



BRIEFING

Final Cabinet paper on the Immigration Rebalance – details of sector agreements

Date:	27 July 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2223-0147

Action sought		
	Action sought	Deadline
Hon Michael Wood Minister of Immigration	Agree to lodge the Cabinet paper for consideration at DEV on 3 August 2022	28 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	Privacy of natural persons	✓
Steven Sue	Principal Policy Advisor	Privacy of natural persons		

The following departments/agencies have been consulted on the proposals in this Cabinet paper:
<p>Input was received or sought on the proposals (not necessarily on this briefing or the attached iteration of the Cabinet paper) from the following agencies: The Department of Prime Minister and Cabinet, Treasury, Ministry of Education, Ministry of Foreign Affairs and Trade, Ministry of Health, Ministry for Ethnic Communities, Te Tūāpapa Kura Kāinga Ministry of Housing and Urban Development, Ministry for Pacific Peoples, Ministry for Primary Industries, Ministry of Social Development (including the Office of Disability Issues), Te Waihanga New Zealand Infrastructure Commission, Ministry of Transport, Ministry for Women and Te Puni Kōkiri.</p> <p>MBIE teams were also consulted as follows: Tourism Policy, Building System Performance Policy, Digital Policy, Pacific Policy, Workplace Relations and Safety Policy.</p>

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 Withdrawn |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



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Purpose

To seek your final feedback on the attached Cabinet paper prior to lodgement with Cabinet Office, for consideration at Cabinet Economic Development Committee (DEV) on 3 August.

Recommendations

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

- a **Note** that the attached draft Cabinet paper has been amended to reflect feedback from your Ministerial colleagues (Annex One)

Noted

- b **Provide** feedback on the draft Cabinet paper, to be incorporated prior to lodgement with Cabinet Office

Agree / Disagree

- c **Note** that talking points will be provided to you shortly, to support the discussion at Cabinet Economic Development Committee on 3 August, and Cabinet consideration on 8 August

Noted

- d **Note** that a communications plan is being developed to support an announcement of the sector agreements shortly after Cabinet has considered these proposals, including letters addressed to relevant sector bodies and unions.

Noted

Privacy of natural persons

Andrew Craig
Manager, Immigration Policy (Skills and Residence)
Labour, Science and Enterprise, MBIE
27/07/2022

Hon Michael Wood
Minister of Immigration

..... / /

Background

1. You have sought feedback from your Ministerial colleagues on the sector agreements that will be implemented as part of the Immigration Rebalance on:
 - Detailed proposals outlined in briefings on each of the five sector agreements [2122-4751, 2122-4689, 2122-4687, 2122-4688, 2122-4686, 2122-4685 refer]
 - A draft Cabinet Economic Development Committee paper, incorporating feedback received on the five detailed briefings.

Summary of changes made to the Cabinet paper

Addressing feedback from Ministers

2. The following table summarises the changes incorporated into the Cabinet paper to reflect the further feedback received on these documents, from both agencies and Ministers.

Feedback received	Changes made
Free and frank opinions	An additional list of occupations has been added to the Cabinet paper in Table One and recommendation 7.3 . This was discussed with Te Waihanga, which is supportive of the changes made. This is outlined further below in this briefing.
	This has been included in the Cabinet paper in paragraph 5.3, Table One and recommendation 8.3 . We note that this has yet to be tested with the Meat Industry Association, which will have a role in allocating the cap – we will work with the Ministry for Primary Industries to incorporate this into the allocation process. There is a small risk that working through this additional complexity could delay the allocation process for an unknown period.
	No change has been made to the proposal – MBIE’s advice is to maintain the \$24 threshold as previously proposed. Increasing the threshold to \$25 is likely to meet strong opposition from the sector and a higher threshold, for example \$27, would render the sector agreement redundant, given that the median wage is currently \$27.76. The full use of the border exception with a wage threshold of \$27 is not an indication that the meat processing sector agreement is not needed, as the border exception also included higher skilled roles (such as slaughterers) and not just meat process workers as defined by ANZSCO.
	This increase to the border exception cap of 100 has been incorporated into the paper, alongside a 100 reduction in the sector agreement cap for seafood process workers in 2022/23. The cap for 2023/24 will go back to 600. These changes are reflected in paragraph 5.4, Table One, and recommendations 9.2 and 9.7 . Note that this is slightly different to the proposal from the Minister for Oceans and Fisheries, which

	did not include a subsequent reduction to the 2022/23 sector agreement cap.
The Minister of State for Trade & Export Growth has asked for further consideration of the Pacific countries that can be included in the future Pacific programmes. He has indicated that his preference is for Pacific programmes to be exclusive to PACER Plus signatories.	This is now reflected in paragraph 39.2, the new paragraphs 40 to 43, and the new recommendation 14 , noting that further work will be done as the details of the Pacific Programmes are being worked up. This is in line with the approach discussed with the Ministry of Foreign Affairs and Trade.

Inclusion of additional occupations in the construction and infrastructure sector agreement

3. The criteria applied to the occupation for the construction and infrastructure sector agreement were as follows:
 - There must be sufficient volumes of employer assisted visa-holders to warrant inclusion in the list – these exemptions are not to accommodate new demand where there wasn't any in the first place (we have applied a threshold of at least 50 Essential Skills workers estimated to be below the median wage in September 2021).
 - The going rate for the occupation must sufficiently span the median wage – there is no point including roles that pay well above the median wage, such as engineers (for an occupation to qualify, no more than 79 percent of migrant workers on Essential Skills would have to be estimated to earn above the median wage).
4. Not all of the occupations suggested by stakeholders or by Te Waihanga met these criteria and the Minister for Infrastructure has asked for the inclusion of occupations provided to MBIE via Te Waihanga who are not overwhelmingly paid above the median wage, even if there are only a small number of migrants.
5. Occupations on Te Waihanga's list that are not already proposed or are excluded because they are higher paying roles were: General Labourer, and Technicians and Trade Workers. Within these categories, the following occupations are low paid and would fit into Minister Robertson's suggested scope for inclusion: Drainage, Sewerage and Stormwater Labourer; Roof Tiler; Glazier; Plumber's Assistant; Roof Plumber; Painting Trade Workers; Floor Finishers; and Stonemasons.
6. The inclusion of these additional occupations is unlikely to significantly increase the number of migrant workers enabled by the sector agreement, given these were previously not included because of historically smaller numbers.
7. There were other occupations covered by General Labourer, and Technicians and Trade Workers but these were higher paid roles so not proposed for inclusion.
8. The following occupations on Te Waihanga's list are already included in the proposal: Carpenter, Builder's Labourer, Carpenter and Joiner, and AC and Refrigeration Mechanic. Other roles on Te Waihanga's list were high paid, and did not fit into Minister Robertson's scope for inclusion: Steel Fixer, Scaffolder, Machine Operator. Pipeline Technicians could not be located as a separate occupation in the ANZSCO framework but are likely covered under other categories that have been considered.
9. Te Waihanga had also suggested including all other roles the sector identifies as needed. We discussed whether additional occupations should be included as a result of Minister Robertson's recommendation, and we confirmed that this would not be a priority, given that the key roles Te Waihanga canvassed with the sector were explicitly named on their list.

10. You had previously asked to consider the inclusion of Builder's Labourers in the sector agreement once we had received feedback from other Ministers. We recommend retaining Builder's Labourers in the sector agreement, unless you wanted to discuss this further with Minister Robertson, who supported Te Waihanga's list, including the addition of other low paid roles. The inclusion of low-skilled roles can be reconsidered when the sector agreement is reviewed in 2024.

Additional changes to the Cabinet paper

Increase to the Foreign Fishing Crew visa cap

11. We have followed up on stakeholder feedback about the proposed Foreign Fishing Crew visa cap. We looked into the question of whether additional places in the cap should take account of a number of Essential Skills visas in fishing roles prior to the pandemic. While there should not really be any fishing crew on visas other than the Foreign Fishing Crew visa, for whatever reason there were between 50 to 100 Essential Skills visa holders in fishing crew ANZSCO occupations in the 12 months prior to March 2020. We have added an additional 100 to this cap, taking the Foreign Fishing Crew cap to 940. This means that the Fishing Crew cap will better represent the use of migrant labour as fishing crew prior to the pandemic. These changes are reflected in **paragraph 5.4.2, Table One and recommendation 10.2.**
12. We have subsequently clarified instructions to explicitly exclude fishing crew from being on an Accredited Employer Work Visa, in line with the policy rationale that the specific working conditions onboard fishing vessels warrants the additional checks required for the Foreign Fishing Crew visa.

Clarifications suggested by the Ministry for Primary Industries

13. We have incorporated some limited feedback from the Ministry for Primary Industries in paragraph 34.4 to clarify the presentation of the seafood sector agreement.

Limited further feedback received from agencies

14. We received limited additional feedback from agencies, given that we received and incorporated significant input into the paper put out for Ministerial consultation [2122-4684 refers].
15. **Free and frank opinions** [redacted] We can confirm that Sealord and Moana were consulted on the seafood sector agreement.

Next steps

16. To enable consideration of the paper by Cabinet Economic Development Committee on 3 August, your authorised paper would have to be lodged with Cabinet Office by 10am tomorrow (28 July). The paper would then be considered by Cabinet on 8 August. We will provide your office with talking points to support you at these meetings.
17. We recommend announcing decisions made by Cabinet as soon as possible, to enable sectors to prepare for when the sector agreements are implemented. We are able to have systems ready to receive job checks by 31 October 2022. Implementation work includes system changes and allocating the capped occupations under the seafood and meat processing sector agreements.

18. We will prepare public communications materials ready for the week beginning 8 August.

Annexes

Annex One: draft Cabinet paper

Annex One: draft Cabinet paper
