



## BRIEFING

### Options to resume selection of Expressions of Interest for the Parent and Skilled Migrant Categories

<b>Date:</b>	26 March 2021	<b>Priority:</b>	High
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2021-2518

Action sought		
	Action sought	Deadline
Hon Kris Faafoi <b>Minister of Immigration</b>	<p><b>Agree</b> your preferred timing and method for resuming Skilled Migrant Category Expression of Interest selections</p> <p><b>Agree</b> your preferred timing and method for resuming Parent Category Expression of Interest selections</p>	31 March 2021
Hon Phil Twyford <b>Associate Minister of Immigration</b>	For information only	N/A

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
Immigration New Zealand – Border and Visa Operations, Enablement, Verification and Compliance

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 Withdrawn           |

**Comment**



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### Purpose

- To provide you with options and advice on resuming selections of Expressions of Interest (EOIs) for the Parent and Skilled Migrant residence visa categories, which have been suspended since 2016 and 2020 respectively, and
- To inform you of implications of resuming selection of EOIs on application processing timelines, and presenting high-level options for clearing the queue faster.

### Executive summary

The selection of EOIs for the Skilled Migrant Category (SMC) was suspended in April 2020 due to COVID-19-related limitations. The selection of Parent EOIs was suspended in 2016 to facilitate policy changes and has not yet resumed.

The ongoing suspension of EOI selection for these categories runs until late March 2021, and a decision is now needed on whether to extend the suspension or resume the selection of EOIs.

In developing advice on when and how to resume EOI selections, officials have considered:

- the labour market need, to both retain highly skilled people and ensure that any changes do not inadvertently disadvantage applicants who fill critical roles
- the need to provide certainty for those who have submitted EOIs, who have been waiting months (or years for many in the Parent Category) in the EOI queue and may have delayed important life decisions (e.g. starting a family, entering university) pending the outcome of their EOI
- Immigration New Zealand's (INZ) capacity to implement proposed changes, and the scale of trade-offs in resourcing and service delivery required to deliver different options, and
- alignment with future direction for immigration policy over this parliamentary term.

**Officials recommend you resume selection of the Skilled Migrant Category EOIs as soon as is practicable.** INZ has the capacity to resume processing, and while selections remain suspended, people with EOIs in the queue face significant uncertainty and may be delaying important life decisions owing to these visa-related delays.

**Officials recommend you increase the eligibility points threshold from 160 to 180**, to apply to both new EOIs being submitted and those on-hand. Raising the points is desirable to manage future demand for the SMC. A 20-point increase to the threshold will:

- support this Government's labour market objectives by benefiting higher-skilled applicants
- reduce the volume of lower-skilled applicants to the SMC, including the number of new EOIs submitted and EOIs on-hand that will need to be processed. There is a known issue with applications from lower-skilled applicants clustering around the minimum points threshold, and

- signal the future immigration policy direction without reducing eligibility criteria excessively.

A reweighting of points is also recommended, to ensure people filling roles in areas of absolute skills shortage are still able to qualify for selection.

s 9(2)(f)(iv)

## Recommended action

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

- a **Note** that Expression of Interest selections for both the Parent and Skilled Migrant Categories are currently suspended, but Expressions of Interest continue to be accepted for both categories and Immigration New Zealand have a significant number on-hand.

*Noted*

- b **Agree** to one of the following options on timing to resume Skilled Migrant Category Expression of Interest selections:

Option A ( <b>recommended</b> ) – resume selections as soon as the necessary changes are made to support the preferred method for resuming selection	<i>Agree / Disagree</i>
Option B – delay selections pending further policy decisions (timing to be confirmed)	<i>Agree / Disagree</i>

- c **Agree** to raise the points threshold for selection for all new Expressions of Interest submitted to 180 points, and reweight the points for some roles.

*Agree / Disagree*

- d **Agree** to one of the following options for resuming selection of Skilled Migrant Category Expressions of Interest that are on hand:

Option A ( <b>recommended</b> ) – apply the increased points threshold of 180 points to on-hand Expressions of Interest, and only select Expressions of Interest with or exceeding 180 points. The points will be reweighted to ensure roles in absolute skill shortage areas will be able to meet the new threshold. Those not selected will expire.	<i>Agree / Disagree</i>
Option B - 'business as usual' approach: a bulk selection of all Expressions of Interest in the pool that meet the 160-point threshold to be processed by Immigration Officers in date order.	<i>Agree / Disagree</i>

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


f

s 9(2)(f)(iv)

g **Note** that options in recommendation d) and e) have resourcing and potentially financial implications for Immigration New Zealand.

*Noted*

h **Note** that three options have been identified for resourcing:

- i. Business as usual
- ii. Reprioritisation of existing resources
- iii. Upscaling resources (i.e. bring on additional surge resourcing)

*Noted*

i **Note** that you have previously indicated publicly that you will be taking a decision on this matter by the end of March 2021.

*Noted*

j **Agree** to discuss the contents of this paper with officials.

*Agree / Disagree*

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

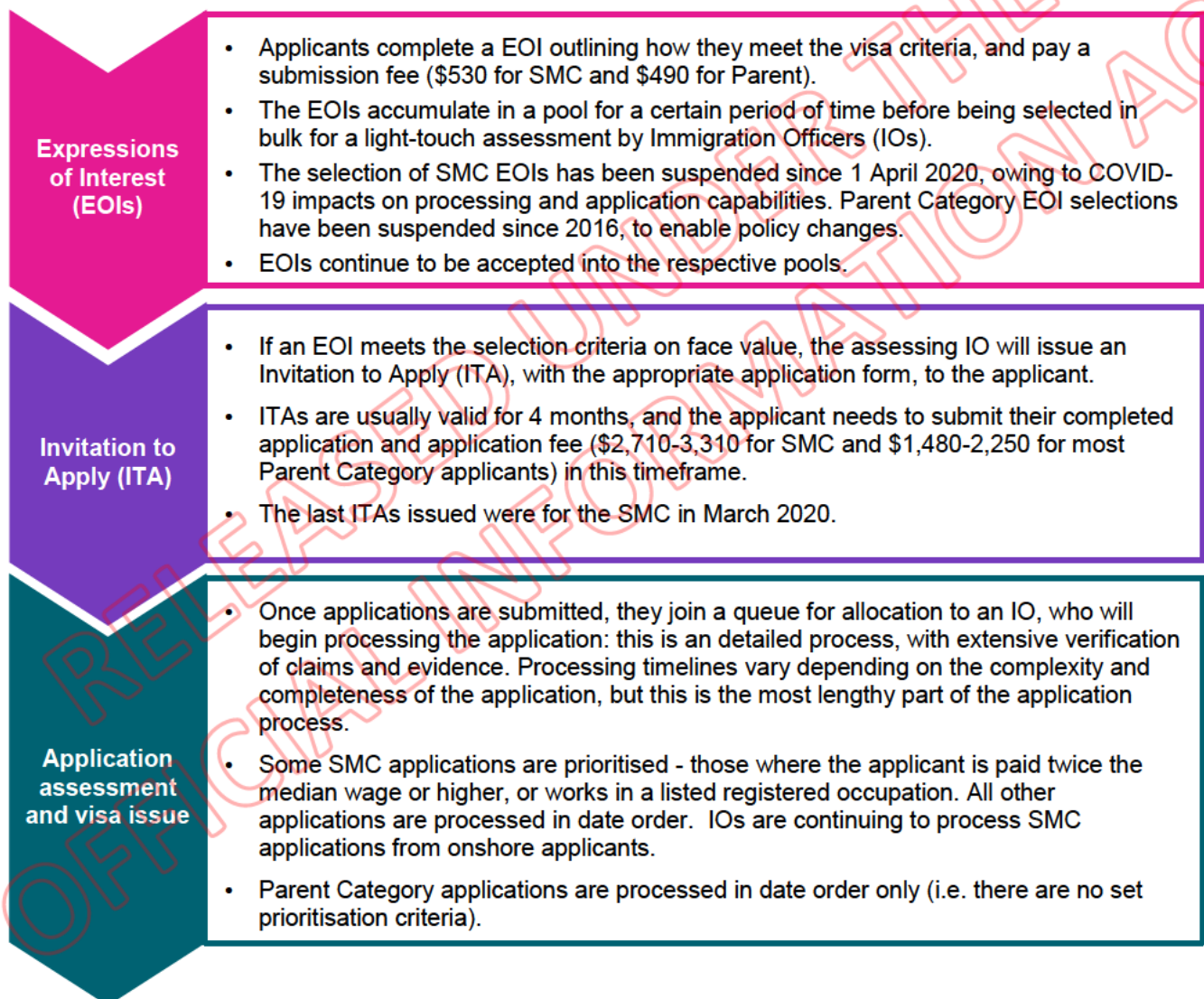
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Hon Kris Faafoi  
**Minister of Immigration**

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## Background

1. The Skilled Migrant Category (SMC) provides a pathway to residence for skilled applicants who meet a points threshold (currently set at 160 points). Points are awarded for criteria including qualifications, job offers, and work experience. This is the largest residence visa category for New Zealand with 27,000 approvals in 2019/2020.
2. The Parent Category provides a residence pathway for people who have adult New Zealand citizen or resident children, who are willing and able to sponsor their application. This is a capped scheme, with 1,000 visas offered per annum; however no new applications have been selected since 2016 to allow for changes to the visa criteria.
3. There are three distinct stages to the SMC and Parent Category visa application process:



4. There are two bottlenecks in the above process for the SMC:
  - a. a build-up of EOIs waiting to be selected from the pool (8,215 on 23 March 2021), which has developed since the selection of EOIs was suspended on 1 April 2020, and
  - b. long allocation times for non-prioritised applications, owing to an unanticipated spike in demand in recent years. As at 23 March 2021, there were 13,320 skilled residence applications waiting to be allocated to Immigration Officers for processing: this includes

SMC and Residence from Work (RfW) applications, which are processed by the same team. Of these, 11,711 are from onshore applicants, and 1,609 are from offshore applicants. The wait time for allocation of non-prioritised application to an IO for assessment is up to two years, although prioritised applications are allocated within two weeks of entering the priority list. INZ is currently not processing offshore applications and is allocating non-prioritised applications received in August 2019.

5. For the Parent Category, there is a build-up at the EOI stage, as EOIs have not been selected since 2016 as a consequence of suspension of the policy. There is a large queue of EOIs (5,376 applications, with the oldest dating from 2012), which will take years to process given the cap of 1,000 visas issued per annum. Changes to this cap are not considered in this paper.
6. EOI selection for SMC was suspended in April 2020 due to COVID-19-related processing limitations. Parent Category EOI selections were due to resume in May 2020, but this was postponed due to processing limitations. The suspension and postponement were extended until late March 2021, and a decision is now needed on whether to extend the suspension or resume selection of EOIs.
7. Immigration New Zealand (INZ) now has capacity to resume EOI processing meaning that the challenges that required the suspension of EOI selections have lessened. In addition, the continued suspension has led to rising noise from individuals who have submitted an EOI and those experiencing delays in the non-priority application queue: this situation has created a lot of uncertainty and individuals may not feel able to make important life decisions owing to the delays. Some may look to get residence in other countries rather than New Zealand.
8. This paper proposes options for resuming the selection of EOIs in both the Parent and Skilled Migrant categories. This paper also provides information on options for addressing allocation delays for the processing of SMC applications.
9. This paper does not provide advice on the next steps for the New Zealand Residence Programme (NZRP) planning range, which is used to manage the volumes of residence visa approvals. Cabinet agreed to shift from a single overarching planning range to an approach where residence numbers and priorities are controlled directly through the individual resident visa categories. Disruptions have meant the new system could not be implemented before the previous planning range expired on 31 December 2019.
10. As agreed with the previous Minister of Immigration, INZ continues to process applications at same volume and with the same level of resourcing that the previous planning range allowed for: 50,000 to 60,000 residence approvals over the 18 months. These processing targets expire on 30 June 2021 and further advice on next steps will be provided in the near future.

## **Options for resuming selections of Expressions of Interest for the SMC**

11. In providing advice on options for resuming selections, officials have considered:
  - the labour market need, to both retain highly skilled people and ensure that any changes do not inadvertently disadvantage applicants who fill critical roles
  - the need to provide certainty for those who have submitted EOIs, who have been waiting months (or years for many in the Parent Category) in the EOI queue and may have delayed important life decisions (e.g. starting a family, entering university) pending the outcome of their EOI
  - INZ's capacity to implement proposed changes, and the scale of trade-offs in resourcing and service delivery required to deliver different options, and
  - alignment with future direction for immigration policy over this parliamentary term.

## Timing of resuming selections

### *Option A – resume selections as soon as practicable (recommended)*

12. Resuming selections as soon as practicable will provide certainty for those who have submitted EOIs, and will lessen the risk of this group no longer meet SMC age criteria due to added time spent in the EOI pool.
13. There will be trade-offs for resuming EOI selections, including an impact on application processing: the staff who will be assessing EOIs also make decisions on skilled residence applications, so processing timelines may increase.
14. All of the suggested options require immigration instruction changes at a minimum, and time (5-10 working days) to repurpose staff. INZ has the capacity to resume EOI selections: the challenges that previously required the suspensions are less significant now. INZ estimates that, based on the number of EOIs in the pool at present, processing the on-hand EOIs would take up to 20 working days. However, this will change subject to the preferred method for resuming EOI selections, and the number of new EOIs received before selection resumes.

### *Option B – delay selections pending further policy decisions*

15. There is a growing number of onshore temporary work visa holders who lack a pathway to residence but will not be subject to the stand-down period that was agreed by Cabinet in 2019. Recent discussions on immigration policy priorities have noted the need to consider options for this group, and a review of the SMC is to be started this year. You could delay selection of EOIs until these decisions are taken, as there will be policy changes that apply to people in the EOI queue. However the timeline for these decisions is unconfirmed and would mean further uncertainty for EOI applicants.

## Selection approach

### *To stem the inward flow of EOIs, officials recommend increasing the points threshold to 180*

16. Officials recommend increasing the points threshold for new EOIs joining the pool. A points increase would support your labour market objectives and aligns with the future direction of immigration policy. The EOI system for SMCs is intended to provide flexibility for government by enabling selections of a limited number of EOIs, (e.g. in respect of planning ranges/processing targets, and/or regular changes to criteria). There is no legal obligation to select all of the EOIs.
17. Stemming the inward flow of EOIs will prevent a secondary build-up of EOIs while the current one is processed. Raising the selection points threshold to 180 will lessen the number of new EOIs submitted by up to 45 per cent, based on information about the points claimed in the EOIs in the pool. However the drop in incoming EOIs will almost certainly be less, as we know some EOIs do not claim all possible points: INZ estimates a 20 per cent decline in incoming EOIs is realistic.
18. This would require an instruction change and you may wish to test this approach with your Cabinet colleagues.
19. Officials have identified two options for how to resume selections for existing EOIs. These are set out in the table below:

Description	Pros	Cons
<p>Option A - select only EOIs which meet the increased points threshold <b>(recommended)</b></p> <p>INZ would conduct a bulk selection of all EOIs in the pool that meet the 180 points threshold and these are processed by IOs in date order.</p> <p>Those EOIs that do not meet the 180 points threshold will either remain in the pool (if they are less than 6 months old) or expire</p>	<ul style="list-style-type: none"> <li>• Reduces the number of EOIs selected<sup>1</sup>, and the time needed to process them.</li> <li>• Gives certainty to the vast majority of applicants in the EOI pool: the only EOIs that would remain in the pool would be those submitted within the last 6 months with less than 180 points.</li> <li>• Aligns to the labour market need and best signals the future direction of immigration policy, by focusing on higher skill levels. A 20-point increase promotes applicants with greater skill levels, without creating unobtainable eligibility criteria.</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational risk: while the system is able and intended to be used in this way, this has not been done. This may have created an expectation that this would not be done. There could be significant backlash.</li> <li>• Potential for legitimate calls for refunds, which would create administrative burden for INZ to address.</li> <li>• Applicants often only claim the points they need to meet the threshold in their EOIs: by lifting the points to 180 we would be excluding, based on current information, some registered nurses, engineers, and teachers for example. There are options to mitigate this (as outlined in para 21), which officials recommend.</li> </ul>
<p>Option B -business as usual</p> <p>INZ would conduct a bulk selection of all EOIs in the pool that meet the 160 points threshold. These would be processed by IOs in date order.</p> <p>EOIs that do not meet the 160 points threshold will either remain in the pool (if they are less than 6 months old) or expire.</p> <p>Would require instruction changes.</p> <p>INZ estimates that it would take up to 20 working days to process the 8,215 EOIs currently in the pool.</p>	<ul style="list-style-type: none"> <li>• All EOIs in the pool would be dealt with, providing certainty for all applicants.</li> <li>• Minimal reputational risk, as standards that applied when the EOIs were submitted would be applied in selection, meeting submitter' expectations.</li> </ul>	<ul style="list-style-type: none"> <li>• A large processing trade-off: timelines assume all staff currently working on the skilled residence applications would be reassigned to processing EOIs for the duration. SMC and RfW applications would not be processed during this time, representing approximately 700 decisions on applications over the 20 working days.</li> <li>• Increased complaints from application delays and resources needed to deal with them.</li> <li>• Creates the largest possible spike in future applications.</li> <li>• Aligns the least with the future direction of immigration policy, which sees a tightened focus on the skill level of migrants.</li> </ul>

<sup>1</sup> Based on point claimed currently, the number of EOIs selected under an increased points threshold decreases by 45 percent, to 4513 EOIs, which reduces processing timelines to 11-14 days. However officials know that those who submit EOIs do not always claim all available points: if given an opportunity to update their points, INZ estimates that the number of EOIs selected at the higher threshold would decrease by around 20 per cent.



20. **To mitigate against the unintended consequences and risks of raising the points threshold (Option A), officials recommend:**

- a. **Reweighting the points**, to give a higher points value to jobs in areas of absolute skills shortages. Officials propose enabling individuals with jobs or job offers for roles on the Long Term Skills Shortage List (attached in Annex One) or in registered occupations to claim an additional 20 points. This will be reviewed again during the SMC review, and
- b. **Notifying those who have EOIs in the pool of the upcoming change**, to give them time to claim any additional points. This may mean the processing burden is greater than indicated above, but it would reduce the reputational risk. People may fraudulently claim points in order to be selected, but this would be detected when the application is processed.

21. This will delay the start of EOI selections by 2-3 months, and clear stakeholder communications will be needed to manage expectations.

*Implementation considerations*

22. The number of EOIs will also be affected by other factors:

- a. EOIs that are older than six months will be considered 'no longer current'. These expired EOIs are then removed from the pool. While this will not affect new EOIs, it does affect the current pool: the majority (53 per cent) of EOIs currently in the pool are older than 6 months. This means that once selections resume, any of this group not selected will expire and be removed from the pool. While legally possible, these EOIs will only have had one opportunity to be selected: under normal circumstances, there are fortnightly selections, so applicants have multiple opportunities to be selected before their EOI expires. This presents a possible fairness issue and some reputational risk for INZ: some mitigations are discussed below.
- b. Mass processing now will lead to big spike in applications in several months' time. Processing all of the EOIs in a short time frame will lead to any corresponding applications hitting the INZ system in a comparatively short time. INZ modelling indicates a 10 per cent attrition rate between the number of ITAs issued and SMC applications received, but this will still cause a big spike in demand under each option.  
  
Wait times will increase for both new and existing applicants, particularly in the non-priority queue, as there will also be a spike in prioritised applications which will impact the number on non-priority files allocated.

*Options considered but are not feasible*

23. Officials have considered selecting EOIs from onshore applicants or that meet the SMC and RfW prioritisation criteria (applications where the principal applicants have current occupational registration or are paid twice the median wage). [REDACTED] s 9(2)(b)

[REDACTED] In essence, applicants had an expectation at the time of submitting their EOI that all they had to do in order to be selected from the pool is meet the chosen points threshold. This would introduce criteria that some applicants (especially those offshore) have no way of meeting at present.

24. Officials have also considered the possibility of extending the currency of EOIs that are to expire after the first selection. However, this would mean that if an EOI did not meet the relevant points threshold to be selected, the EOI would be returned to the pool to await a selection if the points change again (unlikely) or expiry in the future. This creates unnecessary uncertainty for individuals.

## Options for resuming selections of Expressions of Interest for the Parent Category

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s 9(2)(f)(iv)

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

## Operational implications and options for processing of on-hand applications

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### *Parent Category*

29. There are no significant implications for the Parent Category. INZ is fully resourced to process the 1,000 people approvals per annum (dictated by the cap).

### *Skilled Migrant Category*

30. There is a growing queue of skilled residence (SMC and RfW) applications (15,105 on hand as at 23 March 2021), and wait times of up to two years for the allocation of an SMC application to an IO for processing. INZ is resourced to meet the current planning range targets for SMC (between 21,000 and 30,600).

31. You have previously expressed interest in options for clearing the SMC queue. INZ advises that, with current processing requirements, it will not be possible to clear this queue before

the borders reopen, assuming this is in the next 12 months. This view is informed by the following factors:

- a. clearing the queue would take at least 310 additional staff, with challenges in sourcing, training and accommodating new staff. INZ estimates it would take over 12 months to scale up to this degree, and
  - b. other significant change programmes happening simultaneously (e.g. the ADEPT project and changes to the offshore footprint) which impact on the onshore processing network.
32. INZ has developed some scenarios and options for clearing the queue which use a range of assumptions, including:
- a. all currently on-hand applications are to be cleared to a point where INZ is allocating applications with 2-4 weeks of receipt
  - b. all 8,215 on-hand EOIs are selected;
  - c. EOIs are processed at an increased points threshold of 180, resulting in around 3,300 of these EOIs becoming applications
  - d. new EOIs are selected and processed at a rate of 300 a fortnight<sup>2</sup> under a 180 points threshold, and that RfW applications continue to be processed at a rate of 400 a fortnight, and
  - e. existing immigration instructions and standard operating procedures apply.

*'Business as usual' scenario*

33. With current resources dedicated to SMC (85 FTE) and processing to planning range of 21,000 to 30,600, INZ will not be able to clear the SMC application queue. It will continue to grow, if demand resumes at pre-COVID levels.

*Reprioritisation scenario*

34. INZ have explored options for repurposing current staff to process SMC queues, but this is not recommended as this will be a long-term shift with significant impact on service levels for other areas of business (e.g. temporary work visa processing).
35. For example, if INZ were to reprioritise 100 staff to work on SMC, this would require, for example, a significant portion of the IOs that process work visas across New Zealand to be transferred to this work stream.

*Upscaling scenario:*

36. INZ estimate that following new staff are required to clear the SMC queue down to mathematical zero within 12, 24 and 36 months, under the above assumptions (including a points threshold increase to 180):
- 315 IOs and 45 Verification Officers (VOs) to clear in 12 months
  - 167 IOs and 24 VOEs to clear in 24 months
  - 135 IOs and 19 VOEs to clear in 36 months

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<sup>2</sup> This assumes a 50% decrease in the flow of EOI submissions under a 180 point threshold, compared to a 160 point threshold. This is a tentative estimate only.

37. To bring the application queue down to a point where it is in flow (estimated at 5000 on-hand) and with an unallocated wait times of three months or less, INZ estimate that the following new staff are required:
- 224 IOs and 31 VOs to reduce to this point in 12 months
  - 142 IOs and 22 VOs to reduce to this point in 24 months
  - 120 IOs and 19 VOs to reduce to this point in 36 months
38. This is the number of staff required for surge capacity to reduce the on hand volumes down to zero or to 5,000: only 86 staff will be needed to maintain expected inflows and thus on hand levels once they are reduced. Note, these staffing numbers do not include the enabling staff that will also be needed to support these new hires, for example, managers, technical advisors and support functions.
39. Pre-COVID, approximately 23 per cent of SMC applications were referred to offshore Risk & Verification teams for advice or advanced verification. INZ notes that, as some offshore Risk & Verification offices are currently closed, this will impact INZ's ability to effectively process SMC applications.
40. INZ estimate that this level of new staff would be partially funded by fees, some of which have already been received for the applications on hand, but additional Crown funding would be required. Very early estimates suggest \$30 million as a minimum, with further work needed to fully cost this. Budget funding has been sought for 2021/22 but this assumed processing for residence visas will continue at levels to meet the processing target, and does not account for this upscaling in staff.
41. There will be minimal trade-offs in terms of service quality for other parts of the business from upscaling, but there will be property needs that to meet for new staff, as well as substantial recruitment and training needs of both new IOs and staff to support them. INZ estimate that recruitment and training of new IOs will take up to 12 months, and up to 6 months for new Risk and Verification staff.

## Next steps

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42. Officials would like to discuss this briefing with you, either at Monday's officials meeting or at a separate time. Once we understand your preferences, a paper outlining how your preferred changes will be implemented will be submitted to your office, with draft instruction changes and communications material for your consideration.

## Annexes

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Annex One: a copy of the Long Term Skills Shortage List

**Annex One: a copy of the Long Term Skills Shortage List**

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OFFICIAL INFORMATION ACT