

Submission by



to the

Education and Workforce Committee

on the

Immigration (Fiscal Sustainability and System Integrity) Amendment Bill

28 July 2025

SUBMISSION BY BUSINESS NEW ZEALAND ON THE IMMIGRATION (FISCAL SUSTAINABILITY AND SYSTEM INTEGRITY) AMENDMENT BILL

1. INTRODUCTION

BusinessNZ¹ welcomes the opportunity to make a submission on the Immigration (Fiscal Sustainability and System Integrity) Amendment Bill (the Bill). It wishes to appear before the Select Committee to present its submission.

EXECUTIVE SUMMARY AND RECOMMENDATIONS

BusinessNZ supports the overarching objectives of ensuring New Zealand's immigration system is fiscally sustainable, operationally robust, and aligned with national interest. We welcome the Bill's focus on system integrity. The submission focusses on the provisions that most impact businesses and employers, notably the proposed levy-making provisions, which we consider both insufficiently defined and misaligned with the realities of employer and migrant contributions, the creation of new offences and increased fines for employers receiving premiums for employment and the expansion of Ministerial powers over visa approvals. BusinessNZ broadly supports the other provisions in the Bill that strengthens judicial oversight of compliance and detention and gives effect to the recommendations of the Heron and Casey reviews; and increases deportation liability for criminal offending and security threats.

PART 1 – AMENDMENTS RELATING TO SYSTEM INTEGRITY

- **Subpart 1—Amendments relating to preliminary provisions**
 - BusinessNZ supports Clause 5 amendments to strengthen the immigration system's ability to manage irregular border movements and deportation processes. The proposed changes reflect current border risks associated with mass arrivals and irregular migration channels.
- **Subpart 2—Amendments relating to core provisions and matters in relation to decision making**
 - BusinessNZ opposes the granting of decision making powers at the sole discretion of the Minister for individual class visas under Clause 6, and recommends sections 61A and 61B are removed from the Bill. BusinessNZ considers discretionary powers akin to those used in emergency situations are not in accordance with the purpose of the Bill to strengthen the integrity of the immigration system.
 - BusinessNZ supports the inclusion of section 75A enabling the cancellation of residence class visas for security threats.
- **Subpart 3—Amendments relating to visas**
 - BusinessNZ supports the granting of powers to the Minister to make class-related special directions in unusual circumstances in relation to temporary and transit visas as required, noting the provisions include transparency with the requirement to publish via secondary legislation and expiry within 6 months of special directions if these powers are exercised.

¹¹ Background information on BusinessNZ is attached as Appendix 1.

- **Subpart 5—Amendments relating to deportation**
- BusinessNZ supports the strengthening of deportation liabilities for those convicted of specified offences or pose security risks.

- **Subpart 7—Amendments relating to compliance and information and Subpart 8 – Amendments relating to detention and monitoring.**
- BusinessNZ supports increased judicial oversight of compliance, detention and monitoring activities, and giving effect to the recommendations of the Heron and Casey Reviews. These amendments enhance transparency, proportionality, and accountability in the enforcement of immigration law.

- **Subpart 9—Amendments relating to offences, penalties, and proceedings**
- BusinessNZ supports strengthening the penalties and creating a new offence for taking premiums for employment, and recommends the scope for the offence and/or fine regime is extended to include third parties proven to be charging premiums for visas more broadly.

- **PART 2: AMENDMENTS RELATING TO FISCAL SUSTAINABILITY**
- BusinessNZ opposes the enabling provisions enabling levies to be charged to employers, education providers, and any other persons. The levy proposal does not meet the specified government principles of equity, justifiability, transparency and efficiency. Further, employers have already been contributing over and above the cost recovery requirement via the existing fees regime and BusinessNZ lacks confidence that there has been an accurate assessment of the beneficiaries of the immigration system.

2.0 COMMENT AND CONTEXT – AN IMMIGRATION SYSTEM THAT WORKS FOR NEW ZEALAND

- 2.1 BusinessNZ strongly supports the purpose of the Bill - to strengthen the system integrity and fiscal sustainability of New Zealand’s immigration system. An effective immigration system must strike a careful balance between economic, security, and humanitarian considerations to function well and retain public trust. It should enable the country to attract and retain the skills and talent needed to support economic growth, while protecting national security through appropriate risk management and enforcement. At the same time, it must uphold humanitarian values by providing fair and dignified treatment to migrants and refugees. Maintaining this balance ensures the system is not only operationally sound but also preserves the public’s confidence that immigration is well-managed, contributes to national prosperity, and aligns with New Zealand’s international commitments and values.
- 2.2 BusinessNZ recognises the critical contribution migrants make to New Zealand’s economy and communities, acknowledging that many sectors simply could not operate without international skills and talent. We support a high-performing immigration system that delivers timely, transparent, and consistent service, upholds the rule of law, and maintains the confidence of employers, migrants, and the wider public.
- 2.3 New Zealand’s immigration system has performed well over the past twenty years, as highlighted in the Productivity Commission Inquiry Report *Immigration – Fit for the Future* 2022 and other New Zealand and international research publications. Key findings of these reports relevant to the Bill can be summarised as:

- Skilled migrants help offset domestic “brain drain”: immigrants are more likely to hold higher tertiary education qualifications and often outnumber those leaving with similar qualifications.
- Migration improves labour market resilience and reduces the risk of skill shortages.
- Net migration has historically tracked closely with job creation (aside from post-GFC and border opening anomalies), underscoring the alignment between immigration and economic demand.
- There have been positive effects on wages and employment opportunities for New Zealand-born workers over the past two decades.
- In fiscal terms, migrants contribute more in taxes than they consume in public services, making a positive overall contribution to government revenues.

BusinessNZ notes that these reports and insights have not been referenced in the Departments analysis regarding who benefits from immigration.

- 2.4 At the time this Bill was conceived, New Zealand was experiencing immigration issues as it emerged from an unprecedented period of border closure that exposed several structural weaknesses in the immigration system. Significant policy and operational reforms were introduced, including the introduction of the Accredited Employer Work Visa (AEWV) scheme. The Minister of Immigration was allocated extensive powers under the Covid emergency provisions. The department struggled with remote capability, digital delivery, and rapid surges in application volumes. These challenges were compounded by the simultaneous rollout of new policy frameworks and technology systems. These pressures were heightened by exceptionally high net migration as businesses responded to acute skill shortages. However, subsequent refinement of immigration settings, improved service delivery, and system stabilisation mean that immigration is now operating more effectively. BusinessNZ is mindful that the Bill needs to be enduring and focus on improvements that require legislative amendment rather than a regulatory or operational remedy.

3.0 Comment: Fiscal sustainability provisions

- 3.1 BusinessNZ opposes the provisions enabling government to levy employers that utilise immigration to pay for broader public goods such as health, education and training. BusinessNZ recommends amended section 399 is removed from the Bill.
- 3.2 Employers currently pay fees for accreditation under the Accredited Employer Work Visa (AEWV) scheme, which were introduced to support cost recovery for immigration services. As part of the AEWV reforms, all employers wishing to hire migrant workers on this visa are required to be accredited by Immigration New Zealand. This mandatory accreditation process already imposes a direct cost on employers engaging with the system and reflects their compliance obligations under the new regime.
- 3.3 BusinessNZ has consistently raised concerns about the rising cost of engaging with the immigration system. Beyond mandatory accreditation and application fees, the additional compliance obligations introduced under the AEWV regime represent a significant cost burden for businesses. These costs can flow through to the wider economy, contributing to inflationary pressure and distorting market wage signals. These unintended consequences ultimately disadvantage all New Zealanders.
- 3.4 BusinessNZ is not opposed to levies in principle, however the administration of the fees to date does not give confidence in the design and implementation of the levy scheme.

BusinessNZ has raised significant issues with the existing fees regime. In addition to the mandatory costs outlined above, the fees account had a significant surplus in 2023 indicating that employers subsidise the immigration system disproportionately already, despite making up approximately 30% of visa interactions. Concerns raised include overcharging, failure to apply a risk-based approach, inefficiencies in Immigration NZ's systems, and worsening service levels. The AEWV regime did not initially target risk effectively, with an increase in the uptake of migrant exploitation visas and wasted utility and department resources with half of the accredited employers registered with ImmigrationNZ not proceeding with recruiting staff from overseas. BusinessNZ urged a rethink of the accreditation model, visa pricing, and service delivery to reflect economic conditions, encourage genuine skills-based migration, and restore trust in a system that had become overly complex, costly, and operationally misaligned.

- 3.5 The fundamental premise for the levy scheme being necessary due to immigration adding pressure and cost to public services is incorrect. Population growth needs to be co-ordinated with infrastructure and other public spends, however working-age migrants contribute more to the tax base and consume less public services. Migration helps reduce per capita medical and retirement costs, particularly in countries with ageing populations. The International Monetary Fund (IMF) has found that immigration tends to improve fiscal balances by expanding the labour force, boosting productivity, and supporting the financing of public pensions and healthcare systems. In high income countries, these effects are particularly significant, as migrants often arrive during their working years and delay the onset of age related public spending.
- 3.6 The introduction of a levy would shift costs from the government to employers with no reasonable justification.

4.0 Comment: Exploitation of victims by charging premiums for employment

- 4.1 BusinessNZ supports increased penalties via the introduction of a new offence and/or fine of up to \$100,000. It is important to signal that migrant exploitation is unacceptable. However, BusinessNZ recommends section 351A is amended to broaden the scope beyond employers to ensure any third parties engaged in this conduct are subject to criminal charges or fines.
- 4.2 Penalties for immigration-related offences should be expanded beyond employers and visa holders to include suitable sanctions for third parties who charge unlawful premiums and deceive the immigration system to obtain a visa. While there has been a marked increase in reported cases of migrant exploitation in recent years, this trend appears to have been influenced by the introduction of the Migrant Exploitation Protection Visa (MEPV) during the border reopening reforms. BusinessNZ supports the Government's intent to strengthen the penalties framework as part of the broader Bill and recommends that enforcement powers explicitly target third-party actors who enable or benefit from exploitation and system manipulation that cause significant harm.
- 4.3 The current phrasing of the Bill, particularly in relation to describing individuals as 'victims' of premium-paying arrangements, fails to acknowledge that in some cases, individuals are knowingly complicit in defrauding the immigration system. While genuine cases of exploitation must be addressed and face the full consequences of the law, the legislation should also recognise that some migrants willingly participate in unlawful arrangements, such as paying premiums to secure a visa, with full awareness that it breaches New Zealand's laws. BusinessNZ recommends amending the provision to place a clearer onus on all

individuals entering New Zealand to act lawfully and in good faith. A strengthened compliance regime must send a clear signal to all participants in the system that legal and orderly migration is essential to maintaining the integrity and fairness of the immigration system.

5.0 **Comment – Discretionary powers for the Ministers to grant individual or class visas.**

5.1 BusinessNZ does not support giving the Minister of Immigration discretionary powers over individual or class visas, and recommends Sections 61A and 61B are removed from the Bill. Concerns regarding these powers include (but are not limited to):

- **Lack of transparency and accountability:** Discretionary decisions made by a single Minister may occur without public scrutiny, clear reasoning, or consistent application of policy. This undermines transparency and makes it difficult to hold decision makers accountable.
- **Risk of politicisation:** Immigration is often a politically charged issue. Concentrating power to a Minister opens the door for decisions to be influenced by short term political pressures or populist agendas, rather than by evidence, fairness, or long term national interest.
- **Inconsistency and unfairness:** Without clear rules or criteria, discretionary powers can lead to arbitrary or inconsistent decisions, creating uncertainty for migrants, employers, and officials. Similar cases may be treated differently, undermining the principle of equal treatment under the law.
- **Erosion of public trust:** When decisions appear to favour special cases or lack justification, it can damage public confidence in the integrity and fairness of the immigration system.
- **Rule of law concerns:** Discretionary power can bypass established legal and procedural safeguards. This weakens the rule of law, which requires that decisions be made according to known, lawful, and predictable processes.

5.2 While BusinessNZ recognises that the discretionary powers proposed in the Bill may provide a practical mechanism to relieve pressure on the Department in emergency or high risk situations, we caution against reliance on Ministerial intervention as a backstop. There is a risk that Immigration New Zealand may use Ministerial powers to rectify operational or policy shortcomings, rather than building the internal capability, processes, and agility required of a high-performing system. The onus should remain on the Department to deliver its mandated functions efficiently and effectively, even under pressure. A resilient and well functioning immigration system should be able to respond to changing circumstances without requiring extraordinary intervention to correct errors or delays.

5.3 The provision granting discretionary powers in cases of "unusual circumstances" is particularly problematic due to its overly broad and ill-defined criteria. As currently drafted, it allows for significant flexibility, creating the potential for inconsistent decision making. While the provision appropriately considers the impact on the visa holder, it fails to explicitly require balanced consideration of broader national interest matters such as system integrity or security within the provision. This lack of clarity risks undermining the transparency and predictability of the immigration system and may erode public trust in how decisions are made. Further, Section 61A (3) that grants the Minister sole discretion over visa approvals is an overreach of executive powers.

6.0 **Comment – Increased judicial oversight of compliance and detention activities**

6.1 BusinessNZ supports the proposed increase in judicial oversight of immigration compliance and detention activities, as it gives meaningful effect to the recommendations of the Heron and Casey Reviews. These changes represent a positive step toward strengthening the integrity of the immigration system by ensuring that enforcement actions are subject to appropriate checks and balances. Greater oversight helps minimise unnecessary harm to individuals, particularly in complex or vulnerable cases, and provides opportunities to adopt more proportionate and humane alternatives to detention. This shift aligns with a more sophisticated, risk based approach to immigration settings that focuses resources on higher risk and harm cases and ensuring fair and lawful treatment across the system.

7.0 **Comment – Visa cancellation for security risks and increased deportation liability for criminal offences and security threats**

7.1 BusinessNZ supports the proposed provisions to enable visa cancellation and increased deportation liability in cases of criminal offending and security risks. These measures are appropriate to uphold the rule of law, protect public safety, and maintains the public confidence in the fairness and accountability of immigration policy.

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The BusinessNZ Network is New Zealand’s largest business organisation, representing:

- Business groups [EMA](#), [Business Central](#), [Business Canterbury](#), and [Business South](#)
- [BusinessNZ](#) policy and advocacy services
- [Major Companies Group](#) of New Zealand’s largest businesses
- [Gold Group](#) of medium-sized businesses
- [Affiliated Industries Group](#) of national industry associations
- [ExportNZ](#) representing New Zealand exporting enterprises
- [ManufacturingNZ](#) representing New Zealand manufacturing enterprises
- [Sustainable Business Council](#) of enterprises leading sustainable business practice
- [BusinessNZ Energy Council](#) of enterprises leading sustainable energy production and use
- [Buy NZ Made](#) - country of origin licensing organisation for NZ-made products, NZ-grown ingredients, and NZ-coded software services

The BusinessNZ Network is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

The BusinessNZ Network contributes to Government, tripartite working parties and international bodies including the International Labour Organisation ([ILO](#)), the International Organisation of Employers ([IOE](#)) and Business at OECD ([BIAC](#)).

