

Feedback by

**The Employers and Manufacturers Association**

to the

**Education and Workforce Select Committee**

on the

**Immigration (Fiscal Sustainability and System Integrity)  
Amendment Bill**

**July 2025**

## About the Employers and Manufacturers Association (EMA)

Established in 1886, the EMA is New Zealand's largest business association representing more than 7,000 businesses in the upper half of the North Island. Combined, our members are responsible for employing around 25% of the country's workforce.

We are the unapologetic voice of the business community, advocating strongly on behalf of our members and the wider business community to ensure their voices are heard by government and decision-makers. In collaboration with our nationwide network, including BusinessNZ, Business Central, Business Canterbury and Business South, we represent and support over 76,000 member companies.

As a not-for-profit association, we provide trusted, expert and affordable advice to our members. Delivering a wide range of services, including learning and training courses, health and safety advice, employment support, and HR and PX services, we support our members to upskill and build capability in their teams.

More broadly, we aim to create an ecosystem of support for all businesses in New Zealand, enabling them, their people and their communities to prosper.

## Contact

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## Introduction and general comments

Thank you for the opportunity to give feedback on the Immigration (Fiscal Sustainability and System Integrity) Amendment Bill.

There were a range of amendments proposed in this bill, and we support the intentions to improve on the system integrity of the immigration system. Due to our role as an organisation representing employers, we will only be touching on some of the amendments that we felt will affect businesses.

Immigration settings need to be based on long-term, stable objectives, and the elements in the fiscal sustainability amendments seem to be more reactive and responding to challenges brought about by the short-term correction of high net migration we saw post-Covid.

We do not support expanding the immigration levy payer base nor an expansion of the purposes of an immigration levy (extended levy).

Generally, we noticed that some wording that appears repeatedly in various clauses in this legislation seems too broad, such as “any unusual circumstances”, “any circumstance that is outside the Department’s control” and “any circumstance that poses a challenge to the immigration system”. These can be hard to define or interpreted in a multitude of ways

## Comments on amendments

### Fiscal Sustainability Amendments

**We do not support expanding the immigration levy payer base nor an expansion of the purposes of an immigration levy (extended levy).**

**We recommend removal of the amended section 399 and new sections 399AA to 399AC from the bill.**

*Expansion of the immigration levy-payer base- Extending the class of persons who can be charged a levy*

**We do not support expanding the immigration levy payer base** as there is a reasonable expectation from employers that the taxes they pay enable government operations to support the immigration system. **The immigration levy is not for a specific service and would in essence be another tax on employers without any additional outcomes or results.**

Immigration fees have gone up twice in recent years- 31 July 2022 and 1 October 2024 and businesses are feeling the pressure. The recent hikes in fees for both accreditation and job checks were to support cost recovery for immigration services. We continue to hear from our members that with all the various cost increases, compliance/document requirements and endless changes, many employers are choosing to not engage with the immigration system if

they can't afford to engage a Licensed Immigration Advisor. This does not mean that they're engaging more with the domestic labour market; it more often means they're declining opportunities and limiting the potential of what they could do. **The immigration system should be simple and cost effective for employers to access when appropriate.**

We know from our members that **employers already often cover the cost of the visa for migrants** (they are not required to do so), as well as other relocation costs like flights, temporary accommodation, local immigration advice and more. If there was a levy imposed on employers, they may not be able to afford to continue offering this support and these costs could fall back onto the migrant. **These unintended consequences need to be considered.**

During the 2023/24 financial year, the fee and levy revenue from AEWV visa applicants was \$39.04m while the fee revenue from AEWV employers was \$28.98m. Even if you assumed a conservative rate at which the AEWV employers are covering the visa costs for migrants at, the figures very quickly show that **employers already contribute a larger portion of revenue to support the immigration system** (see below for a breakdown).

In late 2024 we canvassed a group of EMA members who use the immigration system and asked if they cover migrant visas, along with other costs. This was a small sample group to test anecdotal feedback, and the data came back showing 56% of respondents paid for the AEWV visas of their migrant employees.

Using the data from the 2024/24 financial year, if we assumed 56% of employers paid for the AEWV Visa cost, this would change the proportion paid by applicants to \$17,177,600 and employers \$50,842,400, **which significantly changes the weighting of who is already funding the system towards employers.**

If you were very conservative and assumed 25% of employers paid for AEWV Visas instead, this still means employers paid more at \$38,740,000 and applicants paid \$29,280,000.

BusinessNZ also raises the point that the fees account had a significant surplus in 2023 seeming to indicate that employers subsidise the immigration system disproportionately.

**The position that employers are the key beneficiaries of the immigration system, and the main cause of risk is a very narrow view.** It ignores the broader benefits that immigration provides to New Zealand in general, across many different areas, and the reasons behind why we need migration as a country - not least being that our education system is not providing employers with the workforce skills they need.

When it comes to also levying education providers, it should be noted that they are already subject to a levy (Export Education Levy) through the Ministry of Education. The revenue that international students provide, helps these education providers deliver for domestic students. Without this funding they would be significantly challenged.

*Specific legislation comments- expanding the levy-payer base*

399.1.b- employers who hold, or have applied for, permission to employ migrants who are (or who, on grant of the employer's application, could be) temporary entry class work visa

holders:

- **This will include employers who have applied for accreditation but haven't hired migrants which is far too broad and unreasonable.**
- The system requirements for an employer to apply for accreditation should be digital and automated and therefore cause little additional burden.
- This could also inadvertently affect migrants if their employer no longer needs to be accredited (no hiring/changes requiring accreditation for instance) so may choose to let it lapse if a levy puts up the cost too much- however the migrant might want their employer to be accredited so they can apply for residency.

399.3AA.b- is satisfied that there is a direct or indirect justifiable relationship between the benefit, cost, or risk that the persons required to pay the levy derive from, or introduce into, the immigration system and the purposes for which the levy is to be used.

- **“Indirect” lacks sufficient clarity** and definition and could be extrapolated out to any number of things.

*Expansion of the purposes of an immigration levy (extended levy)*

**We do not support expanding the purposes of an immigration levy and implementing an extended immigration levy as this would in essence be double taxing employers** for services and infrastructure which they are already contributing to via the tax they pay.

Businesses pay income tax which goes towards services like education (including skills), healthcare and infrastructure- and arguably those who employ migrants to help them develop their business end up paying more tax due to this growth.

**The main challenge with infrastructure capacity (both soft & hard) is historic underinvestment. It's not the job of the employer to accurately allocate government spending to ensure absorptive capacity keeps up**, however they already contribute to this financially so shouldn't have further levies imposed.

Migrants also contribute already to these services via their PAYE tax.

Employers want to hire domestically first as immigration is an expensive and time-consuming option for them, and the labour market test they need to go through to hire migrants further backs up that there aren't suitable applicants here in NZ. **They shouldn't have to pay for either the failings of our skills training system not delivering the skills they need or simply a restricted pool of available domestic applicants.**

**We will always need migration into New Zealand** as a small, island nation and even more so in the future as our population ages, so immigration needs to be thought of, not as a temporary measure adding pressure and cost, but as part of our overall population make up- and planned for as such.

*Specific legislation comments- extended immigration levy*

399.AB.2 - The purpose of the extended immigration levy is to...

- a) fund or contribute to the funding of costs arising from immigration that relate to either the infrastructure required for, or the operation of, the public health and education systems, including
  - i. in the case of applicants for residence-class, student, or work visas, contribution to costs incurred in the education system that can be linked to demand arising from immigration and that relate to funding specialist teachers, school property, teacher training, or learning support; and
  - ii. in the case of applicants for parent visas or their sponsors, contribution to costs incurred in the health system that can be linked to demand arising from immigration;
- see earlier comments, a lack of infrastructure in health and education is due to past underinvestment, employers shouldn't be having to pay for this. They already contribute to it through the tax they pay, and the migrants they need to hire are part of our overall labour market make-up and will be into the future- **New Zealand needs to be planning better for our population requirements.**

399AB.2- The purpose of the extended immigration levy is to...

- b) require employers of migrants referred to in subsection (1)(b) to contribute to the cost of skills training in New Zealand to recognise the training costs avoided and therefore the benefits received by employers through recruiting people from outside New Zealand who are already skilled.
- **“Training costs avoided” This terminology misrepresents the issue.**
- Skills training is usually firstly paid for by a potential employee before they start work. The employer is looking for applicants who already have the skills they need. They would not be paying to train the base capabilities of domestic staff and shouldn't be expected to do so. **This is the role of our education system and that's why it's so important to have the information from industry about the skillsets they need, to provide accurate career information for job seekers to know what training could lead to.**
- Once employed, the employer may or may not pay for a staff member to do further training if development is needed- which they would do for a migrant as well as domestic staff.
- **There is no avoidance of paying for training here on the part of employers. This is not how the skills training system works.**
- There is a concern here around where this money would be going that is contributing to 'skills training'. There is no information provided to assess this.

399AB.4- The Minister must not recommend the making of regulations for the purposes of this section unless the Minister has had regard to the effect that the obligation to pay the levy is likely to have on levy payers and

- a. in the case of the persons referred to in subsection (1)(a), the Minister is satisfied that there is a direct or indirect justifiable relationship between the

- class or classes of levy payers and the benefits that the class or classes derive or will derive from the infrastructure or services; and
- b. in the case of the employers referred to in subsection (1)(b), the Minister is satisfied that there is a direct or indirect justifiable relationship between the class or classes of levy payers and the training costs avoided by those levy payers.
- We don't feel that this is robust enough of a benchmark to impose a levy. It gives all the power to the Minister and the wording "indirect" is too vague and could mean anything.

## **System Integrity Amendments**

### *Exploitation of victims by charging premium for employment*

We absolutely support penalising those who exploit migrants; the vast majority of employers do not exploit migrants and do not support those who exploit migrants. However, we want to see this section refined to be clearer that only employers who have **knowingly and directly** participated in these actions will be penalised.

We think that it would be prudent to add the word 'directly', as it is a factual element to a crime or action and is a measurable and demonstrable act. While employers have a lot of contact with a potential migrant before they start work, they cannot feasibly be expected to have visibility nor control across all points of the hiring timeline both on and offshore.

We recommend changing the wording in 351A (1) to say "Every Employment Related Person commits an offence against this Act who **knowingly and directly** seeks or receives any premium..."

### *Ministerial discretionary powers and creating more flexibility for the immigration system to respond to unusual circumstances*

We understand the need for the system to be able to respond to situations (such as the Air Vanuatu collapse stranding hundreds of RSE Workers or natural disasters). However, there is a question if these amendments giving the Minister discretionary powers are required to enable such flexibility, or whether the system itself should operationally be able to cope with these unusual one-off events within its capability. **We would argue that the department should be able to respond without needing Ministerial powers to do so.**

## **Conclusion**

Thank you for the opportunity to comment on this legislation. We would like to appear before the Select Committee to present our submission.