



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]

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Interim Response to the Productivity Commission's Report 'Immigration - Fit for the Future'

Portfolio Immigration

On 15 February 2023, the Cabinet Economic Development Committee:

Interim response to the Productivity Commission report

- 1 **noted** that the paper under DEV-23 SUB-0003 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 **noted** that at the end of April 2022, the Commission released the final Report and found that:
 - 2.1 immigration is not likely to be the solution nor the cause of the productivity challenges facing New Zealand;
 - 2.2 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 **noted** that the Commission made 24 recommendations that have been grouped into three broad themes:
 - 3.1 improving productivity and labour market outcomes by better connecting the immigration, skills, training, and education systems;
 - 3.2 increasing transparency and the public's understanding of the strategic direction for the immigration system and accountability for delivery;
 - 3.3 engaging with Māori, as our Te Tiriti o Waitangi partners, to build enduring partnerships;
- 4 **agreed** that the Government publish an interim response to the Report that:
 - 4.1 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, and

- 4.2 outlines further work to develop a final response, including:
- 4.2.1 improving transparency of the strategic direction for the immigration system;
 - 4.2.2 improving information on different migrant flows and infrastructure and service demands to take account of New Zealand's absorptive capacity;
 - 4.2.3 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 **noted** 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 **noted** that the Immigration Rebalance changes align one with the Commission's recommendations to improve productivity and deliver better labour market outcomes for New Zealanders and migrant workers:
- 6.1 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;
 - 6.2 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;
 - 6.3 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
 - 6.4 the Migrant Exploitation Action Plan to better respond to reports of exploitation and enables appropriate action to be taken.
- 7 **noted** that the Ministry of Business, Innovation and Employment (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 **noted** that the Commission recommended that 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 **directed** MBIE to undertake targeted consultation and report back to the Cabinet Economic Development Committee 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 New Zealand's absorptive capacity

- 10 **noted** that infrastructure deficits and demand for services is a challenge for all of government, and that the immigration portfolio can support a system response by providing better signals to those responsible for infrastructure investment and supply of services (central government and regionally);
- 11 **directed** MBIE to report back to the Minister of Immigration on how to factor in the capacity and demand for infrastructure and public services, such as housing, of different groups and flows of migrants, to build knowledge of where the pinch points are and inform discussions about policy and investment responses;

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

- 12 **noted** 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 **noted** 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 **directed** 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;

Authorisation for the publication of the interim response

- 15 **authorised** the Ministers of Finance and Immigration to publish the Government's interim response to the Report, attached as Appendix A to the submission under DEV-23-SUB-0003, at an appropriate time.

Jenny Vickers
Committee Secretary

Present:

Hon Carmel Sepuloni
Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Michael Wood
Hon Dr Ayesha Verrall
Hon Willie Jackson
Hon Damien O'Connor
Hon Andrew Little
Hon David Parker
Hon Peeni Henare
Hon Priyanca Radhakrishnan
Hon Ginny Andersen
Hon Dr Duncan Webb
Hon Rino Tirikatene
Hon Dr Deborah Russell
Jo Luxton MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV