green List.

<sup>11</sup> Cooks will move from ANZSCO Level 3 to Level 4 when we update to Version 1.3.

### STRUCTURE OF THE POINTS SYSTEM

The simplified points system is structured to set a clear skills threshold, equivalent to six years of “human capital”. This is consistent with the focus on granting residence to people who can meet medium- to long-term skill needs that would be hard, or take time, to fill from the domestic labour market, even under the right conditions.

The structure of the points system offers several ways for people to demonstrate their skill level.

**Figure 3: Proposed future points system**

Points: **6 points**

Claim from one skill category				OR	Qualification		OR	High Income		+	Skilled work in NZ*	
NZ Professional Registration												
NZ Professional Registration (≥6 years training/work experience)	6		Level 10 (PHD)	6		3 x Median Wage	6			3 years	3	
NZ Professional Registration (≥5 years training/work experience)	5		Level 9 (Master's)	5		Migrants earning 2 x Median Wage already have a two year pathway to residence under the Highly Paid Residence Visa				2 years	2	
NZ Professional Registration (≥4 years training/work experience)	4		Level 8 (Honours, Post-grad Diploma)	4							1 year	1
NZ Professional Registration (≥3 years training/work experience)	3		Level 7 Degree (Bachelor's degree)	3		1.5 x Median Wage	3					

\*Skilled work means ANZSCO 1-3 occupations at 1 x median wage or ANZSCO 4-5 occupations at 1.5 x median wage

Under the simplified points system, applicants must have at least 6 points to be eligible. This can be made up from:

- 3 to 6 points based on either New Zealand professional registration, qualifications, or income; and
- 1 point per year of work in New Zealand in a skilled job, up to a maximum of 3 points.

This means that people entering New Zealand on an Accredited Employer Work Visa will generally need to be able to claim at least 3 skill points (roughly equivalent to three years of education, training, or recognisable work experience) to be eligible for residence in the future.

Applicants can claim points from the skill category that offers them the most points. The more skill points a person can claim, the shorter the period before they can apply for residence.

There is a direct-to-residence pathway for the highest skilled people in each category, e.g. people holding a professional registration requiring at least six years’ formal training/work experience, people with a Doctorate, or people earning at least three times the median wage.

For example:

- A scientist with a PhD could claim 6 points for their qualification, so would be eligible for residence straight away if they had a job or job offer in New Zealand.
- A licensed building practitioner could claim 3 points (points level to be confirmed) for their professional registration, so would be eligible for residence after three years of skilled work in New Zealand.

- A chef earning 1.5 times the median wage could claim 3 points for their income, so would be eligible for residence after three years of skilled work in New Zealand.
- A registered teacher could claim 3 points (points level to be confirmed) for their professional registration, so would be eligible for residence after three years of skilled work in New Zealand. A teacher with a Master’s degree could claim 5 points for their qualification, meaning that they would be eligible after one year of skilled work in New Zealand.

### New Zealand Professional Registration

NZ Professional Registration	
NZ Professional Registration (≥6 years training/work experience)	6
NZ Professional Registration (≥5 years training/work experience)	5
NZ Professional Registration (≥4 years training/work experience)	4
NZ Professional Registration (≥3 years training/work experience)	3

Under the current points system, jobs requiring occupational registration by law have been prioritised since 2018, to enable applications from highly skilled migrants to be processed in a timely way. This means that registered occupations made up a large proportion of visas approved under the Skilled Migrant Category. Many of these occupations are now included on the [Green List](#), which will continue to offer a prioritised residence pathway.

Awarding points for New Zealand Professional Registrations acknowledges that the registering body is well-placed to assess if people have the skills required to work in their sector in New Zealand and means that Immigration New Zealand does not need to duplicate this assessment.

MBIE will work with agencies and industry bodies to define:

- Eligible registrations. A starting point will be the list of [occupational registrations](#) (occupations where there is a legislated requirement to be registered).<sup>12</sup> The baseline threshold will be that it takes a minimum of three years formal training and work experience to gain registration (3 points). This work will also consider the criteria for recognising new registrations.
- The points each registration will earn. In general, 1 point will be equivalent to every year of minimum formal training and work experience required.

### Qualification

Qualification	
Level 10 (PHD)	6
Level 9 (Master’s)	5
Level 8 (Honours, Post-grad Diploma)	4
Level 7 Degree (Bachelor’s degree)	3

Qualifications are used as a key skill proxy under the current points system and will continue to be recognised under the proposed points system.

One of the biggest changes we are proposing is to remove points for qualifications below Bachelor’s degree level.<sup>13</sup> This is consistent with targeting people with at least six years of formal training and skilled experience, with only three years of that able to be made up of skilled work experience in New Zealand.

The number of points available for lower-level qualifications under the current points system is one of the key factors contributing to large numbers of people with relatively low skill levels becoming eligible for the Skilled Migrant Category. For example, 40 points is available for a one-year certificate or diploma at Level 4-6 on the [New Zealand Qualifications](#)

<sup>12</sup> Some occupations requiring registration by law may not meet the three-year threshold.

<sup>13</sup> This includes removing recognition of Level 7 qualifications that are not Bachelor’s degrees.



[Framework](#), and 50 points for a Level 7 diploma. This compares to 50 points available for a three-year Bachelor’s degree, and is equivalent to eight to ten years of work experience under the current points system.

People in jobs where skills are developed primarily on-the-job, including trades, are most likely to be affected by the removal of points for qualifications below Bachelor’s degree, particularly where no registration is available. This is balanced by the introduction of income as a stand-alone skill proxy (below).<sup>14</sup>

Points will be awarded based on the standard length of time to achieve the qualification. We will work with relevant agencies to refine the points available at each level, e.g. how to treat Master’s degree programmes that are shorter than standard.

Qualifications can be gained in New Zealand or overseas. The New Zealand Qualifications Authority (NZQA) undertakes an [International Qualification Assessment \(IQA\)](#) to evaluate how qualifications gained overseas compare to New Zealand qualifications. Points are awarded for the equivalent New Zealand level.

Qualifications claimed under this skill category do not need to be directly relevant to a person’s role. Relevance can be difficult for Immigration New Zealand to assess, and this approach recognises that a person can often transfer skills gained through higher-level qualifications across a range of occupations.

### Income

High Income	
3 x Median Wage	6
<i>Migrants earning 2 x Median Wage already have a two year pathway to residence under the Highly Paid Residence Visa</i>	
1.5 x Median Wage	3

Income as a stand-alone proxy for skill is a new proposal under the simplified points system. This means highly skilled people in occupations where skills are primarily developed on-the-job, including many trades, can become eligible for residence.

Income can be a useful measure of skill: it encompasses an employer’s assessment of the relative value a person can bring to a role, incorporating both formal training and relevant work experience. Like the new Highly Paid Residence Visa (twice median wage), introducing this skill category means some people can gain residence without needing to meet any other formal measures of skill.<sup>15</sup>

Applicants in ANZSCO level 4-5 roles will need to earn 1.5 times median wage, as is the case under the current points system.

### Skilled work in New Zealand

Skilled work in NZ*	
3 years	3
2 years	2
1 year	1

Skilled work in New Zealand is a way of demonstrating commitment to New Zealand and the ability to deploy their skills. If people meet the minimum skill threshold, they can claim points for up to three years of skilled work experience in New Zealand.

<sup>14</sup> Some priority trades are already included on the Green List, e.g. Automotive Electrician, Diesel Motor Mechanic, Electrician, Engineering Technicians and Plumbers, as well as some health sector roles.

<sup>15</sup> Previously it was difficult for some very skilled tradespeople without formal qualifications to gain residence through the Skilled Migrant Category.



The focus on skilled work in New Zealand means migrants can demonstrate a record of employment that Immigration New Zealand can verify.

We also considered models that included recognition of overseas work experience. This is a skill proxy under the current points system and we recognise it as an important measure of human capital. However, it was not included as a key skill proxy because the current points system has shown that verifying overseas work experience is complex, time-consuming, and often impossible. Overseas work experience can be recognised indirectly where a professional body has assessed it as part of a professional registration, or as part of meeting the income threshold.

## QUESTIONS

*We are proposing to introduce a simplified points system that sets a clear, fair, and transparent eligibility threshold for skilled residence.*

- 12 Is the simplified points system easy to understand?
- 13 Do you think that the number of points allocated for professional registrations is fair?
- 14 Do you think that the number of points allocated for qualifications is fair?
- 15 Do you think that the number of points allocated for income is fair?
- 16 Do you think that the points are balanced between the three different skill categories?
- 17 How could we improve the simplified points system?
- 18 Do you have any other comments on this section?

## OTHER COMMENTS

- 19 Do you have any other comments on the proposed changes to the Skilled Migrant Category that are not covered in your responses to the questions above?

# Summary of Questions

## **RATIONALE FOR MAKING CHANGES TO THE SKILLED MIGRANT CATEGORY**

- 1 Do you agree with what the proposed changes to the Skilled Migrant Category are seeking to achieve? Why/why not?
  - To align with the Immigration Rebalance
  - To give more certainty to migrants and employers
  - To improve processing times
  - To reduce immigration and labour market risks.
- 2 Are there any other issues or opportunities that we should consider?

## **PROPOSED CHANGES TO THE SKILLED MIGRANT CATEGORY**

### *Simplified points system*

- 3 Do you agree with the proposed skill threshold, i.e. equivalent to six years formal training and/or skilled experience? Why/why not?
- 4 Do you agree that a points system using a range of skills proxies is a clear, fair way to assess Skilled Migrant Category applications? Why/why not?
- 5 Do you have any other comments on this section?

### *Managing the flow of migrants into New Zealand*

- 6 Do you agree with the proposed approach to managing migrant numbers? Why/why not?
- 7 Do you have any other comments on this section?

### *People who are not eligible for residence*

- 8 Do you agree with the proposal to apply the stand-down period, to reduce the risks associated with migrants becoming well-settled without a realistic pathway to residence? Why/why not?
- 9 Do you have any other comments on this section?

### *Special conditions for people in specified occupations*

- 10 Do you agree with having a higher threshold for people in specified higher-risk occupations? Why/why not?
- 11 Do you have any other comments on this section?

## **SIMPLIFIED POINTS SYSTEM IN DEPTH**

- 12 Is the simplified points system easy to understand?
- 13 Do you think that the number of points allocated for professional registrations is fair?
- 14 Do you think that the number of points allocated for qualifications is fair?
- 15 Do you think that the number of points allocated for income is fair?
- 16 Do you think that the points are balanced between the three different skill categories?
- 17 How could we improve the simplified points system?
- 18 Do you have any other comments on this section?

## **OTHER COMMENTS**

- 19 Do you have any other comments on the proposed changes to the Skilled Migrant Category that are not covered in your responses to the questions above?

# Annex One: Current Skilled Migrant Category Points

The table below sets out the points available under the current Skilled Migrant Category points system.

Factors	Sub-factor	Points	Factors	Sub-factor	Points
<b>Age (20 to 55 years)</b>	20-39	30	<b>Additional bonus points for experience in area of absolute skills shortage</b>	2 to 5 years	10
	40-44	20		6 years or more	15
	45-49	10	<b>Qualifications</b>	Recognised level 3 qualification if included on the List of Qualifications Exempt from Assessment (LQEA)	40
	50-55	5		Recognised level 4-6 qualification (e.g. trade qualification, diploma)	40
<b>Skilled employment</b>	Current skilled employment in New Zealand or an offer of skilled employment in New Zealand	50		Recognised level 7 or 8 qualification (e.g. bachelor's degree, bachelor's degree with Honours)	50
<b>Bonus points for skilled employment</b>	Current skilled employment in New Zealand or an offer of skilled employment in New Zealand in an area of absolute skills shortage	10	Recognised level 9 or 10 post-graduate qualification (Master's degree, Doctorate)	70	
	Current skilled employment or an offer of skilled employment outside the Auckland region	30	<b>Bonus points for qualifications gained in New Zealand</b>	2 years of full-time study in New Zealand completing a recognised bachelor degree (level 7) New Zealand qualification; or	10
	Current skilled employment or an offer of skilled employment with remuneration of least \$54.00 per hour, or the equivalent annual salary	20		1 year of full-time study in New Zealand completing a recognised post-graduate New Zealand qualification; or	10
<b>Skilled work experience</b>	2 years	10		2 years of full-time study in New Zealand completing a recognised post-graduate New Zealand qualification	15
	4 years	20	<b>Bonus points for partner's qualification (either)</b>	Recognised qualification at level 7 or 8; or	10
	6 years	30		Recognised qualification at level 9 or above	20
	8 years	40	<b>Bonus points for partner's skilled employment</b>	Partner's current skilled employment in New Zealand or offer of skilled employment in New Zealand.	20
	10 years	50			
<b>Additional bonus points if skilled work experience is in New Zealand</b>	1 year or more	10			