



COVERSHEET

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

List of documents that have been proactively released

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

Information redacted

YES

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

Some information has been withheld for reasons of protection of privacy of natural persons, free and frank opinions, and confidential advice to Government.



BRIEFING

Skilled Migrant Category Review

Date:	7 July 2022	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2122-4410

Action sought		
	Action sought	Deadline
Hon Michael Wood Minister of Immigration	Agree Skilled Migrant Category options to be developed. Direct officials to develop Cabinet paper for DEV consideration in August.	14 July 2022

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Andrew Craig	Manager, Immigration Policy (Skills and Residence)	Privacy of natural persons	✓
Melanee Beatson	Principal Adviser		

The following departments/agencies have been consulted
Immigration New Zealand

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



BRIEFING

Skilled Migrant Category Review

Date:	6 July 2022	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2122-4410

Purpose

To:

- provide advice on settings for the Skilled Migrant Category (SMC); and
- seek your agreement to develop a Cabinet paper for consideration by the Cabinet Economic Development Committee in August.

Executive summary

The Skilled Migrant Category (SMC) is New Zealand's main residence policy based on skills and employment. It aims to support our economic growth by granting residence to people who have skills to fill identified needs and opportunities; and can deploy those skills in New Zealand.

The SMC has been closed to new applications since April 2020. The Minister of Immigration has been invited to report back to Cabinet with proposals for the future of skilled residence.

Pre-COVID, we were seeing the following issues:

- excess demand for the SMC and wait times of up to two years
- a trend of lower skilled SMC applicants, or those in roles that could be filled from the domestic workforce, becoming eligible
- people on temporary visas becoming well-settled in New Zealand without a pathway to residence.

The 2021 Resident Visa has created a (nearly) blank slate by offering residence to most migrants onshore, both those who would have been eligible for the SMC and those with no clear pathway to residence. Historically migrants who are already onshore make up over 90% of SMC applicants.

We have focused the SMC review on the following four questions:

1. Who should the SMC target (skill level, ability to settle)?

Under the Immigration Rebalance, new streamlined pathways to residence have been established i.e. the Green List, which is for specific highly skilled, in-demand occupations of national significance; and a pathway for people earning twice the median wage. The SMC will therefore cater to a smaller cohort than pre-COVID.

The key choice for Ministers is how to target the SMC: from tightly focusing on the most highly skilled people not already captured by other pathways; to a relatively open system where most people filling labour market gaps in the medium term can gain residence. The key trade-offs are about allowing important labour market gaps to be filled, while being able to control migrant numbers to not exceed absorptive capacity, especially if there an economic downturn or if the labour market changes. We also want to avoid creating a large cohort of the people onshore without a pathway to residence.

We recommend the SMC targets medium to highly skilled migrants that can contribute to New Zealand's economic growth by filling labour market gaps that would be hard, or take time, to fill domestically. This includes people in professional roles, skilled technicians, and trades workers,

but not unskilled or low-skilled roles that could be filled from within the domestic workforce, if the conditions were right. This is a higher level than just being paid over median wage, as for temporary work visas. Targeting this level is consistent with the principles of the Immigration Rebalance of reducing reliance on (long-term) low-skilled migrant labour and incentivising employers to improve wages and conditions and lift productivity.

2. How should we manage migrant numbers through the SMC?

Managing migrant numbers helps to maintain tension in the labour market to support an improvement in conditions; support absorptive capacity; and maintain public confidence. We have more direct levers to manage total migrant numbers at the temporary stage compared to residence, but incentives around residence have an upstream impact.

Numbers can be controlled directly, e.g. through a cap or planning range, or indirectly through the eligibility threshold. We recommend that numbers should be limited through the skill threshold; if we get the skill level right, and people are required to hold a job offer, we should not need to actively constrain numbers. This would mean removing the previous planning range constraints on processing, and processing applications to demand. We instead recommend establishing thresholds for temporary and resident visa approvals that triggers an investigation into what is driving numbers and whether a policy response is needed (which could be an immigration or e.g. an infrastructure response).

3. What are the options to best deliver these outcomes?

The current SMC is a points-based system, that awards points for a range of skill and settlement proxies. We don't recommend retaining the current points-based system, as it is complex, subject to gaming, and the key skill proxies are not working as intended. We have developed three options for discussion:

- i. **A time-based system**, which grants residence to people that have worked in New Zealand for five years, except those in "unskilled" (ANZSCO Levels 4-5) roles. This is the least restrictive option with the lowest skill test. This option would reduce the risk of having a cohort of people onshore with no pathway to residence, but would lead to the highest numbers, while also potentially putting off higher-skilled migrants because of the time before gaining residence.
- ii. **A simplified points system (recommended)**, which uses a range of skill proxies to target people with existing human capital (i.e. those not easily replaceable domestically). This option reduces the ability for lower skilled people to get through by "gaming" points. It provides fast residency for the highest calibre migrants, while allowing others to qualify through working in New Zealand in skilled roles.
- iii. **An income-based system** that sets eligibility based on remuneration (1.5 times median wage). This is the most restrictive option, and would lead to lowest number of people eligible for residence. It appeals in its simplicity, but some highly skilled but low-paid occupations would miss out because of structural labour market distortions; and there would likely be significant pressure for carve-outs.

4. How do we manage people onshore without a pathway to residence?

For each of the options, there is a gap (of differing proportions) between eligibility for temporary work visas and the SMC. There are two key policy choices: i) require a stand-down period in which people must leave New Zealand after a certain period; or ii) accept that some people on work temporary visas may stay indefinitely without residence or the benefits and safety nets it brings. The negative impacts for the migrant include not having to access social welfare, their children not being eligible for domestic student fees for tertiary education; and the risk of having to leave New Zealand if they get sick or lose their job, as their visa is based on employment. We propose to introduce a 12-month stand-down period after three years, to mitigate the risk of people becoming well-settled without a pathway to residence.

Consultation and Implementation

We do not recommend reopening the SMC until the new system is in place, as it is expected to have limited practical impact and to push out time frames for implementing the end state. Instead, we recommend that the future direction is well-communicated to provide clarity and certainty for migrants. If Ministers prefer an interim reopening, we recommend opening under the pre-COVID settings, but with a higher points threshold, e.g. 180 points.

We recommend that we aim to:

- develop a Cabinet paper for consideration by the end of August
- following Cabinet decisions, undertake consultation on the preferred option and further policy and implementation work
- report back to Cabinet by the end of January 2023
- reopen the SMC under the new system by the second quarter of 2023.

Recommended action

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

- a **Agree** to meet with officials in July to discuss the content of this briefing
Agree / Disagree
- b **Direct** officials to develop a Cabinet paper for consideration by the Cabinet Economic Development Committee in late August 2022, based on your initial views on the content of the briefing and the recommendations set out below
Agree / Disagree
- c **Agree** that consistent with the principles of the Rebalance, the SMC should target medium to high-skilled migrants that can fill labour market gaps that would be hard, or take time, to fill domestically, even under the right conditions
Agree / Disagree / Discuss
- d **Agree** that migration numbers should be limited primarily through setting an appropriate skill threshold that limits the number of eligible people, which means moving away from the current planning range and processing to demand
Agree / Disagree / Discuss
- e **Agree** that instead of a formal cap or planning range, we will develop a monitoring regime and thresholds that trigger an investigation into what is driving numbers and whether a policy response is needed
Agree / Disagree / Discuss
- f **Agree** to progress to Cabinet one (or more) of the three options developed:
Option 1: Time: ANZSCO 1-3 + 5 Years in NZ
Agree / Disagree / Discuss
Option 2: Simplified Points System (Recommended Option)
Agree / Disagree / Discuss
Option 3: Income: 1.5 x median wage + 3 years in NZ
Agree / Disagree / Discuss
- g **Agree** that occupations where there is a demonstrated high risk of role inflation, immigration risk and/or exploitation should be subject to special conditions, such as a higher income threshold, to manage these risks

Agree / Disagree / Discuss

- h **Agree** that an overall skilled residence age limit of 55 years should be retained, but that implications of changes to New Zealand Superannuation will need to be clear so individuals can make informed decisions

Agree / Disagree / Discuss

- i **Agree** that we should not open the SMC until the new system is in place, as an interim reopening is expected to have limited impact and potentially push out time frames for implementing the end state, and risks to staying closed by clearly communicating the future direction of the SMC

Agree / Disagree / Discuss

- j **Agree** that a 12-month stand-down period should apply for migrants who after a maximum three years on a temporary work visa have not applied for residence, to mitigate the risk of people becoming well-settled without a pathway to residence

Agree / Disagree / Discuss

- k **Agree** that following Cabinet's initial consideration, we should undertake public consultation on the proposals

Agree / Disagree / Discuss

Privacy of natural persons

Andrew Craig
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Labour, Science and Enterprise, MBIE

Hon Michael Wood
Minister of Immigration

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06/ 07/ 2022

Background

Cabinet has invited the Minister of Immigration to report back on setting for the Skilled Migrant Category (SMC)

1. On 12 July 2021, Cabinet agreed to rebalance the immigration system by pursuing a lower overall volume of migrants and improved composition of temporary and skilled migrants; compared to the pre-COVID-19 trajectory [CAB-21-MIN-0279].
2. In the context of the Immigration Rebalance, on 20 December 2021 Cabinet invited the Minister of Immigration to report back in June on settings for the SMC. We had not yet provided formal advice to the previous Minister, but met with him in May and discussed a two-step approach:
 - a. initial report-back to Cabinet in August with a package of options seeking agreement to:
 - i. the skill level the SMC should target and the approach to managing numbers;
 - ii. a preferred option for achieving those outcomes;
 - iii. public consultation on a preferred option; and
 - iv. an option to resume the SMC in the interim, if needed.
 - b. further report-back to Cabinet following consultation, setting out detailed policy design and implementation timeframes. Depending on the option selected, the aim would be to implement the “end-state” in the second quarter of 2023.
3. We recommend you meet with officials in July to discuss the advice and your preferred approach and timing, including for Ministerial consultation.

The Skilled Migrant Category is the main residence category based on skills and employment

4. The two main visa classes in New Zealand are temporary entry and residence:
 - a. A temporary class visa allows a holder to be in New Zealand for the purpose and length of the visa. Following 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 the median wage, with limited exceptions¹, and show that they cannot find a suitable New Zealander first.
 - b. 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 welfare support and subsidised tertiary education. **Annex One** provides a full list of the benefits of residence.
5. The SMC is the main residence category based on skills and employment. It sits within the New Zealand Residence Programme (NZRP), which includes all residence class visas. The NZRP has historically been limited by a planning range set by Cabinet (e.g. 80-90,000 people over two years). The planning range covers both principal applicants and secondary applicants (i.e. partners and children, with the ratio of principal to secondary applicants approximately 1:1.2). Places were allocated across the three streams of the NZRP:
 - a. Skilled/Business, which has a clear focus on economic benefits to New Zealand. The SMC makes up more than half of this stream in most years alongside several other

¹ 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, with a lower wage threshold of \$25 per hour until April 2023.

residence categories based on labour demand, or entrepreneurial or investment activity (60 per cent);

- b. International/Humanitarian, which includes international categories like the Samoan Quota and Pacific Access Category as well as refugee resettlement categories (32 to 33 per cent); and
 - c. Family, which includes the parents, partners, and children of New Zealand citizens and residents (seven to eight per cent).
6. In 2018 Cabinet agreed [DEV-18-MIN-0304] to move away from a planning range from 1 January 2020, and instead to manage individual visa categories directly through forecasting, monitoring, analysis, assurance and reporting activities. An interim planning range of 50,000 to 60,000 was agreed for 18 months from 1 July 2018 to 31 December 2019. The amended approach was not implemented, due to the impact of COVID-19 border closures.

The SMC awards points based on human capital and settlement potential

7. The SMC awards points for human capital using qualifications and work experience as key skill proxies, alongside bonus points relating to settlement potential. All people that meet a set points threshold (currently 160 points) are then invited to apply. **Annex Two** provides an overview of the points currently available.
8. A 2015/16 review of the SMC focussed on improving the skills mix of SMC applicants by rebalancing the points system and increasing the threshold from 140 to 160 points. This reduced application numbers in the short term, but applications began trending up as immigration pathways adapted to meet the new settings.²

Pre-border closure, SMC settings were contributing to sub-optimal outcomes

9. Pre-border closure, we were seeing the following issues:
 - a. **excess demand for the SMC and wait times of up to two years.** The number of qualifying applicants significantly exceeded the planning range e.g. in 2019 there were 19,750 applications for residence under the main skilled residence categories at the time (SMC and Residence from Work), but only 8,150 (around 40%) applications were approved based on the planning range. The long and overpopulated queues created significant uncertainty for migrants and their families. Ad hoc changes were made in 2018 to enable highly skilled migrants to be processed in a timely way, focussed on those earning twice the median wage or holding professional registration.
 - b. **a continued trend of lower skilled SMC applicants or those in roles that could be filled domestically.** Despite an initial lift in skill level following the 2015/16 SMC review, significant numbers of lower skilled people, or people with limited work experience, were becoming eligible for residence. In addition, many people in occupations not intended to get residence under SMC were still qualifying. The top three occupations for applications Immigration New Zealand had on hand (i.e. non-prioritised) in February 2020 were Retail Manager (583), Restaurant Manager (529) and Chef (466).³ These occupations are among the lowest-paid and are prone to “job inflation”.⁴
 - c. **people becoming well-settled in New Zealand without a pathway to residence.** Residence settings were more restrictive than temporary work visa settings, and no limitation was implemented on the amount of time someone earning over median wage could spend in New Zealand on a temporary work visa. This created a cohort of people

² This lag might be explained, at least in part, by people needing to work/study longer to meet the threshold.

³ These were followed by Marketing Specialist (299) and Accountant (271).

⁴ This is where job titles, and associated ANZSCO level, do not match the skill level of tasks undertaken. For example, cooks being classed as chefs and restaurant/retail workers have the title manager.

onshore that were able to become well-settled, but who had no realistic pathway to residence.

The 2021 Resident Visa has created a (nearly) blank slate

10. On 6 September 2021, Cabinet agreed to the one-off 2021 Resident Visa, which granted residence to most people that were onshore and were either:
 - 'settled' – had been New Zealand on an eligible work visa for the past three or more years;
 - 'skilled' - earning at or above the median wage (NZD \$27 per hour); or
 - 'scarce' - working in a role on a scarce list
11. The 2021 Resident Visa will largely clear the SMC queue and the cohort of people onshore who would have been eligible for the SMC in coming years; as well as grant residence to migrants onshore who would otherwise have not been eligible. As at late June 2022, applications covering around 203,000 people (over 100,000 principal applicants and their partners/ families) had been received. This is equivalent to more than five years of pre-Covid residence approvals. The SMC review is an opportunity to reset to prevent the issues we were seeing pre-COVID from arising again.

The global labour market context has changed

12. We are in competition for talent with comparator countries such as the UK, Canada, and Australia. Highly skilled migrants are best able to exercise choice of where to migrate. New Zealand faces challenges around lower wages, a high cost of living, and long distances from extended families and the rest of the world, relative to the UK and Canada in particular.
13. Following the impact of COVID, many countries are in a state of economic recovery, and are looking to attract migrants. Most of our key comparator countries have eased entry requirements:
 - a. The Australian system relies heavily on skill shortage lists created by the National Skills Commission to inform its employer-sponsored and points-based pathways. It is currently aimed at attraction, with a target of 109,900 skilled residence places over the next year.
 - b. The Canadian system relies on a comprehensive points-based system, broken into categories of similar points, to rank candidates using a mixture of human capital and settlement factors. Canada is seeking to fuel post-COVID economic growth, particularly through attracting and retaining migrants in the provinces. It has set a target of 400,000 new residence visas over the next year and has significantly dropped its points threshold.
 - c. The UK system is aimed at changing industry structure to reduce temporary migrant reliance, incentivise investment in capital, and manage security risks. Numbers are not as significant a policy concern as they were with free movement under the EU. The UK model is primarily time based, requiring residence applicants to hold an eligible temporary work visa for 5 years to be eligible. A simple points-based system is used to manage who can get a temporary work visa in the first place.

The SMC Review seeks to answer four key questions

14. We have focused the review of the SMC on the following four questions:
 1. Who should the SMC target (skill level, ability to settle)?
 2. How should we manage migrant numbers through the SMC?
 3. What are the options to best deliver these outcomes?
 4. How do we manage people onshore without a pathway to residence?

1. Who should the SMC target (skill level, ability to settle)?

15. In 2018 Cabinet [DEV-18-MIN-0304] agreed the objective of the SMC would be to support New Zealand's economic growth by granting residence to people who demonstrate they:
 - a. have skills to fill identified needs and opportunities in New Zealand; and
 - b. are able to transfer those skills to New Zealand and link with local needs and opportunities; and
 - c. are able to demonstrate an ability to contribute to and successfully settle in New Zealand.
16. We consider that this high level objective remains valid, but there are key choices within it.

New residence pathways mean the SMC will cater to a smaller range than previously

17. New mechanisms provide streamlined residence pathways for some of the highest skilled and highest paid migrants, who would previously been captured under the SMC:
 - a. The Green List, which provides a straight-to-residence and two-year work-to-residence prioritised residence pathway for migrants in specific highly skilled, hard-to-fill occupations of high national importance. These roles are predominantly in health care, engineering, trades, and technology sectors. The Green List provides a mechanism for the government to prioritise key roles and carve out exceptions to more general settings where needed. Green List roles comprise 46 per cent of 2019 SMC approvals. (This reflects the prioritisation that was happening in 2019 and is much higher than the proportion across the total pool of applicants.)
 - b. A two-year work-to-residence pathway for migrants paid above twice the median wage. This represents the top nine to 10 per cent of all wage earners in New Zealand. Around 30% of 2019 SMC approvals earned twice the median wage. (This also reflects prioritisation based on income, and there is significant overlap between twice median wage and Green List roles.)
18. These new mechanisms mean many of the highest priority migrants are already captured. The general SMC pathway will therefore cater for a smaller cohort of skilled migrants than pre-COVID; and does not need to cater for all migrants we are targeting. The key question is who else the SMC settings should capture.

Changes to temporary work visas should reduce the gap between temporary and residence settings

19. Changes to work visa settings under the Immigration Rebalance will raise the threshold for temporary migrant workers:

- a. The median wage requirement for most temporary work visas under the Accredited Employer Work Visa (AEWV) was not in place pre-COVID. A job or job offer at median wage is a core requirement of the current SMC.
 - b. Post Study Work Visas have also tightened, with eligibility limited to students studying Bachelor's, post-graduate courses or higher, as well as sub-degree level students studying qualifications relevant to an occupation on the Green List.
20. These changes will mean fewer lower skilled people are able to come in on temporary work visas, resulting in a smaller cohort of people onshore without a pathway to residence. However, there is still expected to be a gap between eligibility for temporary work visas and residence.

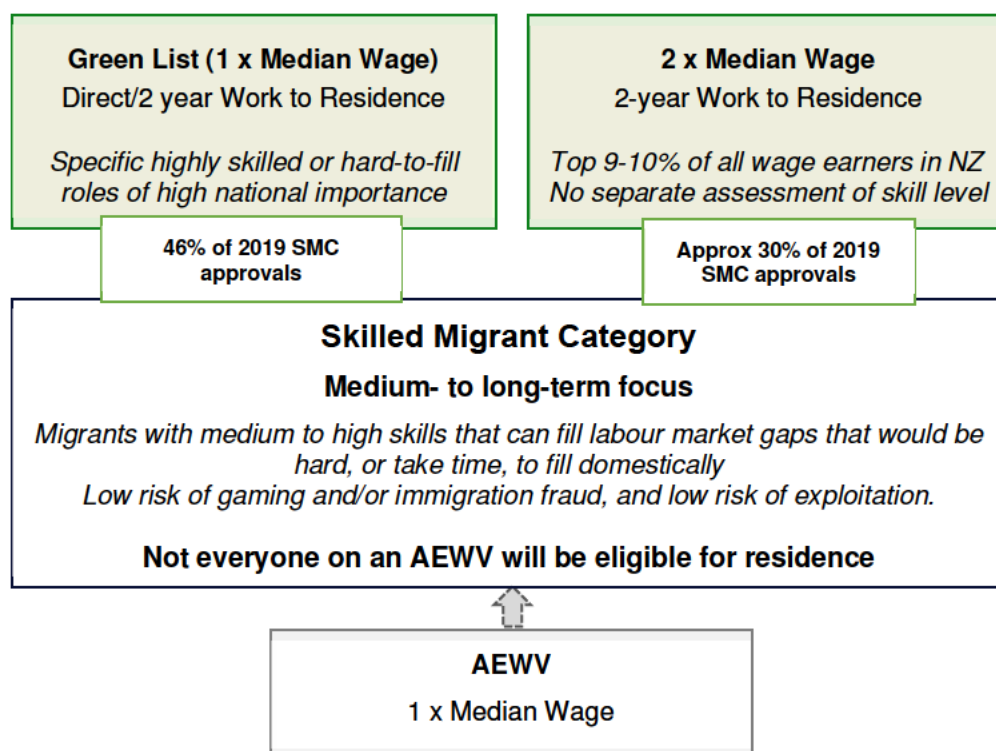
There are key trade-offs in determining the skill level the SMC should target

21. In general, the immigration system does not have significant levers to attract high-value individuals; it is important that immigration settings do not create barriers, but employment conditions and lifestyle factors drive choices. Rather, skilled migration policies tend to focus on excluding people at the lower end. There are key trade-offs to be made:
- a. Targeting higher skills supports a higher-wage, higher productivity economy; and helps to manage numbers and absorptive capacity. People at higher skill levels tend to stay in their occupations for longer and have more ability to transfer skills if the labour market changes. However, if too high a threshold is set, economic growth can stagnate, i.e. if no pathways to residence acts as a disincentive and employers can therefore not attract the skills and experience to supplement the domestic workforce.
 - b. A relatively open system, where most people who can fill labour market gaps in the medium term can gain residence, provides employers and migrants certainty, and avoids creating a large cohort of the people onshore without a pathway to residence. However, if too low a skill level is set, it can lead to wage stagnation, reliance on cheap migrant labour, and limited capital investment.

We recommend that the SMC targets migrants with medium to high skills that are hard to “grow” or “make” domestically

22. We recommend the SMC targets people that can fill medium- to long-term labour market gaps that would be hard, or take time, to fill domestically. This includes professional roles, skilled technicians, and trades workers where there is a labour market need; but not unskilled or low-skilled roles that could be sourced from within the domestic workforce, if the conditions were right. Short-term and “surge” needs can be met through temporary visas, but a higher threshold is placed on residence given its long-term nature.
23. Targeting people with a level of human capital that cannot be readily replaced translates to a medium to high skill level. This approach is consistent with:
- the SMC objective of supporting New Zealand’s economic growth;
 - the principles of the Immigration Rebalance of “New Zealanders first for jobs” and aiming to grow skills at home, though reducing reliance on (long-term) low-skilled migrant labour and incentivising employers to improve wages and conditions and lift productivity; and
 - the objective of avoiding growing a pool onshore of lower skilled people, who are likely to adapt to labour market changes and more vulnerable to economic shocks than higher-skilled people/those with transferable skills.

Figure 1: How the SMC fits in with new residence and temporary settings



2. How should we manage migrant numbers through the SMC?

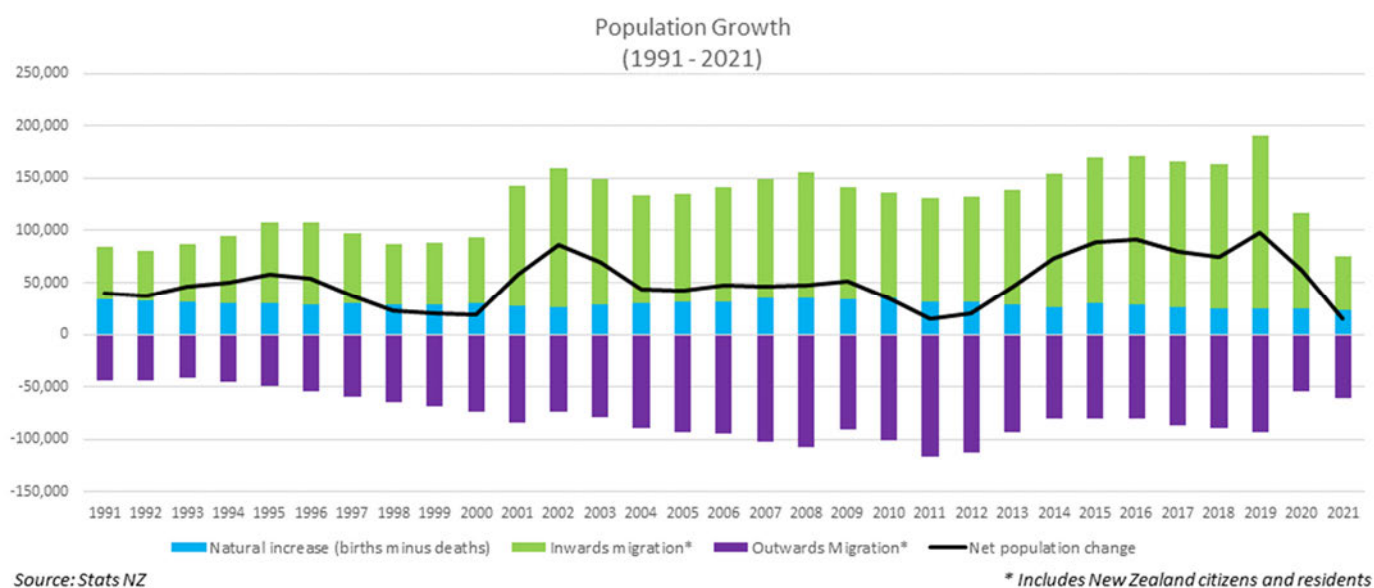
24. The question of managing numbers covers both a) the total numbers likely to get through under each option and b) our ability to control numbers at any point (e.g. to respond to labour market changes). The key trade-off is the more we want to directly control numbers, the lower the certainty is likely to be for migrants.
25. The key reasons to manage numbers are to:
 - maintain tensions in the labour market to encourage employers to optimise wages and conditions so they can retain and attract workers;
 - support numbers to remain within absorptive capacity, and avoid putting unsustainable pressure on New Zealand’s long-term housing, infrastructure and social services; and
 - maintain public confidence and retain social license for the immigration system.
26. When thinking about the impact of migrant growth on absorptive capacity and the labour market, we are interested in the total pool of new migrants on temporary work visas and those who have recently gained residence, i.e. in the past five to 10 years. However, residence has a longer-term effect as it adds to our permanent population, and is especially important to consider in the context of a potential economic downturn.

Net migration has significantly contributed to New Zealand’s population growth

27. Net migration⁵ is a significant part of the total population change in any given year. From 2014 to 2020 net migration accounted for 65% to 75% of overall population change in New Zealand. An overview of net migration’s contribution to overall population growth over the last three decades is set out in below.

⁵ Net migration is the difference between the large flows of people including citizens and residents leaving and arriving in New Zealand on a long-term basis. Statistics NZ defines permanent and long-term (PLT) using the 12/16 rule, which is based on someone being in or out of New Zealand for 12 out of the 16 months following the date of departure or arrival. Initial numbers are estimates, which are updated as time goes on.

Figure 2: Breakdown of New Zealand's population growth 1991-2021



Residence settings have an indirect effect on migrant numbers

28. Residence visa approvals have limited *direct* impact on net migration; traditionally most SMC visas have been granted to people already onshore on a work or student visa (94% in 2019). However, access to residence is a strong incentive for many temporary migrants. Too low a threshold for residence has long term, upstream impacts by indirectly increasing the number of temporary migrants and putting pressure on New Zealand's infrastructure and services.
29. We anticipate that demand for the SMC will be low in the first few years, given the impact of the 2021 Resident Visa, which aimed to stabilise the existing migrant population; the impact of COVID-19 on migration patterns; and that most options will involve time onshore before most people will qualify for residence.

We recommend managing numbers under the SMC indirectly through the minimum skill threshold

30. There are two main approaches to managing migration numbers:
 - a. *Directly setting a numerical limit such as quotas, planning ranges, caps, targets:* This approach supports operational planning and prevents large fluctuations because of the global context. It can, however, create uncertainty for migrants, lead to queues if applications exceed processing, or lead to unmet demand for skilled labour. The planning range previously agreed by Cabinet was not a formal cap, but it acted as a limit on the number of applications Immigration New Zealand processed, meaning queues formed and wait times increase when the number of applications exceeded the planning range. Another approach is a competitive system, where the most highly skilled applicants are drawn first.
 - b. *Indirectly through the minimum skill threshold.* This approach relies on setting a skill threshold that naturally limits the number of people that are eligible and processing every application that exceeds that threshold. This approach provides greater certainty for applicants and employers; but it is more difficult to plan processing resources.
31. We propose that numbers should be limited through the skill threshold; if we get the skill level right and require all SMC applicants to have a current job or a job offer, we should not need to actively manage numbers. This approach means moving away from a planning range, to processing to demand.

32. Section 3 below discusses the relative impact of options on numbers. Under all these options, we could see an increase in resident visa approvals relative to the status quo. This is because the planning range was artificially suppressing numbers compared to the number of people qualifying for residence. An increase in resident numbers is manageable for absorptive capacity, if it means people moving to residence reduces the pool of temporary workers (while normal net migration of New Zealanders and population growth holds). We would be concerned, however, if both pools continued to grow beyond expected trajectories.

...but we recommend using forecasts and thresholds to determine if changes are needed

33. Processing to demand has practical implications for Immigration New Zealand, in that three to six months' lead time is required to ramp processing resources up or down (i.e. shift resources and/or employ and train new staff). This will be important to limit queues forming. We therefore recommend that resourcing decisions be made based on forecasts, and that monitoring and reporting thresholds are used to signal when adjustments to processing resourcing are needed to maintain processing timeframes. Options that require time in New Zealand will give more lead time, but AEWV data can also be used as part of forecasting.
34. We also recommend establishing thresholds that trigger MBIE to investigate the drivers of total migration numbers and if a policy response is required. This could be an immigration or wider system response. For example:
- a. An immigration policy response would be appropriate if there is evidence of people in lower skilled occupations coming through in large numbers, or that specific occupations are being used for non-genuine job offers (e.g. adjustments to the skill threshold); or at the other end if significantly fewer people are coming through than expected (after an initial period where we expect numbers to be low), and there are labour market gaps. More direct control of numbers can also be exercised through managing the eligibility threshold at entry.
 - b. If we're getting more than the expected numbers of people meeting the relevant skill threshold and there is a continued labour market need, no adjustments might be needed. However, it may feed into infrastructure planning and decisions.
35. We are developing advice on how to set the upper threshold. Early thinking is that it should consider net permanent and long-term migration; as well as significant shifts in immigration patterns or labour market demand.
36. The Productivity Commission's recent final Immigration Inquiry report also discussed absorptive capacity and how to quantify this.⁶ We will consider relevant opportunities as part of the Government inquiry response and intend to provide further response advice in August. Ideally, the threshold would be based on a cross-agency view of absorptive capacity and sustainable population growth (e.g. a population policy). However, developing this would be a significant cross-agency exercise, and no comparator country has done it well to date.

⁶ The Productivity Commission's Inquiry report 'Immigration - Fit for the future' made two recommendations related to absorptive capacity:

- a. **Recommendation 2** The Government should introduce the concept of the country's absorptive capacity when setting its objectives for immigration policy
- b. **Recommendation 3** The Government, in an Immigration Government Policy Statement, should describe i. what the Government considers New Zealand's absorptive capacity to be (based on a range of indicators); ii) where and how short-term immigration flows are likely to put additional pressure on that capacity (if at all); and iii) how the Government intends to invest to expand capacity (if needed) to align it with expected population growth over the medium to long term.

3. What are the best options to deliver these outcomes?

37. We have developed three options, representing a combination of those with the best potential to deliver against the proposed criteria, and those discussed with the previous Minister. The options use different mechanisms to define who gets through and who does not:
- a time-based system, which is the least restrictive (lowest skill threshold)
 - a simplified points system using a range of skill proxies, which is a balanced option
 - an income-based system, which is the most restrictive.
38. Under all options, and the already agreed residence pathways, migrants must:
- a. have a job (or a job offer) and be paid at least median wage (currently \$27.76 per hour/\$57.7k per annum). This acts as a (light) labour market test.
 - b. have minimum English language equivalent to IELTS 6.5, and
 - c. meet age, health, character, and national security requirements.
39. Each of the options can have criteria added to (or removed from) them and can be calibrated up or down depending on the skill level and/or the numbers we're targeting, e.g. through increasing or decreasing the time requirement; qualification level or income requirements. The section below assesses each of these options, and a summary table of the three options is attached at **Annex Three**.
40. We have looked at but have not included an option that relies primarily on a list of specific occupations. This is the Australian approach, but it is restrictive and administratively burdensome. New Zealand has recently introduced the Green List for priority occupations (and it is not the intention to substantially grow this list).
41. Most options include an ANZSCO (Australian and New Zealand Standard Classification of Occupations) test. ANZSCO classifies occupations into five skill levels and defines a minimum qualification or work experience required to do the work. Levels 1-3 are classified as skilled, and Levels 4-5 unskilled.⁷ ANZSCO plays an important role in providing an objective and consistent classification of occupations, but it has limitations and can be subject to "job inflation". The ANZSCO assessment is also one of the most time-consuming and difficult factors for Immigration New Zealand to assess under the status quo, as some jobs often don't clearly fit within a specific ANZSCO description. Immigration New Zealand conservatively estimates that over half of its processing time is spent on the ANZSCO assessment. As part of the review we are looking at how to reduce reliance on ANZSCO assessments, including where can be streamlined and potentially removed.
42. In addition to skill level and the ability to manage numbers, we have assessed the options against the following criteria:
- a. **Certainty:** Changes to the SMC should improve certainty for onshore migrant workers and their families. Certainty is a key part of both attracting migrants and treating them well. This includes being clear from the outset who is unlikely to gain residence, to enable potential migrants to make informed decisions.
 - b. **Alignment:** The settings already in place for the Green List (direct and two-year residence pathway) and the twice median wage (two-year residence pathway) should

⁷ Statistics New Zealand has signalled that it intends to stop using ANZSCO, but we expect it to be replaced by an equivalent system. We use ANZSCO here to cover both the current system and a potential replacement.

generally be the most generous. There may, however, be some space for other fast-track pathways.

- c. **Risk of Gaming:** A key principle of the Immigration Rebalance is that access to roles shown to be prone to misuse of visas and supplier-induced demand will be closed off. Gaming and/or immigration fraud are drivers of exploitation and poor conditions for both migrants and domestic workers.
- d. **Operational efficiency:** Changes to the SMC should simplify processes wherever possible, to support faster decision-making and outcomes for migrants; the goal is short wait times and no queues. This is part of attracting migrants, through making sure our settings are facilitative and don't create unnecessary barriers – we want to look welcoming and have good customer service.

We do not recommend retaining the current points system

- 43. The current points system requires applicants to reach the 160-point threshold through a range of points for:
 - a. “hard” skills, using skilled work experience and qualifications as proxies; alongside the requirement to have a job offer earning at least median wage for occupations classified as skilled (ANZSCO Level 1-3) and at least 1.5 times median wage for occupations classified as unskilled (ANZSCO Level 4-5).
 - b. factors that represent a migrant’s ability to settle and contribute to New Zealand and/or to address other policy objectives, e.g. points for working outside Auckland, studying in New Zealand, or having a skilled partner; and
 - c. age (graduated with the most points for 20-39 years, and an upper limit of 55 years)
- 44. The current system generally targets a medium to high skill level. However, it is not working as intended. The key issue is that because skills and bonus points can be stacked with each other, there is no clear skill threshold and points can be gamed. This has resulted in people being able to “fall across the line” and overall larger numbers than anticipated becoming eligible for residence. Some examples to illustrate this are:
 - a. *Bonus points effectively act as a discount on the hard skills a migrant needs to demonstrate.* Bonus points are awarded for characteristics such as location, study in New Zealand and partner credentials. Although these points can link to other policy objectives, they dilute the skill level a migrant must demonstrate. For example, 30 points are awarded for roles outside Auckland.⁸ This has created a markedly two-tiered system, e.g. a person under 39 years with a bachelor’s degree working outside Auckland is eligible; but the same person in Auckland would need 6 years’ skilled work experience and/or other bonus points to make the 160-point threshold. 48% of applications in the current SMC EOI pool claiming between 160-185 points are claiming bonus points for employment outside Auckland.⁹ At the same time, there is no evidence it is achieving any policy objective.¹⁰

⁸ The level was raised from 10 to 30 points in 2016 “ensure a sufficient supply of skilled and productive migrants across all sectors and regions.”

⁹ Some applicants may be able to claim other points, but choose not to because they are more difficult to evidence, e.g. skilled work experience.

¹⁰ To qualify for these points, most migrants only need to spend three months outside Auckland if they are already in a role; or 12 months for those with a job offer but not currently working outside Auckland. There are indications that in the short term there has been a small shift from Auckland to the Wellington and Waikato regions for residence applications, but this is difficult to attribute solely to this policy change and similar shifts have not been seen in smaller regions. There is no evidence that this setting has been successful at retaining migrants outside Auckland longer-term.

- b. *Qualifications can be used as a “easy” route to residence:* Relatively low-level qualifications attract a significant number of points under the current system, e.g. a one-year (30-week) diploma below degree-level attracts 40 of the 160 points required, equivalent to eight years’ skilled work experience. Despite recent changes to international student settings, relatively low-level courses could still provide an “easy” route to residence. There is evidence that migrants with a student visa as their first visa in New Zealand perform worse over the long term, using income as a comparator, than those start starting on work visas, residence visas or New Zealanders.
45. We have considered options to improve the current system, e.g. through tweaking and/or rebalancing points. However, we are not proposing this because:
- a. minor changes to points, including raising the points threshold, would not address the key issue that there is no clear skill threshold, meaning relatively low-skilled people could still qualify through building non-skill points. Building in a clear skill threshold would result in a substantially different system [see Option 2];
 - b. many of the current points allocations, including the key skill proxies, are either not working as intended, or are now redundant (e.g. bonus points for twice median wage has been overtaken by the new residence pathway; “area of absolute skill shortage” is no longer relevant/we have the green list); and
 - c. a full rebalance of points would likely be more complex than any of the other options for both Immigration New Zealand and migrants and take the most time to implement.
46. One benefit of the current system is that the range of points allows numbers to be managed by selecting only the top proportion of applications. The intention was that points would be adjusted up and down regularly, but this did not happen in practice. The Productivity Commission recommended that this be operationalised, with the points threshold published, to clearly signal to migrants who was likely to get through. The proposal to regularly change the threshold would, however, ultimately leave people uncertain about their prospects.

Option 1: Time-based – ANZSCO Levels 1-3 + five years in New Zealand leads to residence

47. This option would provide residence to people in ANZSCO Level 1-3 roles after five years working on an AEWV (or equivalent) in New Zealand. The basis for this option is that five years demonstrates a medium-term labour market need. It broadly represents an approach like the United Kingdom, where migrants are eligible for permanent residence after five years (and the threshold is managed at the temporary visa stage); and the ‘settled’ component of the 2021 Resident Visa.
48. The key difference from eligibility for the AEWV is that roles that are ANZSCO Level 4-5 occupations, which require minimal formal training, would not be eligible, unless they met the income threshold for the separate twice median wage pathway. If all occupations were included, it would likely be an attractive pathway for lower skilled migrants. The top three ANZSCO Level 4-5 roles that were approved for (temporary) Essential Skills visas in 2019 were dairy cattle farm worker (almost 4,000), retail supervisor (more than 3,000) and truck driver (more than 1,000), but only a small proportion of these would have been eligible for residence under the current SMC settings which require them to earn 1.5 times median wage to be eligible.¹¹
49. The key advantages of this option are that it provides the highest level of certainty for migrants; and reduces the pool of migrants settling onshore without a pathway to residence (as ANZSCO 1-3 migrants on an AEWV will meet threshold by default).

¹¹ Only around 500 principal applicants in ANZSCO 4-5 occupations were granted residence across skilled visa types in 2019 (and a much lower number through the SMC).

50. The key disadvantages are that:
- a. It represents the lowest skill threshold. Median Wage and ANZSCO Level 1-3 are already components of the SMC. If there is no additional test applied, it will represent a lower threshold than currently, and it would likely result in higher numbers.
 - b. A five-year wait for residence could act as a disincentive to highly skilled people not willing to wait for residence (or who could secure residence more quickly in a comparator country).
 - c. It creates a relatively high immigration risk, as people are willing to game settings. (e.g. non-genuine jobs, or jobs inflated to Level 1-3 roles) or tolerate poor conditions for residency, although this risk is moderated by the length of time.
 - d. It relies heavily on ANZSCO as a key eligibility test. Opportunities to streamline ANZSCO assessments, and reduce processing times, will be limited if it is the primary skill test.
51. If this option was preferred, we would recommend considering stronger controls at the temporary stage, but this might affect our ability to fill short-term and “surge” labour market needs.

Option 2: Simplified points system (recommended)

52. This is a simplified points system where migrants can meet the threshold by combining:
- a. existing human capital by claiming one of a range of skill proxies, i.e. income, qualification, or professional registration; and
 - b. skilled work experience in New Zealand for up to three years.
53. This option targets people that can fill medium to long-term labour market gaps that would be hard, or take time, to fill domestically, even under the right conditions. A smaller proportion of people are expected to reach the eligibility threshold than the status quo, through locking in a skill threshold which will exclude lower skilled applicants.
54. The proposed threshold roughly equates to at least six years to replace in the domestic labour force. People would “time out” in their ability to collect points, meaning only migrants with existing human capital (equivalent to a three-year qualification) would qualify. Under this approach:
- a. There is a straight to residence pathway for the highest-skilled people in each category e.g. earning three times the median wage, holding a PHD or professional registration requiring at least six years’ qualifications/work experience.
 - b. At the lower end, someone earning 1.5 times the median wage, holding a bachelor’s degree, or a professional registration requiring three years’ qualifications/work experience could become eligible if they work in New Zealand in a skilled role.¹²
55. People filling most ANZSCO Level 1 (professional) roles would be eligible, with varying degrees of time required working in New Zealand, because they require degrees. There are 43 occupations in New Zealand where someone is required by law to hold registration to do the job, and several more where registration regimes are available but not mandatory, e.g. carpenters, accountants, and engineers.¹³ Most of these registrations take between three to five years for someone to be granted registration through a combination of qualifications, apprenticeships, and work experience. A few registration regimes, such as electrical

¹² Skilled role means ANZSCO 1-3, except for the 1.5 times median wage.

¹³ There is strong overlap with the Green List. However, the Green List is subject to review and occupations may change.

linesmen, take two years or less. We are doing further work to assess if there is value in recognising some lower level registrations or certifications as equivalent to three years, However, overall this option is expected to create the least pressure for carve-outs.

Figure 3: Overview of Option 2 – Simplified points system

Points: **6 points** (Claim from one skill category + skilled work in NZ)

High Income		or	Qualification		or	NZ Professional Registration		+	Skilled work in NZ*	
3 x Median Wage	6		Level 10 (PHD)	6		NZ Professional Registration (≥6 years training/work experience)	6		3 years	3
2 x Median Wage (2-year residence pathway)	6	Level 9 (Master's)	5	NZ Professional Registration (≥5 years training/work experience)	5	2 years	2			
1.5 x Median Wage	3	Level 8 (Honours, Post-graduate Diploma)	4	NZ Professional Registration (≥4 years training/work experience)	4	1 year	1			
		Level 7 (Bachelor's degree)	3	NZ Professional Registration (≥3 years training/work experience)	3					
				Other NZ Reg/Certification*** (e.g. <3 years training/work exp)	3					

*Skilled work = ANZSCO 1-3 at 1 x Median Wage.

**ANZSCO 4-5 + restricted occupations at 1.5 x Median Wage.

***Potential option for in-demand lower skilled occupations of national significance as an attraction mechanism, where other pathways are not available.

***We are exploring if 2-year registrations and certifications should be included (including on an exceptions basis only).

56. The advantages of this option are:

- It has the strongest focus on skills, compared to the other two options (and the status quo).
- It provides a clear threshold for migrants (including who will miss out).
- It reduces the ability to “game” points: points are awarded for a range of comparable skill proxies, but unlike the current SMC, the skill level cannot be diluted through stacking different proxies with each other or discounted by bonus points. Most people, except the most highly skilled, must demonstrate their ability to work in a skilled role in New Zealand for a few years.
- It provides an attractive residence pathway for the highest calibre migrants, while also allowing others to qualify through a balance of skills and work in New Zealand.

57. The key disadvantages are:

- It is more complex than the other options, but it's significantly simpler than the status quo.
- It continues to rely on an ANZSCO assessment (except for the income proxy), to show migrants can deploy their skills/qualifications in skilled employment in New Zealand. However, there may more opportunities to streamline this assessment when considered as part of a package. Reducing the ability to game points also removes the lowest quality applications, which take the most time to assess.
- Some higher skilled occupations with sub-degree level qualifications may miss out, particularly where there is no formal registration, e.g. chefs and some trades, unless they earn at least 1.5 times the median wage. This income threshold provides a way from some high performers within these professions to get through. Some sectors could also develop professional registration (e.g. as has been discussed for chefs).

58. We also considered work experience as a skill proxy under this option. Work experience is a significant factor of human capital and a key skill proxy in the status quo. However, experience under the current system is that verifying overseas work experience is complex, time-consuming, and often impossible – for both Immigration New Zealand and the applicant (i.e. migrants often cannot provide “proof” of previous experience, particularly where there are numerous previous employers). This means that it is not working as intended. Given these limitations and the implications for processing times, we have not included it. However, 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 income threshold.

Option 3: Income-based – 1.5 x median wage + 3 years in New Zealand

59. This option uses income as a proxy for skill and makes residence available for those paid over 1.5 times the median wage for three years in New Zealand. It meets medium-term labour market needs for highly paid roles. This is the most restrictive option, and would lead to lower numbers of people gaining residence
60. Income can be a useful measure of skill: it encompasses an employer’s assessment of the relative value a person can bring a role, incorporating both formal qualifications and relevant experience. New Zealand already uses income at either end of the SMC spectrum – the median wage is the entry threshold, and there is a streamlined residence pathway for people earning twice the median wage.
61. However, income is a blunt tool; it can play a useful role at the lower end, particularly where wages are heavily clustered (e.g. establishing a median wage threshold to lift wages) and the upper end (where high pay generally correlates with high skill), but it’s less useful in distinguishing skills within a narrow bracket. Although highly paid usually correlates with high skill, the opposite is not true: many highly skilled occupations are mid- to low-paid, because of structural labour market distortions.
62. This option would particularly favour corporate, management, ICT, finance, and professional services roles¹⁴, and those later in their careers. It would impact trades workers, younger workers and highly skilled but low-paid occupations. For example, migrants earning less than 1.5 times median wage entering New Zealand on Essential Skills visas in 2019 included: 100 per cent of physiotherapists, over 80 per cent of primary school teachers, and between 50 and 80 percent of social workers and intermediate teachers.
63. The key advantages of this option are that:
- a. It provides certainty for migrants (including to those who will miss out).
 - b. It is the most operationally efficient option, as it does not rely on an ANZSCO assessment. Processing effort will be focused on assessing and verifying salary, especially in marginal cases.
 - c. It allows the market/employers to value skills, e.g. paying more if needed to attract and retain workers.
64. Key disadvantages are that:
- a. It is significantly more restrictive than the status quo or other options. None of our key comparator countries have a flat income threshold above median wage.
 - b. It creates a large gap in eligibility between AEWV and residence, leading to either:

¹⁴In 2019, 50-100 per cent of migrants approved for Essential Skills visas in the following occupations earned more than 1.5 times median wage: Corporate General Managers; ICT Business Analysts, ICT Project Managers, Analyst Programmers, Finance Managers, Engineering Managers, Management Consultants, Systems Administrators.

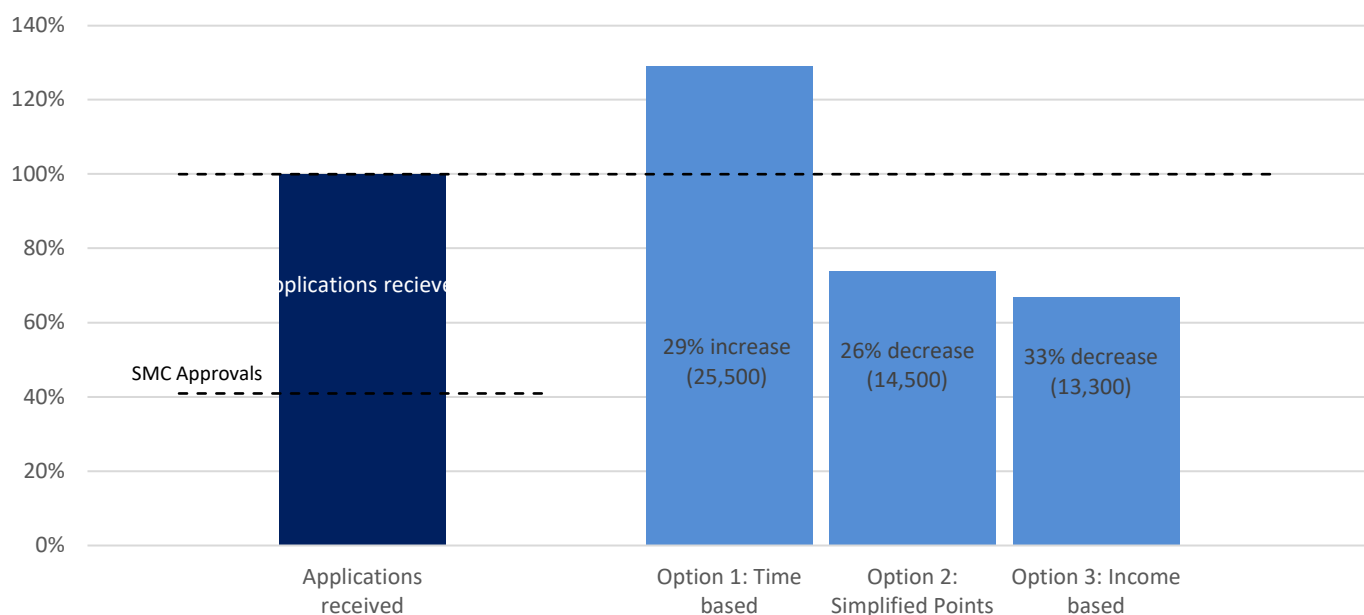
- a large cohort of people onshore without a pathway to residence; or
 - making New Zealand less attractive for temporary workers.
- c. It may also embed or reflect structural pay issues (e.g. pay parity/discrepancies across gender and ethnicity lines);¹⁵
- d. It creates a higher risk of immigration fraud, particularly around pay inflation, but this is moderated by needing to maintain it over a three-year period.
65. Although this option appeals in its simplicity, it would likely create pressure for carve-outs. We prefer that this option is part of a package, as captured by Option 2.
66. We also considered:
- a. a lower threshold, e.g. 1.25 times the median. However, differentiating within a narrower wage threshold would likely reflect actual skills even less; and might be easier to game.
 - b. using market rates rather than a flat threshold. The UK applies a “going rate” threshold, which is useful to weigh relative skill and might address some of these issues set out above, but its approach (an exhaustive list of occupations) is administratively burdensome. MBIE is beginning a process to consider how market rates could be improved. The AEWV already requires a job to be paid at the market rate, but this is a relatively light-touch assessment, focusing on obvious outliers. This work is at an early stage, and it will not be an exhaustive list.

We have estimated the relative impact of different options on the number of residence applications

67. The table below shows the relative impact of the proposed options on eligibility, using 2019 data. These estimates are preliminary and based on a range of assumptions, including the impact changes to temporary visa settings will have. The estimates do not provide a reliable estimate of actual future application numbers, unless we assume a return to pre-COVID migration flows, but they provide a good indication of how restrictive the options are relative to each other. As noted above, we expect numbers to be lower over the next few years.

¹⁵ For example, men earn on average 9.1% more than females across all roles, and 15% more in professional roles. European males on average earn 22% more than Pasifika women in professional roles.

Figure 4: Relative number of qualifying applicants under each option (based on 2019 residence and temporary work visas)



-Includes Greenlist occupations and 2 x median wage

-Based on applications not people (There are an average of 2.2 people per application)

-Based on how many principal applicants would have been eligible from the 2019 stock of visas and applications approved. We expect actual numbers to be significantly lower, particularly in the first few years following reopening of the border.

-Not all applicants that are eligible for residence will end up applying for residence.

We recommend that specified occupations be subject to special requirements

68. In the context of the Rebalance and the AEWV, Ministers considered the option of applying a different threshold for eligibility for specific occupations with known immigration risks. The occupations identified in that context was Café or Restaurant Manager, Cook, Hospitality, Retail and Service Managers, Retail Manager (General), Retail Supervisor. This was based on evidence suggesting that these roles were providing an “easy” route to residence for migrants that would otherwise not qualify. As set out in paragraph 9(b), these roles are highly represented in applications in the EOI pool, are among the lowest-paid of SMC applications, and are roles prone to “job inflation”.

69. The key risks this creates are:

- reducing opportunities for New Zealanders. These are roles that don’t necessarily rely on skills developed through university or vocational education. Where experience is required, it can usually be provided through on-the-job training and career development.
- potential for these roles to be exploited by migrants, and for exploitation of migrants.

70. We propose to treat these occupations the same as ANZSCO 4-5 occupations under all options, e.g. to either exclude them altogether or to require people in these roles to reach a higher income threshold, to mitigate these risks while keeping a pathway open for people in these occupations performing genuinely highly skilled roles. The list could be regularly reviewed and adjusted if there is evidence of significant levels of gaming, or improvements.

71. This approach is consistent with Rebalance principles of “New Zealanders first for jobs” and closing off access to roles shown to be prone to misuse of visas and supplier-induced demand. It is a lighter touch than excluding these roles from eligibility for the AEWV, while still disincentivising “gaming”.

Non-skill characteristics are not a feature of any option

72. Under all options, there is less flexibility than the current points system to recognise non-skill factors such as age, location (outside Auckland), education in New Zealand and partner credentials. This reflects trying to “keep it simple” and to avoid diluting the skill threshold. The two areas where we think that this is likely to generate most interest are the removal of additional points for:
- occupations outside Auckland.* As discussed above, this policy did not appear to be working, and incentives outside the immigration system are likely to have more impact in attracting people to the regions (e.g. wages and employment conditions);
 - international study in New Zealand.* Under the current points system, 10-15 points is awarded for study at degree level and above. Following changes to tighten post-study work rights under the Immigration Rebalance, this group are among the only student visa holders eligible for a post study work visa (alongside students studying at sub-degree level towards a Green List occupation). Students in this category are therefore already offered preferential conditions over most other migrants, in that they can work for up to three years in roles below median wage roles before moving to an AEWV.

We recommend retaining the upper age threshold

73. The status quo has an upper age limit of 55 years for eligibility, but awards more points to younger applications, e.g. 30 points for 20–39 year olds, down to 5 points for 50–55 year olds.¹⁶ This recognises that greater net contribution that younger people are likely to make, while enabling older people to get through if they can make up the points elsewhere.¹⁷ If Ministers would like to differentiate by age under the proposed options, an option is to create a higher threshold for older people, e.g. requiring higher points or income. However, we do not consider this is required.
74. The age limit of 55 years was tied to the previous superannuation eligibility requirement that a person needed to reside in New Zealand for 10 years prior to the age of 65 years to qualify. Currently, people need to have lived in New Zealand for at least 10 years after age 20. Recent changes under the New Zealand Superannuation and Retirement Income (Fair Residency) Amendment Act 2021 will gradually increase this period starting in July 2024, up to 20 years by July 2042. This means that from 30 June 2024, a skilled migrant will need to be 45 or under to qualify for New Zealand Superannuation (NZS) at the standard eligibility of 65; a 55 year old granted skilled residence has a 15 year requirement for eligibility (so qualifies at age 70); while a 50 year old has a 17 year requirement (qualifies at age 67).

Table 1: Eligibility for New Zealand Superannuation

Age when granted residence in 2024	Working years before eligibility	Age eligible for Superannuation	Year eligible for Superannuation
45	20	65	2044
50	17	67	2041
55	15	70	2039

75. We recommend retaining the upper threshold of 55 years:
- We considered lowering the upper age limit to align with the new superannuation settings, e.g. to 45 years. However, we consider that on balance 55 years is appropriate; it will be important to make the superannuation settings clear, as they effectively build in a graduated threshold for the time required in work before becoming

¹⁶The full age points breakdown is 20-39 = 30 points, 40-44 years = 20, 45-49 = 10, 50-55=5 points

¹⁷ 2-4% of approved SMC applicants each year in the last decade were over 50.

eligible. People can then make informed decisions suitable for their own circumstances.

- b. We also considered and discounted the option of removing the age limit entirely. This would risk giving residence to an increased number of people who would not likely make a net contribution to New Zealand; potentially increase welfare uptake of those unable to work; and could result as the SMC being used as a *de facto* uncapped parent category for older migrants.

We intend to explore limited exceptions to the age limit

76. The age limit of 55 was recently raised by the Association of Salaried Medical Specialists as a potential barrier to the attracting medical staff. It stated that with 15 years training required to reach specialist level, 55 years represents a professional peak for many roles, but they would be ineligible for the SMC. It noted that 43 per cent of senior doctors and dentists in New Zealand are migrant “international medical graduates”. While many of these had been in New Zealand for some time, a regular number arrive every year. As discussed with the previous Minister, as part of the SMC review we intend to explore if limited exceptions are appropriate in the medical sector (with the Ministry of Health); and/or in other sectors.¹⁸ We anticipate that this would apply to a limited number of very highly specialised roles (if any).

We do not recommend an interim SMC reopening ahead of changes

77. The options are expected to take approximately six months to implement following Cabinet decisions, based on further policy work, consultation and Immigration New Zealand’s requirements, including ICT changes. A decision is required on whether to open in the interim.
78. The primary reason for reopening the SMC earlier than that would be to give prospective new migrants and employers access to residency as soon as possible. It could also be relevant to a small (but unquantified) number of migrants onshore who missed out on the 2021 Resident Visa (mostly due to being on ineligible visa types, including student visas).
79. On balance, officials do not recommend an interim reopening the SMC as:
 - a. Demand is expected to be low due to the impact of 2021 Resident Visa, with historically only 5-10% of people applying for SMC directly from offshore. This means only a small number of people would benefit in the short time before longer term settings are in place;
 - b. Under the proposed options an interim reopening is practically redundant in most cases. Options 1 (time-based) and 3 (income-based) both incorporate mandatory time onshore, so new migrants would not be eligible and few, if any, migrants onshore would be eligible. The threshold for straight to residence is high under Option 2 (simplified points system);
 - c. Migrants in the roles we need most urgently can already secure residence in the short-term through the Green List and 2 x median wage (from September);
 - d. Immigration New Zealand is working through a backlog of pre-April 2020 SMC applications¹⁹, and it is unlikely any applications made under interim settings would be processed until this backlog is cleared, reducing the benefits of an early reopening;

¹⁸ Universities have also noted age as a barrier for highly skilled professors.

¹⁹ Approximately 2,800 SMC and Residence from Work applications are on hand, with 1,260 yet to be allocated for processing. The oldest in the queue is from August 2019.

- e. The additional work to implement and communicate an interim option would affect timeframes for implementing the end-state; and would be more difficult to communicate publicly.
80. Instead, we recommend a well-communicated, well-signalled consultation and transition. This would provide clarity and certainty for new and existing migrants, without requiring transitional measures. An interim option that is likely to change does not improve certainty for people not eligible straight away.
81. If an interim reopening is preferred, reopening under the current points system offers the quickest option to do so. Any reopening should be aligned with the future direction of the SMC, e.g. under Options 2 (simplified points system) and 3 (income-based), we recommend lifting the points threshold from 160 to 180 points. Immigration New Zealand has advised that reopening under the current points system would take two months to implement following a Cabinet decision. Resources would need to be diverted from other areas to process SMC expressions of interest. Any other changes would take longer to implement, further reducing the value of an interim reopening.

The current pool of Expressions of Interest (EOIs) for the SMC needs to be addressed under any approach

82. EOI selections have been paused since April 2020, but the ability to submit an EOI has not, meaning the EOI pool has continued to grow. An estimated 3,000 EOIs are expected to remain in the pool²⁰. Depending on the approach Cabinet decisions on the longer-term options and any interim reopening, we will provide further advice on addressing the existing EOI pool. Although on hand applications must be considered under the current SMC rules, EOIs can be assessed on new criteria (if applicants are invited to apply).

4. How do we manage people onshore without a pathway to residence?

83. All the proposed SMC options target a higher skill threshold than the AEWV, reflecting the different outcomes temporary and residence visa settings seek to achieve and the benefits residence offers migrants. That means there will be a gap and some people will not get residence. The size of the gap differs by option, with the smallest gap for Option 1 (time-based) up to the largest gap for Option 3 (income-based)
84. A key decision for Ministers is how to treat migrants onshore without a pathway to residence. There are two key policy choices:
- a. require a stand-down period after a certain period in which people must leave New Zealand, to reduce negative impacts for migrants;
 - b. accept that some people on temporary visas will never be eligible for residence or the benefits and safety nets it brings.

A stand-down period was previously agreed by Cabinet

85. In August 2017, Cabinet agreed that after three years on an Essential Skills visas²¹, migrants earning below median wage would be subject to a 12-month stand-down where they must leave New Zealand before they could qualify for another Essential Skills work visa [EGI-17-MIN-0197 refers]. In December 2018, Cabinet agreed to consultation on whether the stand-down period should be changed [CAB-18-MIN-0608.01 refers] and subsequently agreed to retain the policy [CAB-19-MIN-0439 refers].

²⁰ INZ estimates around 8,000 EOIs in the pool were submitted by applicants subsequently granted a 2021 Resident Visa.

²¹ The Essential Skills visa has now been replaced by the AEWV.

86. The first cohort of affected migrants would have been required to depart from August 2020. However, implementation was ultimately postponed given the impact of COVID-19. Since then, a median-wage requirement has been introduced for most AEWV holders under the Immigration Rebalance; and the 2021 Resident Visa will have granted residence to most people onshore who would have been subject to the stand-down (as they were 'settled').

We propose to introduce a maximum period of three years on a work visa before migrants are subject to a stand-down period

87. The context has changed with the introduction of a median wage threshold for most work visas. The rationale for introducing a stand-down period remains valid: longer than three years is significant time for people to become well-settled and lose ties to their homeland, effectively becoming *de facto* residents but without the rights that go along with it. This creates a range of negative impacts for the migrant, including:
- a. Temporary migrants don't have access to the same benefits and government support as New Zealanders, such as access to social welfare; and access to subsidised tertiary education and student loans – their children may have grown up here but would be unlikely to be able to afford tertiary education.
 - b. Temporary work visas are based on a job offer, and so despite being well settled, if a migrant is injured and no longer able to work, or they lose their job, they lose the basis for their visa and need to leave the country, leaving them in an insecure situation and vulnerable to exploitation
88. Cabinet has agreed to apply a two-year maximum work visa duration from July 2022 for migrant workers in below median wage roles [CAB-MIN-22-0145 refers]. This applies to migrants in certain care and construction roles (ahead of sector agreements coming into effect later this year); and those who come into below median wage tourism and hospitality roles at the lower wage threshold that applies from July 2022 to April 2023. Stand-down periods (up to a maximum of 2 years) are also proposed for below median wage roles within each of the five sector agreements [Briefing 2122-4751 refers].
89. We recommend that a 12-month stand-down applies to migrants after a maximum of three-years on an AEWV, unless they have applied for and are awaiting an outcome on a residence application. If agreed, officials will explore how to implement this. Options 2 and 3 have been designed to align with this threshold. Alternatively, Ministers could decide to introduce a longer period before requiring a stand-down (e.g. two AEWV visas or six years), but the risks of negative impacts for migrants increase accordingly.
90. If a stand-down period is introduced, it will be critical to clearly communicate it to prospective migrants to enable them to make informed decisions from the outset.

Next steps

We are seeking your agreement to develop the proposals for Cabinet consideration in August

91. We propose to meet with you in July to discuss the proposals in this briefing.
92. Subject to your views, we propose to develop a Cabinet paper for consideration by the Cabinet Economic Development Committee on 24 August. We will aim to provide you with a draft Cabinet paper by 20 July. This Cabinet paper will seek agreement to:
- a preferred option;
 - consultation on the preferred option for the end-state;
 - reinstate the three-year stand-down period for temporary visa holders;

- the high level approach to managing numbers;
- agreement to the form and timing of an interim reopening of SMC visas, if relevant.

Table 2: Proposed SMC timeframes for Cabinet decisions

Week of:	Milestones
11 July	Minister provides feedback on proposals (In-person discussion proposed)
18 July	Agency engagement
25 July	Draft Cabinet Paper provided to Minister by Wednesday 27 July
1 August	Ministerial consultation begins by Tuesday 2 August
8 August	Feedback from Ministerial consultation by Monday 8 August
15 August	Officials update paper Cabinet Paper lodged by 18 August*
22 August	Cabinet Economic Development Committee 24 August
29 August	Cabinet 29 August

*There is no DEV on 17 August.

93. These timeframes represent the earliest viable timeframe to get to Cabinet. We can discuss these timeframes based on your feedback and preferred approach to ministerial consultation.

We propose to undertake public consultation on the proposals

94. Over the past few years of the pandemic, only limited consultation has been possible on many immigration settings due to their urgency (both to close and reopen border). We consider it important to get back to “normal” levels of consultation for the SMC review. This will need to be reflected in the timeframes for reporting back to Cabinet and implementation.
95. Consultation on the SMC will be particularly important to understand if we are likely to miss out on high-value occupations under the options; the tighter the proposals, the more interest we expect in consultation. We are seeking your views on the expected nature and level of consultation. We propose that:
- Following Cabinet decisions in August, we develop consultation materials for your consideration by the end of September. We propose to focus on the preferred option only (noting the other options considered), so work can begin on implementation subject to changes following consultation.
 - We will undertake four to six weeks’ public consultation in October/November, including:
 - o targeted engagement with relevant peak bodies, employer groups, unions, and migrant representative groups;
 - o light public consultation using MBIE’s online channels, including social media (but not a roadshow or public meetings).

96. Note these timeframes will likely need to be moved back if Cabinet decides to introduce an interim option, due to the implementation and communications requirements.

We would then aim to reopen by the second quarter of 2023

97. The timing of the second stage of advice will depend on Cabinet decisions, including on the level of consultation. We would anticipate reporting back to Cabinet by the end of January on the detail of the policy and implementation. The aim would be to reopen the SMC under the new system in the second quarter of 2023.

Annexes

Annex One: Summary of benefits of residence, permanent residence, and citizenship

Annex Two: Current Points System

Annex Three: Summary of Options

Annex One: Summary of benefits of residence, permanent residence, and citizenship

Permanent residence can generally be applied for after two years after residence is granted, with citizenship available after a further five years.

	Temporary visa < 2 years	Temporary visa > 2 years	Residence	Permanent residence	Citizenship
Eligible for ACC	+ Yes	+ Yes	+ Yes	+ Yes	+ Yes
Eligible for publicly funded healthcare ¹	- No	+ Yes	+ Yes	+ Yes	+ Yes
Eligible for benefits/social welfare	- No	- No	+ Yes	+ Yes	+ Yes
Eligible to vote	- No	- No	+ Yes	+ Yes	+ Yes
Can live in New Zealand indefinitely	- No	- No	+ Yes	+ Yes	+ Yes
Children eligible for student loans	- No	- No	+ Yes	+ Yes	+ Yes
Able to buy a house to live in	- No	- No	+ Yes	+ Yes	+ Yes
Children eligible to study at domestic rate	- No	- No	+ Yes	+ Yes	+ Yes
Visa has an end date	- Yes	- Yes	+ No ³	+ No	+ No
Occupation restrictions (Commercial sexual services, public office)	- Yes	- Yes	- No ²	+ No	+ No
Travel restrictions	- Yes	- Yes	- Yes ³	+ No	+ No
Live and work in Australia	- No	- No	- No	- No	+ Yes

1. Children under the age of 18 are eligible if their guardian is eligible. People that are not eligible must be treated if acutely unwell but will be charged.

2. Restrictions on commercial sexual services only applies while there are conditions on the visa (for example to live outside Auckland, or travel conditions within the first two years).

3. Has limited entry and exit rights within the first two years of a residence class visa. After two years these expire, meaning if people exit the country without applying to renew them, they are not able to re-enter and their visa expires.

Annex Two: Current Points System

Factors	Sub-factor	Points
Age (20 to 55 years)	20-39	30
	40-44	20
	45-49	10
	50-55	5
Skilled employment	Current skilled employment in New Zealand or an offer of skilled employment in New Zealand	50
Bonus points for skilled employment	Current skilled employment in New Zealand or an offer of skilled employment in New Zealand in an area of absolute skills shortage	10
	Current skilled employment or an offer of skilled employment outside the Auckland region	30
	Current skilled employment or an offer of skilled employment with remuneration of least \$54.00 per hour, or the equivalent annual salary	20
Skilled work experience	2 years	10
	4 years	20
	6 years	30
	8 years	40
	10 years	50
Additional bonus points if skilled work experience is in New Zealand	1 year or more	10

Factors	Sub-factor	Points
Additional bonus points for experience in area of absolute skills shortage	2 to 5 years	10
	6 years or more	15
Qualifications	Recognised level 3 qualification if included on the List of Qualifications Exempt from Assessment (LQEA)	40
	Recognised level 4-6 qualification (e.g. trade qualification, diploma)	40
	Recognised level 7 or 8 qualification (e.g. bachelor's degree, bachelor's degree with Honours)	50
	Recognised level 9 or 10 post-graduate qualification (Master's degree, Doctorate)	70
Bonus points for qualifications gained in New Zealand	2 years of full-time study in New Zealand completing a recognised bachelor degree (level 7) New Zealand qualification; or	10
	1 year of full-time study in New Zealand completing a recognised post-graduate New Zealand qualification; or	10
	2 years of full-time study in New Zealand completing a recognised post-graduate New Zealand qualification	15
Bonus points for partner's qualification (either)	Recognised qualification at level 7 or 8; or	10
	Recognised qualification at level 9 or above	20
Bonus points for partner's skilled employment	Partner's current skilled employment in New Zealand or offer of skilled employment in New Zealand.	20

Annex Three: Summary of Options

All migrants must:

- Have a job or a job offer and be paid at least median wage (currently \$27.76 per hour/\$57.7k per annum). This acts as a (light) labour market test.
- have minimum English language equivalent to IELTS 6.5
- meet age, health, character, and national security requirements
- Specific occupations that have demonstrated immigration risks (i.e. the restricted occupations list) will be treated the same as ANZSCO Levels 4-5

	Status Quo: Points-based system combining skill proxies and other characteristics	Option 1: Time in New Zealand leads to residence (least restrictive option)
Headline		“A pathway to residence for migrants who demonstrate commitment to working in New Zealand”
What does this approach target?	<ul style="list-style-type: none"> • Individual human capital using qualifications and work experience as key skill proxies, alongside settlement factors • Non-prescriptive: labour market determines where those skills are needed 	<ul style="list-style-type: none"> • Roles where there is a medium-term labour market need • Avoids having migrants onshore without a pathway to residence
Eligibility	<ul style="list-style-type: none"> • Job/offer at ANZSCO 1-3 + median wage, or ANZCO 4-5 + 1.5 x median wage • Points for age (max points <40 years) • Points for “hard” skills (skilled employment, work experience and qualification) • Bonus points for range of non-skill factors (broadly relating to settlement outcomes) 	<ul style="list-style-type: none"> • Job/offer at ANZSCO 1-3 (= “skilled”) • At least 5 years in New Zealand on an AEWV or equivalent
Possible options/variatio	<ul style="list-style-type: none"> • Lift points threshold (not recommended as locks in existing distortions) • Address key distortions (e.g. points for jobs outside Auckland) • Introduce restricted occupations list 	<ul style="list-style-type: none"> • Remove ANZSCO test (= simpler to assess, but not recommended as increases pool of unskilled people onshore who are more vulnerable to economic shocks/downturns)
Who misses out?	<ul style="list-style-type: none"> • Most ANZSCO levels 4-5 (unless above 1.5 x median wage) • People without a formal qualification (e.g. tradespeople) 	<ul style="list-style-type: none"> • ANZSCO levels 4-5 (= “unskilled”)
Key pros	<ul style="list-style-type: none"> • Allows range of factors to be weighed against each other • Generally targets the “right” skill mix (theory is good, practice is not) • Points can be adjusted up or down to manage numbers, and system could be made competitive 	<ul style="list-style-type: none"> • Avoids risk of migrants settling onshore without a pathway to residence (migrants on an AEWV meet threshold by default) • Highest level of certainty for migrants • Simple
Key cons	<ul style="list-style-type: none"> • No clear skill threshold: <ul style="list-style-type: none"> ○ Bonus points are acting to “discount” the skills required (the points are not “like for like”) ○ Work experience, a key skill proxy in the current system, is hard to verify so seldom used ○ Some qualifications are overvalued and can be used to game system (e.g. a one-year diploma is equivalent to 8 years’ skilled experience) • Significant number of people “falling across the line”, i.e. becoming eligible with relatively low human capital (= points are able to be “gamed”) • Complex – both operationally and for migrants 	<ul style="list-style-type: none"> • Lowest skill mix (relies on ANZSCO only) • Fixed time requirement: <ul style="list-style-type: none"> ○ represents a low threshold for those who arrive with low human capital ○ may deter highly skilled migrants, who could move straight to residence in other countries • High immigration risks – increased incentives to game, people are willing to put up with poor conditions to get residence • Relies heavily on ANZSCO assessment, which is the is most difficult to assess
Numbers	<ul style="list-style-type: none"> • Previous planning range of 1,400 to 1,700 skilled residence applications per month, but significantly higher numbers qualified • Numbers can be managed through adjusting the points threshold/making it competitive 	<ul style="list-style-type: none"> • Relies on labour market to manage numbers – expected to be significantly higher • No control of numbers or ability to target, unless the threshold is lifted at the AEWV stage
Fast-track option	<ul style="list-style-type: none"> • Continue to prioritise those with registration 	<ul style="list-style-type: none"> • Fast track limited to Green List and twice median wage only
Time to implement	<ul style="list-style-type: none"> • 2 months 	<ul style="list-style-type: none"> • 4-6 months to implement • Low urgency – almost all eligible people onshore would be eligible for the 2021 Residence Visa, people coming in from offshore would need to spend 5 years on AEWV
Recommended	<p>Not recommended</p> <p>Some tweaks could be made to improve it, but key skill proxies are not working as intended; bonus points are diluting the skill level and/or are no longer relevant.</p>	<p>Not recommended</p> <p>If a time-based option was preferred, further work would likely be needed to better manage demand at the AEWV stage (i.e. to lift the skill threshold and manage numbers). Time in New Zealand is incorporated as part of other options (with Option 2 variable).</p>

	Option 2: Simplified points system with minimum skill threshold (balanced option)	Option 3: Income is used as a proxy for skill (restrictive option)
Headline	“A clearer, fairer and simpler skill-based points system”	“A pathway that places a high value on residence to support a higher-wage economy”
What does this approach target?	<ul style="list-style-type: none"> • Similar to the status quo (individual human capital, non-prescriptive) • “Fixes what’s broke” by setting a clear minimum skill threshold using a range of skill proxies • Targets people that can fill medium- to long-term labour market gaps that would be hard, or take time, to fill domestically, even under the right conditions • Proposed threshold roughly equates to at least six years to replace 	<ul style="list-style-type: none"> • Human capital using income as a proxy for skill • Valuing of skills is left to the labour market and employers • Aims to support a higher-wage economy by limiting long-term access to migrants paid below the threshold
Eligibility	<ul style="list-style-type: none"> • Job/offer at ANZSCO 1-3 (= “skilled”) • Points from a range of skill proxies (green list occupations, high income, formal qualifications, recognised professional registration) + skilled work experience in New Zealand (≥3 years) • Generally requires at least 3 year-equivalent qualification/work experience (if recognised as part of NZ registration) before arriving in New Zealand (except for international students) 	<ul style="list-style-type: none"> • Income above 1.5 x median wage (currently \$86.6k) • At least 3 years’ work experience in New Zealand at that salary • (No ANZSCO test or excluded occupations)
Possible options/variations	<ul style="list-style-type: none"> • Other factors could be added as part of a points system, e.g. for work outside Auckland, but the impact would be limited as we recommend maintaining the minimum skill threshold 	<ul style="list-style-type: none"> • Add ANZSCO test (= focus on skills) • Use market rate for roles or industries (i.e. similar to the UK and more specific than the current market rate test, but it would take significant time to build this capability)
Who misses out?	<ul style="list-style-type: none"> • ANZSCO levels 4-5 (= “unskilled”) • People who do not have recognisable qualifications on arrival, unless they earn above 1.5 x median wage (i.e. people cannot stay indefinitely in New Zealand to build points). This includes e.g. people at ANZSCO level 2-3 without a formal qualification, including tradespeople without a relevant registration; chefs etc unless otherwise qualified 	<ul style="list-style-type: none"> • Anyone who does not meet income threshold: <ul style="list-style-type: none"> ○ occupations where skill level and income are not well-aligned. (e.g. corporate, finance and ICT managerial roles generally eligible, but trades, technicians and people in women-dominated occupations, e.g. social services, more likely to miss out) ○ Younger people/people earlier in their career more likely to miss out (on average people aged 40-49 years earn the most)
Key pros	<ul style="list-style-type: none"> • Clear skills threshold = supports higher productivity economy, fair, certainty for migrants • Allows range of “like” skill proxies to be eligible – but different proxies cannot be stacked against each other or discounted, i.e. removes ability to “game” points (reduces number of lower skilled applicants and operational burden of assessing low-quality applications) • Rewards existing human capital (with a faster pathway for higher-skilled) • Less complex to assess than status quo • Requires fewest carve-outs/lowest use of green list to get people through 	<ul style="list-style-type: none"> • Clear threshold for migrants to understand = certainty • Supports higher-wage economy (high threshold for employing migrants longer-term) • Operationally efficient
Key cons	<ul style="list-style-type: none"> • Trades/service workers without formal registration, or that require less than 3 years to qualify will not be eligible. (We are working through impacts and, if appropriate, how they could be addressed, e.g. recognising relevant qualifications/certification as equivalent to 3 years) • Highly experienced people without a qualification will not get through, unless they earn at least 1.5 x Median Wage • Continues to rely on ANZSCO assessment, but may be opportunities to streamline this given other skill measures 	<ul style="list-style-type: none"> • Highly restrictive – SMC applicants tend to cluster around the median wage level. Although highly paid people are likely skilled, mid-low paid does not always mean low-skilled. • Large gap in eligibility between AEWV and residence, leading to either: <ul style="list-style-type: none"> ○ a large cohort of people onshore without a pathway to residence; or ○ people choosing not to come on AEWVs • Embeds/reflects structural pay issues (i.e. pay parity/discrepancies across gender and ethnicity lines, e.g. men earn on average 9.1% more than females across all roles, and 15% more in professional roles. European males on average earn 22% more than Pasifika women in professional roles) • Higher risk of immigration fraud (income on its own is relatively easy to inflate/fake, but this is moderated by needing to maintain it over a long period) • Likely to be high pressure for carve-outs for highly skilled, lower paid occupations
Numbers	<ul style="list-style-type: none"> • Managed through setting of skill level • Fewer people will qualify than currently, primarily those at lower skill levels 	<ul style="list-style-type: none"> • Managed through income threshold • Lowest number qualify that all other options
Fast-track option	<ul style="list-style-type: none"> • Built in = the higher the existing human capital, the less time required onshore 	<ul style="list-style-type: none"> • Fast track limited to Green List and twice median wage only
Time to implement	<ul style="list-style-type: none"> • Approximately 6 months to develop new points system, including policy work, consultation, implementation and training • Option to open under previous points system in interim (not recommended) 	<ul style="list-style-type: none"> • 4-6 months to develop, including consultation and implementation, may take longer to identify carve-out process) • Low urgency– almost all eligible people onshore would be eligible for the 2021 Resident Visa, people coming in from offshore would need to spend 3 years on AEWV
Recommendation	Recommended Captures broad range of medium to high level skills, and importantly reduces lower quality applications.	Not recommended Likely to create most pressure for carve-outs for highly skilled, lower paid roles.