



BRIEFING

Immigration Fees and Levies Review: outcomes of consultation

Date:	9 August 2018	Priority:	High
Security classification:	In Confidence	Tracking number:	0205 18-19

Action sought		
	Action sought	Deadline
Hon Iain Lees-Galloway Minister of Immigration	<p>Note that ten submissions were received on the Immigration Fees and Levies Review</p> <p>Note that submitters generally supported the principle of cost recovery, but raised questions about some underlying assumptions and the magnitude of increase</p> <p>s 6(a)</p> <p>Agree to proceed with changes to immigration fee and levy rates but with potential adjustment pending discussion with officials</p> <p>Note that the five submitters who commented on the potential future Border Clearance Levy option all opposed the proposal</p> <p>Agree to defer consideration of an Immigration New Zealand Border Clearance Levy proposal at this time</p>	13 August 2018
Hon Kris Faafoi Associate Minister of Immigration	For information	N/A

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Siân Roguski	Manager, Immigration Policy	04 901 1572		✓
JC Somers	Senior Policy Advisor, Accident Compensation Policy, MBIE	04 901 8575	s 9(2)(a)	

The following departments/agencies have been consulted

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 Withdrawn |

Comments



BRIEFING

Immigration fees and levies: outcomes of consultation

Date:	9 August 2018	Priority:	High
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Purpose

To update you on the outcomes of public and industry consultation on proposed changes to Immigration fee and levy rates and to seek your direction on the draft Cabinet paper for ministerial consultation.

Recommended action

It is recommended that you:

- a **Note** that ten submissions were received on the Immigration Fees and Levies Review
Noted
- b **Note** that submitters generally supported the principle of cost recovery, but raised questions about some underlying assumptions and the magnitude of increase
Noted
- c **Note** that the Ministry of Business, Innovation and Employment (MBIE) has developed a some alternative scenarios and considers that it may be possible to reduce the price of a class of visas while still recovering the memorandum account deficit, but has not reached a final view on this
Noted
- d **Note** that we will provide you with further advice early next week and that the draft paper that will be provided for ministerial consultation will reflect the outcomes of this reconsideration
Noted

s 6(a)

- f **Agree** to proceed with changes to immigration fee and levy rates as proposed for public consultation, including the proposed increases to the Pasifika band, but with potential adjustments as discussed in c and d above
Agree/Disagree
- g **Note** that the five submitters who commented on the potential future option to recover Immigration New Zealand costs via an increase in the Border Clearance Levy all opposed the proposal
Noted
- h **Agree** to defer consideration of an Immigration New Zealand Border Clearance Levy proposal at this time
Agree/Disagree

i **Direct** officials to prepare a Cabinet paper based on the recommendations under f and h above, and to provide a copy for ministerial consultation to you by 14 August

Agreed / discuss

j **Agree** that feedback be provided to officials by 22 August in order that a final Cabinet paper can be provided to your office by 27 August for lodgement on 30 August.

Agreed / discuss



Siân Roguski
**Manager, Immigration Policy,
Labour and Immigration Policy**
Labour, Science and Enterprise, MBIE

09 / 08 / 2018

Hon Iain Lees-Galloway
Minister of Immigration

..... / /

The consultation process has been completed

1. Consultation on the immigration fees and levies review took place from 15 June to 22 July 2018. Eight submissions were received. The list of submitters is set out at Annex One and a report setting out an analysis of submissions is attached at Annex Two.
2. We also undertook targeted consultation with industry stakeholders. This included face to face meetings and teleconferences with the Board of Airline Representatives New Zealand (BARNZ), Business NZ, Federated Farmers and the Tourism Industry Association. MBIE also provided a presentation on the Immigration Resourcing model to the latter three organisations.
3. We also worked with the Ministry for Pacific Peoples to ensure consultation opportunities for Pasifika communities on the potential impacts on Pasifika citizens. This included offering to meet with stakeholders in person. However, no submissions were received. The Ministry of Foreign Affairs and Trade provided information about the proposed changes to Pacific governments, but similarly received no comment.

Part 1: Immigration Fee and Levy consultation feedback was largely positive

4. Stakeholders generally supported cost recovery for the immigration system to provide service and manage risks from visa applicants. One submitter (NZ Marine) did not comment on this, or on any of the specific questions¹.
5. Stakeholders raised a number of questions during the submission and consultation process regarding the assumptions underlying the resourcing model. These included the volume assumptions, Immigration New Zealand's (INZ's) efficiency measures, the period of time and confidence around the projected recovery of the memorandum account deficit and the public/private benefit apportionment.

Volume assumptions

6. Some stakeholders questioned the volume assumptions underpinning the review. In particular, BusinessNZ noted that it considered that the assumed decline of the number of work visa numbers was not realistic given the likely demand for tourism and construction workers in outyears.
7. MBIE acknowledges there are some uncertainties around the estimates, given the complex set of factors driving work visa volumes such as economic conditions (including New Zealand's economic conditions relative to Australia) and policy settings.
8. In response to recent discussions with stakeholders, MBIE has developed a number of alternative scenarios where future work visa volumes do not decline and requested further modelling. (The model underlying the consultation document figures did show a decline, in response to recent policy adjustments.) One plausible scenario could lead to a meaningful reduction in price for a class of visas and still return the memorandum account to balance within the same timeframe. This is still under discussion at this point and MBIE has not yet finalised its views.
9. Officials will work through the implications and provide you with further advice early next week. The draft paper that will be provided for ministerial consultation will reflect the outcomes of the reconsideration.

¹ The submission, which was also made to the other two consultations underway – Electronic Travel Authority and International Visitor and Conservation Levy – made one comment only, namely “If implemented please ensure that the payment system is easy for people on visiting yachts to NZ”.

Efficiency measures

10. A number of stakeholders argued that INZ should work harder to minimise costs and maximise efficiencies. The proposals have already factored in the significant savings (projected to be around \$10.3 million per year from 2021/22) from INZ's ongoing transformation project. While there may be further opportunities for efficiency gains, higher expectations at this stage would have been unrealistic.
11. We are mindful of stakeholders' views (which align with fee charging principles) that efficiency gains should in the first instance be used to reduce third party charges, and that therefore once the memorandum account deficit is paid off further efficiency gains can be reflected through the next fees and levies review for 2020/21.

Memorandum Account Deficit

12. BusinessNZ submitted that it considered that the memorandum account deficit should be absorbed by INZ (through efficiency gains and savings, and potentially from Crown funding) rather than being passed onto new visa applicants, and that it should be subjected to annual review.
13. Recovering the memorandum account deficit means cross-subsidisation by current visa applicants for costs resulting from past visa applicants. This is explicitly permitted under the Immigration Act 2009's fee setting powers, and more broadly is the reason that memorandum accounts exist. Accumulating a large memorandum account deficit or absorbing the deficit, on the other hand, would mean that burden fall on New Zealanders. This would not be fair. MBIE considers it is more appropriate that visa applicants should meet the costs.

Public/Private Benefits

14. BusinessNZ submitted that the proposed border security and compliance related costs incur public benefit to New Zealand, and therefore should ideally be recovered entirely through general taxation.
15. Given that the need for border security and the consequent benefit arises out of the risks posed by migration, MBIE considers the proposed split of Crown and levy funding is generally appropriate. We also note that the Border Clearance Levy (BCL) means that people crossing the border fully cover similar costs generated by the New Zealand Customs Service and the Ministry of Primary Industries (see from paragraph 21 below).

s 6(a)

16. MBIE is mindful of the potential impact on Pasifika applicants (and their New Zealand-based families) from the proposed increases in fees and levies, given our close relationship with these countries. s 6(a)

s 6(a)

17. We therefore propose that the standard increases apply to the Pasifika band on its current base. This will mean that Pasifika migrants would continue to benefit from a lower level of costs than other visa applicants.

Other issues were identified during the consultation process

18. The table of specific visa fees attached to the discussion document contained some errors which were identified internally during the consultation process. These errors do not

impact on the overall calculation and they will be rectified for the Cabinet paper. The errors include

- a. Fees for online expressions of interest for the Skilled Migrant Category were increased to the hard copy rates, when the general 10 percent increase should apply
- b. alignment of accreditation changes between talent and labour hire companies (20 percent for all accreditations)
- c. Working Holiday Visa fees were increased rather than maintained.

MBIE advises that you recommend to Cabinet changes as proposed

19. The public consultation process confirmed that stakeholders accept the cost allocation principles underlying the proposed changes to immigration fees and levies. Valid concerns were raised around details of assumptions and analysis, and MBIE has further tested its model and forecasts. We are confident that the current proposal addresses those concerns appropriately.
20. MBIE will continue to monitor volume and cost trends, which will inform future analysis of immigration fees and levies. We therefore recommend proceeding with the proposed changes, with minor corrections for individual visa categories. Annex Three sets out the changes. As noted above, the next fee and levy review is planned to commence in 2020/21. It will come into effect in the second half of 2021.

Part 2: Feedback on a proposed INZ BCL was negative

21. Alongside consultation on changes to current immigration fees and levies, we also sought views on a future option to recover all INZ border costs via the BCL². It was proposed that an INZ BCL of \$2.98 paid by travellers arriving by air (including New Zealanders) would recover 100 percent of Immigration New Zealand border costs (\$20.156 million). It was proposed this would replace both the contribution of taxpayers (via the Crown) and visa applicants (via the Immigration Levy).
22. Submitters opposed the proposal on the basis that:
 - a. there is a strong public good element to INZ border clearance services, and the Crown contribution should not decrease
 - b. it would not be equitable as New Zealanders do not exacerbate immigration risk and should therefore should not pay for INZ border services
 - c. now is not a good time to determine future INZ border costs, as these may decrease when the Electronic Travel Authority (ETA) is introduced
 - d. an increase in the BCL would have a negative impact on airlines, who have already set their pricing models using recently revised BCL rates.
23. BARNZ also suggested that, if all Immigration New Zealand border costs were to be recovered from travellers, it would be more equitable to do this by levying visa waiver travellers when they apply for an Electronic Travel Authority.
24. MBIE agrees with submitters that the argument to recover 100 percent of INZ border services from the BCL is not strong. New Zealand travellers do not directly privately benefit, or exacerbate the risk managed by all INZ border services. For example, INZ activities that manage the risk of travellers onshore do not apply to New Zealanders (who ordinarily interact with Customs systems and officers). However, all travellers including New Zealanders privately benefit from INZ's Advanced Passenger Processing (APP) system, which provides a boarding directive at check-in for all travellers.

² The Border Clearance Levy is collected from all travellers, including New Zealanders and Australians, via tickets that recover border costs for the New Zealand Customs Service and Ministry of Primary Industries.

MBIE advises you recommend to Cabinet that it defer consideration of a potential INZ BCL

25. An INZ BCL could alternatively be limited to recover only the total costs associated with providing Advanced Passenger Processing (APP) boarding directives to all travellers. This option would address equity concerns expressed by submitters. However, MBIE considers the benefits of this alternative are outweighed by the costs at this time because:
- a. the potential equity gains are small. Further work is required to identify the total cost of providing APP boarding directives, over and above the direct costs of the system (which were \$4.2 million in 2017-18). The overall reduction in the contribution from taxpayers (via the Crown) and visa-required travellers (via the Immigration Levy) would likely be small. The total fee per traveller would very likely be under \$1.
 - b. INZ border costs may change in the near future. Economic research suggests the ETA may decrease the INZ border costs generated by visa waiver travellers (which are the main group that create significant risk and cost, but do not currently contribute to border services). There is also some work underway to improve immigration controls in the marine pathway, and this may have an impact on INZ border costs in future.
 - c. Introducing a separate funding mechanism for a specific INZ activity may constrain INZ's ability to move resources between different border teams in response to need.
26. We therefore propose that you recommend to Cabinet that it defer consideration of the introduction of an INZ BCL at this time. It could be re-examined in the context of the next fee and levy review, or once the ETA is fully implemented.

Next steps

27. MBIE will prepare a Cabinet paper proposing changes to the fees and levies schedule of the Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010, accompanied by a Cost Recovery Impact Statement, by 14 August 2018 for ministerial consultation.
28. The time frame to implementation is as follows:

Action	Date
Cabinet paper provided to Minister's office for consultation	14 August
Consultation outcomes received	22 August
Cabinet paper to Minister's office for lodgement	27 August 2018
Cabinet paper to Cabinet Office for lodgement	30 August
DEV consideration	5 September
Cabinet consideration	11 September
LEG paper provided to Minister's office	11 September
LEG paper to Cabinet Office for lodgement	13 September
LEG consideration	20 September
Cabinet consideration and referral to Executive Council	24 September
Regulations published	28 September
Instructions provided to Minister of Immigration for certification	October 2018
New fee and levy rates come into effect	5 November 2018

Annexes

Annex One: List of submitters and dates submissions received

Annex Two: Immigration Fees and Levies Review - Summary of Submissions Report August 2018

Annex Three: Proposed Immigration Fees and Levies Levels

Annex One: List of submitters and dates submissions received

Ref	Date rcvd	Submitter name	Submitter category
1.	15/06/2018	NZ Marine	Industry Association
2.	20/07/2018	Tourism Industry Aotearoa	Industry Association
3.	20/07/2018	HospitalityNZ	Industry Association
4.	20/07/2018	BARNZ	Industry Association (Carriers)
5.	20/07/2018	English New Zealand Executive	Industry Association
6.	20/07/2018	Cruise Lines International	Industry Association (Carriers)
7.	22/07/2018	Restaurant Association of New Zealand	Industry Association
8.	22/07/2018	BusinessNZ	Industry Association
9.	22/07/2018	s 9(2)(a)	Private Individual
10.	22/07/2018	Emirates	Carrier

Annex Two: Immigration Fees and Levies Review - Summary of Submissions Report August 2018



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

Immigration Fees and Levies Review

Summary of Submissions Report

August 2018

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Overview of submissions

MBIE received a total of 9* submissions on the Immigration Fees and Levies Review.

Of these, the majority were from industry stakeholders, with three from airline and cruise industries and three from the tourism/hospitality industry. We also received a submission from the English language sector, one from a private individual, and one from BusinessNZ.

Some further comment was also received from Canterbury Mayoral Forum via a submission on the International Visitor and Conservation Levy.

**Note: A submission from NZ Marine has been excluded from this summary as it did not answer any of the questions or make any comment except to request that "payment system is easy for people on visiting yachts".*

Impacts of proposed changes on visa applicants

A number of submitters commented that it was important that fees were perceived to be reasonable and that they were on a cost-recovery only basis. It was suggested that the current review of INZ could lead to reduced processing costs associated with work visas and the employer accreditation platform.

Industry bodies noted that the need for migrant workers was ongoing and expected to increase, particularly in the hospitality industry. The Tourism Industry Aotearoa (TIA) submission noted:

[The] demand for an immigration system that is timely, efficient and understands the needs of our industry.

Rebalancing of visa fees

Submitters expressed qualified support for the proposed changes across different visa categories, noting concern about a monopoly government service where fee payers have no ability to control costs and that it should not be assumed the impact of these changes would be minimal.

However, a submission by Restaurants Associations noted that the majority of their members who responded to these proposals did not support increases to visa fees and employer accreditation charges and that fee increases would act as a deterrent for prospective migrants to New Zealand, commenting:

The proposal to increase visa fees and employer accreditation...will intensify and increase pressure on an already challenging recruitment market for the hospitality industry.

Improving border security

Some submitters were concerned about the lack of cost benefits analysis of a stronger border and compliance regime or what constitutes an acceptable level of risk. There was some agreement with MBIE that the proposed levy fee increase would have a marginal impact on visa application numbers and migration patterns, but there was also some concern:

Insufficient research has been undertaken into potential negative impacts of the increase in fees and levies...industry response to fee increases in other countries, such as Australia, has suggested any increase could impact on the ability to fill skill shortages.

Recovering the fee memorandum and account deficit

Submitters expressed serious concern about the account deficit, calling for improved fiscal and operational management at INZ. BusinessNZ suggested MBIE reconsider the effectiveness of its forecasting and resource models. TIA questioned whether the deficit could be eliminated within proposed five year period. Hospitality NZ noted that:

Costs should not be permitted to spiral...and left to climb to a \$50m deficit by the end of 2018 under the assumption that those costs can just be passed on.

Concern about over-accumulation also drew comment from a number of submitters.

Border Clearance Levy

The consensus among submitters was that INZ border activities should continue to be Crown funded, with some support for a higher percentage of Crown funding than under current arrangements. Submitters contended that all New Zealanders benefit from a strong tourism sector and immigration:

New Zealand residents...benefit from immigration as a public service via the prevention of trafficking, protection of migrants rights, and allowing the country to meet its global responsibilities, and thus it follows that costs should be partially absorbed by NZ taxpayers.

A number of submitters commented that the proposed Electronic Travel Authority (ETA) was a better vehicle for funding border activities, and as the ETA could lead to reduced immigration border processing costs, its impact should be determined before introducing any new immigration levy.

Summary of Submissions

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
Impacts	1.1 Timely processing and approval of work visas is an area of concern for tourism industry.	TIA	MBIE acknowledges the concerns and is interested in exploring further opportunities for improvements, including the current INZ transformation programme which should deliver further efficiency gains.	Monitoring ongoing improvements at INZ which will feed into the next review
	1.2 Employers need to be able to easily access migrant staff where there are no suitable New Zealanders	TIA	This is out of the scope of this fees and levies review	There are opportunities for further engagement on other areas of immigration policy
	1.3 Forecast annual decline in work visas is not in line with actual anticipated demand.	TIA, BusinessNZ	There are inevitable uncertainties around forecasting, including broader context. MBIE has carried out sensitivity testing and determined a conservative approach is warranted at this point to ensure the balancing of the memorandum account.	Volume forecast will be revised for the next fees and levies review, planned for 2021.
	1.4 Return Restaurant/Bar Manager positions to ISSL	Hospitality NZ	This is out of the scope of this fees and levies review	There are opportunities for further engagement on other areas of immigration policy

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
	1.5 Place greater rules and scrutiny on immigration advisers, particularly those advising migrants to NZ	Hospitality NZ	The proposed increase will fund the strengthening of the Immigration Advisers Authority (IAA), which will allow for better regulation of the immigration advisers	We will suggest Hospitality NZ should approach the IAA on its concerns as issues arise
	1.6 Immigration system should be timely, efficient and more employer friendly.	Hospitality NZ, TIA	MBIE acknowledges the concerns and notes INZ is progressing its transformation programme. This should lead to more efficiency gains.	Monitoring ongoing improvements at INZ which will feed into the next review
	1.7 Applications for LSSL, ISSL and ES should be made easier	Hospitality NZ	This is a different issue than the fees and levies review	There are opportunities for further engagement on other areas of immigration policy
	1.8 Increase assistance and reduce costs for small to medium seeking suitable staff, whether or not those staff are NZ citizens	Hospitality NZ	The case for a labour market test that safeguards the interests of New Zealanders is well established. There does not appear to be a strong case for public subsidy in recruiting foreign workers.	No action.
	1.9 Lower the cost of work visas for LSSL	Hospitality NZ	Work visa costs are set at a cost recovery basis. MBIE is interested in exploring opportunities for further improvements such as the current INZ transformation programme.	No action

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
	1.10 Importance of visa costs and other fees and levies being seen as reasonable, are cost-recovery only and positive in relation to our major competitors.	English NZ, BusinessNZ	New Zealand is unique in using cost recovery as a basis for setting visa fees and levies, which will remain competitive in relation to comparable jurisdictions which do not operate on the same basis	Future public engagement on fees and levies reviews will help publicise the cost recovery basis of fees and levies and inform public scrutiny
	1.11 Changes will be a deterrent for prospective migrant workers coming to NZ	Restaurant Associations	Immigration fees and levies are a small portion of total costs migrants face to visit, study, work and live in New Zealand, and the total benefits involved. MBIE does not agree that the changes proposed here will discourage migration. We are nonetheless interested in better understanding incentives to migrate.	No action
	1.12 Fees should be reviewed once efficiencies and improvement in processing system is complete.	Restaurant Associations, BusinessNZ	Regular reviews are planned with a three year cycle. This will allow efficiencies and improvements be monitored.	No action (future reviews are already planned)

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
Rebalancing	2.1 Some fee and levy increases, significant in percentage-terms may be less impactful in actual increases. However it should not be taken for granted that impact will be minimal.	TIA	Immigration fees and levies are a small portion of total costs migrants face to visit, study, work and live in New Zealand, and the total benefits involved. MBIE does not agree that the changes proposed here will discourage migration. However we will monitor the trends to see if any negative effect does emerge and to better understand the wider incentives to migrate.	Continued monitoring and building a strong evidence base.
	2.2 Support not decreasing some fees (e.g. group visas and student visas) as there is no evidence that visitors object to paying them; this will assist with any fluctuations in other visa categories over time.	Hospitality NZ	New Zealand does not operate a willingness to pay model. The decision not to decrease some visa costs reflects operational feedback to activities underlying the financial data.	No action
	2.3 Any extreme fee increases – particularly those proposed for work visas – may reduce the number of applicants.	Hospitality NZ	MBIE does not agree that the increase is extreme in absolute terms. However we will monitor the trends to see if any negative effect does emerge and to better understand the wider incentives to migrate.	Continued monitoring and building a strong evidence base.

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
	2.4 Given visa volumes in any category fluctuate regularly, fee changes should be distributed across all categories.	Hospitality NZ	It is appropriate that some costs, such as those driven by more verification required for work visa, should not be distributed across categories, while others such as the need to rebalance the memorandum account is apportioned more evenly.	We do not recommend a flat distribution of costs.
	2.5 Recommend government ask Productivity Commission to consider use of levies and means to improve how they are applied.	BusinessNZ	There are existing mechanisms in place to ensure public accountability for levy expenditure, including parliamentary scrutiny through the Appropriation process.	We do not recommend an investigation by the Productivity Commission at this stage
	2.6 Recommend that all future policy changes to visas settings should contain a thorough and independent cost/benefit analysis, including investigating proposed net benefits of changes to visa compliance and regulatory regime.	BusinessNZ	MBIE does not believe that there is a good case for investing in an independent mechanisms at this juncture. However, this may be a future option.	No action

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
<p>Improving border security and regulation of immigration advisers</p>	<p>3.1 We are concerned that there is little, if any, analysis as to the costs and benefits of a stronger border and compliance regime or of what constitutes an acceptable level of risk.</p> <p>3.2 The costs associated with improved border security should be funded by general taxation given the public benefit associated with these activities.</p>	<p>BusinessNZ</p>	<p>MBIE believes that current level of analysis is appropriate given the risks and contexts. Further investigation will be carried out when the work programme allows.</p>	<p>No action</p>
	<p>3.3 The cost of improving the regulation of immigration advisers should fall on immigration advisers themselves, subject to their general consent. Immigration advisers paying for this service need to be assured the charges set are not excessive in relation to costs incurred and take proper account of efficiency and equity considerations.</p>	<p>BusinessNZ</p>	<p>The Crown already funds part of the costs. As migration gives rise to risks in the first place, the costs should not fall entirely or largely on New Zealanders</p>	<p>No action</p>
	<p>3.4 If the INZ Border Operations team is to be increased to monitor high-risk routes, it is important that training reiterates the fact not all travellers through those routes are necessarily "high-risk".</p>	<p>EnglishNZ</p>	<p>The regulatory activities of the IAA ultimately benefits migrants. It is important that the public and migrants can be assured of the quality of immigration advice by an independent regulator.</p>	<p>No action</p>
			<p>MBIE does not consider all travellers through the high risk route are high risks themselves. However it does mean that all travellers need to be screened to rule them out.</p>	<p>INZ will continue to message consistently the need to screen all travellers on high risk routes</p>

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
Response to demand pressures	4.1 We note that a change in government policy – such as the increased labour market testing now required for work visas – can add significantly to the processing cost, at no fault of the applicant. Consistency in policy and its implementation is highly desirable.	TIA	Policies such as increased labour market testing ensures immigration delivers benefits to New Zealanders and that it has a social license to operate. It is fair that migrants should bear the costs of maintaining a sustainable immigration system.	No action
Recovering the fee memorandum and account deficit	5.1 MBIE should absorb the deficit and not proceed with its proposal to charge future users for past visa applicant costs.	BusinessNZ	Given that the deficit arises from migration, it is unfair that New Zealanders should pay for the costs. The current legislation explicitly allows cross subsidisation between migrants.	No action
	5.2 Undertake a full review of forecasting methodology and Resource Model.	BusinessNZ	The resourcing model was designed for different purposes and there are room for improvements when using it to support fees and levies settings.	MBIE and INZ will continue to work on the resourcing model to better support for future fees and levies reviews

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
	5.3 Consideration to be given to the pros and cons of annual reviews to minimise the percentage impact of a three year cycle	BusinessNZ	The costs of annual review, both in the exercise itself and the consequent burden of regulatory change and implementation outweigh the benefits at the moment. There are other ways to manage the fluctuations from year to year in migrant patterns, such as better modelling, that should be considered.	MBIE and INZ will consider better modelling of migration patterns to manage fluctuations.
	5.4 Improve fiscal and operational management so that any future fee reviews are kept to a minimum, the 5-year fiscal and operational goals are achieved, and any over-accumulations in out-years are returned to visitors and workers via reduced fees.	TIA	It is intended that fees and levies should be regularly reviewed to ensure that they remain fit for purpose. MBIE and INZ are committed to monitor efficiency gains from operational improvements and return the benefits to migrants and New Zealanders.	MBIE and INZ will monitor operational improvements which will inform the next fees and levies review.
	5.5 Costs should not be permitted to spiral into a 2016/2017 deficit of \$11.3m and left to climb to a \$50m deficit by the end of 2018 under the assumption that those costs can just be passed on.	Hospitality NZ, BusinessNZ	MBIE agrees that memorandum account deficit should be managed promptly.	Regular reviews of fees and levies as planned will allow deficits to be managed in a more timely manner.

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
	<p>5.6 There needs to be much more accountability, care, assessment, careful cost/benefit analysis, and regard from MBIE to streamline costs and ensure efficiencies... need to be able to justify and account for all spending, over-spending, and ensure costs are minimised.</p>	<p>Hospitality NZ</p>	<p>MBIE and INZ are committed to good regulatory practice and public accountability when setting cost recovery mechanisms. Fees and levies reviews will provide an opportunity to scrutinise these issues regularly in addition to existing safeguards such as the parliamentary appropriation process.</p>	<p>Public consultation should be continued for future fees and levies reviews.</p>
	<p>5.7 We hold concerns that the \$50m deficit may not be eliminated by 2021/22, or that over-accumulation occurs.</p>	<p>TIA</p>	<p>There is a risk that forecast may deviate from actual patterns. Regular reviews will minimise the impacts of such risks.</p>	<p>MBIE and INZ are committed to monitor memorandum account movements and will reconsider this issue at the next fees and levies review if necessary.</p>

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
Other matters	6.1 There should be a proper review of all Australian and New Zealand Standard Classification of Occupations (ANZSCO) codes. Current ANZSCO codes are not fit-for-purpose for the hospitality and tourism industry.	HospitalityNZ	This is out of the scope of this fees and levies review	We suggest HospitalityNZ to contact Standards NZ with regard to the current codes.
Employer accreditation fee	7.1 Further savings could be made working more closely with Association's through a pre-approved accreditation platform, which the Restaurant Association is currently finalising. We would be interested in speaking further with MBIE about our proposed plans for the accreditation platform.	Restaurant Associations	MBIE welcomes the contribution of Restaurants Associations.	MBIE will engage with Restaurant Associations on the proposed plan for an accreditation platform
	7.2 The 20% increase in the fee for employer accreditation is unlikely to create a barrier for businesses and should proceed. But there is a need to ensure fees imposed on employers are reasonable and reflect an appropriate level of risk.	BusinessNZ	MBIE agrees with BusinessNZ's views	No action
	7.3 As a result of this review, further streamlining could be achieved which may lead to reduced processing costs associated with work visas and EAP.	BusinessNZ	INZ is currently working on a number of operational improvements. Expected efficiency gains are factored into this review and will be monitored.	MBIE and INZ will monitor the outcomes of the efficiency measures.

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
<p>Recovery of INZ border costs from travellers</p>	<p>7.4 There is a strong public good element to INZ border clearance services, and the Crown contribution should not decrease. All New Zealanders (not just those who travel) benefit from an effective immigration system.</p>	<p>TIA, BusinessNZ, Emirates, BARNZ</p>	<p>All travellers are screened for immigration risk, and facilitated, by INZ. MBIE considers it appropriate to fully recover these costs from users.</p>	<p>No action</p>
	<p>7.5 It would not be equitable to recover INZ border services from New Zealand travellers, as New Zealanders do not exacerbate immigration risk.</p>	<p>Emirates, TIA, BARNZ</p>	<p>All travellers are screened for immigration risk by INZ. It is true that once positively identified by INZ, New Zealanders do not pose immigration risk. MBIE considers it appropriate for New Zealanders to contribute to the costs of the services that identify them, and facilitates their travel.</p>	<p>An alternative BCL proposal should be identified that excludes INZ border services do not apply to New Zealanders. This proposal is likely to only include the costs of Advanced Passenger Processing, and would likely be a much smaller fee.</p>

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
	<p>7.6 If all immigration border costs are to be recovered from travellers, it would be preferable to recovery additional funding from visa-waiver travellers via the ETA.</p>	<p>BARNZ</p>	<p>The ETA is targeted at a different group (visa waivers) and complements the levies charged on visa applicants. It is also currently targeting a different source of costs. Alignment between three funding mechanisms (ETA, levies, and Crown funding) is a key consideration when ETA is rolled out and for future fees and levies reviews.</p>	<p>MBIE will consider alignment between ETA, levies and Crown funding as the new arrangements are put in place.</p>
	<p>7.7 CLIA has previously made submissions to the government about the high rate of the Border Clearance Levy for cruise passengers, and our desire to achieve reductions (rather than increases) in the levy over time. We trust the additional information that would be available to INZ through the ETA process would negate any need for INZ to start to interact with cruise passengers in the future.</p>	<p>CLIA</p>	<p>Border agencies are identifying opportunities to better manage immigration risk from cruise passengers. MBIE agrees that the ETA, the costs of which will be recovered by an ETA fee, will be central. However, MBIE cannot rule out that other INZ services will be required in future (which could be recovered by an INZ BCL).</p>	<p>No action</p>

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
	7.8 We expect ETA to generate efficiencies in border security for international visitors, including efficiencies for INZ. MBIE should wait to determine impact of ETA on immigration system costs before progressing any new immigration levy.	TIA, Emirates, BARNZ	MBIE agrees that the ETA is likely to lead to efficiencies for INZ at the border, and that now may not be the most opportune time to set up an INZ BCL.	Delay further consideration of the BCL
Challenges to implementation of proposed changes	8.1 The BCL was recently reviewed (July 2018) and tourism operators have built the revised rates into future pricing, often three-plus years in advance. The new rates need to settle into pricing models rather than be increased.	TIA	MBIE agrees that any changes to the BCL should allow enough time for carriers to adjust pricing models.	No action
	8.2 An addition of a further \$3 onto airline tickets in addition to all other changes being introduced does create a further barrier and disincentive to tourists coming to NZ.	BARNZ	MBIE considers that an increase on the BCL by up to \$3 is unlikely to have a significant impact on tourist demand.	No action

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
	<p>7.7 If MBIE is minded to progress this proposal, then at a minimum, levy and fees should reflect the costs of services received, and include specific accountability and performance arrangements, including consultation with affected parties, public reporting against performance benchmarks, and annual levy reviews. Any additional levy powers must be constrained and time bound.</p>	BusinessNZ	<p>MBIE would likely seek to align as much as possible with MPI and Customs reporting, consultation and review cycles and mechanisms.</p>	No action
<p>Cumulative impacts</p>	<p>9.1 Need to consider any increased fees alongside existing costs and other planned increases eg. aviation security and biosecurity charges are likely to increase in the foreseeable future. We encourage the government to monitor increases and be mindful of tourists' contribution to NZ economy.</p> <p>Increased fees should be used to improve visitor experience, not to offset INZ service inefficiencies.</p>	TIA, BARNZ, English NZ	<p>MBIE is interested in the cumulative policy impact which is a key reason to have a coordinated consultation process for immigration fees and levies, ETA and IVL.</p> <p>MBIE agrees that fees and levies should drive an efficient immigration process and is keen to explore opportunities for further savings</p>	No action

Issue	Summary of comments	Submitter(s)	MBIE response	Recommended action
	<p>9.2 Further analysis on how New Zealand compares to other countries in regards to levies and taxes collected at the border is required. While New Zealand is perceived as an expensive destination due to its distance from other destinations, previous work by central government (during consultation on the Border Clearance Levy) shows that New Zealand's border charges are relatively low in comparison to other countries. Research into the perceptions of costs of travelling to New Zealand amongst various types of visitors would also help in determining potential impacts on visitors.</p>	<p>Canterbury Mayoral Forum</p>	<p>MBIE is interested in better understanding migration patterns as work programmes allows.</p>	<p>No action</p>

Annex Three: Proposed Immigration Fees and Levies Levels

Fee (NZ\$)	Current fees			Proposed fees			Comment on change
	New Zealand	Pacific	Rest of World	New Zealand	Pacific	Rest of World	
<i>Residence class visa</i>							
Residence class visa application—Skilled Migrant Category	1,890	1,620	2,505	1,880	1,610	2,480	1% overall decrease for Business Residence visas
Residence class visa application—Investor Plus (Investor 1 Category)	4,280	4,165	4,165	4,240	4,130	4,130	1% overall decrease for Business Residence visas
Residence class visa application—Investor (Investor 2 Category)	4,280	4,165	4,165	4,240	4,130	4,130	1% overall decrease for Business Residence visas
Residence class visa application—Entrepreneur Residence Category	3,340	3,340	3,340	3,310	3,310	3,310	1% overall decrease for Business Residence visas
Residence class visa application—Family Category	970	970	1,670	1,070	1,070	1,840	10% increase for all other visa categories
Residence class visa application—Samoan Quota scheme	740	720	-	820	800	n/a	10% increase for all other visa categories
Residence class visa application—Pacific Access Category	805	785	-	890	870	n/a	10% increase for all other visa categories
Residence class visa application—Refugee Family Support Category	605	595	835	670	660	920	10% increase for all other visa categories
Residence class visa application—Employees of Relocating Businesses Category	970	970	1,670	970	970	1660	1% overall decrease for Business Residence visas
Residence class visa application—Residence from Work Category	970	-	-	970	n/a	n/a	1% overall decrease for Business Residence visas
Residence class visa application—Parent Retirement Category	3,340	3,340	3,340	3,310	3,310	3,310	1% overall decrease for Business Residence visas

Fee (NZ\$)	Current fees				Proposed fees				Comment on change
	New Zealand	Pacific	Rest of World	New Zealand	Pacific	Rest of World	Rest of World		
							New Zealand	Pacific	
Residence class visa application—any other residence category	970	970	1,670	1,070	1,070	1,840			10% increase for all other visa categories
Permanent resident visa application by person holding resident visa	190	190	190	210	210	210			10% increase for all other visa categories
Permanent resident visa application by person who previously held resident visa	190	190	190	210	210	210			10% increase for all other visa categories
Resident visa application by person who previously held resident visa	190	190	190	210	210	210			10% increase for all other visa categories
Variation of travel conditions of visa by person holding resident visa	190	190	190	210	210	210			10% increase for all other visa categories
Notification of expression of interest in applying for residence class visa—Skilled Migrant Category (physical)	680	680	680	680	680	680			1% overall decrease for Business Residence visas
Notification of expression of interest in applying for residence class visa—Skilled Migrant Category (electronic)	530	530	530	583	583	583			10% increase for all other visa categories
Notification of expression of interest in applying for residence class visa—Investor 2 Category	620	620	620	620	620	620			1% overall decrease for Business Residence visas
Notification of expression of interest in applying for residence class visa—Parent Category (physical) (currently closed)	440	440	440	490	490	490			10% increase for all other visa categories
Notification of expression of interest in applying for residence class visa—Parent Category (electronic) (currently closed)	345	345	345	380	380	380			10% increase for all other visa categories
Notification of expression of interest in applying for residence class visa—Pacific Access Category (first year of notification)	75	75	75	85	85	85			10% increase for all other visa categories
Notification of expression of interest in applying for residence class visa—Pacific Access Category (subsequent year of notification)	30	30	30	35	35	35			10% increase for all other visa categories

Fee (NZ\$)	Current fees			Proposed fees			Comment on change
	New Zealand	Pacific	Rest of World	New Zealand	Pacific	Rest of World	
Temporary visa application—visitor visa	170	135	170	190	150	190	10% increase for all other visa categories
Temporary visa application—visitor visa (online)	151	116	151	190	150	190	Removal of online discount – applies hard-copy rate
Temporary visa application—student visa	260	205	280	250	200	270	6.5% reduction for student visa categories
Temporary visa application—student visa (online)	233	178	253	250	200	270	Removal of online discount – applies hard-copy rate
Temporary entry class visa application—limited visa: limited student visa	260	205	280	250	200	270	6.5% reduction for student visa categories
Temporary entry class visa application—limited visa: limited visa for recognised seasonal employer	280	240	280	310	270	310	10% increase for all other visa categories
Temporary entry class visa application—limited visa: any other category	170	135	170	190	150	190	10% increase for all other visa categories
Temporary visa application—student visa made online by education provider	100	-	-	110	n/a	n/a	10% increase for all other visa categories
Temporary visa application—group visitor visa per person (made offshore only): approved destination status (China)	n/a	n/a	50	n/a	n/a	30	45% reduction for group visitor visa category
Temporary visa application—group visitor visa per person (made offshore only): other	85	85	85	50	50	50	45% reduction for group visitor visa category
Temporary visa application—Retirement Category visitor visa	3,340	3,340	3,340	3,310	3,310	3,310	1% overall decrease for Business Residence visas
Temporary visa application—work visa under Silver Fern Job Search immigration instructions	260	260	260	410	410	410	54% increase for work visa categories
Temporary visa application—work visa under working holidaymaker extension	170	-	170	187	n/a	187	Exempt/10% increase for all other visa categories

Fee (NZ\$)	Current fees			Proposed fees			Comment on change
	New Zealand	Pacific	Rest of World	New Zealand	Pacific	Rest of World	
Temporary visa application—work visa under Work Partnership/Work to Residence (Talent (Arts, Culture, and Sports), Talent (Employer Accreditation), or Talent (Long-term Skills Shortage List))	375	375	375	580	580	580	54% increase for work visa categories
Temporary visa application—work visa under Work Partnership/Work to Residence (Talent (Arts, Culture, and Sports), Talent (Employer Accreditation), or Talent (Long-term Skills Shortage List)) (online)	355	355	355	580	580	580	54% increase/Removal of online discount – applies hard-copy rate
Temporary visa application—work visa under any other category of immigration instruction	280	240	280	440	370	440	54% increase for work visa categories
Temporary visa application—work visa under any other category of immigration instruction (online)	260	220	260	440	370	440	54% increase/Removal of online discount – applies hard-copy rate
Temporary visa application—Entrepreneur Work Visa	3,340	2,820	3,340	3,680	3,110	3,680	10% increase for all other visa categories
Temporary visa application—work visa under working holiday scheme	170	-	170	187	n/a	187	Exempt/10% increase for all other visa categories
Application for reconsideration of decision to decline further temporary visa	195	-	-	220	n/a	n/a	10% increase for all other visa categories
Transit visa application	145	145	145	160	160	160	10% increase for all other visa categories
Transit visa application—group Chinese nationals per person	85	-	85	95	n/a	95	10% increase for all other visa categories
Request for special direction	195	195	195	220	220	220	10% increase for all other visa categories
Residence class visa granted under section 61 of the Immigration Act	870	-	-	960	n/a	n/a	10% increase for all other visa categories

Fee (NZ\$)	Current fees				Proposed fees			Comment on change
	New Zealand	Pacific	Rest of World	New Zealand	Pacific	Rest of World		
Temporary entry class visa granted under section 61 of the Immigration Act	365	-	-	410	n/a	n/a	10% increase for all other visa categories	
Application for variation of conditions imposed on any type of temporary entry class visa	170	170	170	190	190	190	10% increase for all other visa categories	
Request under immigration instructions by employer for approval in principle to recruit overseas workers	400	-	-	440	n/a	n/a	10% increase for all other visa categories	
Labour hire company accreditation (Essential Skills Category immigration instructions)—first year of accreditation	1,775	-	-	1,960	n/a	n/a	10% increase for all other visa categories	
Labour hire company accreditation (Essential Skills Category immigration instructions)—subsequent year of accreditation	500	-	-	550	n/a	n/a	10% increase for all other visa categories	
Reconsideration of application from labour hire company for accreditation (Essential Skills Category immigration instructions)	195	-	-	220	n/a	n/a	10% increase for all other visa categories	
Request under immigration instructions by an employer for approval in principle to recruit overseas workers under foreign crew of fishing vessels instructions	5,115	-	-	5,630	n/a	n/a	10% increase for all other visa categories	
Request under immigration instructions for supplementary seasonal employment approval in principle	260	-	-	290	n/a	n/a	10% increase for all other visa categories	
Call-out fee where office is opened outside normal working hours in order to process immigration matter	290	290	290	320	320	320	10% increase for all other visa categories	
Registration under Refugee Family Support Category	90	-	-	100	n/a	n/a	10% increase for all other visa categories	
Employer accreditation (under talent work immigration instructions)—initial accreditation	1,775	-	-	2,130	n/a	n/a	20% increase for Employer accreditation applications	
Employer accreditation (under talent work immigration instructions)—subsequent accreditation	500	-	-	600	n/a	n/a	20% increase for employer accreditation applications	

Fee (NZ\$)	Current fees				Proposed fees				Comment on change
	New Zealand	Pacific	Rest of World	New Zealand	Pacific	Rest of World			
Reconsideration of application from employer for talent employer accreditation	195	-	-	240	n/a	n/a	20% increase for Employer accreditation applications		
Entertainment industry accreditation (under specific purpose or events immigration instructions)—first year of accreditation	1,775	-	-	1,960	n/a	n/a	10% increase for all other visa categories		
Entertainment industry accreditation (under specific purpose or events immigration instructions)—subsequent year accreditation	500	-	-	550	n/a	n/a	10% increase for all other visa categories		
Recognised Seasonal Employer status	870	-	-	960	n/a	n/a	10% increase for all other visa categories		
Agreement to recruit under Recognised Seasonal Employer work immigration instructions	230	-	-	260	n/a	n/a	10% increase for all other visa categories		
Confirmation of immigration status	110	110	110	130	130	130	10% increase for all other visa categories		
Transfer fee where visa stamp or label transferred from one passport or certificate of identity to another	110	110	110	130	130	130	10% increase for all other visa categories		
First endorsement of New Zealand citizenship in foreign passport	135	135	135	150	150	150	10% increase for all other visa categories		
Second or subsequent endorsement of New Zealand citizenship in foreign passport	85	85	85	95	95	95	10% increase for all other visa categories		

