



## COVERSHEET

<b>Minister</b>	Hon Erica Stanford	<b>Portfolio</b>	Immigration
<b>Title of Cabinet paper</b>	Accredited Employer Work Visa – progressing coalition commitments and improving efficiency	<b>Date to be published</b>	14 February 2025

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
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### **Information redacted**

**YES / NO** (please select)

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Some information has been withheld for the reasons of Confidential advice to Government.

**In Confidence**

Office of the Minister of Immigration

Cabinet Economic Policy Committee

**Accredited Employer Work Visa – progressing coalition commitments and improving efficiency**

**Proposal**

- 1 This paper follows Phase Two of the Accredited Employer Work Visa (AEWV) review. It seeks agreement to several changes to AEWV settings to support businesses to fill current skills and labour gaps, including the coalition commitment to remove the median wage threshold.

**Relation to government priorities**

- 2 The proposals in this paper relate to the following Government coalition commitments:
  - 2.1 remove median wage requirements from the AEWV;
  - 2.2 improve the AEWV to focus the immigration system on attracting the workers and skills New Zealand needs; and
  - 2.3 ensure Immigration New Zealand (INZ) is engaged in proper risk management and verification to ensure migrants are filling genuine workforce needs.

**Executive Summary**

- 3 Cabinet agreed to changes to AEWV settings earlier this year to address record levels of net migration, unacceptable levels of migrant exploitation, and the findings of the Bestwick review [CAB-24-MIN-0096]. These changes have contributed to a greater proportion of highly skilled migrants coming through the AEWV.
- 4 In addition, further work and targeted consultation was undertaken on options to change the AEWV to ensure it was fit-for-purpose and meeting broader Government objectives [ECO-24-MIN-0164]. This work identified a range of significant options for change which officials advised me would come at substantial cost, which would likely have to be passed onto employers and migrants through increased fees and levies, and could not be fully implemented for two years.
- 5 Changes to support businesses to access and retain the skills and labour New Zealand needs are required in the coming months and there are a number which will achieve similar aims but can be implemented more quickly. In this context I am seeking Cabinet agreement to:
  - 5.1 Deliver on the coalition commitment to remove the median wage. I am recommending this be replaced with a threshold of 10 percent above the minimum wage (currently \$25.47 per hour);

## IN CONFIDENCE

- 5.2 Reduce the skills and experience requirement for migrants from three to two years to ensure migrants are sufficiently skilled while addressing key issues for sectors (notably the primary industries);
  - 5.3 Increase the visa duration for ANZSCO Level 4-5 roles from two years with the ability to extend for a further year to three years;
  - 5.4 Amend the current requirement for employers to engage with the Ministry of Social Development (MSD) to rely on a declaration that employers must, in good faith, advertise lower skilled roles (Level 4 and 5) with MSD and interview New Zealand candidates who could be suitable for the role.
- 6 I am also seeking agreement in principle to introduce new seasonal visa pathways in late 2025 to ensure immigration settings appropriately account for both higher and lower-skilled seasonal needs.
- 7 Alongside these policy changes MBIE will continue to identify operational improvements to current requirements to assess applications in the AEWV, including re-designing the ICT and operational settings in key parts of the AEWV to enable greater risk-based streamlining to improve efficiency across the system. Officials have assured me the cumulative impact of these changes will result in meaningful efficiency gains.

### Background

- 8 In March 2024, Cabinet approved a suite of changes to the AEWV to respond to high net migration, the Bestwick review, and migrant exploitation. These changes tightened settings for lower-skilled migrants and strengthened checks and balances in the system [CAB-24-MIN-0096]. These included introducing minimum relevant experience and English language requirements and requiring employers to engage with MSD for vacancies in lower skilled roles.
- 9 Net migration has continued to slow in recent months from its peak of 136,700 in the year ended October 2023 with Statistics New Zealand provisionally estimating net migration in the year to September 2024 to be an inflow of 44,900<sup>1</sup>. We have also seen a reduction in the overall number and proportion of lower-skilled migrants coming through the AEWV. The proportion of ANZSCO Level 4 and 5 (lower-skilled roles) has decreased from 52 percent of AEWV approvals in 2023 to 40 percent in 2024 so far, noting the weakening economic conditions will have also influenced this. This is a significant improvement and brings us more in line with 2017 levels.
- 10 In August 2024, I notified Cabinet of discrete changes I had made to the AEWV, including an interim pathway through the Specific Purpose Work Visa for experienced seasonal workers [ECO-24-MIN-0164]. I also signalled that further work and targeted consultation would be undertaken on some key policy shifts in the AEWV, including a differentiated model of accreditation, removal of the median wage, changes to the labour market test and an enhanced compliance function ahead of reporting back to Cabinet with options for change in December 2024 [ECO-24-MIN-0164 refers].

### Further work has highlighted the AEWV is not fit-for-purpose in its current form

- 11 Alongside policy work as outlined above, I asked INZ to take urgent actions to respond to unacceptably long processing times. INZ established an AEWV Taskforce

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<sup>1</sup> The long-term (2002-2024) average for net migration is 32,000.

## IN CONFIDENCE

which has been identifying operational inefficiencies in the AEWV system more broadly and low productivity rates in some offices and is working to address those that sit outside hard-wired policy and ICT settings. This has seen promising results with improvements in processing times, reductions in the numbers of on hand applications, and greater productivity of immigration officers.

- 12 The policy work, AEWV Taskforce, and insights from targeted consultation have highlighted that the AEWV is not fit-for-purpose in its current form and that change is required to better calibrate efficiency and risk management. Getting this right will take time and requires prioritisation.
- 13 The package of options consulted on were significant and would require structural changes to the AEWV which officials recently advised me would have come at substantial cost (an estimated \$11.5 million upfront) and would require two years to fully implement. Given the long lead-in time, progressing this package would have meant no efficiency gains in the short term. Furthermore, officials could **not** guarantee that these changes would result in faster processing times.
- 14 Given this, I am proposing to prioritise changes in the short term which will deliver on coalition commitments and improve access to skills and labour while implementing important changes that, alongside the work of the Taskforce, will reduce current processing times.

### **Changes to support access to skills and labour gaps in the short term**

#### *Progressing the coalition commitment to remove the median wage*

- 15 The use of the median wage threshold within the AEWV scheme was intended to limit reliance on offshore low-skilled labour. Instead, prior to the changes made in April 2024, there was an increase in lower-skilled workers entering New Zealand both in total figures and proportionally. The median wage threshold also made things more costly for employers and raised concerns of wage distortions and recycling<sup>2</sup>.
- 16 I am seeking Cabinet agreement to remove the median wage requirement in line with the coalition commitment between the National and ACT parties. While a wage threshold could be removed from the AEWV entirely, I am recommending the median wage be replaced with a lower threshold of 10 percent above the minimum wage, currently \$25.47 per hour<sup>3</sup>. This option is consistent with having a minimum skills and experience requirement for migrants and the wage threshold for the Recognised Seasonal Employer (RSE) scheme<sup>4</sup>. It also reduces displacement risks by maintaining a modest premium on access to migrant workers and therefore the

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<sup>2</sup> Where employers pay migrants their wages in full but require migrants to pay back a portion of this.

<sup>3</sup> I note that regardless of the wage threshold, immigration officers will continue to look at the market rate for the role to determine that the role is genuine.

<sup>4</sup> Workers returning for their third season must be paid at least minimum wage + 10%.

## IN CONFIDENCE

incentive to use domestic labour for entry-level roles. There was good support for a threshold of 10 percent above the minimum wage during consultation.

- 17 Should Cabinet agree to either remove or replace the median wage threshold, there are subsequent decisions required. Therefore, I am also seeking Cabinet agreement to:
- 17.1 Remove components from existing sector agreements that provide for a lower wage threshold and end the agreements that become redundant.<sup>5,6</sup>
  - 17.2 Align wage requirements for the current seasonal pathway under the Specific Purpose Work Visa to the new AEWV threshold<sup>7</sup>.
  - 17.3 Increase the income threshold for supporting dependents on an AEWV to align with a 40-hour work week paid at 80 percent of the median wage<sup>8</sup>. This will help to ensure migrant children who come to New Zealand can be adequately financially supported<sup>9</sup>.

### *Changes to the Labour Market Test to reduce compliance burden*

- 18 In the context of high volumes of low-skilled migrants coming through the AEWV, in April 2024, Cabinet agreed to introduce an interim requirement that employers hiring for lower-skilled roles (at ANZSCO Level 4 and 5) must engage with MSD [CAB-24-MIN-0096].<sup>10</sup> MSD then lists vacancies where they consider there is likely supply of Jobseekers for the roles for a period of 21 days.
- 19 This intervention intended to ensure that New Zealanders were first in line for jobs (alongside existing advertising requirements). However, it has not been effective at securing genuine employer engagement and MSD operational data indicates a very low placement rate of Jobseekers. For roles that have completed their advertising period, data from 8 April to 30 September 2024 shows that for the 4,986 roles listed, 141 clients have been placed. This is a placement rate of 2.8 percent, compared to 52.1 percent for non-immigration related positions over the same period. Employer representatives have also raised concerns about the compliance costs and time impacts of the process and stressed that employers are looking to hire New Zealanders in the first instance where they are suitable.
- 20 I am recommending changes to the current process. Rather than requiring employers to provide evidence they have engaged with MSD upfront, I am recommending this be amended to a declaration that employers looking to fill ANZSCO Level 4-5 roles

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<sup>5</sup> Five of the seven sector agreements solely provide a lower wage threshold for specific roles - tourism and hospitality, and seasonal snow and adventure tourism, meat processing, seafood, and construction and infrastructure sectors. These agreements will be ended with this change.

<sup>6</sup> Two sector agreements, for the care workforce and transport sectors, provide work to residence pathways as well as a lower AEWV wage threshold. The residence pathways and the wage requirements associated with the residence offering will be maintained.

<sup>7</sup> The wage threshold is currently \$29.66, aligning with the AEWV median wage rate.

<sup>8</sup> This is currently \$52,599 per annum but will increase to \$55,844 per annum ahead of implementation. This brings the threshold more in line with the threshold for support a partner for work rights, both at 80% of the median wage, but will not align exactly as work rights is linked to the hourly rate and the income threshold is linked to an annual rate (at 40 hours).

<sup>9</sup> The income threshold for migrants to bring dependent children to New Zealand is currently \$43,322.76 (gross) per annum, it was intended to be updated annually to ensure it maintained its policy intent that children coming to New Zealand are adequately financially supported but has not been updated since 2019.

<sup>10</sup> If MSD consider there is no supply, employers are able to recruit for a migrant without advertising with MSD.

(except those on the Green List) have advertised with MSD and interviewed New Zealand candidates that could be suitable for the role. The declaration would include that employers must act in good faith as they do this but will not specify a required advertising duration with MSD. This will be clearer to employers what is expected of them and remove some unnecessary steps from the current process.

- 21 This declaration will be taken at face value at the application stage. However, additional scrutiny would be applied post-decision. If a declaration is made falsely, then through post-decision checks employers could have their accreditation (and their ability to employ migrants on an AEWV) suspended or revoked. Confidential advice to Government

- 22 I am also seeking Cabinet's agreement to increase the visa duration for ANZSCO Level 4-5 roles from two years with the ability to extend for a further year to three years. This change was intended to ensure more frequent labour market testing. However, I have heard from employers that where they have staff in a role who already have two years' experience, they want to retain them for another year, not look to recruit a new employee. This means any labour market testing at this point, including with MSD, is rarely genuine and increases the resourcing burden for MSD, INZ, employers and migrants. The labour market will still be re-tested every three years for ANZSCO Level 4-5 roles because of the maximum continuous stay<sup>11</sup>.

#### *Amending experience requirements*

- 23 From stakeholder consultation it is clear that the current requirement for migrants in lower skilled roles to have at least three years relevant experience or a relevant qualification<sup>12</sup> is causing concern for some sectors. While I do not think it is acceptable to return to the previous Government's settings where migrants could be granted an AEWV with no skills or experience, I recommend reducing the threshold to two years' experience to alleviate pressure in key sectors recruiting lower-skilled labour (i.e. dairy farm workers) while maintaining the core policy intent of ensuring migrants have the skills we need.

#### *Introducing new seasonal visa pathways*

- 24 In August 2024, I noted my intent to consider a fit-for-purpose immigration pathway for seasonal work as sectors with seasonal peaks and labour demands have long been raising challenges with the main temporary work visa pathways. Following further work and consultation, I am seeking agreement in principle for two seasonal pathways to support labour demand for seasonal roles in two distinct groups:
- 24.1 A three-year multi-entry visa, with a maximum stay of nine months in a 12-month period, that would be available to highly experienced seasonal workers who are part of a global workforce and fill known seasonal skill shortages in New Zealand (e.g., ski instructors, winemakers, rural contractors, sheep scanners), and
- 24.2 A seven-month visa with lesser skill requirements that would be available for entry-level seasonal workers where we lack the volume of labour needed to

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<sup>11</sup> The maximum continuous stay (MCS) is the period a migrant can stay in New Zealand before having to leave the country for a set period, in this case 12 months. The MCS for ANZSCO Level 4-5 roles is currently three years and four ANZSCO Level 1-3 roles is currently five years.

<sup>12</sup> At level 4 or above of the New Zealand Qualifications and Credentials Framework (NZQCF).

meet demand during peak activity (e.g., meat and seafood process workers, cellar hands).

- 25 Both visas would be delivered as sub-sets of the AEWV. Further work and engagement with key sectors is required to determine the detailed policy design and the specified list of roles which eligible under each pathway. Confidential advice to Government

- 26 I will return to Cabinet by June 2025 to seek agreement to the detailed design of these new visa pathways so they can be implemented by November 2025. The current interim seasonal pathway that was due to end in March 2025 will be extended to ensure sectors still have access to seasonal labour.

*I am also seeking Cabinet agreement to technical changes following engagement with stakeholders*

- 27 Through consultation on the AEWV and my regular engagement with stakeholders several concerns have been raised on technical matters which are having a big impact for those affected. In this context, I am seeking agreement to:
- 27.1 Extend work rights for migrants on interim visas awaiting the outcome of an AEWV application where they were previously on any work visa type, or on a student visa with the ability to work during term time.
  - 27.2 Reduce the domestic workforce threshold required for triangular employers hiring certain construction roles<sup>13</sup> from 35% to 15% to align with the requirements for triangular (largely labour hire) firms in other sectors. This will support the construction sector to deliver critical infrastructure projects for New Zealand while still maintaining the intent that labour hire firms should not solely rely on migrant labour. We will continue to view this sector as higher risk and INZ will continue to process all three gateways accordingly as well as additional scrutiny post accreditation.
- 28 I am also seeking authority to make a small number of changes to how ANZSCO skill levels for some occupations are recognised in the immigration system. This will include consideration of changes made as part of the transition from ANZSCO to the new National Occupation List (e.g. roles currently classified as Level 4 which should be recognised as Level 3) so particular sectors can retain critical skilled workers.

**Improving efficiency**

- 29 While these policy changes will go a long way to supporting businesses and addressing concerns with the current AEWV, significant work is required to get processing timeframes back to acceptable levels.

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<sup>13</sup> The roles are bricklayers, carpenters and joiners, floor finishers and painters, glaziers, plasterers, tilers and plumbers, building and plumbers labourers, concreters, fencers, insulation and home improvement installers, paving and surfacing labourers, railway track workers, structural steel construction workers, construction and mining labourers, earthmoving plant operators forklift drivers and mobile plant operators.

- 30 In addition to work undertaken by the Taskforce as outlined above, I have agreed to INZ removing a number of known inefficiencies in the system such as needing to provide evidence of completing employment modules and duplicating checks of employment agreements.
- 31 MBIE will also be re-designing the ICT and operational settings for parts of the AEWV that are the key contributors to long processing times to enable greater risk-based streamlining. The current system means immigration officers must check every box, in every application, even for reputable businesses who have a proven track record. This unnecessarily slows things down for everyone, where checks could be better targeted to those employers and sectors where there is greater risk.
- 32 MBIE will deliver changes to the ICT system in early July 2025. This work is expected to result in meaningful efficiency gains once fully implemented. In the interim, the Taskforce and this re-design work will continue to implement changes to streamline processes outside of the ICT system.
- 33 Confidential advice to Government  
[Redacted text]

**These changes would result in a more facilitative and efficient AEWV**

- 34 The cumulative impact of these changes will make settings more facilitative. This will support key labour gaps but may also have a moderate impact on the overall volume of AEWVs, particularly at the lower-skilled end.
- 35 There has consistently been concern that immigration may cause displacement of New Zealanders, particularly for lower-skilled and entry level roles. MSD and MBIE recently undertook a light touch review of the available evidence. This review highlighted that for some sectors in 2023, there may have been displacement of New Zealanders as a result of immigration settings. This was in the context of a large volume of lower-skilled workers entering New Zealand (as outlined in the graphs in the Appendix to this paper).
- 36 I anticipate any increase to the number of lower-skilled workers following these changes would be moderate and mitigated by maintaining a wage threshold, advertising with MSD, skills and experience and English language requirements.  
Confidential advice to Government [Redacted text]  
These settings, [Redacted text]  
Confidential advice to Government [Redacted text] will limit the impacts of these proposals while ensuring immigration settings are still focused at attracting workers with skills New Zealand needs.
- 37 These changes also provide material simplification and efficiency gains which should, once fully implemented, meaningfully improve AEWV processing times. While streamlining can increase risks, INZ will take a risk-based approach to processing and continue to use insights from post-accreditation checks to ensure appropriate checks and balances are in place.



**Implementation**

38 The proposed implementation timing is outlined in the table below.

<b>Change</b>	<b>Timeframe</b>
Removal of the median wage (and associated changes)	March 2025
Changes to the Labour Market Test, reducing skills and experience to two years and extending the interim seasonal pathway	March 2025
Interim Visa changes to allow migrants awaiting an AEWV decision to continue working	April 2025
Decisions on detailed design of seasonal pathways	By June 2025
Changes to ICT and operational settings to support more streamlining based on risk	Early July 2025
New seasonal visa pathways introduced	November 2025

**Cost-of-living Implications**

39 There is no direct cost of living implications from the proposals in this paper.

**Financial Implications**

40 The changes I am seeking agreement from Cabinet today will have an estimated one-off ICT cost of \$2.8 million. This will be met within existing immigration baselines.

**Legislative Implications**

41 The proposals in this paper require amendments to immigration instructions. Subject to Cabinet’s agreement, I will certify new instructions in line with the decisions taken.

**Impact Analysis**

42 A Regulatory Impact Assessment is not required for these proposals as they do not make changes to legislation. There are no direct climate impacts of this proposal.

**Human Rights**

43 The proposals in this paper do not have direct implications for the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

**Use of External Resources**

44 There has been no use of external resources used to develop these proposals.

**Consultation**

45 The following agencies and departments have been consulted on and/or informed of the proposal in this paper: The Treasury, Ministry for Primary Industries, Ministry of Social Development, Ministry of Transport, Ministry of Education, Oranga Tamariki – Ministry for Children, New Zealand Transport Agency, Ministry for Ethnic Communities, Te Puni Kokiri, Ministry of Housing and Urban Development, New

## IN CONFIDENCE

Zealand Qualifications Authority, Tertiary Education Commission, Ministry for Pacific Peoples, Ministry of Health, Ministry for Women, Whaikaha – Ministry for Disabled People, Department of Prime Minister and Cabinet (Policy Advisory Group), Statistics New Zealand and the Accident Compensation Corporation.

- 46 The proposals which I am seeking Cabinet agreement for have been informed by targeted stakeholder consultation undertaken by officials from September to October this year. The consultation included union, migrant and employer representatives.

### Communications and proactive release

- 47 An announcement will be made in advance of implementation. I intend to proactively release this Cabinet paper, with redactions as appropriate.

### Recommendations

The Minister of Immigration recommends that the Committee:

- 1 note that in August 2024, Cabinet invited the Minister of Immigration to report back in December 2024 with proposals for the second phase of the Accredited Employer Work Visa (AEWV) review [ECO-24-MIN-0164]
- 2 note that current processing times and AEWV settings are causing concern for employers who need to fill skill and labour gaps

#### *Supporting access to skills and labour gaps in the short term*

- 3 agree to remove the median wage requirement for the AEWV and:

#### **EITHER**

- 3.1 replace it with a lower threshold of 10 percent above the minimum wage (recommended)

#### **OR**

- 3.2 have no wage requirement (i.e. rely on the New Zealand minimum wage)

- 4 agree to remove components from existing sector agreements that provide for a lower wage threshold and end agreements that then become redundant
- 5 note that the only sector agreements remaining will be the transport and care workforce sector agreements which provide residence pathways
- 6 agree to reduce the wage requirement for the current seasonal pathway under the Specific Purpose or Event Work Visa to align with the decisions taken in recommendation 3
- 7 agree to increase the income threshold for supporting dependents on an AEWV to an annual rate equivalent to a 40-hour work week paid at 80 per cent of the median wage (updated annually)
- 8 agree to amend the requirement for employers recruiting in ANZSCO Level 4 and 5 roles to engage with the Ministry of Social Development as part of the Labour Market Test to a declaration that employers must, in good faith, advertise with MSD and interview New Zealand candidates that could be suitable for the role

IN CONFIDENCE

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- 9 agree to increase the duration of an AEWV for applicants in ANZSCO Level 4-5 roles from two years to three years
- 10 agree in principle to introduce a three-year visa for specified roles where there is a highly experienced global seasonal workforce for a maximum stay of 9 out of 12 months
- 11 agree in principle to introduce a seven-month seasonal visa for specified roles with lesser skill requirements where there are surging labour needs during peak activity periods **Confidential advice to Government**
- 12 invite the Minister of Immigration to report back on detailed design of the visas in recommendations 10 and 11 by June 2025
- 13 agree to reduce the minimum experience requirement for the AEWV to two years
- 14 agree to extend interim work rights to AEWV applicants who are applying from any work visa type or from a student visa that allows them to work during term time
- 15 authorise the Minister of Immigration to make changes to how ANZSCO skill levels are recognised in the immigration system for a small number of roles as required
- 16 agree to reduce the domestic workforce threshold for triangular employers in the following construction roles from 35 percent to 15 percent: bricklayers, carpenters and joiners, floor finishers and painters, glaziers, plasterers, tilers and plumbers, building and plumbers labourers, concreters, fencers, insulation and home improvement installers, paving and surfacing labourers, railway track workers, structural steel construction workers, construction and mining labourers, earthmoving plant operators forklift drivers and mobile plant operators

*Improving efficiency*

- 17 note that alongside these policy changes MBIE will continue to identify operational improvements to current requirements to assess applications in the AEWV, including re-designing the ICT and operational settings (and immigration instructions) in key parts of the AEWV to enable greater risk-based streamlining to improve efficiency across the process

*Further work*

- 18 authorise the Minister of Immigration to make further policy decisions to give effect to the decisions in this paper as required

Authorised for lodgement

Hon Erica Stanford

Minister of Immigration

**Appendix: Skill composition of workers compared to previous years**

Figure One: Volumes of workers broken down by skill level

*Note: 2024 data is up until end of October so does not yet represent a full year*

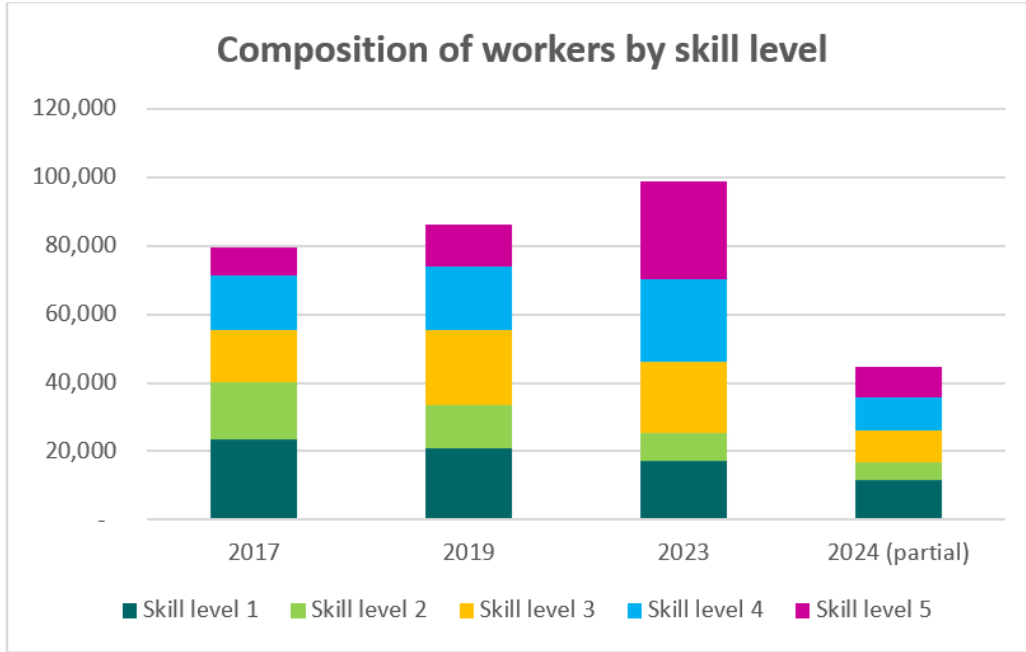


Figure Two: Proportion of workers at each skill level

*Note: 2024 data is up until end of October so does not yet represent a full year*

