

Proactive Release

Published on or before: 1 December 2025

The following Cabinet papers and related Cabinet minutes have been proactively released by the Minister of Foreign Affairs

Title	Reference
<i>Cabinet Minute of Decision – Working Holiday Scheme Negotiations with Iceland</i>	CAB-25-MIN-0369
<i>Working Holiday Scheme Negotiations with Iceland</i>	

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- 6(a): to avoid prejudicing the security or defence of New Zealand or the international relations of the New Zealand Government;
- 6(c): to avoid prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial;
- 9(2)(f)(iv): to protect the confidentiality of advice tendered by Ministers of the Crown and officials; and
- 9(2)(g)(i): to protect the free and frank expression of opinions by departments.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Working Holiday Scheme Negotiations with Iceland

Portfolios Foreign Affairs / Immigration

On 20 October 2025, Cabinet:

- 1 **noted** that a working holiday scheme with Iceland was discussed at the Ministerial level in 2019, during an official visit;
- 2 **noted** that the Minister of Foreign Affairs and the Minister of Immigration understand that Iceland is seeking a small, reciprocal working holiday scheme capped at s6(a)
- 3 **noted** that Iceland is a close, likeminded partner with significant areas of common interest, and is a partner with which New Zealand cooperates both bilaterally and multilaterally;
- 4 **noted** that agreeing working holiday arrangements with Iceland may help to stimulate additional demand in areas of interest for New Zealand, including the promotion of international education;
- 5 **noted** that Immigration New Zealand officials consider Iceland to be a very low risk country, based on its low population and low historic immigration risk;
- 6 **noted** that because of a treaty-level, bilateral visa fee waiver, the creation of a s6(a) working holiday scheme with Iceland will incur costs to the immigration system of up to s6(a) ;
- 7 **noted** that s6(a)
s6(a)
- 8 **noted** that the earliest feasible implementation of a working holiday scheme with Iceland is likely to be approximately mid-2027;
- 9 **agreed** that officials from the Ministry of Foreign Affairs and Trade and the Ministry of Business, Innovation and Employment may commence negotiations with Iceland on reciprocal working holiday arrangements, s6(a)
s6(a)

- 10 **agreed** that New Zealand officials should seek to align the official text of working holiday arrangements with recent precedent for other visa waiver countries, where appropriate;
- 11 s9(2)(f)(iv)
- 12 **agreed** that officials should work towards an expected implementation date of mid-2027, to ensure the working holiday scheme's introduction does not delay the Government's existing immigration portfolio priorities;
- 13 **authorised** the Minister of Foreign Affairs and the Minister of Immigration jointly to agree the final text of the working holiday arrangements, in line with the general parameters outlined above, including decisions on any minor or technical issues that arise during the negotiations.

Rachel Hayward
Secretary of the Cabinet

Proactively Released by the Minister of Foreign Affairs

Sensitive

Office of the Minister of Foreign Affairs

Office of the Minister of Immigration

Cabinet

Working holiday scheme negotiations with Iceland

- 1 This paper seeks Cabinet agreement to commence negotiations on a reciprocal, working holiday scheme (WHS) with Iceland to support the Government's foreign affairs priorities.

Relation to government priorities

- 2 A working holiday scheme with Iceland will support closer people-to-people links with a likeminded international partner and fulfil a long-standing request. It will complement our strong existing multilateral cooperation with strategically relevant Nordic countries and aligns with New Zealand's targeted engagement in the region.

Background

- 3 Working holiday schemes are bilateral instruments between countries designed primarily to enable young people to holiday, but that also allow them to work while doing so to support their stay. Each scheme is negotiated individually with the partner country in question. They are often used to foster New Zealand's people-to-people links with other countries and to support our foreign relations objectives.
- 4 New Zealand has extensive working holiday scheme offerings, maintaining 45 schemes in total. They are usually codified in bilateral arrangements via an exchange of letters, although some (generally older) schemes are treaty level agreements.
- 5 Visa conditions are placed on each working holiday scheme to mitigate immigration risk, depending on the level of risk present to New Zealand. Schemes agreed with visa waiver countries (usually higher income countries) generally have fewer restrictions than those of visa-required countries, and schemes with visa required countries can often include work restrictions that limit the length of time an individual can work for one employer. This helps mitigate the risk of potential labour market displacement and ensure the primary reason an individual is coming to New Zealand is to have a holiday, rather than to work.
- 6 In 2024, the Minister of Immigration brought a paper to Cabinet that outlined her immigration priorities. This included a work programme that highlighted that changes to WHSs would only proceed where there are significant foreign relations benefits, such as concluding Free Trade Agreements [CAB-24-MIN-0293 refers].
- 7 With respect to Iceland, discussions about a working holiday scheme have been reoccurring in Ministerial level discussions. In 2019, during the Minister of Foreign Affairs' visit to Iceland, New Zealand agreed to investigate a working holiday scheme for Iceland capped s6(a)

- 8 Given the deteriorating geostrategic environment and increasing pressures on small states, it is more important than ever to deepen our connections with likeminded, values-matched partners. New Zealand and Iceland have shared interests in geothermal energy, hydro energy, tourism, fisheries, and the climate transition, and a shared commitment to the international rules-based system.
- 9 A working holiday scheme would open the way for deeper partnership in these areas through people-to-people exchange. Iceland is a useful multilateral partner, an ACCTS (Agreement on Climate Change, Trade, and Sustainability) signatory, and alongside New Zealand, a founding signatory of the recently launched Future of Investment and Trade Partnership. We therefore agree that a working holiday scheme would help to realise significant foreign relations benefits and that we should respond positively to this request.
- 10 In addition, Iceland is the only Nordic country without a working holiday arrangement with New Zealand. Establishing one would be positively received as signal of real intent by the other Nordic countries. Despite their distance, Iceland and the Nordic countries represent some of New Zealand's most likeminded partners. It would align with New Zealand's targeted engagement with the Nordics on shared global security interests, including Ukraine, NATO cooperation, hybrid threats, and Polar affairs. The Nordic states have been strong and genuine advocates for New Zealand particularly on trade and in multilateral settings.

Analysis

- 11 Iceland is the only Nordic country that New Zealand does not have a working holiday scheme with. It is possible that introducing a working holiday scheme may help to raise New Zealand's profile in this market and increase tourism and international student demand, albeit on a very small scale given Iceland's small population.

Iceland has low immigration risk potential

- 12 Iceland is a long-standing Visa Waiver country and one of the few countries New Zealand has a bilateral Visa Waiver arrangement with, agreed in 1973. With a history of low immigration risk and a very small population (around 390,000)¹, MBIE officials consider the risk level related to a working holiday scheme to be very low.
- 13 Between 1 January 2018 and the beginning of October 2025, there were 177 visa applications made by Icelandic nationals. All 177 of these visas were approved. s6(c) Of those that were flagged for potential immigration risk since 2022 (when our borders reopened), there have been no adverse outcomes. Most risk indicators appear to be health related, relating to individuals aged 65 and older.
- 14 Visitors arriving using the Visa Waiver pathway via a New Zealand electronic Travel Authority (NZeTA) also appear highly compliant. There have been no instances of individuals applying to extend their visa onshore from visa waiver travel and no border interactions since at least 2023.

¹ <https://www.statice.is/statistics/population/inhabitants/overview/>

A working holiday scheme could help stimulate demand in other areas like international education

- 15 Setting up a working holiday scheme could help to stimulate demand in other areas where New Zealand is seeking to improve its outcomes, including attracting international students.
- 16 Since 2018, there have been a total of 48 student visa holders from Iceland. Onshore student numbers peaked at 24 in the summer of 2018/19, but subsequently dropped and have not significantly picked up after COVID-19. Of the full fee-paying students, nearly all were 25 years old or older, and the studies carried out appears to be of high value, with the majority attending a cadet program at an airline academy aimed at aspiring commercial pilots. The remainder were nearly all university students studying Bachelor of Arts or Master of Engineering.
- 17 Given that every individual holding a working holiday visa is also eligible to study for up to six months in New Zealand, a working holiday scheme with Iceland may help to support Icelanders who are considering short term study in New Zealand. It may also inspire those who take up this opportunity to return on a student or work visa in the longer term.

s9(2)(g)(i)

- 18 s9(2)(g)(i)
- 19 In recent years, New Zealand has dealt with a range of formal and informal requests from other countries and domestic industry groups (e.g., the tourism industry) to agree new schemes, or to amend existing schemes. s9(2)(g)(i)

20 s9(2)(g)(i)

- 21 MFAT officials will work with MBIE officials on appropriate talking points s6(a)

A new working holiday scheme will generate a small fiscal cost that will need to be funded

- 22 We note that New Zealand has a treaty-level, bilateral 'visa free' agreement in place with Iceland (since 1973) that includes a commitment to not charge visa fees and levies on visas of any type. As a result, a capped s6(a) working holiday scheme

will result in lost immigration revenue ordinarily captured through visa application fees and levies, s6(a)

- 23 Iceland is not the only country with such bilateral fee-waiver arrangements, where the immigration system is absorbing processing costs. Since the 2024 Immigration Fee and Levy Review, the impact of these arrangements has become more apparent in the context of a significant reduction in Crown funding.
- 24 Although the cost incurred is relatively small in this instance, it will increase if the cost of visa processing increases (and therefore fees and levies were required to increase), or if the working holiday scheme visa cap was expanded in future s6(a)
- 25 Because the immigration system operates on a cost-recovery basis, it is typical that the costs associated with any working holiday scheme are recovered accordingly. However, in this instance there is currently a legally binding commitment to waive visa fees and levies, meaning it is not possible to implement a user-pays system. s6(a)
- 26 s9(2)(f)(iv)
- 27 s9(2)(f)(iv)

Officials will seek to align the conditions of Iceland's working holiday scheme with recent schemes for other visa waiver countries

- 28 Although the exact text of working holiday arrangements can reflect input from the other party (therefore the exact conditions of the potential scheme with Iceland are unknown prior to negotiation), New Zealand has a well-established set of standard conditions for new working holiday schemes, given our significant offerings in this area.
- 29 We have instructed our officials that the text of working holiday arrangements with Iceland should s6(a)

- 30 s6(a)

Implementation is not feasible until mid-2027

- 31 Assuming a standard negotiating timeframe of between 6 - 12 months to confirm the text of the working holiday arrangements, the earliest feasible implementation is likely to be in mid-2027.
- 32 The Immigration New Zealand (INZ) change pipeline is running at full capacity for the next 12 - 18 months, which restricts the ability of INZ to implement a new working holiday scheme without affecting major immigration portfolio priorities.
- 33 However, in April 2027 all 45 of New Zealand's current working holiday schemes are scheduled to be transitioned from the AMS system to the ADEPT system as part of INZ's Our Future Services programme. This will provide an opportunity to implement the Iceland WHS without needing to build the requisite ICT infrastructure twice (once on the current IT infrastructure, and then again on ADEPT as AMS is phased out).
- 34 Given this timing will realise significant operational efficiencies and will avoid delaying any of the Government's other immigration portfolio priorities, we have instructed officials to work towards implementation in mid-2027, provided a text is agreed within this timeframe.

Cost-of-living Implications

- 35 There are no cost-of-living implications of this proposal.

Financial Implications

- 36 As noted above, New Zealand has a treaty-level, bilateral 'visa free' arrangement in place with Iceland (since 1973), including a commitment to not charge visa fees and levies on visas of any type.

37 s6(a)

- 38 Given the immigration system is primarily a cost-recovery funded model, s9(2)(f)(iv)

39 s9(2)(f)(iv)

Legislative Implications

- 40 There are no legislative implications of this proposal.

Population Implications

- 41 There is unlikely to be any significant impact on New Zealand populations, given the very small size of the proposed working holiday scheme within the context of the wider immigration system.

Human Rights

- 42 There are no human rights implications in relation to this proposal.

Use of External Resources

- 43 No external resources were used in relation to this proposal.

Consultation

- 44 MBIE prepared this Cabinet paper in coordination with MFAT. The Treasury has been consulted on a draft version of this proposal (and forwarded the final version for its information). The Ministry of Social Development has been informed of the proposal.

Communications

- 45 The Minister of Foreign Affairs intends to announce the commencement of negotiations with Iceland on his travel to the region this week.

Proactive Release

- 46 The Ministers of Foreign Affairs and Immigration intend to release the Cabinet paper proactively, with appropriate withholdings, within the standard 30-day timeframe.

Recommendations

The Minister of Foreign Affairs and the Minister of Immigration recommend that Cabinet:

- 1 **note** that a working holiday scheme with Iceland was discussed at Ministerial level in 2019, during an official visit;
- 2 **note** that we understand Iceland is seeking a small, reciprocal scheme capped at s6(a);
- 3 **note** that Iceland is a close, likeminded partner with significant areas of common interest, and is a partner with which New Zealand cooperates both bilaterally and multilaterally;
- 4 **note** that agreeing working holiday arrangements with Iceland may help to stimulate additional demand in areas of interest for New Zealand, including the promotion of international education;
- 5 **note** that Immigration New Zealand officials consider Iceland a very low risk country based on its low population and low historic immigration risk;

- 6 **note** that because of a treaty-level, bilateral visa fee waiver, the creation of a s6(a) working holiday scheme with Iceland will incur costs to the immigration system of up to s6(a) per year;
- 7 **note** that s6(a)
- 8 **note** that the earliest feasible implementation of a working holiday scheme with Iceland is likely to be approximately mid-2027;
- 9 **agree** that MFAT and MBIE officials can commence negotiations with Iceland on reciprocal working holiday arrangements, s6(a)
- 10 **agree** that New Zealand officials should seek to align the official text of working holiday arrangements with recent precedent for other visa waiver countries, where appropriate;
- 11 s9(2)(f)(iv)
- 12 **agree** that officials should work towards an expected implementation date of mid-2027, to ensure the working holiday scheme's introduction does not delay the Government's existing immigration portfolio priorities;
- 13 **authorise** the Minister of Foreign Affairs and Minister of Immigration to jointly agree the final text of the working holiday arrangements, in line with the general parameters outlined above in recommendations 8 to 10, including decisions on any minor or technical issues that arise during negotiations.

Authorised for lodgement

Rt Hon Winston Peters

Minister of Foreign Affairs

Hon Erica Stanford

Minister of Immigration