



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
April 2023	Future of the Skilled Migrant Category – Final Proposals	Office of the Minister of Immigration
5 April 2023	Future of the Skilled Migrant Category – Final Proposals DEV-23-MIN-0049 Minute	Cabinet Office
7 October 2022	Future of the Skilled Migrant Category: Consultation document	MBIE
10 February 2023	Future of the Skilled Migrant Category – Public consultation outcomes and next steps	MBIE
1 March 2023	Future of the Skilled Migrant Category – Final Decisions: Draft Cabinet paper	MBIE
10 March 2023	Future of the Skilled Migrant Category – Final decisions: Cabinet Paper for Ministerial Consultation	MBIE
29 March 2023	Skilled Migrant Category and the Green List: Final Cabinet papers for lodging	MBIE
19 April 2023	Decisions on future use of the LQEA	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

Future of the Skilled Migrant Category – Final decisions: Draft Cabinet paper

Date:	1 March 2023	Priority:	High
Security classification:	In Confidence	Tracking number:	2223-2602

Action sought		
	Action sought	Deadline
Hon Michael Wood Minister of Immigration	Provide feedback on the attached draft Cabinet paper, to support development of a Cabinet paper for Ministerial consultation on 13 March.	6 March 2023
Hon Ginny Andersen Associate Minister of Immigration	Copy attached for your information	N/A

Contact for telephone discussion (if required)			
Name	Position	Telephone	1 st contact
Melanee Beatson	Acting Manager, Immigration Policy (Skills and Residence)	Privacy of natural persons	✓
Nita Sullivan (Cabinet paper)	Senior Policy Advisor		
Monique Harvison (briefing)	Senior Policy Advisor		

The following departments/agencies have been consulted on the proposals in this Cabinet paper:
Ministry of Education, Ministry for Ethnic Communities, Ministry of Health, Te Tūāpapa Kura Kāinga Ministry of Housing and Urban Development, New Zealand Qualifications Authority, Ministry for Pacific Peoples, Ministry for Primary Industries, Ministry of Social Development, Te Puni Kōkiri, The Treasury, Ministry of Transport, and Ministry for Women.
MBIE teams were also consulted as follows: Immigration New Zealand, Regional Skills Leadership Groups, Tourism Policy, Digital Policy, Skills and Employment Policy, Building System Strategy and Performance, Construction Sector Accord, Building Policy, Occupational Regulation, and Corporate Governance.

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

Future of the Skilled Migrant Category – Final Decisions: Draft Cabinet paper

Date:	1 March 2023	Priority:	High
Security classification:	In Confidence	Tracking number:	2223-2602

Purpose

To seek your feedback on the attached draft Cabinet paper, with a view to circulating the paper to your colleagues on 9 March (for two weeks of Ministerial consultation) before consideration at Cabinet Economic Development Committee (DEV) on 5 April.

Executive Summary

This paper provides you with a draft Cabinet paper *Future of the Skilled Migrant Category – Final Decisions*, which reflects your feedback on proposals [2223-1771 refers] and input from agency consultation.

We have worked extensively with other agencies throughout the SMC review policy development process and incorporated feedback into the policy design and proposals. All agencies who responded during the agency consultation process were broadly comfortable with the proposed changes to the SMC. The Ministries of Health and Education provided some feedback around recognition of registrations, which is detailed in the body of this paper. Due to the impacts of Cyclone Gabrielle, we are expecting that there may be some further agency feedback received later this week, which we can incorporate into the final version of the Cabinet paper.

In response to our latest advice, you indicated that you would prefer a longer maximum continuous stay, and a corresponding longer Accredited Employer Work Visa (AEWV). We have provided some initial advice on a five-year AEWV in this briefing, including options for existing AEWV holders, and will follow up with further advice.

We are seeking your agreement on other minor policy refinements, including:

- adding Traction Line Mechanics (21-month training programme) to the list of regulated registrations worth 3 skill proxy points;
- closing of the current SMC; and
- calculation of skilled work experience duration.

We are also seeking your views on the timeframe for closing the current SMC. The operational preference is to close four months before opening under the new settings, but two months might also be considered appropriate if there are concerns about the public perception of having this residence pathway closed for that period.

Once you have provided feedback on this briefing and the attached draft Cabinet paper, we will provide you with a revised Cabinet paper on 8 March for circulation to your colleagues for Ministerial consultation, before consideration at Cabinet Economic Development Committee (DEV) on 5 April. We expect that the new SMC will be able to be implemented 6 months after Cabinet decision, but that some related elements, such as the additional time on an AEWV for those on a recognised pathway to residence, will have a longer implementation timeframe (as they will not be needed until the first cohorts start becoming eligible in 3-4 years).

Recommended action

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

- a **Provide feedback** on the attached draft Cabinet paper, which reflects your feedback from our briefing in February [2223-1771 refers] and agency consultation
Agree / Disagree
- b **Note** that we have received some agency feedback which is reflected in the draft Cabinet paper where appropriate, but that we may receive more later this week as many agencies have been busy responding to the impacts of Cyclone Gabrielle
Noted
- c **Note** that following your feedback, we will update the paper for you to circulate to your colleagues on 9 March for two weeks of Ministerial consultation before consideration at Cabinet Economic Development Committee (DEV) on 5 April
Agree / Disagree

Policy decisions

- d **Agree** to extend the maximum duration of new Accredited Employer Work Visas from three years to five years, subject to agreement on a five-year maximum continuous stay
Agree / Disagree
- e **Note** that officials are working through the implementation of extending the maximum length of an AEWV to five years, including how it will apply to existing AEWV holders, and will provide further advice to you on this
Noted
- f **Agree** to refinements to the registration skill proxy to include traction line mechanics (21-month training programme)
Agree / Disagree
- g Provide feedback on the timing of the final draw of Expressions of Interest under the current SMC
Agree / Disagree
- h **Agree** that skilled work experience should be counted on a graduated scale, up to a maximum of five years, to provide migrants with additional flexibility to meet the requirement (rather than requiring 12 months immediately prior to application)
Agree / Disagree
- i **Note** that further information, such as the communications package and further forecasting, will be provided with the final draft Cabinet paper
Noted

Privacy of natural persons

Melanee Beatson
Acting Manager, Immigration Policy (Skills and Residence)
Labour, Science and Enterprise, MBIE

01 / 03 / 2023

Hon Michael Wood
Minister of Immigration

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Background

1. A draft Cabinet paper, *Future of the Skilled Migrant Category – Final Proposals*, is attached for your feedback. This paper reflects your feedback on our recent paper [2223-1771 refers] and points raised in agency consultation.
2. Once we have your feedback, we will provide a revised Cabinet paper by Wednesday 8 March. Some sections of the draft Cabinet paper are yet to be finalised (including implementation details and further information around communications and forecasting). These are square bracketed in the draft briefing. We will provide this information in the revised draft.
3. We propose that you circulate the revised version to your colleagues on 9 March for two weeks of Ministerial consultation, before consideration at Cabinet Economic Development Committee (DEV) on 5 April.

Agency feedback on draft Cabinet paper

4. We have worked with a broad range of government agencies throughout the policy design and development process. Many agencies provided substantial feedback on the previous Cabinet paper in September [CAB-22-MIN-0411 refers], and also advised on relevant registrations administered by their agency. Agencies were broadly supportive of the final proposals.
5. We circulated a draft Cabinet paper to agencies for comment on 21 February. Many agencies have been impacted by the response to Cyclone Gabrielle and we are expecting that some further feedback may be received this week, which will be reflected in the final version.
6. The following table summarises feedback we have already received, which has been incorporated in the draft Cabinet paper where appropriate.

Feedback received	Response and/or changes made
<ul style="list-style-type: none"> • The Ministry of Health (MoH) supports the simplification of the SMC, recognising two-year registrations, and the introduction of the five-year AEWV and maximum continuous stay. • It raised concerns that self-regulated health professions are not included, and that if these roles are later removed from the Green List there will be no pathway to residence for people in these occupations. 	<ul style="list-style-type: none"> • We have discussed the issues with self-regulated health professions with MoH and it understands the rationale for not including all self-regulated registrations under this skill proxy. • MBIE did not identify any concerns with the robustness of the self-regulated occupations proposed for inclusion under the SMC by MoH, but considers that further work would be required to ensure the overall skill threshold and integrity of the SMC is not compromised by including self-regulated membership bodies across the board. Of the 21 self-regulated occupations raised by MoH for inclusion under the registration proxy, 17 require at least a degree qualification to gain registration and therefore will already have a pathway to residence through the SMC via the qualification proxy. Of the remaining four registrations that would not have a pathway through the SMC qualification pathway, three have been recommended by MoH for inclusion on the Green List as part of changes currently under consideration. • We have committed to engaging with MoH on

Feedback received	Response and/or changes made
	the approach to self-regulated registrations in the future.
<ul style="list-style-type: none"> • The Ministry of Education (MoE) supports the focus on medium to high-skilled migration, the simplified points system, the maximum continuous stay (and additional visa for those on a pathway to residence), and the longer AEWV. • It particularly welcomes the pathway to residence through SMC for all teachers, in addition to their recent inclusion on the Green List. • It also welcomes the decision to remove the planning range, noting the need for a monitoring system. • MoE also signalled a desire to work with MBIE on ensuring the registration process is streamlined and doesn't put extra pressure on registering bodies. 	<ul style="list-style-type: none"> • We will engage further with MoE on the approach to registrations. The intention is that the information and the documentation an applicant requires is clear and streamlined across all of the skill proxies. For registration, the intention is to draw on existing processes and not to create additional work.
<ul style="list-style-type: none"> • Ministry of Housing and Urban Development indicated that they would like to engage on further development of the skilled migration performance framework, noting concerns about population change the impact on housing, infrastructure and services 	<ul style="list-style-type: none"> • Noted that HUD will engage with this work as it is progressed by MBIE
<ul style="list-style-type: none"> • The Ministry of Transport sought information on how new regulated registrations might be included 	<ul style="list-style-type: none"> • Clarified that new regulated registrations can be added to the registration list
<ul style="list-style-type: none"> • Te Puni Kōkiri, Ministry of Pacific Peoples, and the New Zealand Qualifications Authority all noted that they have provided feedback in the past, and indicated support for the policy proposals 	<ul style="list-style-type: none"> • N/A

Further policy refinements

Five-year AEWV work visa

7. You indicated your preference for a longer maximum continuous stay of five years, and for a longer AEWV to align with this. A longer AEWV will allow sufficient time for people to meet the skilled work experience points for SMC before their AEWV expires, especially for people who need to work for three years in New Zealand to be eligible. It will also create operational efficiencies and enhance the attractiveness of the AEWV for both migrants and employers by providing more time and greater certainty.
8. We are working through the details of implementation with INZ. For those currently on a three-year AEWV (approximately 36,000 people), we recommend that they can apply for an additional AEWV to align with the five years. We are working through options for how to implement this fairly and efficiently, e.g., allowing people to stay for five years from the date of announcement, or allowing people to apply for an additional three-year visa at the end their current one. We also recommend no requirement for a new Job Check (if they are in the same role with the same employer in the same location). This will help to align benefits and requirements for all no matter when they first applied for an AEWV.
9. We will provide further advice with the next version of the Cabinet paper.

Eligibility for an additional AEWV despite the Maximum Continuous Stay

10. You indicated your preference for people on a recognised pathway to residence (with at least 3 skill proxy points) to be eligible for a further AEWV, without leaving New Zealand, to enable them to complete the required skilled work experience to meet the simplified points system threshold. We are working through the implementation of this with INZ.
11. As signalled in the Cabinet paper, this will not need to be implemented until the first cohorts subject to a maximum continuous stay come to the end of their AEWV's (in three to four years' time). Consideration will also be given to whether this visa should be a 'work to residence'-style visa i.e. if health, character, English residence requirements etc. are assessed up-front. This would reduce the likelihood of granting additional time to people who will ultimately not meet the criteria under the simplified points system but will add to the complexity of processing these applications.

Refinements to registration skill proxy

12. You indicated you were open to considering any strong cases for particular occupations that fall narrowly under the two-year threshold for registration. We propose to include traction line mechanics as a regulated registration eligible for three skill proxy points. This is the only regulated registration that requires more than 18 months but less than two years of training/experience (the qualification takes 21 months) and is also the only specialty of line mechanic currently excluded from the criteria. This provides a pathway to residence through the simplified points system for all line mechanics, while still maintaining a clear and fair skill threshold.

Closing of applications under the current SMC

13. We signalled in the previous briefing that we would undertake further work on when the current SMC would be closed, to support decisions around the transition from the existing SMC to the new simplified points system. We are seeking your views on the timing for the final Expression of Interest (EOI) that draw under the current SMC.
14. EOIs that meet the points threshold under the current SMC are currently drawn on the third Wednesday of every month. Applicants whose EOI is assessed as meeting the eligibility criteria are then issued an Invitation to Apply, and from that point have four months to make a formal application.
15. There are three main options for determining when the last EOI draw will take place, as outlined in the following table:

Last EOI draw	Pros	Cons
Option 1: Last EOI draw 4 months prior to new SMC (operational preference)	<ul style="list-style-type: none"> • Better position INZ to resource to demand and deliver on the new SMC successfully, as there will be fewer applications under the existing SMC still on hand • Reduce complexity as no overlap in existing and new SMC applications (last applications under existing settings will be submitted within four months from date of Invitation to Apply) 	<ul style="list-style-type: none"> • 4-month period when migrants will be unable to submit and EOI for SMC (though may apply for residence under other streams eg Green List) • May be perceived as being closed to new residents (but can be mitigated by highlighting new, simpler process) • May contribute to a surge in applications when new SMC opens (built up demand) • Still some overlap in processing the two SMC application streams

Last EOI draw	Pros	Cons
Option 2: Last EOI draw 2 months prior to new SMC (recommended)	<ul style="list-style-type: none"> Balanced option Relatively small 2-month gap for migrants wishing to submit an EOI or apply under the new SMC Some overlap between applications and processing under the existing and new SMC policies, but less than option 3 	<ul style="list-style-type: none"> Current SMC cannot close until at least two months after the new policy goes live as people invited to apply for residence are given four months to do so Complexity for INZ in resourcing, allocation and reporting on SMC application flows More difficult to deliver new SMC given more truncated timeframes
Option 3: Keep SMC open until new system goes live	<ul style="list-style-type: none"> Keeps open an SMC pathway with no gap. Information will be clearly outlines to enable potential applicants to make the decision most appropriate to their situation 	<ul style="list-style-type: none"> Resourcing, allocation, and reporting of SMC applications flows more complex to manage, as applications for both streams will be received and processed concurrently Fewer resources will be available to process applications under the new system, slowing down processing times Potential for worse outcomes for applicants (e.g. processing delays)

16. Holding the final draw four months before the new settings are implemented is the operational preference: people have four months to apply for residence once invited, so it would mean not operating two systems at once and reduces the potential backlog upon opening under the new settings. For customers, the new settings will be clearly signalled. Most people will need to undertake some time in New Zealand to meet the points eligibility, and they can continue to work on an AEWV until the new settings open.
17. Most people eligible for the current SMC at 180 points are expected to be eligible for the new SMC, so in practice we do not consider that people will miss out by closing the SMC early. However, there may be perception issues if this skilled residence pathway is closed for four months. We have therefore provided an option of closing the current SMC two months before the new system opens.
18. We do not recommend keeping the current SMC open until the new system opens. This would mean a long overlap with two systems open, which would affect resourcing and the ability to process new applications efficiently.
19. Green List Straight to Residence applications are prioritised over other skilled residence applications, and processing times for these priority visa streams would be unaffected.

Calculation of skilled work experience duration

20. In our previous briefing [2223-1771 refers] you agreed with our recommendation that skilled work experience must be undertaken within a maximum of five years prior to application, with at least 12 months undertaken immediately before application [recommendation h iii]. We have received further advice from INZ, which has identified examples of situations where this may have unintended difficulties for applicants, example e.g. someone with several years of skilled work experience having a short gap in employment when they changed jobs within 12 months of applying for SMC.
21. We still consider that there is a strong rationale for requiring skilled work experience to be relatively recent, to demonstrate that someone can effectively deploy relevant skills in the New Zealand labour market. We therefore recommend a flexible, graduated approach,

roughly equivalent to three years skilled work experience over the past five. (This was option two advice provided to you last week.)

Issues not included in the Cabinet paper

Update on over 55s

22. As noted in the recent briefing, we have been working with the Ministry of Health on possible options for exceptions to the SMC age limit of 55 years for a limited number of highly specialised health roles. We recommend not progressing any exceptions at this stage, as we have been unable to narrow the list beyond the Ministry of Health's preference for all roles included on the Straight to Residence Green List, which we do not consider appropriate given the risks that would come with such a broad exception. We therefore have not included it in the Cabinet paper.

List of Qualifications Exempt from Assessment

23. We are working with New Zealand Qualifications Authority (NZQA) and INZ on potential changes to the List of Qualifications Exempt from Assessment (LQEA). Most applicants needing evidence of their overseas qualification's New Zealand equivalence for immigration purposes are required to provide an International Qualification Assessment (IQA) from the New Zealand Qualifications Authority (NZQA). This process presents an additional cost (\$455 per assessment) and processing time for the applicant.
24. Where an applicant's qualification is on the List of Qualifications Exempt from Assessment (LQEA), they do not need to complete an IQA. The LQEA includes qualifications from 37 countries, and lists the qualification type, awarding institution and relevant dates. It is maintained by NZQA with funding from INZ (from visa fee revenue) and hasn't been updated in recent years due to the pandemic.
25. Through the SMC review project, both NZQA and INZ have raised that the LQEA is costly and resource intensive to maintain and is not perceived to be achieving its initial objectives of streamlining the qualifications assessment process for applicants. We have agreed to further work to consider removing, updating, or amending the LQEA so that all qualifications assessment processes compliment both the simplified points system and other temporary and residence visa pathways. We will provide you with further advice in late March, with a view to being able to implement any changes alongside the new SMC.

International comparisons

26. International skilled migrant pathways in key comparator countries are summarised below for your reference.
27. New Zealand competes for talent with countries such as Australia, Canada and the UK. 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. Many countries are in a state of economic recovery post-COVID and are looking to attract migrants.
28. **Australia** 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 its skilled migrant cap raised from 79,600 to 142,400 for this financial year (in recognition of impact of COVID-19). Visa processing times for these permanent residence pathways vary, with 90% of applications currently being processed in between three to 13 months.

29. **Canada** 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, and migration is seen as a key part of Canada's population growth policy. It has set a target of 400,000 new residence visas over the next year and has significantly dropped its points threshold. Current volumes and processing times are high, with Federal Skilled Worker and Trades applications taking 31 and 70 months respectively to be processed.
30. **The UK** system is aimed at changing industry structures to reduce temporary migrant reliance, incentivise investment in capital, and manage security risks. The UK model does not cap numbers, and is primarily time based, requiring residence applicants to hold an eligible temporary work visa for five years to be eligible. A simple points-based system is used to manage who can get a temporary work visa in the first place. However, there is some criticism that the UK's immigration settings are resulting in too many low-skilled migrant workers and very high numbers of international students in their economy.

Next steps

31. Once we have received your feedback, we will provide you with a revised draft Cabinet paper for circulation for Ministerial consultation, with a view to lodging a final paper on 30 March for consideration at DEV on 5 April. The key date and milestones are set out below.

Date	Milestones
Monday 6 March	Feedback from Minister on draft Cabinet paper Officials update Cabinet paper by Wednesday 8 March
Thursday 9 March	Ministerial consultation begins (2 weeks)
Thursday 23 March	Feedback from Ministerial consultation due
Tuesday 28 March	Revised Cabinet paper provided to Minister
Thursday 30 March	Cabinet paper lodged
Wednesday 5 April	Cabinet Economic Development Committee
Tuesday 11 April	Cabinet (Final Cabinet before recess)

Annexes

Annex One: Draft Cabinet paper

Annex One: Draft Cabinet paper
