



BRIEFING

Immigration Rebalance – advice on lists and sector agreements

Date:	23 February 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2122-2354

Action sought		
	Action sought	Deadline
Hon Kris Faafoi Minister of Immigration	Agree to progress proposals to Cabinet	2 March 2022

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Andrew Craig	Manager, Immigration Policy – Skills and Residence	s 9(2)(a)	✓
Emily Kay	Senior Policy Advisor	s 9(2)(a)	

The following departments/agencies have been consulted
Ministry of Education, Ministry of Foreign Affairs and Trade, Ministry of Health, Ministry of Housing and Urban Development, Ministry for Pacific Peoples, Ministry for Primary Industries, Ministry of Social Development, Ministry of Transport, and Te Puni Kokiri. Treasury was informed.
Within the Ministry of Business, Innovation and Employment, the following teams were also consulted: Construction Accord Transformation Unit, Communications Policy, Digital Policy, Immigration New Zealand, Industry Policy, International Labour Policy, Regional Skills Leadership Groups, Skills and Employment Policy, Sector Workforce Engagement Programme, Tourism Policy

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 Withdrawn |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

This briefing provides you with advice to progress the Immigration Rebalance policy proposals as agreed by Cabinet in December 2021 [CAB-MIN-21-0554 refers]. It seeks your agreement to progress the next level of detailed proposals to Cabinet, as they are outlined in this paper.

It also provides you with a summary of feedback from targeted consultation with sector peak bodies that we conducted on the proposals.

Executive summary

In December 2021, Cabinet agreed the settings which will deliver the Rebalance objective of achieving a higher skill migrant workforce, with the right skill mix to support our economic recovery from COVID-19, and the transition to a more productive and sustainable economy. The main changes to achieve this are the median wage threshold for temporary workers and requiring most partners of migrant workers to qualify for work rights by securing a job paying over median wage. Cabinet also agreed that there will be a green list, sector agreements s 9(2)(f)(iv)

The status quo arrangements for most jobs under the Rebalance will be simple. Jobs will be able to be filled by migrant workers, if the pay is median wage or higher and the job has been advertised without a suitable New Zealander found. Workers can apply for residence through the Skilled Migrant Category or through the two times median wage threshold which provides a work to residence pathway. Decisions in the upcoming Skilled Migrant Category review will impact who can access residency.

Stakeholder feedback on the median wage threshold and partner visa changes varied, largely depending on how reliant the sector has been on lower-paid migrant workers. Business New Zealand and the Employers and Manufacturers' Association (EMA) were particularly concerned about the impact of the wage threshold and questioned the case for change. In contrast, the Council of Trade Unions (CTU) was comfortable with the overall package and sought clarification on the impacts for some specific groups like onshore migrants. Some sector representatives raised additional occupations for inclusion on the green list or in sector agreements.

Green List

The green list is intended to address certain ongoing skill shortages. This includes roles that are:

- strategically important to government objectives
- pivotal to a value chain
- important to the health and wellbeing of New Zealanders, or
- particularly internationally competitive and hard-to-fill.

The green list is focussed on attracting highly skilled migrant workers into areas of skill shortage. We propose this is facilitated by making an up-front offer of residence, either through a fast tracked 'straight to residence' path, or a two-year work to residence path. Both residence paths would be streamlined and prioritised for processing, and require:

- a job offer above median wage (i.e. no exceptions for wages for entry level green list roles)
- the migrant worker meeting health, character, and (likely strengthened) English language requirements and
- being aged 55 or under (current Skilled Migrant Category age limit) – older workers can still be granted a work visa but will not get residence.

After review of skills shortage lists, border exceptions, previous employer-assisted visa trends and Industry Transformation Plans, and consulting agencies and sector peak bodies, we propose that the green list includes:

Table 1: Occupations proposed for the green list

Fast Track 'Straight to Residence'	
Construction project manager	Physicist (Medical)
Project builder	Orthoptist
Quantity surveyor	Veterinarian
Surveyor	Other Spatial Scientist
Multiple Engineer roles	Environmental Research Scientist
Telecommunications engineers	Food Technologist
Telecommunications network engineers	Where they are paid \$120,000 or higher:
A group of medical practitioner roles (<i>including General Practitioner, Anaesthetist, Psychiatrist, Specialist Physicians nec, some Surgeons, some Other Medical Practitioners</i>)	- ICT Managers
Medical Laboratory Scientists and Technicians	- Software Engineer
Clinical Psychologists & Psychologists	- ICT Security Specialist
	Multimedia Specialists where they are paid \$95,000 or higher
Work to Residence	
Anaesthetic Technician	Midwife
Medical Laboratory Technician	All Registered Nurses (including but not limited to Aged Care)
Medical Imaging Technologist	Resident Medical Officer
Medical Radiation Therapist	Teachers - Secondary with specialisations and ECE
Occupational Therapist	Automotive Electrician
Sonographer	Diesel Motor Mechanic (including Heavy Vehicle Inspector)
Podiatrist	Electrician (General) – registered
Audiologist	Plumber – registered

Further work is being undertaken on the mechanism for implementing the new green list residency paths in the short term. We are also looking at how English language and other requirements for residency are communicated clearly in advance of applicants becoming eligible for residency in the work to residence path (consideration is being given to applying English language requirements more broadly in future). This advice will be provided to you for the March Cabinet report-back.

There are roles that we are not proposing for the green list that were previously on skill shortage lists or in border exceptions. In most cases, this is because there was not an ongoing shortage (i.e., the border closure was the main reason for shortage) and the ability to recruit over median wage once the border reopens should be sufficient to resolve labour need without additional attraction mechanisms. This includes dairy farm workers, agricultural and horticultural mobile plant operators, and accountants, for example.

We propose that the green list is reviewed after a year to ensure this initial list is appropriate, and then is reviewed every three years after. This is a review period which reflects the focus on supporting ongoing or long-term shortages rather than being a reactive setting.

Feedback from the Aged Care Association (ACA) was that Registered Nurses should not be on the green list but instead considered as part of a sector agreement to require nurses to remain in aged care provider jobs and not allowed to vary visa conditions. The immigration system should not be used to confine people into jobs or to work for only certain employers. There are pay parity issues between Aged Care Nurses and DHB Nurses which has led to aged care providers losing migrant

nurses to DHB roles. In our view, and that of the Ministry of Health, this is not an immigration issue, and it is best addressed through other means. We anticipate this will be an ongoing point of feedback from the ACA unless the pay parity issue is resolved separately, which we recommend Cabinet considers.

Sector Agreements

Cabinet agreed to progress sector agreements that provide exceptions to the median wage threshold or other adjustments (such as Pacific programmes) in exchange for sector requirements to improve conditions of jobs or make other improvements. Sector agreements can work as a transition arrangement for some sectors.

The sector agreements and key elements we propose are:

- a **care workforce** sector agreement which supports sector growth over time while encouraging efforts to improve conditions and trends in migrant labour in the sector, as well as train, recruit, and retain New Zealanders. This would be through a capped amount of recruitment of migrants into carer roles paid below median, and a work to residence path for carers paid over median wage to encourage retention practices within the sector. Pacific programmes to fill roles and provide training will also be explored.
- a **construction and infrastructure** sector agreement that allows capped access to some lower paid trades (e.g., carpentry) including exploration of Pacific access programmes. The sector would need to make a strong case for labourer roles). The agreement would ensure efforts are being made to recruit and retain New Zealanders into the sector
- a **meat processing** sector agreement which enables seasonal labour allowance but restricts growth in the migrant proportion of the workforce. It would include a work to residence path for Halal slaughters at capped numbers (due to retention concerns), a capped level of recruitment of seasonal workers below median wage, explore possibilities for Pacific programmes, and seeks improvements in retention, domestic recruitment, and pay rates for migrant Halal slaughterers
- a **seafood** sector agreement focusing on options to cap the number of migrant crew working on vessels in the fishing sector and exploring options for supporting the seasonal onshore processing workforce needs through a capped scheme, potentially focussing on the Pacific workforce. This will include advice on the seafood inquiry proposals.

We will provide further advice on the detail and proposals for each sector alongside the draft March Cabinet paper for Ministerial Consultation and Cabinet endorsement. Consultation will follow with sector bodies and unions for these decisions on the new arrangements. You have been invited to report back to Cabinet in June with final proposals, following receiving feedback and making any revisions.

The intent is to have sector agreements in place for 4 July opening of the AEWV. We are preparing interim implementation arrangements to facilitate this, i.e.e a manual process for caps similar to border exceptions.

Pacific programmes will be identified in March, with more development made on proposals for the June Cabinet report-back. We will seek Cabinet approval to consult with Pacific nations on proposals from June given the other priorities of those countries at present.

Cabinet noted that Industry Transformations Plans (ITPs) could, as they develop, feed into immigration settings. So far, the Construction and Digital Technologies ITPs have influenced the green list and sector agreement proposals. Further consideration of science and technology roles may emerge from the Agritech and Advanced Manufacturing ITPs and we will consider how the

immigration system could support workforce development plans as ITPs progress for Fisheries, Food and Beverage, Forestry and Wood Processing and Tourism.

s 9(2)(f)(iv)

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Next Steps

We will draft a Cabinet paper to seek agreement to these lists and to progress sector agreements. This is being prepared for consideration at Cabinet Economic Development Committee on 30 March.

Recommended action

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

a **Note** that in December 2021, Cabinet agreed to an Immigration Rebalance package which includes:

- i. a median wage threshold set at the median wage for employer-assisted visas (unless an occupation is exempted)
- ii. a green list which will facilitate easier entry into the country for specified high skilled or hard to fill and high national importance roles
- iii. s 9(2)(f)(iv)
- iv. a new framework for sector agreements in a small number of sectors where there is a short-term or ongoing need for capped access to lower skilled migrants
- v. restricting work rights of most partners of migrant workers to roles they qualify for in their own right but allowing them to work less than 30 hours a week.

Noted

b **Note** that Cabinet also:

- i. agreed that limited stakeholder consultation is conducted with selected peak bodies to support further development of this package, and
- ii. invited you to report back in March 2022 with detailed proposals and named occupations for the s 9(2)(f)(iv), proposed industries to pursue sector agreements for, and updated implementation plans for the Rebalance settings

Noted

c **Note** that this briefing provides you with advice on detailed proposals and named occupations, as well as the feedback from targeted consultation for your approval to progress in a paper to Cabinet Economic Development Committee on 30 March 2022

Noted

Green list proposals

d **Agree** to progress the following proposals on the green list to Cabinet:

- i. that the immigration settings for the green list are two different streamlined residency pathways, a fast-tracked pathway which could mean applicants get residency before arrival in New Zealand, and a work to residence path which requires two years in a role before residence. Green list applications will be prioritised for processing

Agree / Disagree

- ii. all green list roles will require a permanent job offer paid above median wage (unless a higher threshold is specified), require the applicant to meet health, character, and English language requirements, as well as being aged 55 or under.

Agree / Disagree

- iii. the proposed occupations in Table One are included on the green list

Agree / Disagree

- iv. that the first review of the occupations on the green list is in a year, with subsequent reviews every three years

Agree / Disagree

- e **Note** that there is work underway to identify the best mechanism to implement the new green list residency pathways and ensure that the English language and other requirements are well communicated to those provided a work to residence path

Noted

- f **Note** that the Aged Care Association requested that Registered Nurses (Aged Care) are included in a sector agreement rather than on the green list. The reason for this is a desire to restrict nurses' abilities to change job while they are working toward residence, as a solution to support a pay parity issue. Both the Ministry of Health and MBIE agree this is not an immigration issue, and it is not appropriate for the immigration system to restrict people in this way.

Noted

Sector agreement proposals

- g **Agree** to progress the following sector agreement proposals to Cabinet, with more detail to be added on specific requirements:

- i. a **construction and infrastructure** sector agreement is developed which provides a capped allowance to recruit below the median wage across a number of lower-skilled roles in the sector (likely not including labourers), and explores options for a Pacific programme, while seeking improvements in retention, domestic recruitment, and migrant labour trends
- ii. a **care workforce** sector agreement is developed which provides a work to residence path for carers paid over median wage to encourage retention practices within the sector, a capped amount of recruitment of migrants into carer roles paid below median, and explores options for Pacific programmes, while seeking improvements in retention, domestic recruitment, and migrant labour trends
- iii. a **meat processing** sector agreement is developed which includes a work to residence path for Halal slaughters at capped numbers, enables a capped level of recruitment of seasonal workers below median wage, explores possibilities for Pacific programmes, and seeks improvements in retention, domestic recruitment, and pay rates for migrant Halal slaughterers
- iv. a **seafood** sector agreement focusing on options to constrain the growth in the use of migrant workers in deep-sea fishing crew, and exploring options for supporting the seasonal onshore processing workforce needs through a capped scheme possibly focussing on the Pacific workforce, plus potentially other proposals informed by the seafood sector inquiry

Agree / Disagree

- h **Note** that MBIE will provide you with further advice on specific requirements for sector agreements alongside the draft March Cabinet paper for Ministerial consultation. The details will include the settings for the capped allowances below median and other conditions, as well as more information about the possible Pacific programmes.

Noted

- i **Note** that the Minister of Immigration is required to report back in June to seek approval of finalised sector agreements

Noted

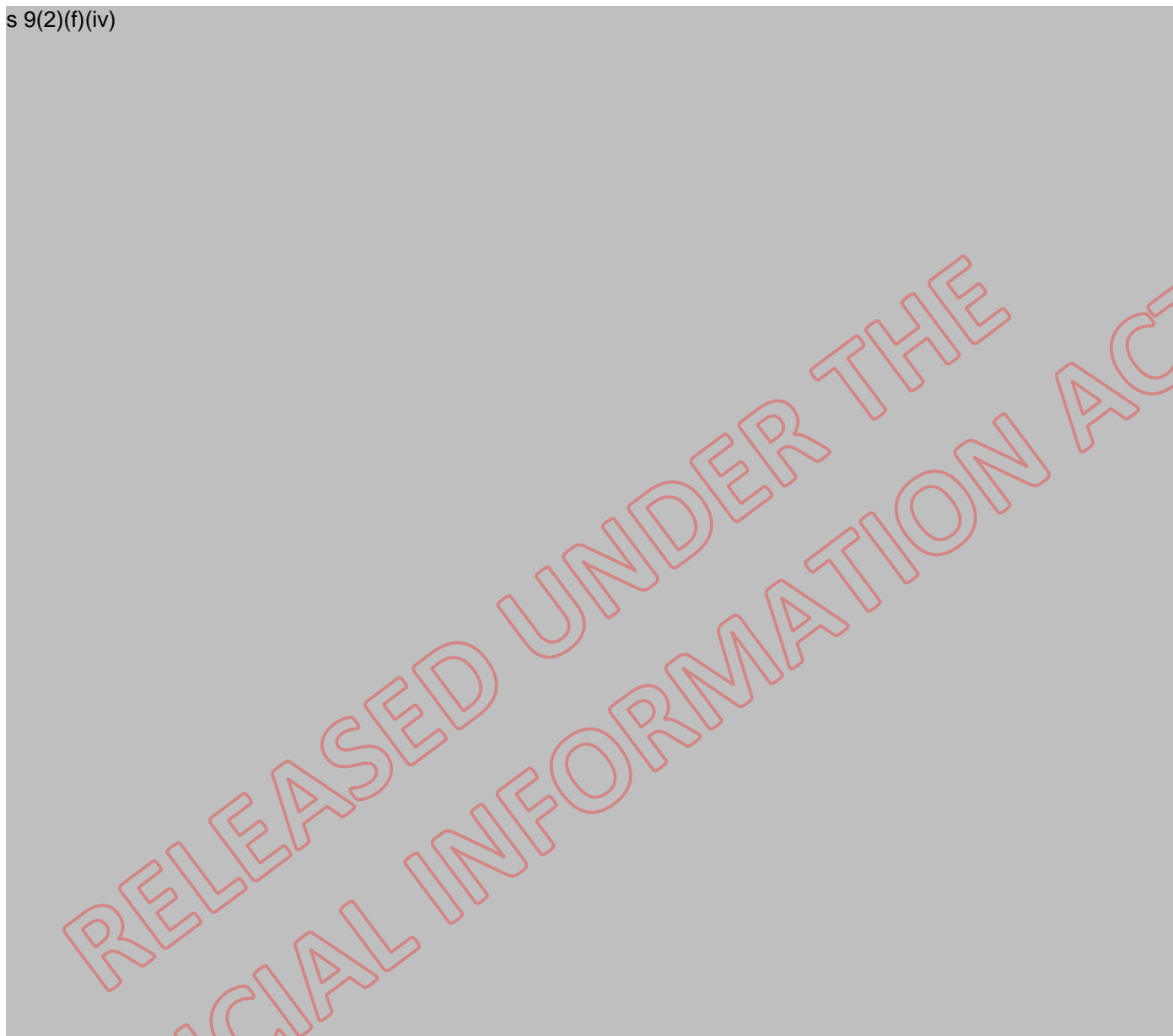
- j **Note** that agreement to consult Pacific countries on possible Pacific programmes within sector agreements will be sought in June as the Pacific Island countries are currently focussed on COVID and other issues.

Noted

- k **Note** that interim implementation arrangements are being developed to support below median recruitment for sector agreements from July (likely similar to Border exception processes)

Noted

s 9(2)(f)(iv)



Next Steps

- o **Agree** to also include the following Rebalance implementation decisions you took in the separate briefing '*Immigration Rebalance – progressing the changes for employer-assisted workers and partners*' in the report-back to Cabinet for information:
 - i. the median wage threshold will only apply to the AEWV at this stage, with further consideration to be given to the Fishing Crew Work Visa in the context of a potential seafood sector agreement
 - ii. the requirement that partners of temporary workers must qualify for work rights in their own right will only apply when the primary applicant holds a visa type that is subject to the median wage threshold, and is not working in an occupation with a residence pathway (so partners of students, military personnel, and AEWV holders in highly paid or Green List occupations, are not affected)

- iii. the removal of open work rights for partners cannot be fully implemented until October 2022 at the earliest, so partners of temporary workers who are paid at least the median wage will retain open work rights in the interim.

Agree / Disagree

- p **Agree** to discuss the proposals in this paper with your Ministerial colleagues

Agree / Disagree

- q **Agree** that MBIE drafts a Cabinet paper containing these proposals to be provided for Ministerial consultation ahead of consideration at Cabinet Economic Development Committee on 30 March

Agree / Disagree



Andrew Craig
Manager, Immigration Policy – Skills and Residence
Labour, Science and Enterprise, MBIE
23/2/2022

Hon Kris Faafoi
Minister of Immigration

..... / /

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Background

Government is seeking a better balance in the skills of migrant workers

1. In July 2021 Cabinet agreed to a rebalance of immigration settings to pursue 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 refers]. The proposals support the economic recovery from COVID-19 and the transition to a more productive and sustainable economy.
2. Despite closed borders and low unemployment, we have seen continued job growth and an increase in New Zealanders wanting more work over the past two years. Coming into 2022 there is near-zero migration with a tight labour market that has low reliance on inward flows of labour given the closed borders. There have also been concerted efforts to retain the existing onshore migrant workforce by extending visas and providing increased certainty for a large majority who can gain residency through the 2021 Resident Visa. We have seen efforts in some sectors to improve worker conditions and innovate, leading to better labour market outcomes for many.
3. The proposals for employer-assisted workers and partners put to Cabinet in December 2021 aimed to build from that near-zero base to ensure that as we reopen our borders and provide increased access to labour, we are attracting the right balance of skilled migrants, and limiting access to migrants in low-skilled roles. This will ensure that immigration settings continue to support the gains realised during border restrictions, and future migrant labour strikes the right balance of needed skills, without exceeding our absorptive capacity.
4. On 20 December 2021, Cabinet agreed to progress Immigration Rebalance proposals for workers and partners [CAB-21-MIN-0554 refers] including introducing:
 - a. a wage threshold indexed to the New Zealand median wage for employer-assisted visas (unless an occupation is exempted by another setting)
 - b. a green list which facilitates easier entry for specified high skilled or hard to fill and high national importance roles
 - c. s 9(2)(f)(iv) [REDACTED]
 - d. a new framework for sector agreements in a small number of sectors where there is short-term or ongoing need for capped access to lower skilled migrants, and
 - e. restrictions to the work rights of most partners of migrant workers to roles they qualify for but allowing them to work less than 30 hours per week.
5. Cabinet also agreed that work would be done in 2023 to extend accreditation to require all employers to be accredited to hire a migrant worker, including those with open work rights. That work is not addressed in this briefing.

There is further detail to work through to make these changes

6. For the changes for workers and partners to be progressed, further details need to be worked through. Cabinet invited you to report back in March 2022 with these details [CAB-21-MIN-0554 refers], including:
 - a. precisely how the green list, sector agreements and s 9(2)(f)(iv) [REDACTED] can achieve the Rebalance objectives through immigration settings
 - b. which occupations should be on the green list, and s 9(2)(f)(iv) [REDACTED]

- c. which sectors to progress sector agreements with and the process for progressing, and
 - d. updated implementation plans for the Rebalance settings.
7. This briefing provides you with our advice on these details and seeks your agreement to progress the advice and proposals to Cabinet in March. This advice reflects discussions with government officials who have responsibility or an interest in sector workforces, as well as limited targeted engagement with stakeholder peak body groups.
 8. We have separately sought your decisions on implementation of the changes to take effect alongside the Accredited Employer Work Visa when it goes live on 4 July (2122-2326 *Immigration Rebalance – implementing the changes for employer-assisted workers and partners* refers). We have reiterated some of your decisions on those matters in this briefing to reflect our advice on what to include in the upcoming March Cabinet report-back.

Attaining a higher-skilled migrant workforce

We recommend that lists and sector agreements remain limited and focussed on Rebalance objectives

9. This briefing provides you with further detail on the lists and sector agreements as part of the Rebalance changes. However, these features are only minor adjustments compared to the main changes the Rebalance introduces, which are:
 - a. requiring jobs to be paid at median wage or higher to be able to hire an employer-assisted migrant worker (applied to the Accredited Employer Work Visa (AEWV), as agreed in 2122-2326 *Immigration Rebalance – implementing the changes for employer-assisted workers and partners*)
 - b. requiring partners of migrant workers on AEWVs to qualify for work rights by attaining a job paying median wage or higher.
10. These two changes will provide the most traction in achieving the Rebalance aims, by making lower-paid migrant labour no longer the option it was in pre-COVID immigration settings. However, employers will still be able to supplement local labour in lower skilled jobs temporarily, by employing working holiday makers and student visa holders.
11. In most cases, adjustments within the Rebalance are not needed to enable hiring migrant workers into jobs. Employing a migrant worker on an AEWV will be possible if the job pays median wage or higher, and the vacancy has been advertised with no suitable New Zealander found (labour market testing).
12. Under the new settings from July, migrant workers employed on an AEWV will be able to stay indefinitely (no stand-downs currently apply at or above median wage) and many are likely to be able to qualify for residence through the Skilled Migrant Category (SMC), or by being employed in a role earning twice the median wage for a two-year period. The review of the Skilled Migrant Category may shift both standdown requirements and residence thresholds. We have provided commentary later in this briefing on how this can be addressed as the review progresses.
13. As agreed in 2122-2326 *Immigration Rebalance – implementing the changes for employer-assisted workers and partners*, the 2021 median wage (\$27.76 per hour) will be implemented for visa applications from 4 July 2022, to coincide with the launch of the AEWV. You also agreed that, in future, there will be a standard process where INZ will adopt the updated median wage in February, following its publication by Statistics New Zealand in August.
14. Labour market testing requirements will ensure that where introduction of the median wage threshold for employing migrants translates to higher wages, these will be advertised to New Zealanders before any possibility of migrant employment.

15. For some sectors, applying the median wage threshold to the AEWV will mean that they will have to fill lower-paid roles from the domestic workforce, from the pool of migrant workers with open work rights, or make changes to their production or business models so that these roles are no longer required. We have outlined in this paper where this is the case. A small number of sectors will need to have transitional or ongoing access to lower skill migrant labour for specific roles below median wage.
16. We strongly recommend that exceptions which enable hiring migrants below median wage should be minimal to ensure that the Rebalance objective of a higher skilled migrant workforce is consistently pursued, and the overall system is simple to understand and operationalise.
17. In the December Cabinet paper, it was agreed that exceptions to the median wage threshold might be achieved through sector agreements, or the green list. The way that these components are intended to function mean that any exceptions to the median wage threshold could be capped and through sector agreements or uncapped if placed on the green list.
18. After considering roles and sectors that might need exceptions to the median wage threshold, including through stakeholder discussions, we now recommend that such exceptions are only granted through sector agreements because they can be controlled and corresponding action from the sector to make improvements aligned with Rebalance objectives. This leaves the green list to focus entirely on using immigration settings to attract highly skilled above median wage jobs which are greatly needed. At this stage we also have not identified any occupations paid below median that it would be preferable to accept and not constrain (which the green list would do). We have also heard there is little interest in seeking migrant workers to fill lower-skilled positions in roles which straddle the median wage because of lower paid entry level roles, and the preference is to hire experienced migrant workers.

Feedback has varied on the Rebalance changes agreed by Cabinet in December

19. Sector peak bodies generally understand the objectives and how this fits in with Reconnecting New Zealand and the 2021 Resident Visa – and that this is about future hiring of migrant workers via the AEWV. There is concern in some areas about this restriction on sectors – we have reflected this more fully later in this briefing in recommendations about sector agreements. The complete list of sector bodies that were consulted is in Annex One.
20. s 9(2)(f)(iv) [REDACTED]
21. The Tourism Industry Association, Hospitality New Zealand, and Restaurant Association are also concerned about the impact of the median wage on their sector's ability to source labour in a tight labour market. They note that COVID has been particularly tough for their members and are concerned about the timing of the Rebalance.
22. Business New Zealand raised a range of issues about the Rebalance, that the case for changes hasn't been made and risks of increasing the vulnerability of people coming to New Zealand. There was concern about the policy's impact on New Zealand's ability to attract migrants, and the differential impact across sectors.
23. The Council of Trade Unions was largely comfortable with the proposals, noting that they are likely to have a range of views given the broad base of their membership. They were particularly keen to understand how the proposals would impact on existing migrant workers and emphasised the importance of clear communications about their options. We have reached out to the Union Network of Migrants for discussion of the package in coming days.

24. There were some comments from stakeholders that the changes could encourage migrants to be paid more than median, whereas New Zealanders could be paid less. The labour market testing requirement of the AEWV requires employers to advertise a vacancy, including the pay rate at or above median wage, in advance of being able to seek a migrant for the job. This requirement mitigates this risk by making the pay rate known to New Zealanders. In addition, any behaviour of an employer to preferentially pay or hire migrant workers is illegal discrimination under the Employment Relations Act 2000 and the Human Rights Act 1993 if they have the same skills and qualifications and are doing the same role.
25. The goal of supporting transition to a median wage threshold was reflected in some stakeholder feedback. Sector agreements are one vehicle to do this but need to be limited in number and therefore focussed on the most critical situations. Most sectors do not need transitional arrangements as they will retain their current skilled workforce with the 2021 Resident Visa and will get more workers than they have done over the last two years even with the median wage threshold in place.

Green List

26. Cabinet agreed that the green list should facilitate easier entry for specified high skilled or hard to fill and high national importance roles [CAB-21-MIN-0554 refers]. We have provided you with further advice on how immigration settings can be geared to achieve this, as well as which occupations we recommend placing on the list. With your approval we will include these proposals in the March Cabinet paper.

We propose green list immigration settings that are geared toward attracting skilled migrant workers into areas of shortage

27. We are proposing to use the green list as an attractive offer which ensures the immigration system is doing the best it can to support recruitment into much needed highly paid and highly skilled jobs where there is ongoing difficulty attracting enough people.
28. To provide the easiest entry settings possible, and support attracting highly skilled migrants into these roles, we propose that the green list includes two different near-guaranteed residence offers:
 - a. a fast-tracked 'straight to residence' path from offshore, to attract into key roles, i.e., being issued a skilled resident visa like the 2021 Resident Visa
 - or
 - b. a work to residence path through the AEWV – residence after two years to ensure there is a clear path to residence.
29. In both residence pathways we propose:
 - a. the median wage threshold and a requirement for a permanent job offer from an accredited employer to secure the visa still applies
 - b. the applicant will have to meet qualification and/or work experience requirements specified on the list to confirm they genuinely have the skills that are in shortage in New Zealand
 - c. applicants would have to meet requirements for English language, health, and character, and be aged 55 or under.
30. The green list occupations will have priority processing by Immigration New Zealand, i.e., automatically 'front of the queue' with tight performance measures for processing timeframes.

31. The green list fast track to residence would be implemented at least initially through the Skilled Migrant Category. Applicants who have an eligible green list job offer with the required qualifications and experience will have enough points to put them over the threshold for selection without having to claim any additional points.
32. Settings which will also apply to the green list pathways that you previously agreed in 2122-2326 *Immigration Rebalance – implementing the changes for employer-assisted workers and partners* are:
 - a. open work rights will be granted to the principal applicant's partner to further support attraction, and
 - b. to streamline the visa process, Immigration New Zealand will not be checking whether the employer advertises specifically for a green list role.
33. The green list work to residence pathway would require working in the role for two years before applying for residence. This aligns with the residence path for people paid two times median wage or higher (previously agreed in 2019 as part of the AEWV package – DEV-19-MIN-0228 refers). After two years, they would be able to apply for residence provided they continued to work in a green list role for that duration (they could switch between employers during that period). The residence application would be streamlined, like the 2021 Resident Visa.
34. People who do not meet the age requirements for residence can still be issued an AEWV but will not have a pathway to residence. We intend to communicate the requirements for residence clearly at the outset of the pathway to ensure that people are well-informed of the requirements they must meet at the two-year residence application point.
35. These settings provide the most attractive and streamlined paths that the immigration system can facilitate, whilst still maintaining the necessary checks. Given the reduction or removal of many of the other checks and balances to achieve this, careful selections need to be made about which occupations are provided these offers.
36. We have provided two residence path options to enable some nuance in the offer different occupations are provided. This means the straight to residence offer can be only provided to the most skilled roles where it is highly likely the person would come and perform that role over the long term. Given the specialised nature of the most skilled jobs, and the need to provide a globally competitive offer to secure skilled people, there is little concern about opening a residence path that larger volumes of people than needed would be incentivised to seek out.
37. We consider the median wage threshold should be maintained in these residence pathways aiming to attract suitably skilled people to resolve skills shortages through the green list because less experienced (and lower paid) people are not the priority group that are sought to resolve the shortages in question. In almost all roles proposed for the green list at this time, the market rate for the jobs is mostly above the median wage. In some cases (e.g., teachers), the market rate at entry level is a little below the median wage, however where this is the case stakeholder feedback has been consistent that the shortages experienced in these roles is for skilled people with at least a few years of work experience. Where an employer has the capacity to support a new graduate into the role, they tend to prefer to seek out New Zealand graduates who will at least be familiar with the New Zealand context from their training.
38. In some cases, there are jobs which have a strong case for an attractive immigration offer, but there is some concern about the settings encouraging oversupply, or people using the residence path then moving to different occupations and not supporting a resolution to the skill shortage (i.e., retention issues). In these cases, to ensure that an attractive offer can still be provided, we propose a work to residence offer, which will secure labour for at least two years to support the shortage.

39. Registered Nurses (RNs) provide an example where offering a work to residence path rather than a fast track to residence is the most appropriate way to support attracting workers into an area of skill shortage. It is beneficial to address ongoing shortages in the nurse workforce across RN disciplines through a green list attraction effort due to the impacts of shortages on the health and wellbeing of New Zealanders, and the lack of sufficient training capacity domestically to address the shortage. Despite this need to attract labour, a work to residence arrangement is preferable to a fast-track residence offer for this occupation. Reasons for this include that:
- a. there is already a high proportion of internationally qualified nurses in the New Zealand workforce (26%¹) showing a growing trend of reliance on a migrant workforce rather than domestic training. A fast track to residence could perpetuate this further through rapid growth
 - b. there are retention issues in the nursing workforce generally. A work-to-residence path ensures nursing workforce participation for at least several years prior to residence. Retention issues after that period should be addressed by the health system.
 - c. requiring at least two years of work in New Zealand as a nurse before residence is more likely to attract migrant workers that have bona fide intentions for a nursing career, rather than a fast track to residence for those who happen to hold a nursing qualification but may be primarily incentivised by a residence path.
 - d. there are also anecdotal reports many nurses are moving to Australia.² A work to residence path slows the path to citizenship compared to a fast track to residence, meaning that a migrant worker looking to use NZ status to access employment in Australia will have a less streamlined path to do so.

We have developed a list of skill shortage roles for the green list

40. Our analysis to arrive at a proposed green list included reviewing the skills shortages lists, including the Long-Term Skill Shortage List (LTSSL), and the Regional Skill Shortage List. We also considered the exceptions granted during border restrictions, Industry Transformation Plans, and common jobs for employer-assisted visa holders. We also sought feedback, and considered occupations raised during discussions with government agencies with sector responsibilities, and sector peak bodies through targeted consultation.
41. Given the generosity of the offer, we consider that occupations placed on the green list should be limited to those in ongoing severe skill shortage that require a competitive immigration offer to support recruitment. Occupations or sectors to be included should also be crucial:
- a. for the wellbeing of New Zealanders, or
 - b. to fulfil strategic government objectives, or
 - c. as a pivotal role in a value chain.
42. In addition, where there are shortages that meet the importance considerations, we examined whether there was a reasonable volume of labour required to resolve the issue, such that an immigration setting change was necessary.

¹ <https://www.icn.ch/system/files/2022-01/Sustain%20and%20Retain%20in%202022%20and%20Beyond-%20The%20global%20nursing%20workforce%20and%20the%20COVID-19%20pandemic.pdf> – page 43

² Similar concerns noted in NZNO submission to the Productivity Commission Inquiry into Immigration settings – p, 3: [DR-163-New-Zealand-Nurses-Organisation.pdf](#) (productivity.govt.nz).

See also NZNO research paper, “A Mixed Picture: The Experiences of Overseas Trained Nurses in New Zealand”, for survey data on pp. 4 & 7.

Table 2: Proposed green list occupations (using ANZSCO codes)

Offer	Role	Sector
	Construction project manager Project builder Quantity surveyor Surveyor Chemical Engineer Civil engineering technician Civil Engineer Electrical Engineer Electronics Engineer Electrical engineering Technician Electronic Engineering Technician Environmental Engineer Geotechnical Engineer Industrial Engineer Materials Engineer Mechanical Engineer Production or Plant Engineer Structural Engineer Engineering Professionals (not elsewhere classified) Telecommunications engineers Telecommunications network engineers	Construction and Infrastructure
Fast Track to Residence	A group of medical practitioner roles, including: General Practitioner Anaesthetist Psychiatrist Specialist Physicians Nec Surgeons (<i>including General Surgeons, Cardiothoracic Surgeon, Neurosurgeon, Orthopaedic Surgeon, Otorhinolaryngologist, Urologist and Vascular Surgeon</i>) Other Medical Practitioners (<i>including Dermatologist, Obstetrician and Gynaecologist, Ophthalmologist, Diagnostic and Interventional Radiologist, and Radiation Oncologist</i>) Medical Laboratory Scientist Clinical Psychologists & Psychologists Physicist (Medical) Orthoptist Veterinarian	Health and Social Services
	Other Spatial Scientist Environmental Research Scientist Food Technologist	Other: (Primary Industries, Science)
	Where they are paid \$120,000 or higher: - ICT Managers - Software Engineer - ICT Security Specialist Multimedia Specialists where they are paid \$95,000 or higher	ICT and Digital Technologies

Offer	Role	Sector
Work to Residence	Anaesthetic Technician	Health and Social Services
	Medical Imaging Technologist	
	Medical Laboratory Technician	
	Medical Radiation Therapist	
	Occupational Therapist	
	Sonographer	
	Podiatrist	
	Audiologist	
	All Registered Nurses (including but not limited to Aged Care)	
	Resident Medical Officer	
Midwife		
Teachers – Secondary with specialisations, and registered early childhood education (ECE)		
	Automotive Electrician	Transport
	Diesel Motor Mechanic (including Heavy Vehicle Inspector)	
	Electrician (General) – registered	Construction
	Plumber – registered	

43. All the roles provided a fast track to residence under the Rebalance changes will be receiving a better offer under the Rebalance than previous immigration settings. Most of the roles on the work to residence path will be receiving a comparable offer to the LTSSL work to residence arrangements, except those that were not previously on the LTSSL such as Plumbers and Occupational Therapist roles which will have improved immigration settings.
44. We have listed occupations proposed for the green list as they are described in the Australian and New Zealand Standard Classification of Occupations (ANZSCO), but further detail is still to be developed beyond the occupation code to target to further qualification, registration, or experience requirements, and in some cases characteristics of the job itself (such as salary). This is comparable to the LTSSL, and other skills lists and will ensure that we only make the green list offers to bona fide people well qualified to fill the skill shortages, particularly since it is a very generous residence offer, especially for the fast track. Our view is this level of detail is not useful to provide to Cabinet, and that a list of occupations is better placed. We will instead work to confirm appropriate detailed settings with sector agencies and brief you on this to inform immigration instructions.
45. We will also explore methods for verifying skill levels in cases where ANZSCO codes are broad, and registration, qualifications and experience are a poor fit for Immigration NZ to do a skills assessment.
46. As part of that work, we will discuss the health sector roles on the green list further with the Ministry of Health to understand how the groups of medical practitioners, psychologists, and nurses are best articulated.
47. The green list fast track to residence would be implemented at least initially through the Skilled Migrant Category. Applicants who have a job offer with an accredited employer for one of the listed occupations and who met the qualification and work experience requirements would be provided enough points to put them over the threshold for selection without having to claim any additional points.
48. Most of the roles we propose for the green list are carried over from the LTSSL, with some exceptions which include:
- the four digital technologies roles** paid at or above wage thresholds consistent with the recent border exception and the draft Industry Transformation Plan which aims to reduce reliance on migrant labour and shift to supplementing the sector with highly skilled migrants. There is ongoing demand for and shortage of these roles in the sector,

which is an area of strategic focus for government in growing the economy. The additional wage requirement supports targeting the higher skilled roles within these ANZSCO codes which cover a broad spectrum of skills and experience. s 9(2)(f)(iv)

. This more focussed set of ICT roles replace the 23 ICT roles that were on the LTSSL (outlined in Annex Two – ICT/Digital Sector summary). There will be many skilled ICT workers in other occupations that will be able to meet the work to residence pathway for people earning over 200% of the median wage.

- b. **Registered Nurses** – Nurses are a crucial workforce to support the wellbeing of New Zealanders. The LTSSL previously only included aged care nurses, however there are shortages across many nursing disciplines, so we propose broadening this so that all disciplines receive the same work to residence offer. This is a more equitable setting which doesn't favour some nursing vacancies over others.
- c. **Teachers** – there are shortages across teacher roles at three levels (primary, secondary, and early childhood education) and these roles are listed on Regional Skills Shortage Lists (but not on the LTSSL). s 9(2)(f)(iv)

In the case of primary and secondary teachers, the supply of teachers from the New Zealand training pipeline is enough to meet the demand in overall numbers, however for secondary teachers there is a shortfall in certain specialisations (particularly STEM subjects). Additionally, it remains very difficult to attract teachers to regional or low decile schools. The number of people currently being trained as early childhood teachers is insufficient to vacancies due to both expansion of the sector and a higher attrition rate. The attrition rate is partly due to relatively poor pay rates compared to other teachers, although MOE is undertaking a funding review to achieve pay parity by 2024. Although not currently on the LTSSL, there is sufficient evidence of shortage to provide an attraction mechanism.

- d. **Plumbers** – Plumber is a pivotal role and part of the strategically important construction sector. The role is on the Construction Skills Shortage List for all regions, but unlike electrician is not on the LTSSL. Both occupations have a similar projection of growing demand, similar training pipelines and are registered trades. Given the similarities, it is practical to treat both jobs the same and provide a work to residence path for both.
- e. **A number of the health roles added to the green list** including Orthoptist, Physicist (Medical) Anaesthetic Technician, Occupational Therapist, Sonographer, Midwife, Podiatrist and Audiologist. The Ministry of Health provided robust information about the current shortages in the sector, and we added some of these additional professions to the fast track and work to residence paths on their advice. s 9(2)(f)(iv)

However, some of the specialised roles cannot be trained in New Zealand or cannot be trained to sufficient levels.

49. Some examples of roles from the LTSSL or other skill shortage lists and common requests that were not included in the green list because they did not meet selection criteria include:

- a. **Chef de Partie** – this occupation is on the LTSSL, but a large proportion are paid below median wage and there are significant concerns that this occupation is used as a migration path to seek residence rather than addressing skills gaps. Inclusion on the green list risks perpetuating or increasing the migration path issue. s 9(2)(f)(iv)

- b. **Dairy farm workers** – were provided a border exception due to a shortage that occurred while the border has been otherwise closed during COVID-19 restrictions. The border exception addresses that and requires payment at median wage. We do not consider that there is need to provide an attractive offer once borders are reopened – the shortage appears to be almost entirely due to the border closure. The SMC review may remove residence paths for these workers so we will revisit whether a work to residence path is needed in light of decisions on this. However, the Ministry of Primary Industries and Immigration Policy view is that more can be done domestically to support this workforce and there is concerning growth in migrant labour. These factors mean that providing an attractive offer which could increase migration into these jobs is not appropriate at this time.
- a. **Agricultural and horticultural mobile plant operators** – were also provided a border exception that required payment at median wage. Akin to dairy farm workers, this shortage appears to be due to border closure, rather than an ongoing issue. There is a degree of seasonality in these roles. This is a well-paid role and once borders are reopened and workers paid above the median wage can obtain visas, there will not be a problem that needs to be addressed through a green list.
- b. **Accountant** is an example of a role on some Regional Skill Shortage Lists, which do not provide a residence path, so they have not previously received such an attractive immigration offer as the green list. We do not see any change in the considerations for this highly skilled role which will still be able to enter above the median wage and are likely to get residence through the Skilled Migrant Category. The only change for roles like this not included on the green list will be the requirement to advertise (labour market testing).
50. Further detail on the roles considered for the green list and those considered but not proposed are in Annex Two, within sector summaries.
51. Advice on the future role of the skills shortage lists such as the LTSSL is being developed and will be provided in June.

Feedback from stakeholders has mainly been suggesting occupations to be added

52. We discussed the proposals for the green list with each of the stakeholders in targeted consultation. Most groups were supportive of the proposals or recommended additional occupations that could be included.
53. Some of the roles put forward by the Ministry of Health for the green list were not included. This includes Dentist, Pharmacist, Physiotherapist, and Social Worker. These are roles which are employed both within the public health system (i.e., in DHBs) and in private practice or wider health and social system settings. The evidence provided about shortages in these roles demonstrated shortages within DHBs, but it is not clear that these shortages are consistent outside of the public health system, and they may be a labour market issue (i.e., linked to wage differences or conditions) rather than a shortage to be resolved through the immigration system. While we have not proposed an attractive green list offer at this time, these roles are all paid above median in almost all cases, and will be able to enter New Zealand, and in many cases gain residence. s 9(2)(f)(iv)
54. The Ministry of Education indicated that they would like the green list to be able to target certain vacancies, rather than just people with certain skills. They would like to be able to use it as a mechanism to attract teachers into roles in rural or low decile schools. In general, we have seen the green lists as resolving shortages of skills and that jobs that have attraction problems other than those related to shortages of skills (such as location) are not best

addressed through immigration. The Ministry of Education also raised Primary school teachers as a candidate for the green list, but there is not compelling evidence of a workforce shortage.

55. We heard from the Aged Care Association that they believe Registered Nurses (Aged Care) should be included in a sector agreement rather than on the green list. We understand this is to seek a restriction on nurses in this occupation switching employment, or similar, which is not an appropriate arrangement for the immigration system to create for migrant workers. The ACA is seeking this kind of arrangement because of ongoing pay parity issues with district health board (DHB) registered nurses which are leading to retention issues.
56. Current immigration settings provide a work to residence path only for the Registered Nurse (Aged Care) occupation. We understand that many nurses come to New Zealand on employer-assisted visas in the employment of aged care providers, but often seek a variation of visa conditions to become employed by DHBs. Some DHBs have shared a voluntary edict to stop this practice. We do not consider this to be an immigration system issue (a view which is shared by the Ministry of Health). The proposal to include all registered nurses, and not only aged care nurses, in a work to residence path on the green list would facilitate a more impartial immigration approach to resolve skill shortages that exist across the workforce.
57. We spoke with IT Professionals NZ and NZTech and discussed the large number of ICT roles on the LTSSL – they agreed that the ANZSCO codes for the sector cover a wide range of skillsets and do not adequately target the highly skilled people the sector is seeking, in line with the recent draft Industry Transformation Plan. They agreed that the roles and salary amounts specified in the recent border exception are a better representation of the needed migrant labour in the sector than the LTSSL roles. As a result, we are proposing that these roles with the additional wage thresholds for eligibility are included on the green list.

s 9(2)(f)(iv)

The green list is not the only channel to skilled residence

58. Skilled workers can still get skilled residence by:
 - a. Meeting Skilled Migrant Category (SMC) points requirements (currently 160 points)
 - b. 2 years on a twice median wage role
59. A review of skilled residence is underway, s 9(2)(f)(iv)

We recommend that there is regular monitoring and review of the green list

60. We recommend that the green list is regularly reviewed, with the first review being one year after implementation to ensure appropriate settings are present after the SMC review. Following that, subsequent reviews should occur every three years.
61. We are recommending this review cycle because the shortages selected for the green list are ongoing. A more frequent review cycle does not allow sufficient time for the sector to progress in domestic measures to address these shortages (where applicable – some of the roles on the green list will continue to be in shortage as there are no domestic pipelines due to the specificity of the training required).
62. If the roles on the green list show evidence that they are being used as a preferential migration path (e.g., higher than expected numbers of migrant workers, sector retention issues are worsening not improving, etc) the review could result in removing these occupations from the green list. This would mean the attractive immigration offer is no longer available and any new jobs would be subject to the same requirements of the median wage, no open work rights granted for partners, and the Skilled Migrant Category for residence

applications would apply. If this issue was particularly concerning, we could remove them from the list at any time.

63. s 9(2)(f)(iv) [REDACTED]
[REDACTED]
[REDACTED] The most advanced ITPs have been considered in the development of these green list and sector agreement proposals, particularly the Construction and Digital Technologies ITPs. s 9(2)(f)(iv) [REDACTED]
[REDACTED]
64. We will provide you with further advice on green list mechanisms to be incorporated into the Cabinet paper including the approach to upfront communication of requirements including English language requirements.

Sector Agreements

65. Cabinet agreed that a new framework for sector agreements should be established in a small number of sectors where there is a short-term or ongoing need for capped access to lower skilled migrants [CAB-21-MIN-0554 refers]. The Cabinet paper also outlined that Industry Transformation Plans (ITPs) should inform and support the change being sought through sector agreements.
66. We have provided advice about which sectors need agreements that permit below median wage recruitment of migrant workers. These are: the Care Workforce (including in aged care), Construction and Infrastructure, Meat processing and Seafood sectors. For these sectors we have also provided an indication of what kind of immigration settings would support their labour need, and the kind of expectations we consider should be placed on the sector to support labour market improvements. We will work with government agencies to further progress these proposals ahead of the Cabinet report-back in March.
67. With your approval, we will include these proposals, along with proposed processes for developing sector agreements to Cabinet for agreement.

We propose four sector agreements are progressed

68. In considering where sector agreements should be put forward, we have looked at examples where there has historically been ongoing high-volume use of migrant labour below the median wage and identified cases where there is need to support a sector to: support the health and wellbeing of New Zealanders, achieve strategic government objectives, or prevent collapse of a supply chain due to lack of a pivotal role. In cases where this support is necessary, sector agreements may either move the sector away from a reliance on migrant labour in these low paid roles, or support labour need on an ongoing basis if there is convincing need to do so.
69. Sector agreements can provide:
- Short term transitional support to a sector to enable adjustment to the median wage threshold without causing severe labour shortage or industry collapse, e.g., through a time- limited and capped number for recruitment below median wage
 - Medium term support to seek labour market improvements in the sector which enable them to adjust to the median wage threshold or generally improve conditions – this is likely to involve a sinking-lid cap for recruitment below median wage
 - Ongoing support below the median wage for a justified long-term need for labour, this is likely to be a capped amount of migrant recruitment below median set at a fixed proportion of the overall workforce.

70. We are proposing that four sector agreements are progressed, which would each provide a capped exception to the median wage threshold to support these kinds of circumstances. The reasons for the sector agreements are outlined below, along with further detail on the settings proposed for the agreements, and the improvements being sought.
71. Some further detail for the sector agreements is still being developed such as the cap levels and training requirements. We will provide this further detail together with the draft DEV paper. Cabinet would then agree the proposal to the sector for consultation ahead of decisions in June on the new rules for these sectors.

Table 3: Proposed Sector Agreements

Sector and Occupation(s) in scope	Case for a Sector Agreement and what we want to achieve	Nature of Agreement
<p>Care Workforce (Including aged carers)</p> <p>Personal Care Assistants</p> <p>(ANZSCO code – to be explored for use as an umbrella code for all migrant workers that are carers)</p>	<p><i>Case for a Sector Agreement</i></p> <p>There is ongoing need for migrant labour in this role to support the health and wellbeing of New Zealanders. New Zealand has an aging population, and sustaining a workforce of carers for older people, as well as other people with health and disability needs is crucial to support this population.</p> <p>The proportion of migrant workers in this area has increased over recent years and this has continued through COVID-19 border restrictions through the health border exception.</p> <p>We propose a care workforce agreement rather than focussing solely on carers who work in aged care given the similarity in the work in each context, the labour need across all care settings, and the difficulty in determining where the large numbers of migrant workers in carer roles are working. In many cases carers will be working across mental health, addiction, disability support, and aged care.</p> <p><i>What we want to achieve</i></p> <p>The proportion of migrant workers in this role and wider sector has been growing over time. We want to stop or reduce this growth pattern and maintain migrant labour in the sector at no more than the current proportion overall (both above and below median) and encourage domestic recruitment and retention.</p> <p>Pay equity arrangements in the sector mean that there is a consistent minimum pay level, and we want to permit some below median recruitment of migrants given the historic need for this labour, but only at a set rate which is indexed to the pay equity agreement (which expires in June 2022). If there is growth in the number of migrants paid above median in the sector this should become a sinking lid allowance.</p> <p>There have been concerns about retention, workforce planning (e.g., shift planning, casualisation), and training provision in this sector and we want to see improvements over time (taking into account beneficial transitions, e.g., carers who become nurses).</p>	<p>This is likely to be a longer-term (3+ years) sector agreement which provides a fixed proportion of below median wage recruitment to support the sector without permitting growth in the below median migrant proportion of the workforce.</p> <p>However, if there was growth in the proportion of the care workforce that are migrants paid above median, or the pay equity discussions underway lift wages this may instead be a shorter-term transitional arrangement.</p> <p>Agreement will include:</p> <ul style="list-style-type: none"> - Capped numbers of below median wage migrant workers – at a fixed proportion of the workforce indexed to current levels, and only above a rate consistent with pay equity arrangements. - Work to Residence path for carers paid median or higher to support the workers remaining in New Zealand, and encourage the sector to retain them - Pacific programme(s) to be explored in future.

<p>Construction and Infrastructure</p> <p>Roles where there have historically been some migrant workers paid below median - e.g., some carpenters</p>	<p><i>Case for a Sector Agreement</i></p> <p>Construction and Infrastructure is a growing sector with increasing demand to support Government objectives of building more houses and other major infrastructure projects.</p> <p>While there are many highly skilled construction and infrastructure roles which are paid almost solely median wage or higher, there are also less skilled or unskilled roles where migrant workers' wages have straddled the median wage or are less than median.</p> <p>To ensure the sector can continue to deliver on the construction needs of New Zealand, we propose supporting the sector through an agreement focussed on allowing migrants to fill a capped number of lower skill roles.</p> <p><i>What we want to achieve</i></p> <p>We want to ensure that this sector is doing everything possible to attract and retain any available New Zealanders in low-skilled lower-paid roles, particularly those with progression into trades and apprenticeships. Migrants can continue to fill some positions while the industry still faces expanding demand and unemployment remains low.</p> <p>Currently understanding both the labour need and the efforts of the sector to recruit and retain people is difficult. However, there is a trend of an increasing proportion of migrant labour below median wage in the sector. Work underway on an Industry Transformation Plan will be helpful to understand this further.</p> <p>There is a possibility that further exploration of the labour need in this sector means a sector agreement is not required.</p>	<p>This is likely to be a medium to longer term sector agreement, with some work to come on how a capped amount of below median wage recruitment is best restricted – it may be indexed to pre-COVID levels and adjusted so the proportion remains constant, and growth is not permitted.</p> <p>Agreement will include:</p> <ul style="list-style-type: none"> - Capped number of migrant workers below median wage, excluding labourers unless the sector can make a good case for their inclusion - Potentially some flexibility in other immigrations settings – e.g., the ability to move workers between regions easily - Potentially further residence attraction options at higher pay and skill levels for where there are genuine shortages - Pacific programme (with provisions around training and upskilling) to be explored in future.
<p>Meat processing</p> <p>Various seasonal roles Halal slaughterers</p>	<p><i>Case for a Sector Agreement</i></p> <p>The meat processing sector has historically utilised migrant labour below the median wage to support the seasonal peak in processing. Without availability of labour at this time, animals must be slaughtered at other times of year (which has implications for farmers who must keep their animals fed over summer when grass is poorer) and/or less processing undertaken, resulting in higher wastage and lower productive yield from each animal. These are pivotal seasonal roles.</p> <p>In addition, halal slaughterers are a pivotal role in ensuring that New Zealand meat can be exported to a wide range of important markets globally. While this role is paid above median wage, there are concerns in conditions and retention that can be addressed to some degree through a sector agreement.</p> <p><i>What we want to achieve</i></p> <p>We want to ensure this sector can access necessary labour during the summer peak demand period but also ensure that this labour access doesn't grow and reduce</p>	<p>This is likely to be a longer-term sector agreement due to the seasonality of the roles.</p> <p>It is likely the cap would be set at 150-200 per season and would remain steady into the future unless there was a change in the number of meat processing facilities in New Zealand.</p> <p>Agreement will include:</p> <ul style="list-style-type: none"> - Capped numbers of seasonal workers paid below median wage - Pacific programmes for seasonal workers to be explored in future

	<p>incentives to recruit and retain the domestic workforce. If a Pacific programme is established, we also want to ensure pastoral care expectations are met.</p> <p>Through the same mechanism we want to ensure halal slaughterers and other skilled migrant workers are guaranteed pay above median wage and that they are retained in the workforce.</p>	<ul style="list-style-type: none"> - Capped Work to Residence path for Halal slaughterers
<p>Seafood</p> <p>Onshore Processing Workers</p> <p>Any occupation covered by the Foreign Fishing Crew Visa</p>	<p><i>Case for a Sector Agreement</i></p> <p>The onshore processing of seafood has employed a moderate number of Essential Skills visa holders during seasonal surges. While much of this work is done by migrants with working holiday visas, there is usually a shortfall.</p> <p>Deepsea fishing vessels have long used foreign crews as part of their business model. There has also been an increasing use of migrant crew in the inshore sector over recent years, however, overall numbers remain relatively low. There is a separate visa for deep sea fishing crew, and this should be treated like the AEWV including applying the median wage threshold. However, there may be a case to do this gradually.</p> <p><i>What we want to achieve</i></p> <p>A capped Pacific programme for supporting the seasonal onshore processing workforce needs to be explored</p> <p>Capping of numbers at recent historical levels, raising the wage threshold to median wage (perhaps gradually), allow for multiple entry visas (this can be done as part of a sector agreement or as a straightforward policy change)</p> <p>We need to consider if other seafood sector inquiry proposals should be progressed, and we will report on this to you separately.</p>	<p>Roles for onshore seafood processing could be filled by a capped seasonal programme, potentially focusing on the Pacific workforce.</p> <p>An ongoing cap in Foreign Fishing Crew Visa numbers would ensure that any growth in the sector looks at fishing models that can operate with New Zealand crew.</p> <p>Agreement will include:</p> <ul style="list-style-type: none"> - Retaining and upskilling New Zealand workers for ongoing roles but reflect the need for seasonal recruitment for lower-paid roles - Reduce any risk of increased reliance on migrant workers on deep-sea vessels

72. The main difference between sector agreements and the green list, particularly the green list work to residence path is that in sector agreements there will include expectations about labour market improvements placed on the sector through the agreement, and there will not be any prioritisation in processing of applications or loosening of settings such as labour market testing.

73. In addition to a capped exception to the median wage threshold, we are recommending that some sector agreements (Care Workforce, Meat Processing) provide a work to residency path like the green list to support aims of favourable retention rates in the sectors that have ongoing workforce needs, rather than facilitating ongoing temporary arrangements. Other, more bespoke immigration settings may also be favourable to some sectors and the sector issues to be resolved.

Potential Pacific programmes

74. Cabinet has agreed that options for Pacific access will be explored as part of the Rebalance package. Sector agreements provide a context to consider programmes which allow a sector to recruit from the Pacific (whether into seasonal or time-limited roles or more permanent career pathways). This could be exclusive to the Pacific or a proportion of the migrant workforce in a sector and could involve skill development pathways or simply work opportunities.

75. This work connects to broader consideration of Pacific residence pathways which will be explored in 2023, and ongoing Pacific labour mobility work led by the Ministry of Foreign Affairs and Trade. The different characteristics of each sector and their suitability and interest in supporting a Pacific programme will shape the scope and nature of the immediate work within the Rebalance. Pacific programmes should be a second tranche of development in agreements, to take time to consult Pacific nations about whether the proposed programme(s) align with their objectives, and to ensure appropriate safeguards are in place.
76. *MSD checks in sector agreements* In some cases, a simplified check with the Ministry of Social Development (MSD) about the availability of job seekers might be appropriate within sector agreements. Previously, the AEWV changes required checks for all below median wage roles with MSD, and therefore a more automated system of Skill Match Reports was needed to ensure that confirmation about whether jobseekers were available could be easily shared between agencies. It is not likely to be necessary to use and maintain this system for a much lower volume of checks.
77. The key purpose of jobseeker availability checks would be to ensure that for the roles covered by the sector agreement, employers engage with MSD to check if vacancies are appropriate for jobseekers before proceeding to recruiting migrants. This is like the advertising requirement which would also remain in place and aligns with the objectives of sector agreements where a more sustainable domestic workforce is the aim.
78. Which sector agreements it would be appropriate to include checks within is yet to be determined. We intend to work with MSD and the relevant portfolio agency to consider where they should be required.
79. Sector agreements will also need to include information about the period that they apply, monitoring requirements, and any review points. These details will be worked through with sector agencies. We will also work through further details on what requirements or expectations should be placed on a sector, with early indications provided above in Table 3. This could include things like agreeing to create new sector workforce plans, committing to employing more New Zealanders or improving retention, or creating new training opportunities for domestic staff. The precise expectations will vary for each sector.

The process for developing sector agreements requires work across government

80. Previously, sector agreements were intended to be consultative processes partnering government and sectors to address wide-reaching issues within the sector workforce [DEV-19-MIN-0229 refers]. This differs to the proposals under the Rebalance which are offers put forward by Government to provide concessions to the median wage threshold and other immigration settings to support a sector, in exchange for improvements within the sector.
81. In this new context, Government will draft and extend the offer rather than partner with sectors over a long period. We want to progress the sector agreements as quickly as possible within resourcing constraints to ensure they can be in place as soon as possible after the Rebalance changes are introduced.
82. We intend to work with other government agencies to develop the sector agreements further ahead of the March Cabinet report back. We will include that detail in the Cabinet paper for approval.
83. Following Cabinet approval to progress sector agreements at the March report-back, we will quickly move to consult sector representative bodies and unions alongside the relevant government agencies and in consultation with relevant portfolio Ministers, as necessary. You have been invited to report back on sector agreements for final approval in June 2022, ahead of the AEWV go-live in July.
84. The intent is to have sector agreements in place for 4 July opening of the AEWV. Given the short turnaround from the June Cabinet decisions on final sector agreements we are

preparing interim implementation arrangements to facilitate this. This is likely to be through a border class exception, ahead of full implementation of the agreements.

85. Future sector agreements, like the construction sector agreement, should be informed by and support the changes sought by Industry Transformation Plans (ITPs). The Tourism ITP could also provide insights into appropriate sector agreement arrangements.

Stakeholder feedback included suggestions for additional sector agreements

86. Some stakeholders noted the degree to which sector agreements in the Rebalance context differ to past plans for sector agreements, which in some cases they were to be part of. One such stakeholder was la Ara Aotearoa – Transporting New Zealand (previously the Road Transport Forum) who noted that the previous kind of sector agreements are no longer on the table.

87. In discussions with agencies and stakeholders, we have canvassed a number of potential sectors and occupations for sector agreements. We do not consider there to be a strong case to progress sector agreements for these at this stage:

- a. **Dairy** – DairyNZ and Federated Farmers have indicated that they are interested in a sector agreement to retain access to some below median wage migrant workers for the dairy industry, including being open to a Pacific scheme if it was able to be arranged. Data from September 2021 shows a total of 509 dairy farm workers and managers out of 3513 on Essential Skills visas paid below the median wage, representing about 15% of migrant workers. We do not consider a sector agreement is appropriate right now because most migrants employed as dairy farm workers are paid above median wage. In future a sector agreement might be considered to vary other immigration settings, should this be needed. Work is underway on the Dairy Workforce Resilience Plan, and it would be appropriate to consider any potential sector agreement after that is released.
- b. **Hospitality and Tourism** – a sector agreement was suggested to help the sector transition to the new settings, particularly because this sector will be looking to build back its workforce as the sector recovers, after the reduction of the migrant workforce and overall workforce in the sector since the pandemic. We do not consider a sector agreement to be required at this time to provide transitional support. The 2021 Resident Visa, the gradual expiry of existing visa holders, and the ongoing ability to recruit from open work visa holders will allow the sector to maintain and recruit lower-paid workers. We do not recommend any transitional arrangements for this sector, particularly allowing roles below the median wage. This would be difficult to administer in a sector with many small roles. s 9(2)(f)(iv)

Officials will be looking further into seasonal roles that support tourism activities (such as ski instructors) and whether targeted transitional measures are required, with a view to providing advice to you prior to the March Cabinet paper. A tourism Industry Transformation Plan (ITP) has been initiated and will be considering workforce issues. We will be considering how the immigration system can support efforts to transform the tourism workforce.

- c. **Port workers** – the Ministry of Transport (Transport) flagged anecdotal reports of a workforce shortage at ports, which may be due to the increased requirements placed on these areas under COVID measures. Employer- assisted migrant workers have not historically been employed as port workers, so we do not consider a sector agreement a pressing issue. However, we will reconsider this issue in future if further advised by the Ministry of Transport.

- d. **Early childhood teachers** – the Ministry of Education has indicated that the sector has a perception that being unable to recruit migrants below median wage will have a significant impact on their ability to fill vacancies. However, INZ data shows only about 60 out of the 240 ECE teachers on Essential Skills visas are paid below the median wage. Given the relatively low use of Essential Skills in the sector and the fact most are paid above median, we consider that the impact is not likely to be substantial, and the mechanism of the green list above median wage will provide sufficient attraction to address shortages.
- e. **Telecommunications technicians** – there are currently around 900 migrant workers on employer-assisted work visas (including AIPs), many of whom may be working on the broadband roll out. We estimate that about 60 percent are paid above median wage. There are also around 200 telecommunications cabler roles on these visas with around 60 percent paid above median wage. It is unclear whether the Rebalance will result in future workforce issues, given that a significant portion will qualify for residence under the 2021 Resident Visa and that a reasonable proportion of the roles pay above median wage. This may be a role that the domestic workforce can fill given the limited training required. We need to confirm with the sector whether any workforce issues would result from the Rebalance before recommending any additional work.
- f. **Bus drivers** – in 2019 there were approximately 60 employer-assisted work visa holders who were almost all paid below median wage. Given the low numbers of migrant workers employed in this occupation, we are not proposing to make any allowance for below median wage recruitment, as this may promote more migrant recruitment than has previously occurred (and the volume does not meet the significance threshold to commit resource to progress this). We will reconsider this if issues are raised by the Ministry of Transport in future.

s 9(2)(f)(iv) including pp 27-8

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Other implementation details

You have already taken many of the decisions necessary to implement the Rebalance changes

113. In the recent briefing, *2122-2326 Immigration Rebalance – implementing the changes for employer-assisted workers and partners*, you agreed some details about how to implement the Rebalance changes alongside the Accredited Employer Work Visa. We consider these decisions are appropriate to inform Cabinet about to support in providing the agreed update on implementation of the Rebalance.

114. The decisions to be advised to Cabinet with your agreement, are:

- a. the median wage threshold will only apply to the AEWV. The threshold will be in place when the AEWV goes live on 4 July 2022. Further consideration will be given to the Fishing Crew Work Visa in the context of a potential seafood sector agreement.
- b. Requiring partners of temporary workers to qualify for work rights in their own right will only apply when the primary applicant holds a visa type that is subject to the median wage threshold (i.e., the AEWV only at this stage), and is not working in an occupation with a residence pathway (i.e., Green List or paid at least twice the median wage). This means partners of students and military personnel will not be affected.
- c. The removal of open work rights for these partners cannot be fully implemented until October 2022 at the earliest, so partners of temporary workers who are paid at least the median wage will retain open work rights in the interim.

Further details about implementation

115. The green list fast track to residence may be implemented initially through the Skilled Migrant Category before an ongoing standard channel is established. Applicants who have a job offer with an accredited employer for one of the listed occupations and who met the qualification and work experience requirements would be provided enough points to put them over the threshold for selection without having to claim any additional points.
116. We are also exploring options for the transitional arrangements that may be necessary to support below median wage recruitment of migrant workers in the sectors where sector agreements are being progressed. Our early thinking is that a border class exception may be able to support this for a short period between the AEWV go-live in July and when sector agreements can be put in place.

Next Steps

117. With your agreement, we will draft a Cabinet paper that includes the proposals for the green lists s 9(2)(f)(iv) and sector agreements as outlined in this briefing. We will also include relevant implementation details. This will form the substance for the report back to Cabinet Economic Development Committee in March.
118. A proposed timetable for progressing the Cabinet paper is:

Ministerial Consultation	Tuesday 8 March – Tuesday 22 March
Lodging of Cabinet paper	Thursday 24 March
Cabinet Economic Development Committee	Wednesday 30 March
Cabinet	Monday 4 April

119. We have a meeting scheduled with you on Thursday 24 February to discuss the proposals in this paper as well as the timing and arrangements for progressing to Cabinet.

Annexes

Annex One: Sector bodies spoken with during targeted consultation

Annex Two: Sector-based analysis to determine occupations for the green list and sector agreements

s 9(2)(f)(iv)

Annex One: Sector bodies spoken with during targeted consultation

Aged Care Association

Business NZ

Construction Sector Accord members

Council of Trade Unions

Dairy NZ

EMA

Federated Farmers

Forestry Independent Contractors

Home and Community Health Association

Horticulture NZ

Hospitality NZ

Ia Ara Aotearoa – Transporting New Zealand

IT Professionals NZ

Meat Industry Association

NZTech

Restaurant Association

Retail New Zealand

Seafood NZ

Tourism Industry Association

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Annex Two: Sector-based analysis to determine occupations for the green list and sector agreements

This section provides a sector-by-sector breakdown of areas where the impacts of the Rebalance have been considered, particularly whether any placement of occupations on the green list, or creation of sector agreements is necessary to support the sector to transition when the Rebalance is introduced, or to attract people into roles that are highly skilled and in significant shortage.

These sectors were considered because they are recognised to be likely to be affected by the Rebalance changes, or to be likely to meet the national significance criteria (vital to support the wellbeing of New Zealanders, to contain pivotal roles in a value chain or to be of strategic government importance). This analysis does not exhaustively cover all sectors of the New Zealand economy. For the sectors covered, it provides a sector overview including migrant labour use, how the Rebalance is likely to affect the sector, and the green list/sector agreement proposals and justification.

The proposals for the green list and sector agreements were consulted with government agencies with responsibility for the sector to ensure that the immigration settings proposed are consistent with their views on sector shortages and attraction needs, as well as efforts to change labour market settings in the sector through other means (e.g., Industry Transformation Plans, Workforce Development Plans, etc.).

Sectors covered are (in order):

1. Construction
2. Dairy
3. Education (pre-Tertiary)
4. Health (including aged care)
5. ICT/Digital Technologies
6. Meat processing
7. Retail
8. Tourism and Hospitality
9. Transport

Construction and Infrastructure Sector

Proposal

Sector agreement to allow:

- Capped number of workers below the median wage
- Potential Pacific Preference scheme if there is interest within both industry and Pacific countries

Green listing for a range of occupations:

- Fast track residence for highly skilled roles currently on the Long-Term Skills Shortage List
- Work to residence for trades roles with registration (electricians and plumbers) with the potential to expand the list to some non-registered trades roles as Sector Agreement discussions progress

Context

The construction sector is vital to a number of key central and local government priorities such as housing and infrastructure projects. Despite common wisdom that the sector operates in seven-year boom-bust cycles, it has been expanding for the past decade and shows no signs of slowing down. It is currently under a lot of pressure due to booming demand, issues with supply chains and a shortage of workers across all skill levels.

The total workforce of the sector increased by about 50% from 2012 to 2019 from 120,000 to 180,000, during the same time, the migrant workforce increased 435% from 3,000 to 16,000. Unlike most other sectors, the construction sector has continued to increase the number of migrant workers since border restrictions began, up to about 18,500 (due to a mix of border exceptions allowing some new workers in combined with onshore workers switching to construction from other industries). Migrants currently make up about 9% of the whole sector workforce. Employer-assisted work visas (Essential Skills and Work to Residence) make up over two thirds of these, with the rest mostly split between partnership and post study work visa holders.

There are a wide range of occupations covered by the construction sector, ranging from highly skilled roles such as engineers, project managers and architects to mid-skilled trades jobs such as plumbers and carpenters to lower skilled roles such as labourers. Additionally, the sector itself is complex, covering a range of subsectors and a huge number of employers, many of which are small. There is no overarching

representative sector body, although the Construction Accord provides a mechanism for the Government to work with the industry on a range of matters, including those related to workforce.

Impacts of the Rebalance

Although it is clear there is likely to be some need for migrants to continue to be able to fill below median wage roles in the short and medium term, there is more work to be done to ensure this is allowed for in a way that aligns with the aims of the rebalance. A sector agreement is proposed for this reason.

There are about 95 separate ANZSCO occupations that have some work visa holders working in them. About a quarter of these workers are currently paid below median wage. Data for the top 10 occupations by Essential Skills volume appear below, alongside the percentage of workers paid below the median wage for each. Note that most of the individuals counted in this data will obtain residence through the 2021 Resident Visa, either through being paid above the median or being settled in New Zealand for at least three years, but the data gives a sense of scale of which roles migrants are most often being used to fill.

Number of Essential Skills visa holders working in top ten construction sector occupations (Sept 2021)

Occupation	Total visa holders	% paid below median
Carpenter	3034	28.21%
Builder's Labourer	553	35.80%
Painting Trades Worker	461	38.61%
Steel Fixer	352	14.77%
Fibrous Plasterer	341	43.70%
Scaffolder	304	10.20%
Welder (First Class) (Aus) / Welder (NZ)	294	32.99%
Technicians and Trades Workers (not elsewhere classified)	270	33.70%
Wall and Floor Tiler	259	23.94%
Airconditioning and Refrigeration Mechanic	243	23.46%

This data demonstrates that trades roles, particularly Carpenter, are where the sector predominantly uses migrant workers. It also shows a relatively high proportion of some occupations paid below the median wage.

In some less skilled occupations (such as Builder's Labourer) the market rate range for New Zealanders begins under the median wage, and therefore migrants being paid under the median are being paid in line with market rates.

For many of the more skilled occupations, including Carpenter, the market rate range for a fully skilled New Zealander begins at above the median wage, however there are still a significant number of migrants being paid below. Where this occurs, it is likely to indicate that the migrant workers are not fully skilled and are actually filling more entry level or trainee positions. The two biggest nationalities filling these positions are the Philippines and China, countries that use very different construction methods and materials to New Zealand, therefore it is unlikely workers from these countries have all the skills they need when they first arrive.

Are there other issues to consider?

Sector Agreement

Initial conversations with the Construction Accord members indicate that the labour supply for the sector is currently so tight that there are not enough New Zealanders available to fill lower skilled roles like labourers or entry level positions for more skilled roles, even with programmes such as free apprenticeships. Additionally, the sector expects that when border reopen, more New Zealand workers will leave for Australia where pay rates are higher for nearly all occupations. A Sector Agreement could allow a capped number of migrants below the median wage to enter the industry, provided the sector continued to prioritise attracting and training any available New Zealand workers for these roles.

A Pacific Preference programme giving employers access to Pacific workers below the median wage provided that training is offered to such workers could also be explored as part of a sector agreement, if there is interest within the industry and within Pacific nations.

Green list – fast track residence

There are a range of skilled roles within the sector that would benefit from the additional attraction mechanisms that exists through the Green List.

There are a number of construction roles on the Long-Term Skills Shortage List, and it is proposed that all of these are provided a fast track to residence as these highly skilled roles remain in absolute shortage globally and in New Zealand. These roles are:

Construction Project Manager (133111)	Geotechnical Engineer (233212)
Surveyor (232212)	Structural Engineer (233214)
Quantity Surveyor (233213)	Electrical Engineer (233311)
Project Builder (including Building Project Manager and Site Foreman) (133112)	Electronics Engineer (233411)
Civil Engineering Technician (312212)	Industrial Engineer (233511)
Electrical Engineering Technician (312312)	Mechanical Engineer (233512),
Electronic Engineering Technician (312412)	Production or Plant Engineer (233513)
Chemical Engineer (233111)	Environmental Engineer (233915),
Materials Engineer (233112)	Engineering Professionals (not elsewhere classified) (233999)
Civil Engineer (233211)	

Green list – work to residence

There are some skilled trades roles that are also in shortage and may also benefit from the additional attraction mechanism of a work to residence pathway. The existing Construction Skills Shortage List provides some information about other roles that have been identified as in shortage previously. However, it is important in providing a pathway to residence that the level of skill be set appropriately to ensure that people who enter of these visas and are eventually granted residence are fully skilled for their roles and working through the qualification and work experience required for each occupation will take detailed work with the sector.

For now, it is proposed that only Plumbers and Electricians are added to the list, because they have registration requirements that provide certainty that applicants are genuinely skilled for their roles. ■■■■

s 9(2)(f)(iv)

Dairy Sector

Proposal

- Do nothing for now – i.e., employers will be able to bring workers paid above median with no restrictions or additional benefits
- Consider residence pathways once the skilled residence review nears completion
- Green list fast track to residence for Veterinarians

Context

The use of migrant workers in the dairy sector has increased significantly over the past decade, in particular in the farm roles classified in ANZSCO as Dairy Cattle Farmer and Dairy Cattle Farm Worker. The overall dairy workforce (including New Zealanders) has grown by around 15% from 2012 to 2019, in the same period, the migrant workforce grew by 140%. By 2020, about 15% of all dairy workers were migrants on temporary visas, representing about 6050 workers. Of these, most (4400) were on either Essential Skills or Work to Residence Visas. There was a small proportion on partnership visas (513) and small numbers of students, post-study work visas and working holiday makers rounding out the rest of the migrant work force.

The high volume of dairy workers on work visas is at least partially due to the difficulty for workers in these roles to obtain residence. Many workers recruited into dairy farm work have no qualifications or directly relevant work experience (a large number come from the Philippines, which does not have a commercial dairy industry) and therefore struggle to obtain enough points under the Skilled Migrant Category even where their role is classified as skilled and they earn above median wage. As a result, a significant proportion of dairy workers have been on temporary visas for several years.

Impact of the Rebalance

Dairy roles were including in the 2021 Resident Visa scarce list, so all dairy workers currently in New Zealand will be able to obtain residence. This means recruitment of new migrants will only be required for new roles or to replace workers who leave the industry. The sector is consolidating rather than expanding, with the focus being increasing yields of milk without increasing number of cows or land used. As a result,

the need for overall need lower and mid-skilled workers is likely to remain steady rather than increase. New migrant workers coming from overseas are more likely to be backfilling for attrition, rather than filling newly created roles.

Data from September 2021 shows that around 85% of dairy workers on Essential Skills visas earn at least the median wage. The border exception for dairy assistants required the payment of median wage and has been nearly fully subscribed. This indicates that the median wage threshold may restrict the ability for some employers to recruit migrants for basic entry level positions, but that most employers can and do pay migrants in these roles the at least the median.

Are there other issues to consider?

Consideration should be given to preventing the recurrence a large number of dairy workers stuck on temporary visas for a long time without being able to qualify for residence. The 2021 Resident Visa resets this problem for now through the grant of residence to the currently onshore cohort. The skilled residence review currently underway has within scope the transitions between temporary and resident visas, including consideration of stand down periods for people who do not qualify for residence. The issue of dairy workers will likely need to be revisited once this review is nearing completion and the residence pathways available to workers in this sector are clearer.

Finally, it is proposed that large animal veterinarians are added to the fast-track to residence green list. These roles are pivotal in the dairy and other animal farming industries, are currently on the LTSSL and MPI advises are in continuing shortage.

Education Sector (focussed on pre-tertiary education)

Proposal

- Work to residence green list for secondary school teachers with certain in-demand skills and registered early childhood education teachers
- Ministry of Education to continue to monitor whether the median wage threshold causes significant issues for the early childhood sector

Context

The whole education and training sector employs about 200,000 people, about 3.5% of whom are temporary migrants, however tax data about the workforce specifically in schools and early childhood centres has not been separated out. The Ministry of Education (MOE) estimate the total workforce in the compulsory education sectors to be about 71,729 teachers and 46,990 other staff. Early childhood centres employ about 32,985 teaching staff.

Data from INZ indicates that the number primary, secondary and early childhood teachers on employer specific work visas has increased from 357 in January 2012 to 873 in September 2021. During most of this period, there have been roughly even numbers of the three different teacher roles, with secondary slightly ahead. However, since the border restrictions came into effect the number of primary and secondary teachers has declined, while the number of early childhood teachers has continued to increase. At, September 2021 there were 339 early childhood teachers on employer assisted work visas compare to 267 each of primary and secondary teachers. Early Childhood Teachers have made up just under 50% of the border class exception for teachers.

INZ data cannot show the numbers of teachers holding open work visas, as occupations are not recorded. Tax data shows that close to 30% of migrant workers across the whole education sector hold open partnership-based visas (either partners of New Zealanders or other visa holders), and it is likely this proportion holds roughly true for the school and early childhood workforce.

Across the compulsory education sectors, the MOE has advised the teaching workforce is in a strong position to start the 2022 school year as retention has been strong, but shortages may occur as border restrictions lift and retention returns to normal levels. However, it remains difficult to recruit secondary teachers with certain specialisations, particularly STEM subjects. Māori medium teachers at all levels are also in shortage but by nature cannot be supplied by immigration.

The ECE sector had indicated significant shortages they believe will continue. The ECE sector has greater difficulties with recruitment and attraction due to lower pay rates, an issue that will be addressed through MOE's unified based salary scale. In terms of the training pipeline, enrolment for training for ECE teachers is currently lower than primary and secondary teachers, despite a larger number of job vacancies. Low unemployment and high costs of living are likely contributing increased demand for ECE services these factors mean adult whanau who might otherwise care for young tamariki are more likely to be in work.

Impact of the Rebalance

Registered teachers of all three types were included on the scarce list for the 2021 Resident Visa and therefore migrants already working in New Zealand will be able to stay, so the rebalance will only affect the ability of the sector to recruit migrants.

The median wage is unlikely to have a significant impact for primary and secondary school teachers. In both cases, the starting salary for a new graduate can be slightly under the median wage. INZ data indicates that just over 10% of Essential Skills visa holders in these occupations earn below the median wage, which equates to fewer than 10 individuals in each case. Schools looking offshore to fill vacancies from overseas are generally seeking experienced teachers rather than graduates, so usually recruit people above the median wage.

Early childhood teachers are paid less than primary and secondary school teachers and many more of them are paid below median wage. However, INZ data still indicates that 76% migrants working on Essential Skills visas as early childhood teachers' sector are paid at least the median wage, and that given the low numbers of employer supported work visa holders, the actual number of roles being filled by Essential Skills visa holders paid below the median wage is very small compared to the overall size of the workforce (about 60 roles). This suggests the impact of the median wage threshold would be relatively insignificant, however MOE report that within the sector a perception remains that the threshold will create due to numerous overseas trained teachers working across the ECE sector.

The Government is currently working towards pay parity for the ECE sector with the unified based salary scale. Once this work is completed, an ECE teacher, on average, will reach the median after 4 years' experience and demonstrate that they meet the appropriate professional standards. This work on a unified based salary scale will be completed by early 2024, with a period of adjustment in the sector after this date.

It is likely that there are at some least people who are partners of other work visa holders are employed in the sector and are paid below median wage. These are roles where, in future, the employers would have to pay above median to employ a migrant due to the amended partnership settings in the rebalance. But it is extremely difficult to gauge whether this might occur in sufficient numbers for the impact to be noticeable.

MOE and MBIE will continue to work with sector bodies to better understand the difference between what the data shows about impact and the sector's perception. A sector agreement as a transitional measure until the unified based salary scale is implemented could be considered if it proves necessary.

Are there other issues to consider?

There are significant shortages in secondary teachers with STEM specialisations and registered ECE teachers. Given the significance of education to the wellbeing of New Zealand children, it is proposed a work to residence option is provided to these occupations. We do not propose adding Primary teachers to the Green List because supply is currently matching demand.

It is likely that all teachers (including primary) will retain a pathway to residence under the SMC, however the work to residence pathway provides additional certainty (particularly for roles in Auckland, where it is harder to meet the SMC threshold due to the 'Outside Auckland' bonus points not being available).

Health Sector (including aged care)

Proposal

- Multiple green list roles provided a fast track to residency, including specialist roles from the LTSSL and some other registered professions put forward by the Ministry of Health
- All registered nurse disciplines provided a work to residence path through the green list, as well as Resident Medical Officers (covering the time of their training) and some other registered professions put forward by the Ministry of Health
- A sector agreement spanning the care workforce which includes aged care, but also other settings where carers are employed – this is likely to provide a work to residence path above median and a capped allowance for recruiting migrant workers below median.

Context

The health sector is responsible for supporting the wellbeing of New Zealanders by preventing illness, promoting wellness, and supporting people and their whānau when they are unwell. The health sector is made up of a public health system comprised of district health boards (DHBs), as well as private health providers and non-government organisations including Kaupapa Māori providers, many of whom are contracted to provide public health care. Many services which may be considered 'social services' are also

essential to the sector, such as caring professions, and disability support work. The sector also includes the allied health workforce (e.g. physiotherapists, chiropractors) and the aged care sector.

The health sector employs almost 11% of working people in New Zealand.⁴ The sector is currently undertaking a vast programme of change. This includes the establishment of a Ministry for Disabled People which will separate governance of disability from the broader health system. The broader health system is being changed through the Health System reform programme, which will disestablish DHBs, and establish HealthNZ as the operational body of the public health system. In addition, the reform will establish the Māori Health Authority to oversee how the health system serves Māori. These changes are expected from July 2022.

Prior to the pandemic, there were workforce shortages in the health sector, and within the aged care sector more specifically. COVID-19 has put further pressure on attracting and retaining enough staff. The aged care sector also reports difficulties in both attracting and retaining staff due to difficulty attracting graduates, and competition with DHBs who can pay more – this is particularly an issue with registered nurses. There is also an aging population which is creating more demand for aged care, and an aging health workforce with many nearing retirement. Throughout the border closure, border exceptions have been maintained to support international recruitment of health workers, meaning that this is one of few sectors where the numbers of temporary migrants employed in the sector has increased across 2020-2021, though there have also been increasing numbers of the workforce exiting New Zealand, or exiting the workforce.

The proportion of the health workforce that are temporary migrants has increased from 2012 when this was 3.2% of the workforce to 2021 where this is 6.5%. In July 2019 there were 13,260 temporary migrants, and 242,277 people employed overall in the health and social services sector (ANZSIC codes). In July 2021 this had increased to 16,878 temporary migrants making up 6.5% of employees in the sector, and 259,599 people employed overall. Of the temporary migrants in the sector in 2021:

- 6,705 were on employer-assisted visas
- 4,542 were on partnership visas
- 4,107 were on post-study work visas
- 1,212 were on student visas,
- 180 were on working holiday scheme visas, and
- 132 were in another visa category.
-

Impact of the Rebalance

Most employer-assisted visa holders employed in the health sector are paid at or above median. Only 11% of roles that employer assisted visa holders have been employed in previously have been paid below median wage. While this indicates that the health sector will not be significantly impacted overall by the median wage threshold change, the Ministry of Health has raised that the change may have greater impact on smaller employers, potentially in geographic areas with limited healthcare provision already. Providers needing to shut down or limit services due to staffing issues could significantly impact these communities. We don't consider that there is immediate need to adjust for health sector roles that have been paid below median due to the low volumes of these occupations being filled by employer-assisted visa holders, and the fact that in most cases the occupation straddles the median wage threshold rather than being solely paid lower. However, we will continue to monitor this in conjunction with Health, should issues arise.

For the health sector, there has been an ongoing need to try to attract some professions that are either in short supply within New Zealand or are so highly skilled and specialised that it is unlikely New Zealand will ever train to this level domestically or train enough people. Throughout the pandemic response, border exceptions have been maintained to ensure that migrant health professionals can continue to be employed by the health sector to support the pandemic response and the ongoing workforce shortages which existed before the COVID-19 pandemic. Many of these professions were on the Long-Term Skill Shortage List (LTSSL) reflecting these shortages. It is also clear that for highly skilled health professions, a more attractive immigration system offer is necessary to support attracting people to make New Zealand their home and contribute much needed skills for the health and wellbeing of our society. Thus, several health professions meet the criteria to be placed on the green list fast track to residence, this includes:

Clinical Psychologist	Physicist (Medical)
Diagnostic and interventional radiologist	Sonographer
General Practitioner	Specialist Physician in Palliative Medicine
Medical Radiation Therapist	Surgeon (General)

⁴ MED Data – doesn't include self-employed people

Medical Laboratory Scientist – including
Cytotechnologist

In addition to these roles from the LTSSL, we have received requests from the Ministry of Health to include some additional professions to the fast track to residence, based on shortages within DHBs and in many cases the lack of sufficient training (or inappropriateness to train to such a high level) within New Zealand to source these skills domestically. We have included (note some overlap with LTSSL):

A group of medical practitioner roles, including:	Medical Laboratory Scientist
General Practitioner	Clinical Psychologists & Psychologists
Anaesthetist	Physicist (Medical)
Psychiatrist	Orthoptist
Specialist Physicians not elsewhere classified	
Surgeons (<i>including General Surgeons, Cardiothoracic Surgeon, Neurosurgeon, Orthopaedic Surgeon, Otorhinolaryngologist, Urologist and Vascular Surgeon</i>)	
Other Medical Practitioners (<i>including Dermatologist, Obstetrician and Gynaecologist, Ophthalmologist, Diagnostic and Interventional Radiologist, and Radiation Oncologist</i>)	

The case to attract highly skilled health professionals also includes nurses. Registered Nurse (aged care) has previously been the only nursing discipline provided a work to residence pathway through the LTSSL. However, we know there are shortages across multiple nursing disciplines, and the impact currently is that many migrant nurses have switched from aged care settings to DHB settings where these shortages exist (and there is higher pay). We consider that rather than focussing on aged care nurses, the immigration system should support resolving these shortages generally by providing work to residence paths for all registered nurses regardless of discipline and be impartial to the pay parity issues evident with aged care nurses which are best addressed through non-immigration settings.

We are also proposing to provide a work to residence path for Resident Medical Officers. This occupation was included on the LTSSL and while there is a shortage of doctors, this occupation represents a group that are not yet as qualified as other specialists which are provided a fast track to residence. The work to residence path can support the further training required through working as an RMO, with a residence offer at the end.

In addition, we considered requests from the Ministry of Health to include some additional professions in the work to residence path, based on shortages within DHBs and in many cases, the lack of sufficient training within New Zealand to source these skills domestically. We have included:

Anaesthetic Technician	Occupational Therapist
Medical Imaging Technologist	Sonographer
Medical Laboratory Technician	Podiatrist
Medical Radiation Therapist	Audiologist
	Midwife

Some of the roles put forward by the Ministry of Health for the green list were not included. This includes Dentist, Pharmacist, Physiotherapist, and Social Worker. These are roles which are employed both within the public health system (i.e., in DHBs) and in private practice or wider health and social system settings. The evidence provided about shortages in these roles demonstrated shortages within DHBs, but it is not clear that these shortages are consistent outside of the public health system, and they may be a labour market issue (i.e., linked to wage differences or conditions) rather than a shortage to be resolved through the immigration system. Training for these roles is available within New Zealand. While we have not proposed an attractive green list offer at this time, these roles are all paid above median in almost all cases, and will be able to enter New Zealand, and in many cases gain residence. s 9(2)(f)(iv)

Sector agreement – care workforce

The most common role that employer-assisted migrant workers have been employed in within the health sector is as a carer (commonly coded as Personal Care Assistant). Employer-assisted visa data shows that wages at or above median for this group is common, however we consider that many partner visa holders are likely employed in the same roles, and we cannot examine wage data for this group. Given the pay rates for this occupation are regulated by pay equity legislation, we can also see that wages for a proportion are almost certainly below median. Discussions about a new pay equity arrangement are currently underway as the previous legislation will expire.

Given the aging population and need to support the health and wellbeing of New Zealanders that require care, high use of migrant labour, likelihood that many migrant carers are paid below median wage currently, and the need high levels of labour in coming years, particularly to support the aging population we are proposing a sector agreement which spans the care workforce – focusing on carers (rather than nurses who are sometime considered part of this workforce).

While much of the increasing demand for a care workforce could be thought to be linked to an aging population and an increased number of older people requiring care, the reality is that carers may work across multiple settings caring for people in many different contexts. This can include in-home/community care, aged residential care, mental health and addiction, disability and chronic or terminal illness support services which are not exclusively providing services to those 65 years and older. It is not possible to tease out whether the employers of most migrant carers are working for aged care providers or in these other settings. Some care workers might also be working for employers with work spanning multiple population groups, e.g., working in both aged care and disability support sectors, often with contracts across multiple funding streams (e.g., ACC, MOH, DHBs).

As a starting point, we consider that a work to residence path to support retention of the workforce paid median or higher, and a capped number of migrant workers paid below median wage are appropriate immigration settings to support the sector.

There is potential for a Pacific component to a sector agreement with the health care sector, specifically for personal care services including aged care. Pacific temporary migrants make up a small but not insignificant part of this workforce. Although we anticipate that rebalance impacts will be low for Pacific temporary migrants in this sector [see my reasoning in the analysis], a benefit of exploring a Pacific component with this sector is that it would help to promote gender equity in Pacific labour mobility. s 9(2)(f)(iv)

Representative bodies relevant to the care workforce includes the Aged Care Association which represents aged residential care providers, the Home and Community Health Association which represents in-home/community care providers, the New Zealand Disability Support Network (NZDSN) and Platform Trust which represents carers in Mental Health and Addiction settings.

Are there other issues to consider?

We understand that there is an aging workforce in the health sector and that there may be occupations with shortages in future. We do not believe that future shortages in occupations should warrant green list offers, particularly because there are very few occupations in the health sector that are hindered by the median wage threshold, but that these issues should be raised in regular reviews of the list as they arise.

ICT/Digital Technologies Sector

Proposal

- Providing a fast track to residence for Telecommunications Engineers and Telecommunications Network Engineers
- Providing another four ICT roles fast track to residence through the green list, but only for roles paid above a certain wage. Those paid less than that wage will still be able to be recruited.

Context

There is no consistent sector definition for the ICT or digital technology sector. The broader ICT sector includes people employed in both software and hardware development and support roles, particularly telecommunications, as well as ICT sales and other roles. The narrower, digital technologies sector is focussed on creating and selling digital solutions, web hosting services and software.

New Zealand's digital technologies sector has been growing steadily over the last decade, becoming increasingly important to the economy as a high-value sector and underpinning productivity improvements in

other sectors across the economy. In 20, the digital technologies sector contributed almost \$7 billion, or 3.5% of GDP.⁵ The broader Media and Telecommunications grouping has shown a combined annual growth rate of 2.3% over the 5 years to 2020 and had a real gross domestic product of \$8,983 million in 2020.⁶ The number of enterprises in the ICT sector have increased slightly from 2019-2021, from 15,096 enterprises to 15,294.⁷

The proportion of the workforce that are temporary migrants has increased from 2.8% in 2012 to 5.7% in 2021, though this was higher in 2020 at 7.8%.

In the ANZSCO Information Media and Telecommunications sector there was a total of 29,500 people employed in July 2019⁸ (however this doesn't include self-employed people). Of this total, 1,788 or 6% were temporary migrants. In 2021 these totals have increased, with 35,754 people employed in the sector, of which, 2,067 or 5.8% were temporary migrants. While this is an increase on the number of migrants employed in 2019, most of the increased employment in the sector has been through hiring of New Zealanders. Of the 1,788 migrants employed in the sector in 2019:

- 765 were on employer-assisted visas,
- 513 were on post-study work visas,
- 342 were on partner visas and
- 114 were on student visas.
- Only 66 were working holiday scheme visa holders.

The digital technologies sub-sector is in the process of developing an industry transformation plan and a draft plan has been released for consultation. This work has acknowledged that many firms have relied on immigration to support skill gaps and there are currently skills shortages because of reduced migration under COVID-19 restrictions, as well as the opportunity to better align domestic efforts in recruitment and education.⁹ The draft ITP signals "the sector believes it is essential the immigration settings be reviewed to ensure the right type and appropriate number of digitally skilled professionals can enter the country on a targeted basis, and at lower levels that pre-COVID."

Impact of the Rebalance

The majority (74%) of the migrants on employer-assisted visas employed in the ICT sector have been paid median wage or above. This means that the median wage threshold will have some impact to lower paid roles in the sector, making future recruitment of migrants into roles a more costly exercise. Telecommunications Technicians, ICT Customer Support Officers and ICT Support technicians nec are occupations that are common for essential skills visa holders, and often lower paid.

In September 2021 there were:

- 717 Telecommunications Technicians, 39% paid below median
- 324 ICT Customer Support Officers, 27% paid below median
- 308 ICT Support Technicians nec, 37% paid below median

The sector will still be able to hire employer-assisted visa holders in these roles, however, they will need to pay median wage or higher to secure their labour. Alternatively, they will still be able to employ migrants with open work rights (e.g. working holiday makers and some partner visa holders).

Partner visa holders don't account for many migrants in the sector, though the composition of the pay rates for partners may be lower than for employer-assisted visa holders given that there is no wage requirement linked with partner visas.

Green list roles

Previously there have been a large number of ICT roles on the LTSSL (23 roles). However, discussions with Immigration New Zealand and with the sector have acknowledged that the ANZSCO codes which outline many of these roles, and the qualification settings used to determine eligible candidates have been a poor fit for narrowing to highly skilled individual, and many less skilled roles are captured. The broad categories have facilitated wider attraction than the sector could benefit from, as outlined in the draft ITP.

⁵ <https://www.mbie.govt.nz/dmsdocument/11570-a-refreshed-industry-strategy-in-response-to-covid-19-proactiverelease-pdf>

⁶ http://sectorsdashboard.mbie.govt.nz/?_gl=1*1tlfmpl*_ga*MTGxNTg3MTA1My4xNjM0NzgyOTAz*_ga_QRP_HK061NL*MTYzNTMwNzQzMy43LjAuMTYzNTMwNzQzMy4w

⁷ BDS data

⁸ MED ANZSIC Data – not including self-employed people.

⁹ <https://digitaltechitp.nz/workstreams/skills-workstream/>

Table 4: ICT Roles on the LTSSL

ICT Project Manager	Software Engineer	ICT Quality Assurance Engineer
Organisation and Methods Analyst	Software Tester	ICT Support Engineer
Business Analyst	Software and Applications Programmers nec	ICT Systems Test Engineer
Systems Analyst	Database Administrator	ICT Support and Test Engineers nec
Multimedia Specialist	ICT Security Specialist	Telecommunications Engineer
Web Developer	Systems Administrator	Telecommunications Network Engineer
Analyst Programmer	Computer Network and Systems Engineer	ICT Customer Support Officer
Developer Programmer	Network Administrator	

Rather than carry all these roles from the LTSSL across to the green list, we have focussed on the Telecommunications Engineers and Telecommunications Network Engineers which are key infrastructure support roles (i.e., pivotal to the telecommunications network), as well as the recent digital sector border class exception to allow recruitment into four occupations. The border exception includes:

- | | |
|--------------------|-------------------------|
| ICT Managers | ICT Security Specialist |
| Software Engineers | Multimedia Specialists |

Three of these roles were previously on the LTSSL (the exception being ICT Managers) and the border exception introduces a 1.5 times median wage threshold which narrows the eligible migrant workers to a higher skill and experience base. The wage threshold is useful in this context because it supports focussing on a higher skill base in a sector where traditional tertiary qualifications are not necessarily a good determination of skill level (the commensurate pay level for experience and expertise is a better indicator).

We are proposing to provide a fast track to residence for these occupations, with the same additional wage threshold to focus the offer on a higher skilled pool of candidates. This is well-aligned with the draft digital ITP, the requests of the sector through the border exception, and narrower set of previous LTSSL placements. The high bar of an additional wage threshold and narrow focus on these roles is also justified given the very favourable immigration offer of a fast track to residence – given the existing challenges in defining and clarifying the occupations, relying solely on the ANZSCO definitions would make the offer so broad as to perpetuate flows of lower skilled workers and increased reliance on migrant labour. We propose that ICT manager, ICT Security Specialists, Software Engineers are required to be paid at or above \$120,000 for this offer, and multimedia specialists are required to be paid \$95,000. These salary levels, as noted above, reflect the class exception criteria. For these roles not paid above the wage threshold, employers will still be able to recruit workers at or above the median wage, but there will be no guaranteed residence path as there is with the green list.

s 9(2)(f)(iv)

Are there other issues to consider?

We do not consider there to be any other issues to be addressed through changes to the green list, s 9(2)(f)(iv) or sector agreements at this time.

Meat processing Sector

Proposal

Sector Agreement covering

- A Work to Residence path for a capped number of Halal slaughterers
- Explore a Pacific preference scheme to fill below median wage jobs during the seasonal peak

Context

The use of migrant workers in the meat sector has increased steadily over the past decade. Data specific to meat processing is not available, but in the industry classification “Red meat and wool” the overall proportion of migrant workers has grown from 1.7% in 2012 to a peak of 5.3% in 2020, dropping slightly to 5% in 2021. Most meat industry workers are on Essential Skills work visas.

Impact of the Rebalance

Like other primary sectors, meat industry workers who are currently onshore will gain residence through the 2021 Resident Visa.

The Meat Industry Association has provided the following breakdown of roles within their industry.

Worker	Requirements	Roles	Typical weekly pay*	Estimated % of workforce
Halal slaughterer	Practicing Muslim Skilled butcher	-	\$1200-\$1800	Very low about 160 positions
Highly skilled (A Grade)	More than three years' experience and recognized technical proficiency (including levels 3 or 4 NZQA qualifications)	A Grade butchers or boners Quality assurance Lead hands	\$1400-\$1600	50%
Skilled (B Grade)	At least two years at the plant and in roles taking at least three-months of training with appropriate licenses for that role	B Grade butchers and boners	\$1200-\$1300	25%
Unskilled (C Grade)	None	Packers Cleaners, C Grade slaughterers Trimmers	\$850-\$1000	25%

*Median of \$27.76 is equivalent to \$1110.40 for a 40-hour week

Migrants fill nearly all the Halal slaughterer roles, and these tend to be the best paid. There is also a small migrant workforce of other skilled meat workers who typically earn above median wage. In both cases, the issue is that much of what they earn is reliant on piece rates.

As discussed in the paper *Immigration Rebalance - implementing, the changes for employer assisted workers and partners* (2122-2326) MBIE has proposed a different option for wage calculation that can consider piece rates, however it still requires employers to guarantee that workers will be paid at least the median wage through a top up at the end of a pay period if the worker has not earned above median. The Meat Industry Association has signalled that they do not consider that employers in the industry would be able to provide such a guarantee to migrant workers, because to do so would result in New Zealand workers seeking the same conditions. Additionally, because of the highly unionised nature of the workforce, amending employment agreements requires time and complex negotiation.

If employers were willing to guarantee the median wage to skilled migrant meat workers and Halal slaughterers, it is likely they would be able to obtain visas for these roles after the rebalance.

In the case of unskilled, lower paid roles, they are generally filled with New Zealanders, although MIA indicates the need for about 200 additional migrant workers during the peak season of about six months. These roles have previously been filled by workers who come from the Pacific each year.

Are there other issues to consider?

A sector agreement is proposed primarily as a vehicle for exploring a Pacific preference scheme for below median wage workers needed for the seasonal peak. It could potentially also include a capped work to residence pathway for Halal slaughterers to allow the industry to fill these vacancies in a sustainable way. However, care would have to be taken to ensure that the settings incentivised the employers to retain these workers after residence is granted, otherwise it would not work to resolve the skills shortage in the longer term.

Unions play an important role in the meat industry as nearly the whole workforce is unionised. Any sector agreement would likely have to involve the voice of unions. As there is a significant Māori workforce in the industry, iwi consultation may also be important.

Retail Sector

Proposal

- s 9(2)(f)(iv)

Context

The retail sector has seen a growing number of temporary migrant workers leading up to the pandemic, with a 136 percent growth in migrant worker numbers from 2012 (8,300) to 2019 (19,500). The overall sector workforce also grew over this period, but the level of growth was more limited, at 14 percent. The retail migrant workforce fell to 17,000 in 2021 but remains 8 percent of the total retail workforce. This reduction in the retail migrant workforce was partially made up by recruiting New Zealand workers.

Prior to the pandemic, the retail sector utilised similar levels of migrant workers across employer assisted (4,200), post-study work (5,600), student (3,300) and partner visas (4,400), and a lesser number of working holiday makers (1,300). Since the pandemic, employer assisted, post-study work and partner visa holder have held up, but there have been significant reductions in numbers of student visa holders (2,000) and working holiday makers (300) working in retail.

Of the migrants working in retail-specific roles in Essential Skills Work Visas in 2021 (total of 5,500), the vast majority were retail managers (2,200) and retail supervisors (1,700). A smaller number were in baker (500), sales assistant (190), butcher or smallgoods maker (140) and retail buyer (110).¹⁰

Impact of the Rebalance

As with most sectors, the Immigration Rebalance will largely impact on businesses' future ability to recruit and not see an immediate impact on its migrant workforce. This is because most migrant workers on an employer-assisted visa or post-study work visa will be granted residence through the 2021 Resident Visa. A proportion of existing migrant workers in retail will not qualify for the 2021 Resident Visa because they will not meet the settled or skilled criteria. Those workers will therefore only be able to work until their current visa expires (which can be up to 2 years from when the AEWV comes into effect in July).

In particular, all bakers and butchers or smallgoods makers will meet the scarce criteria for the 2021 Resident Visas (as primary industry-related occupations). However, up to 900 retail managers and retail supervisors may not qualify for the 2021 Resident Visa as they are estimated to earn below the median wage (although those who have been in New Zealand for more than 3 years may qualify).

General ability to recruit lower-paid roles under the median wage threshold

s 9(2)(f)(iv)

This will be mitigated to some extent with the return of migrant students and working holiday makers. It is expected that training pipelines are not a particular issue for most of the roles currently featured in employer-assisted visas – the issue is a matter of successfully competing in a more constrained workforce.

s 9(2)(f)(iv)

Bakers and butchers or smallgoods makers under the median wage threshold

s 9(2)(f)(iv) the median wage threshold will constrain future recruitment under current pay levels. Currently, of the 500 bakers, 44 percent are paid below the median wage, and of the 140 butchers or smallgoods makers, 55 percent are paid below the median wage. As mentioned above, the existing migrant baker and butcher or smallgoods maker workforce will be maintained because they are specifically listed as "scarce" roles for the purposes of the 2021 Resident Visa.

s 9(2)(f)(iv)

¹⁰ Note that the sector numbers do not line up with the occupation numbers. This is because sector numbers are based on the classification the migrant's employer and occupations are based on the migrant's occupation. There will be, for example, bakers who work for restaurants, which are not classified as retail, but the occupation is classified as retail.

s 9(2)(f)(iv)

Are there other issues to consider?

We do not consider there to be any significant issues to be addressed through changes to the green list, s 9(2)(f)(iv) or sector agreements.

Tourism and Hospitality Sectors

Sector: Hospitality

Proposal

- s 9(2)(f)(iv)

Context

The hospitality sector has seen a growing number of temporary migrant workers leading up to the pandemic, with around a doubling of migrant worker numbers from 2012 (20,900) to 2019 (39,400). The overall sector workforce also grew over this period, but the level of growth was more limited, at 31 percent. The hospitality migrant workforce fell to 30,100 in 2021. The pandemic therefore saw the proportion of the hospitality workforce reduce from 35 percent in 2019 to 26 percent in 2021. This reduction in the retail migrant workforce was partially made up by recruiting New Zealand workers.

Prior to the pandemic, the retail sector utilised similar levels of migrant workers across employer assisted (9,800), post-study work (7,800), student (8,000) and working holiday makers (7,400), and a lesser number on partner visas (5,500). Since the pandemic, employer assisted and partner visa holder numbers have held up, but there have been significant reductions in numbers of post-study work visa holders (6,000 in 2021), student visa holders (2,300 in 2021) and working holiday makers (1,600 in 2021) working in hospitality. The reductions in migrant students and working holiday makers represent the biggest losses to the hospitality workforce.

Of the migrants working in food-related hospitality-specific roles in Essential Skills work visas in 2021 (total of 8,000, excluding AIPs), the vast majority were chefs (4,300, including AIPs) and café or restaurant managers (2,300, including AIPs) and cooks (1,400, including AIPs). A smaller number were in the following roles: other hospitality, retail, and service managers (340, including AIPs), and excluding AIPs, waiters (190), kitchen hands (90), licensed club managers (80) and baristas (80). All other roles have fewer numbers on Essential Skills visas.

Numbers on roles related to accommodation and tourist activities also vary considerably, including hotel service manager (492, including AIPs), hotel or motel manager (194, excluding AIPs) and fewer than 30 in each of the following roles (excluding AIPs): outdoor adventure guides, travel consultants, tour guides, outdoor adventure instructors, snowsport instructions, whitewater rafting guides, etc. Taking account of the reductions in tourism activity since the pandemic and seasonality of the sector, there were greater numbers in these roles in 2019, peaking at the following numbers that year: outdoor adventure guides (120), travel consultants (80), tour guides (60), outdoor adventure instructors (120), snowsport instructors (350), whitewater rafting guides (30).¹¹

¹¹ Note that the sector numbers do not line up with the occupation numbers. This is because sector numbers are based on the classification the migrant's employer and occupations are based on the migrant's occupation. There will be, for example, backroom staff who work for restaurants, who will be counted in the

Impact of the Rebalance

As with most sectors, the Immigration Rebalance will largely impact on businesses' future ability to recruit and not see an immediate impact on its migrant workforce. This is because most migrant workers on an employer-assisted visa or post-study work visa will be granted residence through the 2021 Resident Visa. A proportion of existing migrant workers in hospitality will not qualify for the 2021 Resident Visa because they will not meet the settled or skilled criteria. Those workers will therefore only be able to work until their current visa expires (which can be up to 2 years from when the AEWV comes into effect in July).

In particular, all chefs and cooks will meet the scarce criteria for the 2021 Resident Visas (as primary industry-related occupations). However, a reasonable proportion of migrant workers in other hospitality focused roles may not qualify for the 2021 Resident Visa as they are estimated to earn below the median wage (although those who have been in New Zealand for more than 3 years may qualify). However, as noted above, numbers in most roles are very small, compared to numbers working as chefs, café or restaurant managers, and cooks.

General ability to recruit lower-paid roles under the median wage threshold

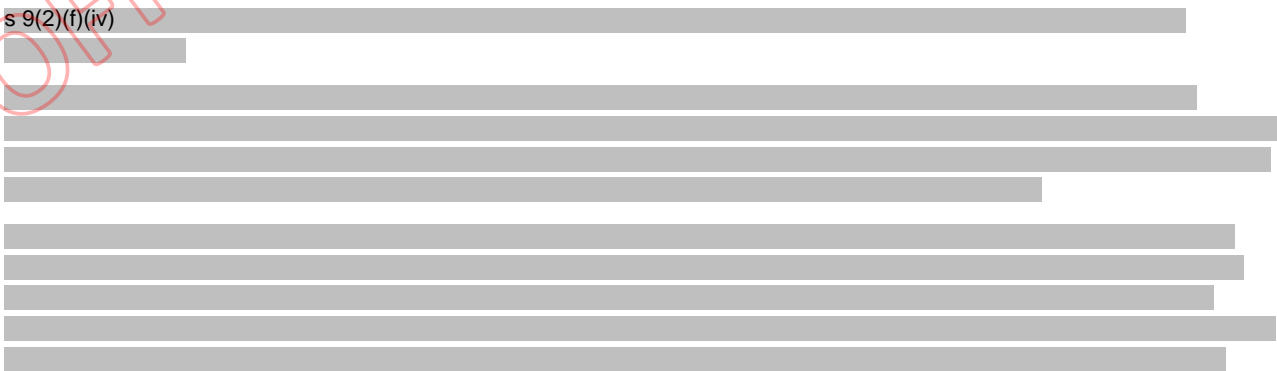
One challenge posed by the Rebalance is the sector's future ability to attract workers to pay lower paid roles from a tighter pool. This will be mitigated to some extent with the return of migrant students and working holiday makers. It is expected that training pipelines are not a particular issue for most of the roles currently featured in employer-assisted visas – the issue is a matter of successfully competing in a more constrained workforce. This will be particularly apparent for cooks, where 69 percent on employer-assisted visas are currently paid below the median wage, and waiters, where 72 percent of employer-assisted visas are paid below the median wage. Other hospitality-specific roles with fewer numbers on employer-assisted visas also have a large proportion paid below median wage, including: kitchenhand, licensed club manager, barista, bar attendant, fast food cook, food trades assistance nec, hospitality workers nec, café worker and pastry chef assistant. These tend to be less skilled roles that can be sourced domestically. It would be surprising if those currently in these roles were recruited from overseas to fill genuine skill gaps, given the low pay and the associated skill level. Rather, it is likely that they were recruited from domestically.

The other notably large role that will be impacted by the median wage threshold is chefs. While the proportion paid below median wage (30 percent) is not much more than the overall average, the large numbers currently will mean that hospitality businesses will have to think differently about where they source their chefs from. To some extent, this issue about chefs is tied up in how roles are classified under the ANZSCO, and it may be that the lower-paid chefs are actually closer in skill or experience level to cooks, than the better-paid chefs. More work is required to further tighten the chef category to better distinguish roles that require specialist skills and experience that overseas chefs offer.

Tourism-specific roles

Based on data on those on Essential Skills visas in 2021, the tourism-specific roles tend to span the median wage. The median wage threshold may be a particular challenge for tourism-specific businesses as they build back as the borders reopen. The industry seems to have been able to meet domestic demand with reduced migrant worker numbers since the pandemic, and it is expected that the return of working holiday makers will support the gradual growth in tourist demand. Given that tourist numbers aren't expected to really build back significantly until later in 2022 and into 2023, there is time to consider whether further work to transition critical tourism-specific roles as part of workforce planning work (such as the tourism ITP).

s 9(2)(f)(iv)



hospitality sector numbers but not in a hospitality-specific occupation numbers. It should also be noted that some hospitality staff are classified as retail managers (2,600, including AIPs), which are usually classified in the retail sector.

s 9(2)(f)(iv)

Are there any further issues to consider?

s 9(2)(f)(iv)

Further work is required to consider whether special treatment is warranted to allow some tourism-specific roles to be recruited through the AEWV below the median wage, to recognise that tourism activities are still building back and is currently lacking a large chunk of its usual workforce. This will be considered under the broader sector agreement framework described in this paper and focus on critical roles where migrant skills or experience is required. It is expected that any such measures would be temporary and transitional, as the sector adapts to the median wage threshold.

Transport Sector

Proposal

- Green list work to residence path for automotive electricians and diesel motor mechanics (including Heavy Vehicle Inspectors)

Context

The transport and logistics sector transports goods as well as people across and around New Zealand, as well as internationally. It includes road, rail, maritime, and air transport.

The transport and logistics sector accounted for \$11, 058 m of GDP in 2020, and had a combined annual growth rate of 2.7% for the prior 5 years.¹²

COVID-19 has had a significant impact on air freight and aviation more generally. It has greatly reduced the international and domestic aviation traffic. Similarly, sea freight has been reduced internationally and pandemic measures have reduced the ability to crew vessels in some cases. Employment in the transport sector has reduced from over 100,000 in 2019 to 92,904 in 2021.¹³

To secure the ability to transport critical supplies, the New Zealand Government put in place a series of several financial support packages for the aviation sector. Maintaining a network that delivers effective regional connectivity is vital for New Zealand's social and economic wellbeing and is critical for the COVID-19 recovery.

¹²http://sectorsdashboard.mbie.govt.nz/?_gl=1*1tlfmpl*_ga*MTgxNTg3MTA1My4xNjM0NzgyOTAz*_ga_QRP_HK061NL*MTYzNTMwNzQzMy43LjAuMTYzNTMwNzQzMy4w

¹³ MED Data – ANZSIC Transport, Postal and Warehousing code

The use of migrant workers in the transport sector has increased by 245% from 2012 – 2021. The downturn in employment in the sector from 2019 to 2021 has not been reflected in the number of migrants employed in the sector which remained stable at 4,851 in 2019 and 4,923 in 2021.¹⁴

Of the 4,851 migrant workers employed in transport in 2019, the visas were:

- 1,863 people had employer-assisted visas
- 1,104 people had partner visas
- 1,017 people had post study work visas
- 378 people had student visas
- 327 people had working holiday scheme visas
- 141 people had other work visas, and
- 21 were on recognised seasonal employer scheme visas.

Impact of the Rebalance

Many, but not all roles that migrants are commonly employed in within the Transport sector are well paying. The overall proportion of migrants on employer-assisted visas that were paid median or above is 79.83%. This includes truck drivers who were almost all paid at or above median wage. The median wage threshold will not restrict hiring of migrants into truck driver roles, and migrant workers will be able to apply for residence through the Skilled Migrant Category as in pre-COVID settings. We are not proposing any additional settings for truck drivers.

A notable exception is migrant bus drivers who were almost exclusively paid below median wage. However, given that very few employer-assisted migrant workers are employed as bus drivers (only around 60 per year), we do not recommend an exception is made to the wage threshold to facilitate access to low paid migrant labour. Panel beaters and vehicle painters were occupations where a large proportion of migrant workers were paid less than median. In these three occupations, employers will be able to secure migrant workers if they either pay median wage or higher, or they employ migrant workers who have open work rights.

Rail, marine and air transport all show very low use of migrant labour and there are no particular concerns for these sub-sectors.

The Ministry of Transport has flagged reports of labour shortages at ports. Given there is very low use of migrant labour at ports, and wage rates are not clear, we are not proposing any interventions at this time but will keep in contact with Ministry of Transport should an issue arise that is best addressed by the immigration system.

Are there other issues to consider?

The New Zealand Freight and Supply Chain Strategy is being developed and may include a focus on workforce which could support future considerations for immigration settings, where relevant.

¹⁴ Ibid

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BRIEFING

Draft Cabinet Paper for consultation – Immigration Rebalance – determining lists and sector agreements

Date:	03 March 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2122-2858

Action sought		
	Action sought	Deadline
Hon Kris Faafoi Minister of Immigration	Agree to circulate the draft Cabinet paper for Ministerial consultation	07 March 2022

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Andrew Craig	Manager, Immigration Policy (Skills and Residence)	04 901 1245	s 9(2)(a) ✓
Emily Kay	Senior Policy Advisor	04 913 3962	
Clare Devine	Policy Advisor	04 901 0986	

The following departments/agencies have been consulted on the Cabinet paper:
Treasury, Ministry of Education, Ministry of Foreign Affairs and Trade, Ministry of Health, Ministry of Housing and Urban Development, Ministry for Pacific Peoples, Ministry for Primary Industries, Ministry of Social Development, Ministry of Transport, and Te Puni Kōkiri. MBIE policy teams were also consulted.

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

Draft Cabinet Paper for consultation – Immigration Rebalance – determining lists and sector agreements

Date:	03 March 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2122-2858

Purpose

To provide you with a draft Cabinet paper progressing Immigration Rebalance list and sector agreement proposals. This paper is planned to go to the Cabinet Economic Development Committee on 24 March 2022, for consideration by the Committee on 30 March. We propose that Ministerial consultation take place between 8 – 22 March.

Officials will shortly provide you with materials to support Ministerial consultation on the paper.

Recommendations

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

- a **Note** that in the briefing 2122-2354 *Immigration Rebalance- advice on lists and sector agreements*, you have agreed to take Rebalance occupation list and sector agreement proposals to Cabinet *Noted*
- b **Note** that we have incorporated your feedback, as well as further agency feedback, in the draft Cabinet paper (Annex One) *Noted*
- c **Agree** to progress the draft Cabinet paper to Ministerial consultation from 8 – 22 March *Agree / Disagree*
- d **Note** that we will provide you with materials to support Ministerial consultation, including letters to your colleagues, and that officials can be available to support any meetings. *Noted*

Andrew Craig
Manager, Immigration Policy – Skills and Residence
Labour, Science and Enterprise, MBIE
03/03/2022

Hon Kris Faafoi
Minister of Immigration

..... / /

Background

1. You have agreed to progress the Immigration Rebalance policy proposals concerning occupation lists and sector agreements to Cabinet Economic Development Committee [2122-2354 refers]. In brief, these proposals are:
 - A green list of occupations (mainly professionals in medicine, construction, infrastructure and engineering, and ICT) containing two paths to residence, the 'straight to residence' path and the two-year work to residence path
 - Develop sector agreements that allow capped recruitment below the median wage with construction, the care workforce (including aged care), meat processing and seafood, and the potential for a Pacific programme in each of these sectors
 - s 9(2)(f)(iv)
2. This briefing provides you with a draft Cabinet paper containing those proposals, for consideration by the Cabinet Economic Development Committee on 30 March 2022.
3. As indicated previously, we have also included the key Rebalance implementation decisions you have taken [2122-2326 refers] for Cabinet's awareness. These implementation decisions mean more favourable transitional rules for affected migrants.

Your feedback

4. We have incorporated the feedback you have provided on the briefing into the Cabinet paper. This includes:
 - Including a recommendation that Cabinet direct relevant Ministers to support work on sector agreements
 - s 9(2)(f)(iv)
 - Moving Resident Medical Officer to the fast track to residence path of the green list.
 - s 9(2)(f)(iv)
6. We have not moved Registered Nurses to the fast track to residence pathway at this time, and our advice remains that they are provided a work to residence path. There are higher turnover rates for Internationally Qualified Nurses (IQNs) than domestically qualified nurses, alongside the other concerns outline in the previous briefing [2122-2326 refers]. We sought feedback from the Ministry of Health, and they indicated that work to residence was their preference to address some concerns about retention of migrant nurses. We also discussed ensuring the growing use of IQNs in New Zealand is not perpetuated more than necessary by permissive immigration levers. We will consider any further feedback on this point through Ministerial consultation.
7. We also considered the potential impact of the residence age requirement of 55 or under on medical practitioners, particularly specialists. Approved work visa applications show only a small number of specialist medical practitioners who have previously obtained work visas

that would not be able to access residence based on age (approximately 2.5% of approved work visa applications for migrant health workers). Our view remains that an exception is not justified for this group. Having consistent rules for residence that apply to everyone ensures that we maintain the integrity of the immigration system. The Ministry of Health have not indicated a strong view on this at this time, but noted that even very small numbers of specialist practitioners not being eligible could make a difference to their sector.

8. We have also noted your comments about how the caps will function under the sector agreements. Further refinement is underway on the sector agreements to specify more precisely the immigration settings that would operate for different sectors (e.g. what rate to cap migrant workers at, or any training or salary requirements). We propose to include this information in Appendix Two of the Cabinet paper. A draft will be shared with you in the coming days, in time for Ministerial consultation.

Further agency feedback

9. General feedback on the Cabinet paper has centred around the narrative and how this is framed. Much of this content has already been traversed in the July and December 2021 Cabinet papers. Treasury and the Ministry of Housing and Development have asked to see the impacts section of the paper which has not been finalised yet. We will be working through this with them while Ministerial consultation progresses.

10. s 9(2)(f)(iv)

11. As expected, the most substantive sector-specific feedback on the proposals has been from the Ministry of Health. They continue to raise that they would like to see Dentists included in the 'straight to residence' green list path. We have indicated that our analysis does not support this, but that this topic will be part of Ministerial discussions. We will provide you with specific points and data on this for your meeting with the Minister and Associate Minister of Health.
12. The Minister for Oceans and Fisheries has expressed particular interest in how the Rebalance proposals might align with the recommendations of the Seafood Inquiry Panel, and will be seeking a meeting to discuss this with you. The Ministry for Primary Industries is providing material to their Minister to support this meeting. We will also be providing you with MBIE's advice, in the context of the sector agreement proposals. At this stage, we consider the Rebalance with a sector agreement, to be a good way to meet the Government's objectives for the seafood workforce in a consistent manner with the broader immigration system.

Consultation materials

13. We understand that you will be meeting with your colleagues (either in an individual or joint meeting) over the next two weeks:
 - Minister Robertson – Finance and Infrastructure
 - Minister Nash – Economic and Regional Development, Tourism, Forestry and Small Business
 - Minister O'Connor – Agriculture, Trade and Export Growth
 - Ministers Little and Verrall – Health

- Minister Parker – Oceans and Fisheries
- Minister Wood – Transport
- Minister Woods – Housing
- Minister Clark – Digital Economy and Communications
- Minister Mahuta – Foreign Affairs
- Minister Sio – Pacific Peoples
- Minister Sepuloni – Social Development and Employment
- Minister Hipkins – Education
- Minister Radhakrishnan – Ethnic Communities
- Minister Tinetti – Women
- Minister Jackson – Māori Development

14. To support your discussions with your colleagues on this paper, we are preparing Immigration Rebalance materials which will be shared with your office shortly. These include:

- Draft letters to your Ministerial colleagues
- Portfolio/sector overviews of the Rebalance
- General talking points
- A3 summary of the Rebalance implementation.

Next steps

15. To enable consideration of the Cabinet paper on 30 March, we recommend you circulate the draft Cabinet paper to your colleagues by 8 March, for a two-week period of consultation ending 22 March. We will continue to work with your office on the development of any consultation materials as required. Officials will be available to attend meetings to cover off technical questions that might arise.

16. Following Ministerial consultation, officials will provide a final paper to you for lodgement on 24 March.

Ministerial consultation	8 March – 22 March
Lodge for DEV / CBC	24 March
Consider at DEV	30 March
Consider at Cabinet	4 April

Annexes

Annex One: draft Cabinet paper

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BRIEFING

Final Cabinet paper: Immigration Rebalance – determining the lists and sector agreements

Date:	23 March 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2122-3150

Action sought		
	Action sought	Deadline
Hon Kris Faafoi Minister of Immigration	Approve the lodgement of the Cabinet paper: <i>Immigration Rebalance – determining the lists and sector agreements</i>	24 March 2022

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Andrew Craig	Manager, Immigration Policy (Skills and Residence)	s 9(2)(a)	✓
Emily Kay	Senior Policy Advisor	04 913 3962	

The following departments/agencies have been consulted
The Department of the Prime Minister and Cabinet, the Ministry of Education, the Ministry for Ethnic Communities, the Ministry of Foreign Affairs and Trade, the Ministry of Health, the Ministry of Housing and Urban Development, the Ministry of Transport, the Ministry for Pacific Peoples, the Ministry for Primary Industries, the Ministry of Social Development, the Office for Disability Issues, and the Treasury were all consulted on the Cabinet paper. The Industry Policy and Tourism Policy teams in Ministry for Business, Innovation and Employment were also consulted.

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

Final Cabinet paper: Immigration Rebalance – determining the lists and sector agreements

Date:	23 March 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2122-3150

Purpose

This briefing provides you with a summary of the feedback received during Ministerial consultation on the Cabinet paper *Immigration Rebalance – determining the lists and sector agreements* and advises of the changes made to the paper as a result. It seeks your approval for lodgement of the final Cabinet paper as attached.

After lodgement, the paper will be considered at Cabinet Economic Development Committee (DEV) on 30 March 2022. Talking points to support consideration of the paper at DEV are attached.

Recommended action

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

- a **Agree** to lodgement of the final Cabinet paper as attached in Annex Two.

Agree / Disagree


Andrew Craig
Manager, immigration Policy (Skills and Residence)
Labour, Science and Enterprise, MBIE

Hon Kris Faafoi
Minister of Immigration

..... / /

23 / 03 / 2022

Feedback from Ministerial Consultation

Themes of feedback

1. Feedback throughout consultation has been supportive and constructive, with several areas where further assessment was warranted to refine proposals. There are no significant policy changes arising from consultation, but narrative and framing changes have been reflected as outlined in this paper.
2. In addition to the feedback received during meetings you conducted, written feedback was received from the offices of the Minister of Agriculture, Minister of Forestry, Minister for Oceans and Fisheries, Minister of Transport, Minister of Housing, Minister for Pacific Peoples and Minister of Workplace Relations and Safety. A table outlining all feedback from Ministerial consultation is attached as Annex One.
3. Ministers commonly raised points about how the sectors and occupations within their portfolio will fare with the proposals, and how the transition to the Rebalance can be managed. They were supportive of the Rebalance objectives, and generally expressed that the proposals for the lists and sector agreements were aligned with this intent.

Specific feedback and changes made to the paper

s 9(2)(f)(iv)

5. We have progressed further work and recommend that taking into account international qualifications which are considered to be equivalent to those recognised by the New Zealand Qualifications Authority (NZQA) is a suitable way to differentiate where a chef is skilled. This will limit hiring of migrant chefs without formal qualifications (and only experience) or with qualifications that do not meet the expectations of NZQA. This higher standard for entry will address the issue of chefs displacing New Zealanders in less skilled positions and reduce opportunities to use the chef role primarily as a residence pathway, without completely restricting the possibility of hiring from overseas. s 9(2)(f)(iv)

Placement of some health roles within the green list

7. The Minister of Health and Associate Minister of Health queried whether nurses and midwives could be provided a fast track to residence rather than work to residence path within the green list. We raised this topic with the Ministry of Health and were aligned in the view that due to retention concerns post-residence, these roles were better placed on a work to residence path, which will still provide certainty and support to attract migrant workers into these roles. We have not changed the placement of these roles. The Ministry of Health provided data which shows that the retention rate of internationally qualified nurses is lower than domestically trained nurses.

8. It was also raised that dentists could be included on the green list. We revisited the evidence provided by the Ministry of Health and maintain the view that there is not sufficient evidence that there is a shortage in the wider sector rather than solely district health boards. We have not added this role to the green list at this time. There will be no limitation to recruitment of migrant workers into dentist roles by the Rebalance changes, and the two times median wage residence pathway for residence may be available depending on pay rates. s 9(2)(f)(iv)

Placing some heavy vehicle inspectors and certifiers on the green list

9. The Minister of Transport requested clarification about whether heavy vehicle inspectors and heavy vehicle engineers would be included on the green list based on the roles currently included. We conferred with INZ on this and have determined that Heavy Vehicle Inspectors are included within the diesel motor mechanics occupation on the work to residence path of the green list (as they were on the Long Term Skill Shortage List).
10. Heavy vehicle engineers are not included in the roles on the green list. It appears they would best fit under the ANZSCO occupation of 'Vehicle Body Builder'. We understand that heavy vehicle engineers are highly specialised and well paid, therefore, like dentists they will not be restricted from coming into New Zealand under the Rebalance changes and depending on pay rates may have a path to residence through the two times median wage work to residence path. s 9(2)(f)(iv)

Ministers did not raise issues about treatment of dairy farmers, but this may be raised in future

11. At this stage we are not proposing a sector agreement for dairy roles, as this does not appear to be justified by the situation of the sector and the past use of migrant workers. This position is supported by Ministry for Primary Industries (MPI), but we agree that further consideration of immigration settings may be required once the sector has completed its workforce resilience plan, and once MBIE's skilled residence review work has been progressed to see if there is in fact a gap for a residence pathway for migrant dairy workers. We understand that the dairy sector is requesting further border exceptions even though existing places are yet to be filled.

Ministers wanted assurances that settings have sufficient flexibility to support changes in the labour market

12. The Minister of Agriculture, Minister of Forestry, and Minister for Oceans and Fisheries requested that the final paper reflects the ability of the Rebalance changes to be responsive to sector needs. We have edited the paper to more strongly indicate that there is an intention to review and alter the green list and sector agreements in future in line with areas of rigorous work on sector labour force needs such as Industry Transformation Plans (ITPs).

Considering how family violence issues may affect partners of migrants

13. Ministers raised concerns that the Rebalance changes agreed in December 2021 which remove automatic work rights for partners of most temporary work visa holders may increase partners' vulnerability to family violence. The specific concern is that this removes the ability to exercise financial autonomy, unless the partner can attain a job paying above median and get an Accredited Employer Work Visa (with an allowance to work less than 30 hours). This is an existing issue within the immigration system, but it could become more of an issue with the Rebalance changes.
14. There is an existing Victims of Family Violence Visa which gives victims of family violence their own visa status independent of their New Zealand partner. This can provide temporary work rights for six months, or if they prove they are unable to return to their home country due to financial incapacity or social stigma, temporary work rights for up to nine months followed by residence.

15. We could progress work to extend the eligibility criteria for this visa category to include partners of temporary migrants. This would address some, but not all issues in this area. Further work will be progressed on this, ideally as part of partnership review which is currently scheduled to take place in 2023. If you prefer, this work can be brought forward
16. We have included an outline of this issue in the impacts section of the Cabinet paper, which identifies that you have directed work to ensure partners of migrants are suitably supported by immigration settings to proceed within the next 12 months.

Considering how proposals impact Māori and Pacific people

17. The Minister for Pacific People was keen to understand more about how proposals for Pacific programmes align with the aspirations of Pacific countries and Pacific people in New Zealand. This work will be progressed as sector agreements develop and will take into account factors including the appetite and preparedness of sectors to facilitate such programmes, as well as strategic goals for Pacific people onshore and Pacific countries. We have provided some further details in the Cabinet paper and will continue to work alongside the Ministry for Pacific Peoples in this work.
18. The Minister for Māori Development was interested in further detail about how the proposals impact Māori, especially proposals for the Meat Processing, Seafood, and Construction and Infrastructure sectors. Overall, the Rebalance proposals gear immigration settings to provide improvements and more opportunities for the domestic workforce. s 9(2)(f)(iv)
As work on sector agreements progresses, we will explore further how the sector agreements ensure this for the domestic workforce and especially Māori. We have also updated the Cabinet paper to reflect that relevant Māori entities will be consulted on sector agreements in each case.
19. We will also monitor to ensure that migrants are not being recruited into higher skilled, higher paying roles at the expense of promoting or recruiting New Zealanders and will reflect this as we develop communications materials.

Sector agreements

A fifth sector agreement for globalised seasonal roles in the seasonal snow and adventure tourism sector is being progressed

20. We provided you a briefing (2122-3087 refers) which proposed a focussed sector agreement that allows for some below median wage recruitment of six roles in the tourism sector that are pivotal to the operation of high value snow and adventure tourism activities. You agreed to this proposal and we have updated the Cabinet paper to reflect this, as well as progressing an overview of the sector agreement proposal in consultation with tourism policy.

Overviews of the Sector Agreements providing more detail are provided as an appendix to the Cabinet paper

21. Further detail developed alongside other government agencies for the five sector agreements, as well as the work to come, is attached as an appendix to the Cabinet paper. These overviews inform Cabinet in further detail about how the sector agreements are developing and what the immigration settings and expectations for the sector may be. These are not the final details, and the Cabinet paper is updated to make this clear. While the broad features of these sector agreements have been discussed with relevant portfolio Ministers (e.g., the capped approach to Seafood), the draft specifics have been developed since material was provided to other Ministers.
22. The detail of these agreements will be refined in the coming weeks after Cabinet agreement to progress them, with more input from government agencies and portfolio Ministers (as

necessary) as indicated in the paper. Following this they will be consulted with sector peak bodies and unions, as well as other relevant entities in the sectors. We have also updated the Cabinet paper to clarify these next steps.

23. Ministerial feedback acknowledged that there are other Ministers with broad interests across most if not all sector agreements, such as the Minister of Social Development and Employment and Minister for Workplace Relations and Safety. These Ministers and the associated agencies will continue to be engaged as the sector agreements progress; this point is reflected in the Cabinet paper by outlining that education, employment, and training (EET) Ministers will be needed to support their progression.
24. We have also included further detail to reflect the work over coming months to progress the sector agreements and to clarify that the sector agreements are an expression of immigration policy settings, and not a legal instrument comparable to a pay equity settlement or similar.

We have revised some of the initial proposals for below median wage recruitment

25. In progressing the detail of sector agreements with other government agencies, we have determined that capping the amount of below median wage migrant recruitment from the outset for the care workforce, construction and infrastructure or snow and adventure tourism sectors is not a useful or easily workable mechanism.
26. In these sectors, the other immigration mechanisms, especially a minimum wage threshold below median and a stand down after a period paid below median, address the concerns and changes we are seeking to effect in these sectors to a sufficient extent. However, these sectors should be notified from the outset that if they do not meet expectations in future a cap could be applied, especially if their use of migrant labour grows to an unacceptable proportion. We have reflected this revision in the Cabinet paper and in the appendices.
27. The Meat Processing and Seafood sector agreements continue to include capped numbers of workers below median. This is more suitable in these seasonal sectors with surge workforce needs. This is comparable to the previous temporary work visa standdown policy which allowed people on roles below the median to stay for three years before departing New Zealand (but they would need to reapply for visas during that period). Given that there is no recruitment below median wage except through sector agreements where a more tailored approach can be considered, this previous policy is not being applied.
28. We have proposed stand down periods that would require workers paid below median wage to leave New Zealand after two years as part of both the Care Workforce and Construction and Infrastructure sector agreements. Workers would not need to renew their visas in the two-year period. This is a starting point for consulting with the sector and will increase the degree to which migrant workers are a less sustainable workforce solution than New Zealanders.
29. The Minister for Economic Development has forwarded you a briefing which suggests putting in place 'sinking lids' within sector agreements clearly signalling the long-term intention to move away from median wage labour and ensuring predictability. Where caps are not proposed, a minimum wage threshold can be used in a similar way by raising the threshold over time, and we will consider this as sector agreements are developed. The same briefing also recommended indexing the additional pay thresholds for ICT roles on the green list to the median wage to prevent devaluing over time. We have reflected this change in the green list in the Cabinet paper.

Implementation

30. We have finalised the arrangements for implementation in the Cabinet paper, after working through these requirements with Immigration New Zealand. Some decisions on specific options are still to be taken, but these are not at a level needing Cabinet agreement.
31. The work visa settings for the median wage threshold, green list, s 9(2)(f)(iv) will come into effect through the Accredited Employer Work Visa which opens on 4 July 2022. At this time the 2021 median wage of \$27.76 per hour will also be introduced, along with changes to how an hourly rate is considered by Immigration New Zealand that better allows for the guaranteed wage packet of migrant workers.
32. The median wage threshold will only apply to the AEWV at this stage, with further consideration to be given to applying it to the Fishing Crew Work Visa in the context of the potential Seafood sector agreement. The median wage is updated for the immigration system each year in February, to reflect the most recent median wage determined by the Household Labour Force Survey.
33. The changes to require partners to obtain an AEWV without a 30-hour work requirement will come into effect from December 2022. Until that time, partners of all migrant workers will continue to receive open work rights (as it is currently available, to partners of migrant workers earning at or above median wage). Once the change comes into effect, partners of workers in green list roles will continue to be granted open work rights, but partners of other workers will need to have a job paying median wage or higher to obtain an AEWV. If they cannot, or chose not to, they can apply for a Visitor Visa based on their partnership.
34. After their final agreement by Cabinet in June, sector agreements will also be implemented from July, as needed (Meat Processing and Seafood may not need migrant workers until later in the year). Further detail on the implementation of sector agreements will be provided in June.
35. The green list will be operational from implementation of the job checks in June. Employers will not need to advertise these roles and applications for work visas will be prioritised above other accredited employer work visa applications. The skilled residence application for people in green list occupations will be available from September 2022 to people both in New Zealand and offshore. It is not possible for the application to open earlier in line with the rest of the proposals in July due the volume of change being implemented within Immigration New Zealand leading up to July, in particular related to Reconnecting New Zealand work programme. That there is a fast-track to residence path opening on this date can be communicated when the policy is announced (and that there will be a quicker than normal SMC turnaround on applications). Green list migrants can decide to obtain and travel on a work visa before September, or wait to apply directly for residence from offshore from September.
36. The new residence pathway will be provided through a new channel to apply for the existing Skilled Migrant Category (SMC), separate to the existing points-based SMC application. It will be available to people who:
 - a. Have an ongoing job offer that they are qualified for in one the listed occupations from an accredited employer
 - b. Are aged 55 or younger (aligned the SMC Age limit)
 - c. Meet the English language requirements set out in the Skilled Migrant Category
 - d. Meet standard health and character requirements for residence.
37. In addition to the above requirements above, people on the 'work to residence' green list will have to show that they have worked in a listed occupation for at least two years.

38. The applications of people applying for residence based on a Green List role would be prioritised above any other SMC applications. Additionally, the new sub-category will allow people to apply directly for SMC. The normal SMC process of an expression of interest followed by an invitation to apply will not be required.
39. The total application fee and immigration levy for the SMC is currently \$3,310 for someone applying from outside New Zealand. You are currently consulting Ministerial colleagues on new interim fee and levy levels to be in place from August this year. The current proposal for the Skilled Migrant Category fee and levy to be capped at \$5,000. As part of the skilled residence review there will be an opportunity to rebase costs based on updated policy settings, and consider the creation of differential fees for the green list, highly paid and (currently) points based channels.
40. The skilled residence review will also consider options to streamline health and character requirements where appropriate, and whether to increase English language requirements. Any changes would also be applied to the green list pathways.

The finalised Cabinet paper and next steps

41. We have made some minor editorial changes throughout the Cabinet paper to improve clarity and brevity where possible. We are aware that the terminology for the green list, including the terms 'green list' and 'work to residence path' may not be the best fit for communicating the Rebalance changes and will work with your office on this detail to support announcements.
42. If there are no further changes, with your agreement, the Cabinet paper can be lodged for consideration at the Cabinet Economic Development Committee meeting on 30 March 2022. Talking points to support consideration of the paper will be provided to you by Monday, 28 March.

Annexes

Annex One: Table of feedback from Ministerial consultation.

Annex Two: Final version of the Cabinet Paper (includes both tracked change and clean versions, and an appendix with sector agreement details).

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BRIEFING

Cabinet Paper after additional consultation - Immigration Rebalance – determining lists and sector agreements

Date:	7 April 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2122-3331

Action sought		
	Action sought	Deadline
Hon Kris Faafoi Minister of Immigration	<p>Agree the additional changes to the Cabinet paper to reflect feedback from Ministerial consultation</p> <p>Agree to the transitional agreements proposed for the Care and Construction/Infrastructure sectors</p> <p>Agree to lodge the draft Cabinet paper attached at Annex Two</p>	7 April 2022

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Andrew Craig	Manager, Immigration (Skills and Residence) Policy	04 901 1245	s 9(2)(a)	✓
Rachel Carruthers	Senior Policy Advisor	04 830 7379		

The following departments/agencies have been consulted

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

Cabinet Paper after additional consultation - Immigration Rebalance – determining lists and sector agreements

Date:	7 April 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2122-3331

Purpose

To provide you with a summary of additional feedback received from further Ministerial consultation on the Cabinet paper *Immigration Rebalance – determining the lists and sector agreements* and advise of the changes made to the paper as a result.

To advise you of proposed transitional arrangements for some sectors, as sector agreements will not be able to be implemented by 4 July 2022 given revised timelines.

A summary of all Ministerial feedback received is attached as Annex One, and an amended version of the Cabinet Paper is attached as Annex Two. After lodgement, the paper will be considered at Cabinet Social Wellbeing Committee (SWC) on 13 April 2022. Revised talking points to support consideration of the paper at SWC are attached in Annex Three.

Recommended action

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

- a **Note** that, given the time required to consult on, agree and confirm any changes and implement sector agreements, they will not be implemented until September.

Noted

- b **Note** that the Meat Processing and Seasonal Snow and Adventure Tourism sectors do not need any arrangements beyond the median wage threshold from July 4 as the labour needs for the coming seasons will be able to be met by the sector agreements when they come into place from September.

Noted

- c **Agree** to propose transitional settings for the Care, Construction and Infrastructure and Seafood sectors as outlined in the Cabinet paper *Immigration Rebalance – determining the lists and sector agreements*, for some of the sectors identified for sector agreements to be in place from 4 July until the sector agreements are implemented from September.

Agree / Disagree

- d **Agree** to propose that, from July 4 the following Carer, Construction and Infrastructure roles, employers be able to recruit on AEWV at or above 90 per cent of the median wage for construction roles, and at or above \$25.39 for carer roles, and a 2-year stand down would apply:

- Construction and Infrastructure roles: metal fabricators, welders, fitters, painting trades worker, fibrous plasterer, solid plasterer, wall and floor tiler
- Carer roles: kaiāwhina (hauora) (Māori health assistant), disabilities services officer, residential care officer, aged and disabled carers, nursing support worker, personal care assistant, therapy aide, child or youth residential care assistant.

Agree / Disagree

e **Agree** to propose that the existing border class exception for onshore seafood processors is amended, to allow recruitment of 200 workers (to align with the proposed sector agreement, and an increase to the cap of 150 in the existing border class exception) at a \$24 rate as a transitional measure until the Seafood sector agreement is in place.

Agree / Disagree

f **Agree** to propose a conditional transitional measure that should if Step 5 of Reconnecting New Zealand be brought forward ahead of October 2022, a median wage threshold for the Foreign Fishing Crew visa is put in place from 4 July 2022 while the seafood sector agreement is finalised.

Agree / Disagree

g **Note** that additional options have been added to the attached Cabinet paper, to reflect feedback from Ministerial consultation covering: the tourism and hospitality, and dairy sectors.

Noted

h **Provide** feedback on which options to retain in the Cabinet paper for Hospitality and Tourism and for Dairy

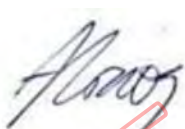
Noted

i **Agree** to lodge the draft Cabinet paper attached at Annex Two for consideration at the Cabinet Social Wellbeing Committee on 13 April 2022.

Agree / Disagree

j **Note** that talking points will be provided ahead of DEV on 13 April

Noted



Andrew Craig
**Manager, Immigration (Skills and Residence)
Policy**

Labour, Science and Enterprise, MBIE

7 / 4 / 2022

Hon Kris Faafoi
Minister of Immigration

..... / /

Substantive feedback received from Ministerial consultation

1. The most substantive changes to the paper are the requested inclusion of additional options for:
 - a. s 9(2)(f)(iv) [REDACTED]
 - b. a sector agreement for a 12-month transitional arrangement for roles below the median in tourism and hospitality; and
 - c. dairy sector green list and below median wages
2. We have included a range of options in the Cabinet paper, and are included in a way that indicates their possibility rather than being a specific proposal encouraged by you. We have included some further information and advice on the options for your consideration here.
3. s 9(2)(f)(iv) [REDACTED]

Option to provide more support to tourism and hospitality s 9(2)(f)(iv)

4. Tourism and hospitality are sectors that have struggled through the pandemic restrictions. The sector has noted that the reopening of borders and lifting of public health restrictions will see the sector unable to meet demand with its currently reduced workforce. As requested, we have included options in the paper that would provide some transitional support to the sector while it rebuilds, and traditional workforces like working holiday makers and international students return in higher numbers.
5. s 9(2)(f)(iv) [REDACTED]
6. If Ministers considered that further transitional arrangements are required, the sector could be allowed to recruit specified occupations below the median wage, with a wage floor of \$25 per hour, for a period of one year, from 4 July 2022 to July 2023, when the median wage would then be applied for these roles. If Ministers were to pursue this option, we would suggest including all ANZSCO Level 1-3 tourism and hospitality specific roles (see Annex 3), except:
 - a. s 9(2)(f)(iv) [REDACTED]
 - b. The seasonal snow and adventure tourism roles which are covered by a separate sector agreement
 - c. Chef s 9(2)(f)(iv) [REDACTED]
7. A more open option is to include ANZSCO Level 4 and 5 roles, which are lower skilled. This includes baristas, waiters, bar attendants and kitchen hands. The sector is keen for these roles to replace working holidays, though the numbers on essential skills visas are traditionally very low.

8. The \$25 per hour is approximately halfway between the “living wage” that some in the sector asserted they were paying and the \$27.76 median wage, and is therefore compatible with a one year phased transition. In it’s letter to you on the Rebalance the Tourism Industry Association talked about a two year exemption from the median as a transition plan.
9. These options would last for one year from 4 July, as a transitional arrangement. Given the tight timing leading up to 4 July, this sector agreement would need to be fast tracked with extremely limited sector engagement on the plan. Ministers would effectively be agreeing to the transition rules at Cabinet, with confirmation by joint Ministers.
10. We are working on advice to you and Minister Nash on the impact of the median wage threshold on the hospitality and tourism sector, on the back of recent meetings with a group of Queenstown hoteliers. We expect to have this advice to you by Monday, 11 April. However, regional distinctions will be difficult to implement at this stage.

Dairy sector options

11. Dairy farmers and dairy farm workers have not been included in green list proposals because pre-pandemic border restrictions they do not appear to have had an issue in attracting the workforce they need, with large numbers of migrant workers coming into these roles. This position has been supported by Ministry for Primary Industries who note that there is a Dairy Workforce Resilience Plan underway, and that this work should be encouraged ahead of any favourable immigration settings being provided. We agree with this approach and have previously provided you advice that the residence pathways for migrant workers in dairy roles could be revisited in light of any impacts of the Skilled Migrant Category Review.
12. Should Cabinet agree to placing dairy roles on a Green list work to residence path, this is straightforward and does not remove a requirement for the sector to meet the median wage threshold. There are no significant concerns to raise about this option.
13. We have also included the option for Cabinet to progress a dairy sector agreement to allow for recruitment below the median wage, focussed on dairy farm workers only (and not including dairy farmers which is a more senior role with greater responsibility). Based on 2021 data, 15 percent of migrant workers in this role are paid less than median wage, which is a lesser proportion than many other sectors and occupations, including tourism and hospitality. Our experience through targeted consultation with the dairy sector is that there has not been strong resistance from the sector to the median wage threshold, although it is sometimes raised as an issue by certain individuals. Compared to the other sector agreements that are being progressed, it is unclear that this sector meets the criteria of having a large proportion of the migrant workforce paid below median in the past, although Cabinet may consider that there is a strategic reason to provide specific support.

Further feedback received from Ministerial consultation

14. Further feedback has been received from your Ministerial colleagues and their offices on the content of the Cabinet paper, *Immigration Rebalance – determining lists and sector agreements*. Specific feedback and responses have been added to the full list of Ministerial feedback attached as Annex One, with the main points raised being:
 - *General feedback*: there was an interest in seeing more detail on how the lists were determined, how the various roles are ‘nationally significant’, and greater analysis of the gender-based population impacts. Text to this effect has been included.
 - *Green listed roles*: questioned whether nurses and medical radiation therapists should be on the fast-track list instead of the work-to-residence path, whether mental health roles were adequately provided for, and whether builders and physician associates should be added to the lists. Registered nurses are on a work-to-residence pathway as this is one occupation where both MBIE and the Ministry of

Health are concerned about retention challenges and requiring two years in the role provide more certainty about our ability to meet labour shortages, and making some adjustments to the presentation of the green list to highlight the mental health roles in the medical professions;

- *Sector agreements*: the lack of measures for dairy (in both sector agreements and the green list) was queried (as covered above), and further detail on the future of sector agreements (including duration and whether they would be renewed) sought. There were also questions about whether the timeline for implementing sector agreements worked for seasonal roles (e.g., in the snow tourism sector).
- *Communications*: there is a need to clearly communicate the rationale of why the roles selected ended up on the various lists, especially as there are roles that most New Zealanders would consider of high importance and in urgent shortage (for example, registered nurses and teachers) on a work-to-residence pathway, rather than the fast-track green list. There is also a need to manage expectations around duration and future use of sector agreements.

15. Further detail on specific feedback is attached in Annex One, to enable your office to respond directly. The talking points we provide will cover common issues raised.

Transitional arrangements for some sector agreements

16. At present, you are due to present final sector agreements for agreement to Cabinet in June. Assuming Cabinet agrees to these final arrangements in June, implementation will not be possible until September, owing to the degree of system changes required. To implement these agreements any sooner would require prebuilding the system to enable visa settings that are not yet agreed by Cabinet and may change during consultation – this is not feasible.
17. This timeline, while necessary, will mean that some of the sectors which will receive sector agreements will not be able to get labour below the median wage until September, with negative impacts for both the sector and the wider government priorities. We recommend that transitional measures be put in place to support some of the sectors that are to receive sector agreements between 4 July (when the AEWV opens to migrant applications) and September (when sector agreements will be implemented from).
18. Not all of the proposed sectors agreement sectors require this. The proposed agreements for the meat processing and tourism sectors would provide seasonal surge capacity - urgent seasonal needs for these sectors are being met by border exceptions (2122-3185 refers), and a September implementation is sufficient to meet future seasonal needs, namely the December meat processing surge and the 2022-23 summer tourism season.

Recommended transitional measures

19. We recommend providing transitional measures for the Care workforce agreement, to maintain the continued entry of the critical care workforce while the sector agreement is finalised, and for the Construction and Infrastructure agreement, to enable the sector to meet labour needs as soon as possible given the immediate pressure to deliver infrastructure and housing.
20. We recommend that both of these sectors be enabled to recruit migrants for specified roles at a lower wage threshold – 90 percent of the median wage for construction roles (approx. \$25), and \$25.39 for carers, in line with the existing pay equity arrangement. We also recommend implementing a requirement that migrants recruited under these measures to leave New Zealand after two years of work. These settings are roughly equivalent than those anticipated in the relevant sector agreements, as we are conscious to avoid loosening settings under transitional arrangements before tightening them under a sector agreement.

21. The proposed roles are those outlined in the sector agreement detail attached to the Cabinet paper:

Carer occupations

- Kaiāwhina (Hauora) (Māori Health Assistant)
- Disabilities Services Officer
- Residential Care Officer
- Aged and Disabled Carers
- Nursing Support Worker
- Personal Care Assistant
- Therapy Aide
- Child or Youth Residential Care Assistant

Construction and Infrastructure occupations

- Metal fabricators
- Welders
- Fitters (general)
- Fitter-welder
- Painting trades worker
- Fibrous plasterer
- Solid plasterer
- Wall and floor tiler

22. This proposal has been incorporated into the Cabinet paper, for your consideration. Note, the Infrastructure Commission has recommended that carpenters, joiners and building labourers are added to the list of occupations for the Construction and Infrastructure sector. We are not confident these occupations will form part of a sector agreement and are concerned about displacing New Zealanders from opportunities in these roles in particular – more information is needed as part of the sector agreement process. We do not recommend including these roles in the transitional arrangement.

Contingent transitional measures

23. The seafood sector currently has a class border exception until October, when migrants on Foreign Fishing Crew visas will be able to enter New Zealand under Step 5 of the Reconnecting New Zealanders strategy. If Step 5 of Reconnecting New Zealand is brought forward (as is currently being considered), we recommend that a median wage threshold be introduced for the Foreign Fishing Crew visa until the Seafood sector agreement and further wage floors are agreed. Without this, there would be a period where migrants could be hired at rates below the median wage, which contrary to the intentions of the sector agreement.
24. A transitional arrangement for onshore seafood processors has also been considered, and MPI is advocating to make changes to the existing border exception to enable up to 500 short-term migrant workers to take up roles while the numbers of Working Holiday makers (who usually fill these roles) rebuild. MPI has not yet finalised its advice to the Minister Parker. We don't support this high level of recruitment which is above the proposed sector agreement cap of 200, and other sectors are not receiving similar arrangements to compensate for Working Holiday makers.
25. However, if you agree to include such a provision for onshore seafood processors, we recommend providing a lower wage threshold of \$24 for the current border exception but increase the cap of 150 to 200 workers, to align with the number in the proposed sector agreement, as a transitional measure ahead of the sector agreement coming into place from September. We are supportive of this proposal however your office may wish to confirm the support of the Minister for Oceans and Fisheries for this proposal. If it is not supported, or your office does not hear ahead of lodgement we will remove this proposal. The Minister may table an option when the paper is considered.

Next steps

26. Subject to your feedback on the additional options including in the Cabinet paper, and your review and approval, the attached Cabinet paper will be lodged for consideration at the Social Wellbeing Committee on 13 April, and then for consideration by Cabinet on 19 April.

You will then report back to the Cabinet Economic Development Committee on the final sector agreements in June.

27. Officials will continue to work on sector agreements, to prepare for consultation once the Rebalance package is announced. To enable this, we require your and relevant Portfolio ministers sign-off on the sector agreement proposals within the next week – otherwise consultation and the June Cabinet paper timelines are jeopardised. To this end, letters to relevant Portfolio Ministers outlining the proposed agreements to take to sectors and seeking their final approval of these will be sent to your office by the end of this week.
28. We understand that an announcement date for the Rebalance package is not yet set, but, pending the outcome of Cabinet on 19 April, we recommend announcement of the package follow as soon as possible. Delays in the announcement reduce the available time to engage with sectors on the sector agreement (potentially jeopardising the June report back) and also lessen the amount of time available to communicate AEWV changes prompted by the Rebalance to employers. We will provide your office with talking points by Monday, 11 April, which will need to reflect your final feedback on what is included in the Cabinet paper.

Annexes

Annex One: Revised table of feedback from Ministerial consultation (*new additions are bolded*)

Annex Two: Final version of the Cabinet Paper (*includes both tracked change and clean versions, and an appendix with sector agreement details*)

Annex Three: List of tourism and hospitality specific roles by skill level

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Annex Three: List of tourism and hospitality specific roles by skill level

Occupation	Number of migrants on an Essential Skills or WTR visa, July 2019	Indicative percentage of migrants paid at or above the median wage (based on 2021 data)	Highly-skilled or trades-based? (i.e., ANZSCO Level 1, 2, or 3)	Lower-skilled? (i.e., ANZSCO Level 4 or 5)
Chef	3903	68.9%	✓	
Cafe or Restaurant Manager	1506	69.7%	✓	
Cook	1311	31.0%	✓	
Hotel Service Manager	366	58.1%	✓	
Hospitality, Retail and Service Managers not elsewhere classified	219	73.6%	✓	
Hotel or Motel Manager	144	76.8%	✓	
Waiter	381	27.9%		✓
Commercial Housekeeper	468	15.3%		✓
Accommodation and Hospitality Managers not elsewhere classified	75	68.3%	✓	
Kitchenhand	216	10.2%		✓
Licensed Club Manager	42	60.2%	✓	
Barista	102	49.4%		✓
Hotel or Motel Receptionist	177	32.8%		✓
Conference and Event Organiser	87	69.7%	✓	
Bar Attendant	93	30.2%		✓
Fast Food Cook	111	34.0%		✓
Food Trades Assistants not elsewhere classified	87	52.4%		✓
Hospitality Workers not elsewhere classified	96	22.2%		✓
Cafe Worker	33	59.3%		✓

Travel Consultant	33	52.0%	✓	
Travel Agency Manager	69	54.2%	✓	
Pastrycook's Assistant	60	54.5%		✓
Tour Guide	33	45.0%	✓	
Caravan Park and Camping Ground Manager	48	75.0%	✓	
Doorperson or Luggage Porter	354	14.3%		✓
Diving Instructor (Open Water)	18	75.0%	✓	
Gaming Worker	-	-		✓
Hunting Guide	39	100%	✓	
Travel Attendants not elsewhere classified	-	-		✓
Gallery or Museum Technician	18	100%	✓	
Trekking Guide	-	-	✓	

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