

Mobility: Immigration alert

March 2024



New Zealand

Immigration policy under the first 100 days of a new government

Executive summary

New Zealand's current government was formed in late 2023 by coalition between the National Party and minor parties. This coalition government is yet to articulate a comprehensive immigration policy. The direction of this policy will be steered by the recommendations of the significant review of the Accredited Employer Work Visa program (AEWV) released at the end of February 2024.

The review was initiated by the previous government to address serious concerns about the integrity of the program and migrant worker exploitation. EY welcomes the announcement by the current Minister of Immigration that proposals for immediate changes to the AEWV will be taken to Cabinet in 'the next couple of weeks.'

Employers can look forward to more certainty regarding the direction of immigration policy as well as operational details of the AEWV. During 2024, employers will also need to plan for accreditation renewal and post-accreditation compliance checks.

Review of Accredited Employer work Visa (AEWV)

The report of this review includes a number of key recommendations which will impact employers and their mobility strategies:

- ▶ ten recommendations focus on reducing the risk of migrant exploitation including developing an integrated compliance and system monitoring model, improving intelligence gathering and tighter rules for employers
- ▶ a significant number of recommendations address improving Immigration New Zealand (INZ) internal processes to improve integrity and operational efficacy
- ▶ priority processing for Green list applicants

- ▶ engagement with the Ministry of Business, Innovation and Employment (MBIE) to provide policy advice to the Minister of Immigration regarding:
 - ▶ removing the job check requirement for change of employer
 - ▶ mitigating the risk of local job displacement which may include exploring the reintroduction of a Labour Market Test
 - ▶ introducing a differential Employer Accreditation model that rewards low risk employers with a strong history of compliance and subjecting employers with a high risk business model, such as triangular employment arrangements and franchisees, to further scrutiny

AEWV wage increase pause

The Minister of Immigration has paused the planned increase to the median wage threshold for AEWV applications. This will allow time for consideration of alternatives to this mechanism.

Most AEWV applications will continue to be assessed at the current rate of NZD29.66 per hour. The pause extends to partners of AEWV holders. The threshold for occupations with sector agreements and exemptions to the median wage benchmark also remain unchanged.

The increased threshold of NZD31.61 per hour will apply to applications for other visa categories lodged on and after 28 February 2024 including Skilled Migrant Category, Green List Straight to Residence, Work to Residence visas, Transport Sector Work to Residence Visa (excluding bus drivers) and Parent Category.

Compliance - Accreditation renewal and post accreditation checks

As of 16 February 2024, 32,797 employers hold AEWV accreditation status. Many employers will need to renew their accreditation in 2024 for the first time since the program was implemented. INZ is yet to publish guidelines on the renewal process and requirements. EY has lobbied for these to be released as soon as possible as well as confirmation that employers may be granted interim status to continue to sponsor skilled workers while a renewal application is under consideration. While the guidelines are not available, it can be expected that compliance with immigration and employment law, including fulfilling AEWV obligations will be tested during the renewal process.

In addition, INZ, working with MBIE, has commenced post-accreditation compliance checks in response to reports of misuse of the AEWV. Nearly 200 employers have had their status revoked or suspended. INZ aims to routinely check 16% of accredited employers each year. All employers with franchisee and controlling third party business models will be checked as well as any businesses that have been referred to INZ through a complaint. Other employers will be selected at random. These enforcement agencies have new powers to access employment records.

Employers must build a robust process to reduce the risk of non-compliance and should be prepared to provide evidence of fulfilling obligations for a renewal application and a possible compliance check. We recommend:

- ▶ evidence that all employees have work rights is available
- ▶ the status of all visas holders is monitored within systems able to initiate renewal processes at an appropriate time
- ▶ mandatory AEWV settlement support is incorporated into the onboarding process and records are retained and available
- ▶ records of compliance with mandatory Employment New Zealand's learning modules are available

National Party immigration initiatives

While no overall immigration policy has been released, the National Party proposed several other initiatives during the 2023 election campaign:

- ▶ attract more international students through fast-track processing for an additional fee; expansion of work rights from 20 to 24 hours a week; and diversification of source countries for international student recruits
- ▶ new Digital Nomad Visa - a 12 month visa allowing remote work for an overseas-based employer
- ▶ new Global Growth Tech residence Visa - to attract talent working in top global tech companies earning at least NZD400,000 per annum
- ▶ new International Graduate Visa - a three-year visa for graduates from the world's top 100 universities with unrestricted work rights

Next steps

EY will continue to monitor these developments and keep you informed. We will also continue our constructive engagement with INZ to ensure the AEWV program is structured to attract skilled workers needed to fill skill shortages and protect vulnerable workers. Contact your EY advisor to discuss any issues raised in this alert and support with:

- ▶ developing a mandatory settlement support package
- ▶ conducting a compliance review
- ▶ preparing for your accreditation renewal
- ▶ implementing system and maintaining records of compliance of mandatory employment New Zealand learning modules

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