



COVERSHEET

Minister	Hon Michael Wood	Portfolio	Immigration
Title of Cabinet paper	Interim response to the Productivity Commission's report: Immigration – Fit for the Future	Date to be published	2 June 2023

List of documents that have been proactively released

Date	Title	Author
February 2023	Interim response to the Productivity Commission's report: Immigration – Fit for the Future	Office of the Minister of Immigration
15 February 2023	Interim response to the Productivity Commission's report 'Immigration – Fit for the Future' DEV-23-MIN-0003 Minute	Cabinet Office
12 April 2021	Terms of reference: New Zealand Productivity Commission Inquiry into Immigration Settings for New Zealand's Long-Term Prosperity and Wellbeing	MBIE

Information redacted

YES / NO [select one]

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In Confidence

Office of the Minister of Immigration

Cabinet Economic Development Committee

Interim response to the Productivity Commission's report *Immigration - Fit for the future*

Proposal

- 1 This paper seeks agreement to the Government's interim response to the Productivity Commission's (the Commission) report *Immigration – Fit for the future* (the Report). It proposes further work be undertaken to address the Commission's recommendations relating to:
 - 1.1 a Government Policy Statement (GPS) to improve transparency of our immigration policy objectives and the link to other government objectives and absorptive capacity considerations.
 - 1.2 Reflecting Te Tiriti o Waitangi in immigration policy and institutions.

Relation to government priorities

- 2 The proposals in this paper support the Government's objectives to:
 - 2.1 Transition to a more productive and sustainable economy through rebalanced immigration settings
 - 2.2 Improve public understanding of and engagement on immigration policy settings to ensure a more open and transparent system
 - 2.3 Foster ongoing and effective relationships with Māori through increased engagement.

Executive Summary

- 3 In April 2022, the Commission released its final report *Immigration – Fit for future*¹ concluding immigration has played an important part in New Zealand's economic, social and cultural development. Immigration has generally contributed to raising skills and other forms of human capital of the working age population (although in the decade prior to 2020, there was an increase in the relative proportion of temporary migrants at lower skills levels).
- 4 Historically, immigration to New Zealand has more than offset the outward migration of highly skilled New Zealanders and contributed positively to firm productivity. However, the Commission concluded that immigration is likely to

¹ [Immigration - Fit for the future. Final report. \(productivity.govt.nz\)](#)

be neither the solution to, nor the cause of, the productivity challenges facing New Zealand. The Commission also found that:

- 4.1 on average, immigration does not drive down wages or replace local workers, but that it has had a small and mostly positive effect on the wages and employment of New Zealand-born workers during the last 20 years, and
 - 4.2 the relationship between productivity and immigration, requires a balance of trade-offs and a consideration of both short-term and long-term impacts.
- 5 The Commission's recommendations can be broadly grouped into three main themes:
- 5.1 Improving productivity and labour market outcomes by better connecting the immigration, skills, training and education systems.
 - 5.2 Increasing transparency and public understanding of the strategic direction of the immigration system.
 - 5.3 Engaging with Māori, as our Te Tiriti partners to build enduring partnerships.
- 6 Having considered the recommendations, I propose that the Government publish an interim response to the Report (attached at Annex A) that:
- 6.1 summarises how labour market, education and economic development reforms and the Immigration Rebalance address most of the recommendations targeted at improving productivity and labour market conditions for New Zealanders and migrants;
 - 6.2 outlines further work to improve transparency and communicate the connections between immigration and other policy areas and its connections to other systems (such as the provision of public infrastructure and the skills, education and training systems); and
 - 6.3 addresses the recommendations relating to the role of Te Tiriti o Waitangi (Te Tiriti) in immigration policy settings and institutions.
- 7 I propose that the Ministry of Business, Innovation and Employment (MBIE) commence work on a draft GPS to inform the Government's final response to the Report and report back to Cabinet in mid-2023. This work will involve targeted consultation with Māori, the Migrant Community Reference Group, key stakeholders and departmental agencies from March 2023. I note that there is strong interest in this work and the expectations of a GPS will need to be carefully managed.
- 8 Importantly, engagement with Māori on a draft GPS could set the foundation for strengthening partnerships and exploring ways Te Tiriti o Waitangi could be reflected and considered in immigration settings.

- 9 The Commission recommended that the Government be aware of, respond to and actively manage New Zealand's absorptive capacity. The report takes a wide view of absorptive capacity incorporating physical infrastructure such as roading and houses as well demand for other public services.
- 10 Managing New Zealand's infrastructure well and planning for future demand is an all-of-government challenge. A solid evidence base about the current state of our infrastructure including where we need to invest to maintain and improve it is a key requirement. I have asked immigration officials, in the first instance, to improve the collection and provision of information about the demand that immigration of particular migrant groups creates for infrastructure and public services. Rather than take a population policy approach, the aim is to build our information sets and knowledge of where the pinch points are to support discussions across government and inform policy and investment responses.

Background

The Commission's Inquiry

- 11 New Zealand's immigration settings, whether for economic, family or humanitarian purposes, have significantly shaped our society and contribute to our international relationships.
- 12 The COVID-19 pandemic has highlighted how important international skills and labour are for many sectors of the economy. Getting the balance right in our immigration settings is important for New Zealand over the long-term, as we transition to a high-wage, low-emissions economy.
- 13 In April 2021, the Minister of Finance and the Minister of Immigration commissioned a Commission inquiry into New Zealand's working age immigration policies. The terms of reference (attached at Annex C) requested the Commission consider:
 - 13.1 whether the value that New Zealand derives from migration is constrained by the complexity of our immigration system
 - 13.2 the impact of large increases in net migration on housing and associated infrastructure, on social cohesion and on the natural environment
 - 13.3 how New Zealand should think about meeting future skill or labour shortages
 - 13.4 the treatment of migrant workers by some employers, and concerns about the wellbeing of those workers
 - 13.5 how to support an inclusive labour market, recognising the impact of migration on labour demand and wages in particular areas or sectors, and

- 13.6 trade-offs in different policy choices and impacts on different population groups or regions.

Key findings from the Inquiry

- 14 In April 2022, the Commission released its report *Immigration - Fit for the future*, concluding that immigration is likely to be neither the solution to, nor the cause of, the productivity challenges facing New Zealand. In relation to immigration, it found that:
- 14.1 Immigration has played an important part in New Zealand's economic development.
 - 14.2 Immigration policy can be fine-tuned so as not to hinder long-run productivity and wellbeing improvements.
 - 14.3 The relationship between productivity and immigration requires a balance of trade-offs, and a consideration of the short-term and long-term impacts. There is a risk that in some cases limiting access to low wage migrant labour could impact opportunities for higher productivity.
 - 14.4 On average, immigration does not drive down wages or replace local workers, having had a small and mostly positive effects on the wages and employment of New Zealand-born workers during the last 20 years.
 - 14.5 There is, however, some evidence that immigration can have some negative impacts on employment and wages for local workers, particularly, where there is a reliance on low-cost and low-skill labour and an unwillingness from employers to invest in training or barriers to mobility.
 - 14.6 Immigration has reduced the risk of labour shortages in diverse sectors of the economy, such as aged care, dairy and information technology.
 - 14.7 The supply of infrastructure is less responsive to population growth now, than in the past, and that while placing restrictions on immigration may provide some temporary relief from unexpected impacts of rapid population growth (or particularly high net migration), such controls avoid dealing with the root cause of infrastructure supply.
 - 14.8 Commitments to increasing productivity require long-term thinking by both government and businesses. The immigration system can be reactive at times, with conflicting priorities.

The Report's recommendations

- 15 On developing an immigration system for the future, the Commission made 24 recommendations, which can broadly be grouped into three themes:

- 15.1 Improving productivity and labour market outcomes by better connecting the immigration, skills, training and education systems.
- 15.2 Increasing transparency and public understanding of the strategic direction for the immigration system.
- 15.3 Ongoing engagement with Māori to build enduring relationships and discuss ways Te Tiriti o Waitangi could be considered and reflected in immigration settings, including in settlement policies and practices.

Proposed interim Government response to the Report

- 16 I agree with the intent of the Commission's recommendations, which are broadly consistent with our strategic ambition for the immigration system as outlined in paragraph 36. Consequently, I recommend the Government publishes an interim response to the Report that outlines:
 - 16.1 how recent workforce planning reforms and the Immigration Rebalance have set the foundation to build on and secure a stronger future for all New Zealanders and provide flexibility to adjust to changes in the labour market;
 - 16.2 further work on a GPS to bring together our strategic direction, increase transparency of the immigration system and links with absorptive capacity considerations; and
 - 16.3 further work to build relationships with Māori to discuss how Te Tiriti o Waitangi could be considered and reflected in immigration settings.
- 17 The proposed public response is set out in Annex A, and a detailed response to the Commission's recommendations is included in Annex B. I seek Cabinet's agreement to delegate authority to the Minister of Finance and to me to publish the interim response at an appropriate time. I expect to report back to Cabinet by mid-2023 with a final response to the Report.
- 18 The Commission also recommended to discontinue Permanent Resident visas for new residents and require new residents to renew their resident visa every six years. The rationale being to improve retention rates by encouraging migrants to make a stronger commitment to New Zealand. While the recommendation has some merit, other priorities on the immigration policy work programme this year mean that consideration of this proposal will not occur before 2024.
- 19 I am informed that the permanent resident policy settings have been in place since 2000 and seek to strike the balance between the objectives of ensuring migrants demonstrate an ongoing commitment to New Zealand and to make New Zealand an attractive destination for highly skilled migrants.

The Government has introduced reforms to improve productivity and labour market outcomes

- 20 Prior to COVID-19, the Government commenced a review of immigration settings to address imbalances that were emerging in the mix of temporary and permanent migrants and in the mix of skills.
- 21 As part of the Immigration Rebalance, and following the removal of border restrictions in 2022, new immigration settings have been implemented to make it easier for employers to attract and retain high-skilled migrants. This is part of a broader programme of work that supports the transition towards more productive and resilient ways of operating, and away from relying on lower-skilled migrant workers.
- 22 The Government has also delivered major reforms to drive a more coordinated, connected and longer-term approach to workforce planning and to ensure immigration, education, training and skills systems are responsive to workforce needs. Enhanced governance by Education, Employment and Training Ministers (EET) has been a key driver for setting the strategic direction for New Zealand’s labour market:
- 22.1 **The Reform of Vocational Education (RoVE)** will create a vocational education system that is fit for the future, deliver the skills employers need, and ensure greater consistency in vocational education across the country.
 - 22.2 **Workforce Development Councils (WDCs)** have been established to ensure that the vocational education system addresses future needs of industries and supports learners to be work-ready.
 - 22.3 **Industry Transformation Plans (ITPs)** will be developed through a partnership-led approach for eight key industries that are focused on the long-term transformation necessary to contribute to a high productivity, high wage, lower emissions economy.
 - 22.4 **Regional Skills Leadership Groups (RSLGs)** have been established to address labour market issues in the regions and to plan for workforce needs in each region.
 - 22.5 **The Former Refugees, Recent Migrants and Ethnic Communities Employment Action Plan** sets out actions to improve labour market outcomes for these cohorts including providing better support to gain higher skills and work experience.
- 23 These reforms are intended to establish stronger links across all systems to incentivise employers to hire and train domestic workers, with the immigration system making it easier to attract high-skills and talent where there are shortages that cannot be met locally. Importantly, MBIE’s employment, skills and immigration policy functions sit within one branch which helps provide Ministers with a wider view of the immigration system and New Zealand’s labour market.

24 I recommend that Cabinet note that together, these wider reforms and the Immigration Rebalance will achieve much of what the Commission suggests is needed by better connecting the skills, immigration, education and training systems in order to meet our workforce needs now and in the future. I note that ongoing work is underway to strengthen these connections and achieve the outcomes of these reforms.

The Immigration Rebalance makes it easier to attract and retain high-skilled migrants and provides more flexibility to respond to changes in the labour market

25 **The Accredited Employer Work Visa (AEWV)** replaces six work visas and introduces a wage threshold (currently set at the median wage) as a proxy for skills. The objective is to shift the focus from lower-skilled, lower-paid migrant workers to those that are higher-skilled, higher-paid. The wage thresholds require employers to increasingly recruit from, and provide education and training to, New Zealand’s existing domestic workforce or open work rights holders (as a shorter-term solution to labour need) ahead of hiring migrant workers. The changes are designed to incentivise businesses to make improvements in their business models and productivity rather than relying on lower-paid migrant labour alone [CAB-21-MIN-0279 refers].

26 **Sector agreements** have been introduced to support some sectors to transition from an ongoing reliance on low skill migrant labour, while wages and working conditions are improved for everyone. At this stage, we have established agreements for the care workforce; construction and infrastructure; meat processing; seafood; and seasonal snow and adventure tourism sectors [CAB-22-MIN-0145 refers]. As a result of these agreements, employers have an increased understanding of the Government’s direction of the immigration system and the broader set of options available to meet their immediate and longer-term workforce needs.

27 **The Green List** has also replaced previous skills shortages lists. The Green List provides a faster, clearer track to residence for high-skilled migrants, and makes it easier for employers to hire and attract migrants for specified high-skilled, hard-to-fill occupations.

28 **Post-study work rights** after non-degree level international study have also been tied to Green List roles to address labour market needs and better manage flows of international students. The Green List will be regularly reviewed to ensure it remains fit-for-purpose and reflects high-skilled occupations [CAB-21-MIN-0554 refers].

29 The Government is placing relatively less weight on detailed skill shortage lists to guide immigration decisions. Such lists, combined with wider labour market intelligence and data, can prompt useful cross-Government conversations about skills shortages, training gaps and appropriate responses from industry or the education and training system. For example:

- additional occupational or industry priorities could be added to the Tertiary Education Commission’s Plan Guidance to signal priorities for investment in tertiary education organisations’ Investment Plans, or
 - targeted tuition subsidies for training in specific areas could be introduced provided they are fiscally affordable and are supported by industry.
- 30 Changes to the **Skilled Migrant Category (SMC)** have recently been consulted on and Cabinet will consider final advice in early 2023. The proposed changes are to simplify the points-based system and to prioritise residence for high-skilled workers aiming to close the gap between eligibility and available spaces, which aligns with recommendations in the Report. [CAB-22-MIN-0411 refers].
- 31 The **Migrant Exploitation Action Plan** provides further levers to address poor employer behaviour. Employment New Zealand and Immigration New Zealand have received increased funding to respond to reports of migrant worker exploitation. The new Migrant Exploitation Protection Work visa enables workers to leave an exploitative job quickly and gives them time to search for a new job without becoming unlawfully resident in New Zealand [CAB-20-MIN-0100 refers]. **The AEWV** accreditation process provides options to prevent substandard employers from hiring migrants supporting the Government’s long-term goal of stamping out migrant exploitation.

Further work to strengthen connections between systems is a priority

- 32 As noted, these reforms are intended to better connect sectors, employers, the immigration, education, training, and skills systems to deliver labour market outcomes. Examples include:
- 32.1 connecting employers involved in sector agreements with training and apprenticeship programmes;
 - 32.2 WDCs and RSLGs are focused on building workforce pipelines to meet sector and regional skills needs; and
 - 32.3 where skills or talent shortages identified through ITPs cannot be met from the domestic workforce, skills shortage lists can be updated to reflect labour market conditions.
- 33 While the reforms have set the strategic intent, further work is underway to support and strengthen these connections. A GPS is a plausible mechanism to formalise and describe these connections. As recommended by the Commission, part of this work requires stronger feedback mechanisms and making better use of current labour market data to identify skills demand and respond appropriately to identified skills shortages.

Improving how we communicate our immigration objectives and goals for the immigration system

- 34 One of the Commission's main recommendations was to amend the Immigration Act 2009 to require the Minister, in consultation with the public, to regularly develop and publish a GPS in order to:
- 34.1 improve transparency
 - 34.2 clarify the Government's objectives within the immigration system and its link to other Government objectives, and
 - 34.3 improve the Government's accountability for achieving the objectives and promote a longer-term focus.
- 35 As part of the recent announcement on the reopening of the SMC and Parent Category, I stated that our approach to immigration is about fairness, productivity, and security. The aim is for the immigration system to deliver better outcomes for New Zealanders and migrants by:
- 35.1 creating an immigration system that is aligned with New Zealand's long-term economic and social priorities, whilst being responsive to changes in domestic and international economic factors
 - 35.2 attracting and retaining the high-skilled talent New Zealand needs for economic prosperity, security and wellbeing
 - 35.3 supporting the security and integrity of New Zealand's borders and the immigration system
 - 35.4 meeting New Zealand's international and humanitarian commitments, for example through the Refugee Quota and by responding to crises as they emerge
 - 35.5 enabling family, social and cultural connections through family reunification policies and working holiday schemes, and
 - 35.6 providing confidence to New Zealanders that there is a plan underpinned by robust principles in how we manage immigration.
- 36 As New Zealand navigates away from the COVID-19 response and implements the Immigration Rebalance, there is a lot of work to do to clarify our longer-term policy goals and to help people to understand what the new settings mean for them. There is also strong public interest in having access to timely information about the operational performance of the immigration system and service delivery metrics.

Targeted consultation on a draft GPS for the immigration system

- 37 My view is that a GPS is an attractive option to bring together our strategic intent for the immigration system, transparency and links with absorptive capacity considerations.
- 38 I propose that MBIE officials undertake targeted consultation from March 2023 with departmental agencies, Māori, key stakeholders and the Migrant Community Reference Group to discuss a draft GPS that outlines: the Government's goals for the immigration system, understand what stakeholders' issues are, identify points of tension and test whether immigration settings are working as intended.
- 39 Following targeted consultation, and advice from MBIE officials, I will report back to Cabinet by mid-2023 with a final response to the Report and a draft GPS that outlines:
- 39.1 the Government's strategic direction for the immigration system so that stakeholders have clarity on the direction for the immigration system and the path for achieving it
 - 39.2 principles that help to inform trade-offs between the immigration system objectives and other government priorities, and
 - 39.3 how the development of immigration policy incorporates trade-offs with other government priorities and work programmes, such as labour market, education and training, tourism, environment, infrastructure and international relations
 - 39.4 performance metrics to support transparency.

Managing the demand that migrants place on New Zealand's infrastructure and public services

- 40 The Commission also recommended that the scope of a GPS include an estimate of New Zealand's "absorptive capacity" (broadly encompassing physical infrastructure, land supply, housing infrastructure, core public health and education services, and community infrastructure), and how migration and/or absorptive capacity would be adjusted should net population growth create pressure on the latter.
- 41 As noted by the Commission, immigration is not the cause or solution of New Zealand's productivity challenge. This also holds true in respect of New Zealand's infrastructure deficits. Meeting the demand for infrastructure and public services for New Zealand's current and future population is an "all of government" challenge and the immigration system does not hold all of the levers to control population growth or address historical infrastructure investment deficits.

Improved information on migrant inflows and demands for infrastructure and public services

- 42 I consider that there is an opportunity for the immigration system to support a joined up approach across government as distinct from a population policy. In the first instance, officials will improve the collection, use and provision of information about demand for certain types of infrastructure and public services from different migrant groups and flows (including by location). This will also include engaging with other government agencies to identify known bottlenecks. For example:
- 42.1 Refugees are required to participate in the Mangere Refugee Resettlement Centre (which has limited spaces) and have higher settlement and translation service needs.
- 42.2 Temporary migrants, particularly Recognised Seasonal Employer (RSE) workers and students, have short-term accommodation needs in specific cities and regions.
- 43 The aim is to build our information sets and knowledge of where the pinch points across infrastructure and public services are to inform discussions and decisions on appropriate policy and investment responses. A key outcome would be that those responsible for infrastructure investment, support services (including disability), housing supply or regional planning bodies are more informed to plan for and manage any infrastructure and service demands.
- 44 I note that as part of the SMC Review, MBIE has work underway to identify how to better track the total number and composition of both temporary workers and recent skilled residents. The aim is to inform choices about when immigration (or other) settings might need to be adjusted by considering relevant economic, labour market and other factors to manage any issues as they arise.

I propose MBIE build relationships with Māori as Te Tiriti partners

- 45 The Commission states that immigration policies and institutions have largely ignored Te Tiriti, and that they are out of step with the evolution in the Māori-Crown relationship. The Commission recommends that the government should engage with Māori on how to reflect Te Tiriti and Te Ao Māori in settlement policy and practice. I agree that engagement with Māori on immigration settings is important and should have a stronger focus over the medium term.
- 46 I note that MBIE is committed to greater engagement with Māori. Examples include consultation on the RSE review with iwi/Māori who have a substantial stake in New Zealand's relationship with the Pacific and the future of RSE, and iwi engagement as part of the refresh of the Migrant Settlement and Integration Strategy. This engagement provides a basis for reflecting and considering Māori interests as part of the immigration policy development process.

- 47 MBIE will engage with Māori to:
- 47.1 better understand Māori perspectives on the government’s goals for the immigration system;
 - 47.2 discuss what Te Tiriti means for immigration policy and institutions; including exploring options to reflect Te Tiriti in the proposed GPS; and
 - 47.3 inform how we should think about the impacts and opportunities of immigration policy for Māori, including cultural strength (incorporating Te Ao Māori), labour market outcomes (particularly for Māori not in education, employment and training), access to housing and public services, absorptive capacity considerations) and the environment (as taonga).
- 48 I see this engagement as a key first step for delivering on the Commission’s recommendations to strengthen our Te Tiriti partnership and engage in good faith. I anticipate this to be a multi-year programme of work, which reflects the time required to build MBIE’s cultural capability, as well as to build relationships for enduring partnerships.

Implementation

49 The timeframes for a phased response to the Report are outlined below.

Table One: Productivity Commission response – key milestones

Milestone	Indicative timing
Publish the Government’s interim response to Report	To be determined by the Ministers of Finance and Immigration
Targeted consultation on a draft GPS	March 2023
Analysis from the consultation and develop recommendations	April 2023
Draft advice to the Minister of Immigration on the final response to the Report	Late April 2023
Departmental and Ministerial consultation	May 2023
Report to Cabinet on the final response to the Report	Early June 2023
Publish the Government’s final response to the Report	TBC
Implementation of recommendations including any public consultation required	2024 onwards

Financial Implications

50 There are no financial implications of this proposal.

Legislative Implications

51 There are no legislative implications.

Regulatory Impact Statement

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

Climate Implications of Policy Assessment

53 There are no direct climate implications of these proposals.

Population Implications

54 The following population groups (Māori, Pacific Peoples, Ethnic Communities and recent migrants) would benefit from the proposals to improve transparency of the goals of the immigration system and how these are balanced with broader government objectives, as well as work on absorptive capacity to support infrastructure investment, planning and delivery. Greater transparency would also support these groups to better understand immigration settings and the trade-offs required to achieve objectives.

55 There would be a specific benefit to Māori through the work to strengthen partnerships to support ongoing dialogue on the goals for immigration and how Te Tiriti o Waitangi could be considered and reflected in immigration settings.

Human Rights

56 The proposals in this paper are not specific enough to test for consistency with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. These implications will be considered as policy proposals are developed.

Consultation

57 This paper has been prepared by MBIE. The following agencies were consulted on this paper and their feedback incorporated: Ministries of Education, Internal Affairs, Housing and Urban Development, Social Development, Ministries for Primary Industries, Ethnic Communities; New Zealand Customs Service; Stats NZ; Te Puni Kōkiri; The Ministries of Foreign Affairs and Trade, Health, Transport; Te Arawhiti; The Treasury and Department of Prime Minister and Cabinet were informed.

Communications

58 I seek Cabinet's agreement to delegate authority to the Minister of Finance and me to publish the Government's interim response at an appropriate time. A communications plan will be prepared to support the interim response.

59 A communications and engagement plan will be prepared for targeted consultation with Māori, the Migrant Community Reference Group, and key stakeholders on how to improve transparency and the public's understanding of the Government's strategic direction for the immigration system. A Māori engagement strategy will also be developed.

Proactive Release

60 This paper will be proactively released at the same time the interim response is published, subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Immigration recommends that the Committee:

1. note that this paper sets out the Government's proposed interim response to the Productivity Commission's (the Commission) report *Immigration - Fit for the future* (the Report), which recommends immigration policy settings that may better facilitate New Zealand's long-term economic growth and promote the wellbeing of New Zealanders
2. note at the end of April 2022 the Commission released the final Report and found that:
 - a. immigration is not likely to be the solution nor the cause of the productivity challenges facing New Zealand
 - b. the relationship between productivity and immigration requires a balance of trade-offs between government objectives, and a consideration of short-run and long-run impacts.
3. note that the Commission made 24 recommendations that have been grouped into three broad themes:
 - a. Improving productivity and labour market outcomes by better connecting the immigration, skills, training and education systems
 - b. Increasing transparency and the public's understanding of the strategic direction for the immigration system and accountability for delivery
 - c. Engaging with Māori, as our Te Tiriti partners to build enduring partnerships.
4. agree that the Government publish an interim response to the Report that:
 - a. summarises how labour market, education and economic development reforms and the Immigration Rebalance address most of the recommendations targeted at improving productivity and labour market conditions for New Zealanders and migrants, and
 - b. outlines further work to develop a final response, including:
 - i. improving transparency of the strategic direction for the immigration system
 - ii. improving information on different migrant flows and infrastructure and service demands to take account of New Zealand's absorptive capacity

- iii. addressing the recommendations relating to the role of Te Tiriti o Waitangi in immigration policy settings and institutions

Improving productivity and labour market outcomes by better connecting the immigration, skills, training and education systems

5. note that the recent reforms including the establishment of Regional Skills Leadership Groups, Industry Transformation Plans, Workforce Development Councils and the Reform of Vocational Education position New Zealand's immigration, education, training and skills systems to better respond to current and future labour market needs
6. note that the Immigration Rebalance changes align with the Commission's recommendations to improve productivity and deliver better labour market outcomes for New Zealanders and migrant workers:
 - a. The Accredited Employer Work Visa introduced a wage threshold (currently median wage) as a mechanism to shift from lower-skilled lower-paid migrant workers to high-skilled, higher-paid, with sector agreements to provide a transition toward the median wage threshold;
 - b. The Green List makes it easier for employers to hire and attract migrants for specified high-skilled, hard-to-fill occupations, with prioritised pathways to residence for eligible workers;
 - c. Proposed changes to the Skilled Migrant Category provide greater clarity on pathways to residence for migrants and close the gap between eligibility and places available, and
 - d. The Migrant Exploitation Action Plan to better respond to reports of exploitation and enables appropriate action to be taken.
7. note MBIE is focused on strengthening connections between the immigration, skills, training and education systems to achieve the outcomes of these reforms and Immigration Rebalance

Improving transparency and public understanding of the Government's strategic direction of the immigration system

8. note that the Commission recommended the Immigration Act 2009 be amended to require the Government publish an Immigration Government Policy Statement (GPS) to improve transparency, increase accountability, and clarify how immigration will be managed and connected to other government objectives, including outlining how demand for visas will be managed taking account of New Zealand's absorptive capacity
9. direct MBIE to undertake targeted consultation and report back to Cabinet by mid-2023 on a draft GPS to bring together the Government's strategic intent for the immigration system, transparency, and links with absorptive capacity

Managing demand on New Zealand's infrastructure and public services

10. note that managing demand for infrastructure and public services is an all-of-government challenge and the immigration portfolio can support a more coordinated response by improving information about the demands that groups of migrants have for certain types of infrastructure and reflecting this clearly in the policy development process (note this is distinct from a whole of population policy approach which would encompass the demand on infrastructure created by New Zealand's current population)
11. direct MBIE to develop its information base, focussing in the first instance on the specific demands for infrastructure and public services created by particular migrant groups, to support the identification of bottlenecks and to inform discussions about appropriate policy and investment responses

Ongoing work with Māori, as our Te Tiriti partners to build enduring partnerships

12. note that the Commission recommended the Government engage with Māori in good faith on how to reflect Te Tiriti o Waitangi in a modern context for immigration policy and institutions, including in settlement policies and practice
13. note that MBIE is planning engagement with Māori on specific areas of immigration policy which provides a basis for ongoing dialogue on the government's broader policy goals
14. direct MBIE to engage with Māori on an ongoing basis to strengthen partnerships, under the impacts and opportunities of immigration policy on Māori and discuss ways Te Tiriti o Waitangi could be considered and reflected in immigration settings

Government's interim response to the Report

15. agree to delegate authority to the Ministers of Finance and Immigration to publish the Government's interim response to the Report at an appropriate time.

Authorised for lodgement

Hon Michael Wood

Minister of Immigration