



Submission form for: proposed changes to the Skilled Migrant Category

Purpose of the Skilled Migrant Category

The Skilled Migrant Category (SMC) is a policy for people who want to live permanently in New Zealand and have the skills to contribute to New Zealand's economic growth.

Why the SMC is being reviewed

The SMC is being reviewed to improve how we identify the most highly skilled migrants.

The current points system has been in place since the SMC opened in 2003. However, it no longer appears to be effectively prioritising the migrants with the highest skill levels. A growing number of SMC applicants are working in low-wage occupations and in roles where the level of skill is difficult to assess objectively using the current criteria.

How SMC works: points based system

SMC applicants submit expressions of interest and are assessed using a points based system. If their expression of interest is successful, applicants are offered the opportunity to apply to gain residence.

The points-based system recognises people who have skills to fill identified needs and opportunities in New Zealand, who can contribute to New Zealand economically and socially, and who can successfully settle here.

When submitting an expression of interest, applicants can claim points for having:

- skilled employment in New Zealand (ongoing employment or a job offer),
- relevant work experience, and
- recognised qualifications.

There are bonus points available under each of these areas. There are also points for age, and for the employment and qualifications of an applicant's partner.

The following links have more information on the SMC:

- [Skilled Migrant Category visa](#)
- [Skilled Migrant Category information for employers](#)
- [Immigration Instructions SM6: Summary of points for employability and capacity building factors](#)

Objectives of the consultation

This consultation is to:

- inform our understanding of the impacts of the options being considered, especially on employers and industries
- identify any unforeseen or unexpected risks, and
- inform the advice provided to Ministers to help with their decisions on the detailed components of the policy.

We are consulting on specific detailed proposals, not on the overall review.

How to make a submission

The Ministry of Business, Innovation and Employment (MBIE) seeks written submissions by 5pm on Sunday 30 October 2016.

You can use the submission form on the consultation web page, or in a digital format that best suits you.

Your submission may respond to any or all of the issues. Where possible, include evidence to support your views, for example salary and remuneration information for your workplace, sector or group, or examples of how the proposals will impact you.

MBIE will treat all information received as confidential and with the appropriate sensitivity. We will maintain its confidentiality within the bounds of the Official Information Act 1982. Please identify any commercially sensitive information clearly.

Please include your contact details in the e-mail accompanying your submission.

You can make your submission by sending it as a Microsoft Word or PDF document to:

SMCReview@mbie.govt.nz

Please direct any questions that you have in relation to the submissions process to:

SMCReview@mbie.govt.nz

MBIE will report back to Ministers for Cabinet decisions on the Skilled Migrant Category Review before the end of 2016.

Treatment of confidential information submitted during consultation

MBIE is particularly interested in salary/income information from affected sectors. This will complement our current analysis that uses anonymised tax data on the incomes of SMC migrants.

Where available and relevant, provide supporting evidence with details of the salary bands or remuneration structures of your business or sector/industry.

MBIE undertakes to treat information received in confidence with appropriate sensitivity and to maintain its confidentiality within the bounds of the Official Information Act. Please identify any commercially sensitive information clearly.

How to use this form

This form is only editable in the marked areas. When you download this form, you may need to first click 'Enable editing' at the top of the page.

Contact details

Please provide your name and phone number, and preferred email address for contact if it is different from the one used to send this form:

NZMEA CEO - Dieter Adam – 0800 353 2540 – dieter.adam@nzmea.org.nz

Background questions

In what capacity are you providing feedback?
e.g. on behalf of: your company, the company you work for, an industry organisation, a union, licensed immigration adviser etc.

Industry Organisation

If you are representing a company or group, what is the name of that group?

New Zealand Manufacturers and Exporters Association (NZMEA)

What industry or industries does that group work in?

Manufacturing mostly elaborately transformed non-food goods and providing associated services.

In your company or industry, what are the most common occupations for migrant workers?

Any level from semi-skilled to highly-skilled specialist roles in manufacturing.

What visa categories are commonly used by those workers? i.e. resident visa, Essential Skills work visa, Work-to-residence work visa (under the Talent or Long Term Skill Shortage List categories), Post-study work visa (open or employer assisted), open work visa.

[Click here to enter text.](#)

Only answer the following questions if you directly employ migrant workers.

How many migrant workers do you currently employ?

[Click here to enter text.](#)

Have you supported a Skilled Migrant Category visa application for any of these workers?

[Click here to enter text.](#)

Proposals for consultation

The consultation is targeted at detailed proposals that relate to:

- introducing the use of salary levels to help define skilled employment
- strengthening the use of work experience to define skilled employment, and
- realigning the points system to better recognise highly skilled migrants

Proposals 1, 2 and 3 will affect how migrant workers claim points for *skilled employment* under the SMC. Points for skilled employment are not always necessary to meet the selection threshold. However, the majority of SMC applicants do claim the points for skilled employment.

How 'skilled employment' is currently defined under SMC: using ANZSCO

Skilled employment is defined using the Australian and New Zealand Standard Classification of Occupations (ANZSCO). There are five ANZSCO occupational skill levels. Levels one, two and three are classified as skilled for the purposes of the SMC. Jobs at these levels can currently be used to claim SMC points, as long as the job description substantially matches the ANZSCO occupation description, and the applicant has the recognised relevant qualification or work experience required.

You can search the ANZSCO register [here](#).

The limitations of the current definition of 'skilled employment'

ANZSCO provides an objective and consistent classification of occupations. However, it is not an accurate description of the actual level of skill required for a particular job or the skills of a person employed in a particular job. It cannot be easily used to differentiate between senior and junior roles (particularly in managerial positions).

The growth in SMC migrants who work in lower-income occupations indicates that some jobs that meet the ANZSCO definition of 'skilled work' may not in fact be highly skilled. On the other hand, there have been examples of migrant workers in highly paid positions unable to use SMC because their job description matches a 'low skilled' occupation under ANZSCO.

Using salary levels to help define skilled employment

We propose two changes using salary/wage levels. The proposal is to have both options available for applicants under the SMC.

Proposal 1: Minimum salary/wage for claiming points for skilled employment

In order to claim points for skilled employment, applicants must have a job (or job offer) in an occupation at ANZSCO level 1, 2 or 3, AND earn more than a minimum salary/wage level.

Options for minimum salary/wage level:

Note: options for the minimum salary/wage level would be indexed to the New Zealand Income Survey (NZIS), which publishes New Zealand median hourly earnings annually. The salary and wage levels provided below are for the 2015 NZIS. The final salary and wage level would be updated when the 2016 NZIS data is available.

Proposed minimum salary thresholds for SMC

	Hourly rate of pay	Annual rate of pay (30-hour work week)	Annual rate of pay (40-hour work week)	Indexed to
Option 1A	\$22.83	\$35,614	\$47,486	1x median earnings
Option 1B	\$25.11	\$39,171	\$52,228	1.1 x median earnings
Option 1C	\$27.40	\$42,744	\$56,992	1.2 x median earnings

What this means:

Someone working as a *retail manager* (ANZSCO skill level 2), earning \$40,000 p.a. and working 40 hours a week can currently claim 50 or 60 points for skilled employment, and possibly bonus points for working in a skill shortage area. Under proposal 1, they would no longer be able to claim points for skilled employment.

Questions

What impacts or implications do you foresee from this proposed change?
Give details of the occupations and salary levels you are thinking of.

We do agree in principal with setting some minimum salary threshold for skilled migrant visas. However, getting these values right is imperative to ensure manufacturers who cannot fill skill shortages in New Zealand can still use these visas to find people with the appropriate skill levels, qualifications or experience. We agree with the use of both hourly rates and the two annual wage options.

We also believe there could be a case for different thresholds across regions. Businesses in the regions are also facing skill shortages, especially for those with experience, but may be less able to compete with those in main centres in terms of their ability to pay higher salaries.

Setting one rate for all regions may aggravate current issues with the majority of new migrants going to Auckland, adding to current infrastructure and housing issues there, and critically making it harder for those in regions with lower incomes, but other advantages such as lifestyle and housing to compete with the main centres. Having access to relevant skills that are not currently available in New Zealand is a critical part of helping manufacturing in the regions thrive, as well as in the main centres, to provide additional jobs, growth and income into the area.

Would the different minimum salary thresholds have different impacts?

We believe the favoured Option should be 1A in this case – we believe this would meet the desired outcome of limiting the use of visas for low-skilled jobs, which could be filled relatively easily by New Zealanders, but not stop those who need to hire overseas workers to meet skill shortages. Higher values may stop some manufacturers from filling skill shortages,

particularly when there may be some uncertainty on how their relevant skills or qualifications will translate into productive work – in these cases wages rates may start lower, then be increased as skills, ability and productivity can be assessed.

We believe additional research is required to ensure this is set at the correct rate, and that this is reviewed over time – different industries have different salary levels, and we need to ensure productive industries have access to fill skill shortages.

Once again, assessing regional differences in wages may be important, to ensure those in the regions can still compete to fill their skill shortages through this visa category if needed.

Are there any skilled occupations that you think should be exempt from a minimum salary threshold? Give details of the occupation(s) and the salary range(s), and reasons why they should be exempt.

We would like to see more research and investigation into this – there are a number of categories which may be highly skilled, and be unable to be filled in New Zealand. These often involve a strong experience component, but may not meet this minimum salary criteria initially. This can be particularly relevant for manufacturers who compete in a globally exposed environment, competing against many countries with labour cost advantages, while aiming to stay competitive in keeping valuable production and jobs in New Zealand.

We also believe there is particular value in supporting skill access for those in our productive industries, such as manufacturing and exporting, where there is wide benefits for New Zealand as a whole from their growth and success, particularly in growing export income and general productive and high-value adding capability.

Proposal 2: Using salary/wage level as a means of identifying highly skilled employment, regardless of the ANZSCO level of an occupation

Applicants with a job (or job offer) with an income above a certain (higher) level can claim points for skilled employment regardless of the ANZSCO skill level of their occupation. Relevant work experience and/or qualifications would also be required.

Options for salary/wage level:

Note: options for the salary/wage level would be indexed to the New Zealand Income Survey (NZIS), which publishes New Zealand median hourly earnings annually. The salary and wage levels provided below are for the 2015 NZIS. The final salary and wage level would be updated when the 2016 NZIS data is available.

Proposed salary level for highly skilled employment				
	Hourly rate of pay	Annual rate of pay (30-hour work week)	Annual rate of pay (40-hour work week)	Indexed to

Option 2A	\$31.96	\$49,857	\$66,476	1.4 x median earnings
Option 2B	\$34.25	\$53,430	\$71,240	1.5 x median earnings
Option 2C	\$38.80	\$60,528	\$80,704	1.7 x median earnings

What this means

Someone working as an experienced *crane operator* (ANZSCO skill level 4), earning \$91,000 p.a., cannot currently claim points for skilled employment. Under proposal 2 they would be able to do so.

Questions

<p>What impact or implications do you foresee from this proposed change? Give details of the occupations and salary levels you are thinking of.</p>
<p>We believe adding this option would be positive step, but once again, getting the level of the threshold right is the most important factor.</p> <p>We do see this as a useful option for those who's occupations fall outside of the ANZSCO skill levels 1 to 3. However, this should be accompanied with a review of the ANZSCO, with specific focus on New Zealand's current economic situation, and what skills are needed to grow our productive industries.</p>

<p>Would the different thresholds have different impacts?</p>
<p>Once again, the lower threshold may be more realistic for manufacturers, who compete in a global environment.</p>

Using work experience to define skilled employment

We propose one change to how work experience is used to claim points for skilled employment. This would require migrants in certain jobs to have a minimum level of work experience.

Under current policy, in order to claim points for skilled employment, the job description must substantially match the ANZSCO description for that occupation, and the applicant must generally have either:

- a relevant recognised qualification at the level required by ANZSCO or
- work experience for the number of years required by ANZSCO.

Proposal 3: Requiring a minimum number of years of relevant work experience

In order to claim points for skilled employment, we propose applicants must have a minimum of **three years** of recognised work experience that is relevant to their job (or job offer) and that this

would apply regardless of whether they hold a formal qualification. This proposal would apply to

- all skill level 3 occupations, and
- some skill level 2 occupations, such as managerial roles.

Requiring work experience for managerial roles and trades jobs will help show that Skilled Migrants are operating at a high level.

What this means

Someone working as a *baker* (ANZSCO skill level 3) can currently claim points for skilled employment as long as they have either

- a relevant recognised Level 4 Certificate OR
- at least three years of relevant recognised work experience.

Under the proposed changes, they would need to have at least three years of work experience relevant to their employment as a baker in order to claim the points for skilled employment, even if they also have a Level 4 Certificate.

Questions

What impact or implications do you foresee from this proposed change?
Allowing migrants to use experience to claim points is a good step. For most manufacturing companies, it is their experience that is most vital measure to determining a person's ability to work in the skilled position. Many skilled jobs already require 3 years experience in the manufacturing industry. We believe the experience should be given more consideration over the qualification in many cases, as there may also be cases where migrants are coming from countries where the qualification system is different or not accepted here in New Zealand, meaning their experience is what is important to their hiring. Allowing experience to be the qualifying component regardless of qualification would be a step forward for manufacturers and exporters.

Are there any level 3 or level 2 occupations that you think should be exempt? Give details of the occupation(s) and reason(s) .
Click here to enter text.

When looking to hire migrant workers in your company or industry, is the same value placed on qualifications and relevant work experience, or is one valued more than the other? Specify the occupation(s) you are thinking of, and reasons.
The feedback received from our manufacturing members indicates that experience is often the main factor in hiring a migrant worker. This is often viewed as more important than their

relevant qualifications, given differences in training and qualifications across countries – a proven track record of work and ability is key.

When looking to hire migrant workers in your company or industry, is relevant overseas work experience valued differently to relevant work experience in New Zealand? Specify the occupation(s) you are thinking of, and reasons.

Experience in New Zealand is always valued highly, as it can be easily confirmed and there is knowledge that a worker already has connections to New Zealand, meaning they can fit into a business operation easily. Following this, there are some countries of origin when their experience is valued at higher levels than other countries. This is largely due to general skills and industry standards and capability in other countries.

Realigning the points system to better recognise highly skilled migrants

While there are still highly-skilled and highly-paid migrants coming through the SMC, the current skill composition of SMC migrants does not fully reflect the Government's wider objectives to lift skills levels and incomes. Current settings prioritise current employment and qualifications over skilled work experience. This does not align with existing evidence on the relationship between the quantity and quality of a migrant's work experience and their employment outcomes.

Proposal 4: Realigning the points system to better recognise highly skilled migrants

The following changes to the points system are proposed:

- a. Focus the points system more on skilled work experience, including by:
 - require work experience to be in skilled employment (defined by a job at ANZSCO skill levels 1-3)
 - increasing work experience points
- b. Increase the points available for a post-graduate qualification
- c. Increase the level of qualification required for points to be awarded for a partner's qualification, to a bachelors degree or higher
- d. Award additional points for high salary levels for skilled employment in New Zealand
- e. Reduce the points awarded for migrant aged 20-29, to the same level as migrants aged 40-44, to reflect increased skill levels in the 30-39 age group
- f. Remove bonus points that do not have a strong association with migrants labour market outcomes, including
 - points currently available for 'identified future growth areas' (creative industries, ICT and biotechnology)
 - points for *qualifications* in an area of absolute skill shortage (Long Term Skill Shortage List occupations)

- points for close family in New Zealand
- g. Reduce the points available for work experience in New Zealand (including removing extra 'skilled employment' points for ongoing employment of 12 months or longer in New Zealand)
- h. Adjust the rules for comparable labour markets, including by:
 - reviewing the list of countries that are assessed as comparable, and
 - removing the current exceptions that allow points to be awarded for work experience in a non-comparable country.

What this means

Under the proposed changes, skilled work experience and higher-level qualifications would be given greater preference in the points system. A range of redundant points (outlined above) would be removed in order to simplify the overall policy.

These proposals relate to the underlying system of how skilled migrants are identified for the purpose of SMC. They do not refer to any set points selection level, but would influence where to set the selection level. Once the new points system is in place a new points selection level (currently 160 points) will need to be set.

Questions

What impact or implications do you foresee from these proposed changes (please identify the specific change(s) you refer to in your response)?

- a. We agree we adding a work experience component – this could be given more weight over the qualification component. We also agree with increased points for work experience.
- b. Our main concern with this could be favouring post-graduates having the effect of crowding out available work visas for productive industries who require work experience, but lower levels of formal education.
- c. Agree.
- d. Consideration should be given to individual industries as well as differences across regions.
- e. Same for 20 – 39 – could be same. All would need the relevant experience.
- f. Close family can be important for helping to settle.
- g. We are neutral on this one; relevant experience IS important to our members, largely independent of where it was gained.
- h. Yes – should be done regularly.