

[In Confidence]

Office of the Minister of Immigration
Chair, Cabinet Social Wellbeing Committee

INCREASING THE ANNUAL REFUGEE QUOTA TO 1,500 PLACES

Proposal

1. This paper seeks agreement to increase the annual Refugee Quota to 1,500 places in a single stage from 2020/21, and to the funding required to support the increase.

Executive Summary

2. This paper seeks agreement to permanently increase the annual Refugee Quota to 1,500 places from the current level of 1,000 places in a single stage from 2020/21.¹
3. An increase in the Refugee Quota is timely: the world is currently experiencing unprecedented levels of forced displacement, with the number of refugees in need of resettlement in a safe third country expected to far exceed the number of resettlement places that are made available by states, including New Zealand, who participate in the United Nations High Commissioner for Refugees (UNHCR) regular resettlement programme.
4. The annual net gain of migrants was 63,800 for July 2018. Annual net migration has fallen in recent months, from a record high of 72,400 in July 2017. Current resident visa approvals are at their lowest point since 2001/02. The Ministry of Business, Innovation and Employment's (MBIE's) June 2018 baseline forecast is for annual net migration to decline by 22 per cent, reducing to 51,000 in the June 2020 year, which is the point at which the proposed increase in the refugee quota will take effect.²
5. All refugees who wish to come to New Zealand are subject to a rigorous screening, selection and orientation process to ensure their suitability to settle.
6. In addition to supporting the UNHCR and the international community, increasing the refugee quota will have other benefits for New Zealand as a whole. Refugee resettlement provides an opportunity for government to work with local communities towards a common goal, building social cohesion and contributing to economic growth. Refugee populations also provide social and economic benefits to the community.

¹ The cap on the refugee quota includes a margin of +/- 10 per cent.

² These projections do not take into account changes that we have made such as to post-study work rights for international students or planned changes to labour market policies.

7. It is important that an increase in the refugee quota does not affect our plans to lift living standards for all New Zealanders. I will work closely with the Minister for Social Development and the Minister of Housing and Urban Development to ensure this.
8. In order to realise the social and economic benefits of increasing the refugee quota, it is necessary to invest sufficiently in supporting positive settlement outcomes for refugees and their communities. Additional resources will be required to expand the existing settlement support programme, and to fund new initiatives that will be required to ensure that suitable housing can be located for quota refugees in a way that does not impact on other government priorities.
9. Additional resources at a cost of \$1.297 million in 2018/19, \$146.180 million over the next five years, and \$35.021 million in outyears will be required to expand the existing settlement support programme. This includes funding to expand the capacity of some facilities at the Mangere Refugee Resettlement Centre (MRRC) and funding the support that is provided to refugees in the community to cater for the increase in numbers.
10. Ensuring suitable housing for quota refugees is an important part of supporting settlement outcomes. I have agreed with the Minister of Housing and Urban Development the following principle upon which to base the housing of refugees:
- That all quota refugees are provided with safe, secure, healthy and affordable homes and that refugees are placed into housing (public or private) which best suits their assessed needs.*
11. Work is underway to minimise the impact of the current refugee quota on housing pressures. These initiatives are expected to go some way to preparing for an increased quota, but some additional resource will be required to build capacity to resettle 1,500 refugees each year.
12. Five to six new refugee settlement locations will be established to ease accommodation pressures. This is a key lever in minimising the impact of the increase in the refugee quota on housing pressures in refugee settlement locations, and will enable the number of refugees that are settled in existing settlement locations to decrease, easing pressure in those locations.
13. A further \$18.219 million over the next three years and \$16.951 million in outyears will be required to ensure that suitable housing can be located for quota refugees. I propose that this funding be set aside as a tagged contingency for Budget 2019 to fund the following initiatives:
- 13.1. Increasing the supply of public housing to account for approximately 50 per cent of the refugee quota;
- 13.2. Provision of additional funding to enable quota refugees to secure tenancies ahead of their departure from MRRC; and

- 13.3. Changes to re-establishment grants are proposed to support refugees in their initial weeks in New Zealand.

Background

14. Well-managed immigration is essential to our economic and social success as a country. My key immigration priorities are to:
 - 14.1. better match the skills New Zealand needs with the skills New Zealand gets in order to improve the contribution of immigration to the labour market outcomes of New Zealanders;
 - 14.2. tackle the exploitation of migrants;
 - 14.3. review New Zealand's approach to Pacific migration issues
 - 14.4. increase New Zealand's refugee intake; and
 - 14.5. make immigration system improvements and contribute to the security of New Zealand's borders.
15. Annex One provides a summary of papers that I have already, or intend to take to Cabinet in the Immigration portfolio and outlines how they align to my portfolio priorities and the Government's wider economic, labour market, foreign relations and security objectives.

New Zealand has committed to working with the international community to provide protection for refugees

16. New Zealand works with the United Nations High Commissioner for Refugees (UNHCR) and the international community to resettle people who have been recognised as refugees offshore through the Refugee Quota Programme, making it one of 37 countries to offer resettlement places through the UNHCR regular resettlement programme.³
17. The Refugee Quota Programme is part of the wider suite of refugee and protection immigration policies. In addition to the current refugee quota of 1,000, New Zealand meets our obligations as a signatory to the 1951 Convention on Refugees to assess claims made for refugee or protected person status in New Zealand, of which there are around 150-200 successful claims each year. New Zealand also provides 300 places annually for family members of refugees and protected people through the Refugee Family Support Category, and is piloting the new Community Organisation Refugee Sponsorship Category in 2018/19 for 25 refugees.
18. New Zealand has operated the Refugee Quota Programme since 1987, when Cabinet endorsed an annual intake of 750 refugees [SE (87) M 8/5]. The annual quota remained at 750 places until the current financial year, when the

³ As of November 2016 other resettlement countries included Argentina, Australia, Austria, Belarus, Belgium, Brazil, Bulgaria, Canada, Chile, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Iceland, Ireland, Italy, Japan, Republic of Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Netherlands, Norway, Portugal, Romania, Spain, Sweden, Switzerland, United Kingdom, United States of America, Uruguay.

quota increased to 1,000 places (+/- 10 per cent) in line with the decisions of the previous Government [CAB Min 16 0271].

19. New Zealand's Refugee Quota Programme is comprised solely of cases referred by the UNHCR on the basis of physical and legal protection needs. The UNHCR promotes three protection solutions for refugees: voluntary repatriation, local integration and resettlement in a safe third country. Refugees who are referred by the UNHCR have been identified as those for whom there are no durable solutions in their country of origin or asylum, and who are in need of resettlement in a safe third country.

New Zealand undertakes assessment and screening of all refugees being considered for inclusion in the Refugee Quota Programme

20. Immigration New Zealand (INZ) assesses and selects refugees for inclusion in the Refugee Quota Programme from the caseload that is provided by the UNHCR. This process is designed to ensure that refugees who come to New Zealand through the Refugee Quota Programme do not pose a security risk to New Zealand and that settlement in New Zealand is the right option for them. The New Zealand Security and Intelligence Service (NZSIS) supports INZ to undertake this process, which includes:
 - 20.1. on- and off-shore screening and assessment, which includes face-to-face interviews that focus on credibility, risk and settlement;
 - 20.2. immigration risk assessment by the INZ Risk Assessment Team (assessed for reputational risk to New Zealand);
 - 20.3. security check;
 - 20.4. Migration 5 (M5) biometric checks; and
 - 20.5. immigration health assessment.
21. Those applicants who do not meet one or more of the Government's agreed Refugee Quota Programme requirements, New Zealand's relevant immigration policies, security and M5 checks, and risk assessment are declined from inclusion in the Refugee Quota Programme. Further information on the off-shore interview process is provided in Annex Two.

Quota refugees are granted permanent residence on arrival in New Zealand and receive coordinated settlement support under the New Zealand Refugee Resettlement Strategy

22. The settlement support services that are provided to quota refugees are underpinned by the cross-government New Zealand Refugee Resettlement Strategy, which was agreed in 2013. The overarching vision for the Strategy is that refugees are participating fully and integrated social and economically into New Zealand society as soon as possible. This enables them to live independently, undertaking the same responsibilities and exercising the same rights as other New Zealanders and have a strong sense of belonging to their own community and to New Zealand.

23. The Strategy is based upon and measured against the following five long-term integration outcomes:
- 23.1. Self-sufficiency: all working-age refugees are in paid work or supported by a family member in paid work.
 - 23.2. Housing: refugees live in safe, secure, healthy and affordable homes without needing government housing help.
 - 23.3. Education: refugees have English language skills that help them participate in education and daily life.
 - 23.4. Health and wellbeing: refugees and their families enjoy healthy, safe and independent lives.
 - 23.5. Participation: refugees actively participate in New Zealand life and have a strong sense of belonging here.
24. On arrival in New Zealand, quota refugees are provided with permanent resident visas. This means that they are eligible to access the same government-funded services (such as health, income and employment support, housing and education) as other residents and New Zealand citizens.
25. Quota refugees spend their first six weeks in New Zealand at MRRRC, where they undertake a reception programme that is designed to prepare them for life in New Zealand. INZ works in partnership with other government agencies and non-government organisations to deliver the reception programme, which includes:
- 25.1. Health and mental health assessment;
 - 25.2. Initial health treatment and health promotion;
 - 25.3. Settlement planning and orientation to New Zealand life;
 - 25.4. English language classes; and
 - 25.5. Preparing working-age adults for employment and children for school.
26. Following completion of the reception programme, quota refugees move to one of eight settlement locations around New Zealand: Auckland, Hamilton, Manawatū, Wellington, Nelson, Christchurch, Dunedin and Invercargill. Settlement locations are identified and agreed by a cross-agency senior officials group based on a number of factors, including the availability of housing, employment and access to government services.
27. For each cohort of refugees that arrive in New Zealand, INZ makes a decision on the settlement location that will be most appropriate for each refugee family. Quota refugees may be placed in public or private housing, based on the availability of suitable housing in settlement locations.

28. The New Zealand Red Cross is contracted by MBIE to provide settlement services to quota refugees during their first 12 months in the community. The services include a community orientation programme that complements the reception programme at MRRC, and links refugees to the mainstream services that they require to support their settlement in communities, including health services, schooling, English language classes and employment.

Decisions on the make-up of the refugee quota are made every three years

29. Decisions on the international regional allocation of the refugee quota, and on the distribution of sub-categories within the refugee quota, are made by Cabinet every three years. The international regional allocation of refugee quota places excludes the 150 places that are set aside for refugees subject to Australia’s offshore processing legislation, and the 100 places that are set aside to respond to large-scale refugee crisis situations. The regional allocation of the refugee quota for 2016/17-2018/19 is shown in Table One.

Table One: International regional allocation of refugee quota places

Region	Percentage of refugee quota
Asia-Pacific	50
Americas	22
Middle East	14
Africa	14

30. Within these allocations, New Zealand allocates up to 75 refugee quota places for refugees with medical conditions and disabilities and at least 75 places for women at risk.

31. I will be seeking Cabinet agreement to proposals on the international regional allocation and distribution of sub-categories of the refugee quota for 2019/20-2021/22 later in 2018. I am seeking Cabinet agreement to increase the refugee quota ahead of decisions on how the places are allocated among regions and particular groups to ensure that the capacity building that will be required to support the increased quota can get underway as soon as possible.

s 9(2)(f)(iv)

An increase in the Refugee Quota is timely and will have social, economic and cultural benefits for New Zealand

The world is experiencing unprecedented levels of forced displacement

33. The global population of forcibly displaced people has increased by more than 50 per cent in the last ten years. In 2017, the number of forcibly displaced people around the world reached a record high of 68.5 million people. Of these, around 19.9 million are refugees under the UNHCR’s mandate. The increase is largely due to significant new displacement from the Democratic Republic of the Congo and Myanmar, as well as continuing displacement from Syria. The burden of refugee movement is largely borne by developing

regions, which hosted 85 per cent of the world's refugees under UNHCR's mandate in 2017.

34. The UNHCR projects that in 2019 that 1.4 million refugees will be in need of resettlement globally, a 17 per cent increase from 2018.⁴ Further detail on the regions in which refugees in need of resettlement are located is provided in Table Two. The large number of refugees in need of resettlement is in contrast with approximately 76,000 resettlement places that are expected to be made available by states that participate in the UNHCR regular resettlement programme. Resettlement quotas have declined over the past few years, resulting in a 54 per cent drop in the number of refugees that were submitted to states for resettlement between 2016 and 2017.

Table Two: Projected number of refugees in need of resettlement by region for 2019

Region of Asylum	Number of persons
Africa	629,744
Asia and the Pacific	102,146
Europe	420,750
Middle East and North Africa	271,297
Americas	4,074
Total	1,428,011

Source: UNHCR Projected Resettlement Need 2019, published June 2018

s 6(a)

36. Australia is planning to increase the number of refugee resettlement places that it provides. The 2017/18 programme provided 16,250 resettlement places (including up to 1,000 places for the new Community Support Programme), which has increased to 18,750 places in 2018/19.
37. Most United Nations member states are also expected to join consensus on the Global Compact on Refugees (GCR) in October 2018. The GCR will establish a plan to cooperate internationally to manage refugee crises and support hosting states that manage large influxes of refugees. The GCR has four objectives, namely:
- 37.1. to ease pressures on countries that host large numbers of refugees;
 - 37.2. to enhance refugee self-reliance;
 - 37.3. to expand access to third-country solutions (ie resettlement and complementary pathways for admission); and

⁴ UNHCR Projected Resettlement Need 2019; published June 2018

- 37.4. to support conditions in countries of origin that enable refugees to return in safety and dignity.

Refugee resettlement has social, economic and cultural benefits for New Zealand

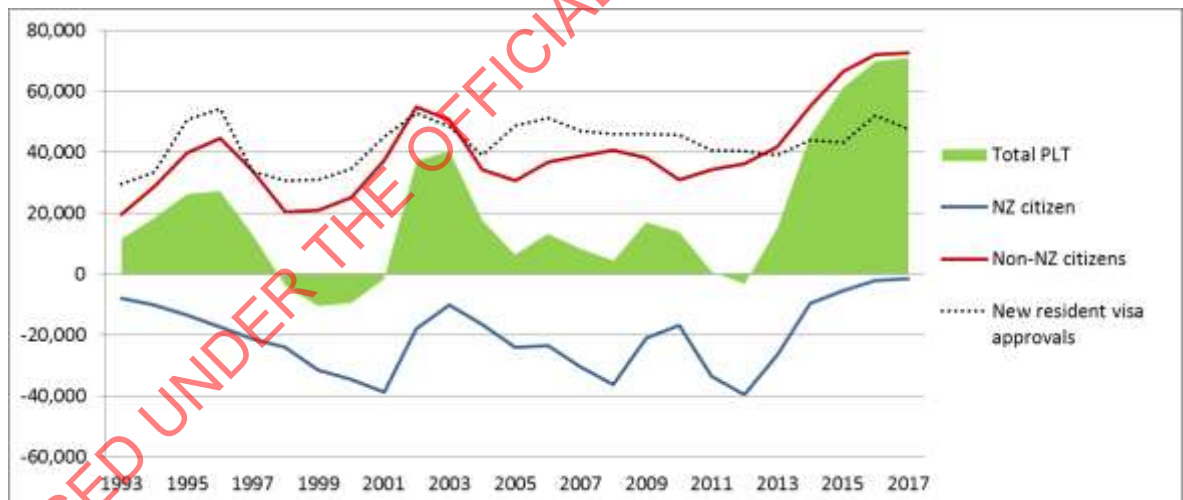
38. Increasing the refugee quota will have other benefits for New Zealand as a whole. Refugee resettlement provides an opportunity for government to work with local communities towards a common goal, building social cohesion and contributing to economic growth.
39. Our resettlement programme relies not only on government funding and provision of services, but on the participation of non-government organisations and volunteers. Local communities' interest in supporting refugee resettlement has been evident over the past few years as more settlement locations around the country have been opened up. Local government in Dunedin proactively reached out to government in 2015 to request that they be considered as a potential refugee settlement location. Similarly, the Christchurch City Council was highly invested in the work to re-establish Christchurch as a settlement location. This demonstrates that settlement locations perceive that there are benefits to actively participating in refugee settlement that outweigh the costs.
40. While the primary reason for accepting refugees is humanitarian, recent research (from the OECD, the United States, Australia and Canada) shows that there are economic and social benefits for developed countries of accepting refugees for developed economies.⁵ Economic benefits come from taxation over time, contributing skills and resources, spurring production capacity and consumption demand, and entrepreneurship. Social benefits come through building communities and labour market niches. The 2017 United States research calculated on average, the United States spent \$15,148 in relocation costs and \$92,217 in social benefits over an adult refugee's first 20 years in the country. Over that same time period, the average adult refugee paid \$128,689 in taxes — \$21,324 more than the benefits received.
41. The Canadian research found that even though the family class immigrants and refugees were not selected for economic reasons, they had about the same propensity to be private business owners or to be primarily self-employed as the economic class members, and accounted for a significant share (about 40 per cent) of private incorporated company ownership and for 47 percent of the primarily self-employed immigrants.

⁵ OECD, *Assessing the contribution of refugees to the development of their host countries*, 2017; OECD, *The fiscal impact of immigration in OECD countries*, 2013; Evans W, Fitzgerald D, *The Economic and Social Outcomes of Refugees in the United States: Evidence from the ACS*, NBER Working Paper No. 23498; Hugo D, *The Economic Contribution of Humanitarian Settlers in Australia*, *International Migration* Vol. 52(2), 2014 and Albrecht S and Smerdon D, *When refugees work: The social capital effects of resettlement on host communities*, March 2017; Green D et al, *Immigration, Business Ownership and Employment in Canada*, 2016, Analytical Studies Branch Research Paper Series.

The overall number of people settling longer term in New Zealand is decreasing

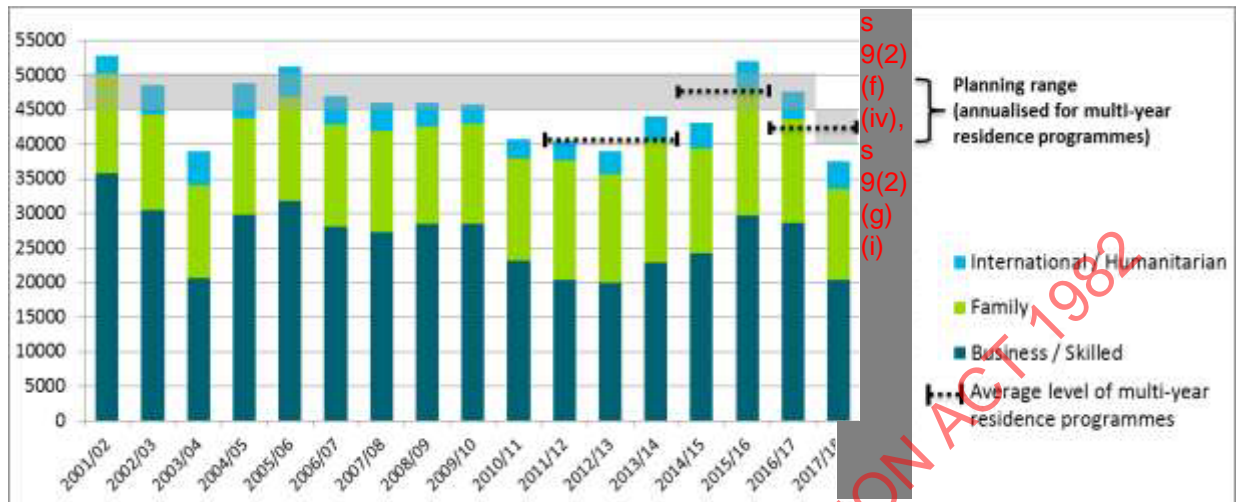
42. The annual net gain of migrants to New Zealand was 63,800 for July 2018. This was made up of 129,000 long-term arrivals and 65,200 long-term departures of previously resident individuals. Annual net migration has fallen in recent months, from a record high of 72,400 in July 2017.
43. MBIE's June 2018 baseline forecast is for annual net migration to decline by 22 per cent, reducing to 51,000 in the June 2020 year, which is the point at which the proposed increase in the refugee quota will take effect.
44. The forecasts are driven by emerging trends in the historical data, some of which arise from the previous Government's changes to policy settings, along with forecast economic and labour market performance of New Zealand relative to other countries, especially Australia. These forecasts do not incorporate the impacts of our more recent policy changes (such as to post-study work rights for international students) or future policy changes.
45. In line with forecasts for net migration, the rate of increase in net migration to New Zealand has declined over the past three to four years, alongside a decrease in the number of new resident visa approvals. This historical data is shown in Figure One.

Figure One: 25 year trends in net migration and residence approvals



46. The number of resident visa approvals is forecast to continue to decrease, in line with the historical data. Actual approvals s 9(2)(f)(iv), s 9(2)(g)(i) are shown in Figure Two.

Figure Two: Residence numbers 2001/02 to 2017/18 s 9(2)(g)(i), s 9(2)(f) compared to official residence programme planning range



Additional resources will be required to support the increase in the refugee quota

- 47. The New Zealand Refugee Resettlement Strategy is designed to support positive settlement outcomes for both quota refugees and their communities. The provision of settlement services supports quota refugees to become self-sufficient and is an important part of realising the wider benefits of refugee resettlement for New Zealand as a whole.
- 48. Additional resources will be required to continue to deliver high quality settlement support for a quota of 1,500 to enhance successful settlement and ensure that the impact on other government priorities, particularly those related to housing, is negligible. It will take time to build the capacity required to support the increased quota and in addition to the direct incremental costs there will also be 'step changes' affecting the way that services are delivered (for example, establishment of new settlement locations and expanding capacity at MRRC); as such, I am proposing that the increase to 1,500 places takes effect from 2020/21.

Existing settlement support services will be scaled up to support the increase

- 49. Work is already underway to increase the accommodation capacity of MRRC. Budget 2018 provided \$6.2 million of new operating funding over the next four years, and \$7.7 million of new capital, to build and operate two new accommodation blocks at MRRC. This expansion is necessary to accommodate for the current quota of 1,000 places annually, but will also enable the centre to accommodate an annual quota of 1,500 places if some changes are made to the length of the reception programme and the size of each intake of refugees to maximise use of our existing asset. The proposed changes to the configuration of the reception programme are summarised in relation to current settings in Table Three.

Table Three: Summary of changes to the configuration of the refugee reception programme

	Current settings for the quota of 1,000	Proposed settings for an increased quota of 1,500
Number of refugees per intake	170	214
Number of intakes per year	6	7
Length of reception programme at MRRC	6 weeks	5 weeks

50. Importantly, these changes will not affect the content and comprehensive nature of the reception programme that is provided to quota refugees. The length of the reception programme can be reduced to five weeks by adjusting the timing of the delivery of the health component of the programme, so that certain services (such as vaccinations and tests) are provided off-shore or in the settlement communities. The orientation and education components of the reception programme will be unchanged.
51. Extensions will also need to be made to the education and dining facilities at MRRC to accommodate for the increased number of refugees in each intake. Capital injections will be required to fund the construction of an additional classroom extension of the Early Childhood Centre, s 9(2)(i)
52. Additional resource will also be required to continue to drive successful settlement outcomes delivered through services and programmes in the community. This includes mainstream services (for example, health services and education) and refugee-specific services delivered under the whole of Government Refugee Resettlement Strategy.
53. These include the employment programme and driver training programme that together support refugees to connect to sustained and meaningful employment together with the language assistance programme that supports access to government and community services while refugees learn English. The cost of continuing to fund these services is \$0.500 million in the current financial year, \$9.100 million over the next five years and \$2.000 million in outyears.

Provision of additional resource is proposed to ensure that suitable housing can be located for quota refugees in a way that does not impact on other government priorities

54. My proposal to increase the refugee quota is made in the context of significant pressure on the supply of public and private housing across New Zealand. Budget 2018 provided funding for around 6,400 net additional public housing places over four years. The government is also working to increase the supply of affordable homes through the KiwiBuild programme, which aims to deliver 100,000 affordable homes to first home buyers over the next decade.
55. It is important that the increase in the refugee quota does not minimise the impact of these initiatives on the Government's objectives to increase housing

supply and to reduce the number of people who are homeless or on the housing register. In line with this, I am proposing some additional resources to ensure that quota refugees are able to access suitable housing.

Ensuring suitable housing for quota refugees is an important part of supporting settlement outcomes

56. I have agreed with the Minister of Housing and Urban Development the following principle upon which to base the housing of refugees:

That all quota refugees are provided with safe, secure, healthy and affordable homes and that refugees are placed into housing (public or private) which best suits their assessed needs.

57. Our ability to ensure that quota refugees are able to move into safe and affordable accommodation following their reception is key aspect of supporting successful settlement outcomes for refugees and their communities. Feedback from INZ, the Red Cross and the Office of Ethnic Communities indicates that financial hardship due to housing costs can interfere with quota refugees' ability to participate in government-funded settlement support activities, which affects long-term settlement outcomes and means that quota refugees are not able to make the most of the services that are funded for their settlement.
58. There is a short time window towards the end of the reception programme at MRRC to locate safe and affordable housing for quota refugee families. Public housing is generally best suited to quota refugees' needs and financial situations;⁶ however, given demand for public housing in refugee settlement locations, the proportion of quota refugees that are able to be accommodated in public housing has decreased in recent years, from around 70 per cent in 2015/16 to 21 per cent in the last intake of refugees in July 2018. As such, an increasing proportion of quota refugees are now being accommodated in private rental housing following their reception.
59. Locating suitable accommodation for quota refugees following the reception programme at MRRC is also important for the operation of the Refugee Quota Programme. If quota refugees need to stay on at MRRC beyond the end of the reception programme, the capacity that is available to receive the next intake of refugees is reduced. Under the proposed new operating model for the reception programme, each intake of quota refugees will be larger, meaning that there will be limited capacity at MRRC to accommodate quota refugees who are not able to move into settlement locations.

Work is underway to minimise the impact of the current refugee quota on housing pressures

60. Work is underway to minimise the impact of the current refugee quota on housing pressures in settlement locations. This included the reopening of Christchurch as a refugee settlement location, which will mean that the numbers of refugees being settled in locations with more constrained

⁶ Around 95 per cent of quota refugees are assessed as being eligible to access public housing during their stay at MRRC, and the vast majority receive a Priority A rating on MSD's housing needs assessment.

accommodation availability can be reduced significantly. Accordingly, the allocation of incoming refugee families among settlement locations around New Zealand has been updated to reduce the pressure in areas with significant housing supply constraints such as Wellington and Auckland.

61. In addition, Budget 2018 provided funding for additional housing broker resources to secure private rentals for quota refugees from 2018/19. Alongside this, officials are undertaking further work on operational improvements to the process of securing housing for quota refugees to ensure that refugees are able to be settled into their communities immediately after their reception at MRRC.
62. These initiatives are expected to go some way to preparing for an increased quota, but some additional resource will be required to build capacity to resettle 1,500 refugees each year.

Five to six new refugee settlement locations will be established to ease accommodation pressures

63. Establishment of new settlement locations around New Zealand is a key lever to addressing accommodation pressures in refugee settlement locations. Settlement locations are identified based on the availability of housing, employment opportunities and government services that are particularly important to supporting refugees' successful settlement. I am proposing that five or six new settlement locations are established to support the increase to 1,500 places.
64. Expanding the range of locations that accommodates refugees will mean that there is enhanced flexibility to place refugee families in locations where there is greater availability of suitable housing, and ease the pressure on existing settlement centres, particularly those where there are accommodation challenges. By 2020/21, it is expected that around 40 refugee households would be resettled annually in Christchurch, with between 12 and 21 households resettled in each of the five to six new settlement locations. This will mean that the number of families that are settled in the existing settlement locations each year is likely to decrease with the increased quota.
65. The process to determine and establish new refugee settlement locations is undertaken by the cross-agency senior officials group that oversees the New Zealand Refugee Resettlement Strategy.

Funding is sought to increase the supply of public housing in line with the decision to increase the quota

66. Increasing the refugee quota to 1,500 places will increase demand for public housing. In line with this, together with the Minister of Housing and Urban Development, I am proposing that funding is allocated to increase the supply of public housing in refugee settlement locations alongside the decision to increase the refugee quota. This will minimise the impact of the increase in the quota on the social housing register.

67. While quota refugees typically receive a Priority A rating on the housing needs assessment, due to private and public housing supply constraints, quota refugees will need to be accommodated in a mix of public and private housing. The additional public housing supply I am seeking will ensure that up to 50 per cent of the refugee quota will be able to be accommodated in public housing.
68. To achieve this for an increased refugee quota of 1,500 refugees I estimate that a further 149 public housing places annually will be required in refugee settlement locations across New Zealand (over and above those funded through Budget 2018 and included in the Ministry of Social Development's Public Housing Plan). The public housing places delivered will take into account the make-up of refugee households and how that aligns with the existing supply provided in refugee settlement locations. The cost of delivering these additional public housing places is estimated at a total of \$32.515 million over three years.⁷ These estimates are based on a number of assumptions regarding the average size of refugee families, the market rent for the delivered places, the level of operating supplement required to bring these places on board and the split of provision between Housing New Zealand Corporation (HNZC) and Community Housing Providers (CHPs).
69. The estimated \$32.515 million covers the on-going operating costs of funding Public Housing places, including the Operating Supplement needed to incentivise new supply in the settlement locations. This does not include any additional borrowing that HNZC may need to undertake to increase capacity in their overall build programme. The amount of borrowing needed by HNZC will be determined by the split of public housing supplied between HNZC and CHPs in these locations.
70. Further work will be required to determine the exact amount of funding required to deliver the additional public housing required to support the increase in the refugee quota, which will need to take into account the location of the new supply. As such, I am proposing that this funding is agreed as a tagged contingency against Budget 2019 subject to provision of a detailed breakdown of costs, a detailed implementation plan and the impact on HNZC debt.

I am also proposing additional funding to enable INZ to secure tenancies for quota refugees ahead of their departure from MRRC

71. I am also proposing that additional funding is provided to enable INZ to secure tenancies in public and private housing for quota refugees before the end of the reception programme at MRRC. This will build on the funding that was provided in Budget 2018 for additional housing broker resource to support quota refugees to secure private tenancies. The further funding will enable quota refugees, with the support of INZ, to secure tenancies in public or private housing before the end their stay at MRRC. This will be particularly

⁷ This cost will be partially offset by a saving in Accommodation Supplement costs of \$4.650 million over three years; as such, the total cost to Vote Social Housing is \$27.865 million over the next three years and \$14.585 million in outyears.

important in light of the proposed shortening of the reception programme from six weeks to five weeks.

72. The funding would be used to cover rent payments for a period of up to four weeks, from the point at which the tenancy was secured to the point at which refugees complete the reception programme and move into settlement locations. This will enable refugee families to work with INZ over a longer time period to locate suitable rental properties, increasing the likelihood that suitable accommodation will be found and enabling families to move into settlement locations immediately following conclusion of the reception programme.
73. Enabling quota refugees to secure tenancies earlier in the reception programme is also likely to encourage other types of housing providers, such as CHPs and councils, to become involved in provision of refugee accommodation. In the past it has been difficult to secure housing for refugees from these sources as it has not been possible to hold houses that become available in the weeks before refugees are scheduled to leave MRRC.
74. The estimated cost of enabling refugee families to secure tenancies up to four weeks before their departure from MRRC is approximately \$0.727 million over the next three years and \$0.260 million in outyears. This estimate is based on expected uptake of the funding across the refugee families and the weighted average mean rent as determined by MBIE based on expected household types and locations. This includes preparation and establishment costs for the new funding, which would come into effect prior to the increase in the refugee quota to ensure that the flow of quota refugees from MRRC and into settlement locations is operating effectively before the increase in numbers.
75. Further work is required on the design of this system and to determine a more accurate model of the expected cost of holding public or private rental houses. As such, I am proposing that this funding is agreed as a tagged contingency against Budget 2019 subject to provision of a detailed breakdown of costs and a detailed implementation plan.

Changes to re-establishment grants are proposed to support refugees in their initial weeks in New Zealand

76. Quota refugees are currently eligible for re-establishment grants through Work and Income to cover accommodation and household costs. These grants acknowledge the challenges that refugee families face in establishing themselves in new communities with limited financial resources. The grants were first established in 1990 and have not been updated since then.
77. I am proposing changes to this grant s 9(2)(f)(iv)

 I consider that this additional support is necessary to reflect both changes in the size of the expenses that the grants are intended to cover, and the increased proportion of quota refugees that are expected to be accommodated in the private rental market going forward, relative to the higher proportion of the refugee quota that has been

accommodated in public housing in the past. The accommodation grant in particular is important for quota refugees who are accommodated in private housing, whose bond and rent in advance payments are significantly higher than those refugees in public housing. The actual amount that is granted for accommodation costs depends on the cost of rent and bond in advance for each household, meaning that refugees in private housing are likely to draw down more funds than refugees in public housing.

78. The recoverable nature of the accommodation grant means that quota refugees begin their lives in New Zealand with a debt to government. This debt is generally repaid from other government income support that refugees receive, which further constrains their week-to-week budget. Feedback from agencies involved in refugee settlement, including the Red Cross, INZ and the Office of Ethnic Communities indicates that refugee families often need to access other emergency loans from government to cover establishment costs over and above the re-establishment grant.

79. The current maximum amount that is available to quota refugees in the re-establishment grants is summarised in Table Four. s 9(2)(f)(iv)

[Redacted content]

Table Four: Summary of current settings for refugee quota re-establishment grants

Grant type	Current amount available
Accommodation grant Intended to cover rent in advance and bond payments	Up to \$800, which is recoverable
Other re-establishment grant Intended to cover: <ul style="list-style-type: none"> • white ware • beds, bedding and essential appliances • costs for connecting telephone, electricity and gas • clothing requirements • the cost of attending English language classes • transport costs for attending English language classes • translation costs for work-related documents. 	Up to \$1,200, which is non-recoverable

80. Further work is required on the design of the changes to the re-establishment grant and the amount of funding that would be required to implement this change. As such, I am proposing that this funding is agreed as a tagged contingency against Budget 2019 subject to provision of a detailed breakdown of costs and a detailed implementation plan.

s 9(2)(f)(iv)

[Redacted content]

Consultation

83. The following departments have been consulted and their views reflected: The Ministry of Social Development, the Ministry of Health, the Ministry of Education, the Department of Internal Affairs (Office of Ethnic Communities), Housing New Zealand Corporation, Inland Revenue, the Ministry of Foreign Affairs and Trade, the Treasury and the Department of Prime Minister and Cabinet. The New Zealand Police and the NZSIS have been informed.

Treasury comment

84. The Treasury has not had the opportunity to review the costs thoroughly to ensure that they are accurate.
85. The paper seeks to establish two tagged contingencies to cover the operating and capital costs associated with increasing the refugee quota. These contingencies are proposed to be sought as pre-commitments against the Budget 2019 operating and capital allowances. These pre-commitments would reduce the available headroom in Budget 2019 to fund Government priority initiatives, cost pressures and other commitments.
86. The paper seeks to authorise Joint Ministers to draw down the tagged contingencies. The Treasury recommends that the Minister of Immigration reports back to Cabinet to seek approval for the draw down, rather than delegating this to Joint Ministers. As the paper asks Cabinet to agree to the proposal without finalised costing and robust policy development, requiring any draw-down on the contingencies to be considered at Cabinet would ensure that Ministers are appropriately informed of the costs.
87. There are two discretionary proposals the Treasury considers are beyond the immediate policy intent of the increase to the refugee quota, as they relate to general changes to the refugee resettlement programme. The Treasury recommends these should both be deferred for consideration in Budget 2019. The discretionary proposals are the changes to the re-establishment grant and the Refugee Driver Training Programme (Open Roads).

Financial Implications

88. Tables Five and Six show the additional operational and capital cost of the proposed increase in the refugee quota, for which I am seeking a tagged contingency to be set aside against Budget 2019.

Table Five: Operating contingency – Increasing the refugee quota to 1,500

	\$m – increase/(decrease)						
Initiative name	2018/19	2019/2020	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Increasing the refugee quota to 1,500	1.297	7.912	31.011	31.928	33.762	34.199	35.021
Total operating	1.297	7.912	31.011	31.928	33.762	34.199	35.021

Table Six: Capital contingency – Increasing the refugee quota to 1,500

	\$m – increase/(decrease)						
Initiative name	2018/19	2019/2020	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Increasing the refugee quota to 1,500	0	7.368	0	0	0	0	0
Total capital	0	7.368	0	0	0	0	0

89. Table Seven outlines the estimated cost of further initiatives that will be required to ensure that suitable housing can be located for quota refugees in a way that does not impact on other government priorities. I am seeking a tagged contingency to be set aside in Budget 2019 subject to further advice from officials on the policy design and finalised cost of these initiatives.

Table Seven - Operating contingency – Housing – Increasing the refugee quota to 1,500

	\$m – increase/(decrease)				
Initiative name	2018/19	2019/2020	2020/21	2021/22	2022/23 & Outyears
Increasing the refugee quota to 1,500	0	0.207	6.716	11.296	16.951
Total operating	0	0.207	6.716	11.296	16.951

90. The tagged contingencies will expire at the end of June 2019. Before then, I will report back to the Minister of Finance, the Minister of Housing and Urban Development and the Minister for Social Development to seek approval to

draw down the tagged contingencies. This will be subject to providing a detailed breakdown of costs and a detailed implementation plan for the changes. For the housing costs, the report back will include the impact on HNZC debt.

91. Consideration has been given to whether it is possible to meet some of the cost of the increase within baselines. Where possible, implementation of the increase has been planned to maximise the use of our existing assets, in particular MRRC. Further detail on agencies' ability to meet any aspects of the cost of the increase will be included in the report back to joint Ministers seeking to draw down on the contingency.

Legislative Implications

92. There are no legislative implications arising from this proposal. A regulatory impact statement is not required.

Human Rights

93. The proposals are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Publicity

94. MBIE will work with the offices of the Prime Minister and the Minister of Immigration on a communications strategy for the announcement and related material.

Proactive Release

95. I propose that this paper, and related advice on increasing the Refugee Quota, be proactively released when an announcement is made regarding the increase in the Refugee Quota.

Recommendations

The Minister of Immigration recommends that the Committee:

1. note that New Zealand currently provides 1,000 places annually for refugees referred for resettlement by the United Nations High Commissioner for Refugees
2. agree to increase the number of places within the refugee quota to 1,500 places per annum from 2020/21

Contingency for operational changes and additional resources

3. note that the increase in the refugee quota will require operational changes and additional resources to ensure provision of settlement services to an increased quota, including:
 - 3.1. shortening the length of the reception programme from six to five weeks and increasing the size of each intake of quota refugees

- 3.2. expansion of dining and education facilities at MRRC
 - 3.3. scaling up the provision of settlement and orientation services in the community, and
 - 3.4. establishment of five to six additional settlement locations around New Zealand, which will be undertaken by a cross-agency senior officials group
4. agree to set aside the following tagged operating and capital contingency as a pre-commitment against Budget 2019 operating and capital allowances, for the operational changes and additional resources outlined in recommendation 3, with a corresponding impact on the operating balance and debt:

Operating contingency

Initiative name	\$m – increase/(decrease)						
	2018/19	2019/2020	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Increasing the refugee quota to 1,500	1.297	7.912	31.011	31.928	33.762	34.199	35.021
Total operating	1.297	7.912	31.011	31.928	33.762	34.199	35.021

Capital contingency

Initiative name	\$m – increase/(decrease)						
	2018/19	2019/2020	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Increasing the refugee quota to 1,500	0	7.368	0	0	0	0	0
Total capital	0	7.368	0	0	0	0	0

5. authorise the Minister of Finance, the Minister of Immigration, the Minister of Housing and Urban Development and the Minister for Social Development, acting jointly, to draw down on the tagged contingency “Operating and capital contingency – increasing the refugee quota to 1,500” outlined in recommendation 4, subject to providing a breakdown of all costs, a detailed implementation plan and consideration of all funding sources

Contingency for housing-related costs

6. agree to the following initiatives that will be required to ensure that suitable housing can be located for quota refugees in a way that does not impact on other government priorities:
- 6.1. increasing the supply of public housing to account for approximately 50 per cent of the refugee quota; and

- 6.2. provision of additional funding to enable quota refugees to secure tenancies ahead of their departure from MRRC
7. agree changes to the re-establishment grants to support refugees in their initial weeks in New Zealand in a way that does not impact on other government priorities

Additional public housing

8. note that additional resources are required to increase the supply of public housing in refugee settlement locations to minimise the impact of the increase in the refugee quota on the social housing register
9. note that a further 149 public housing places annually will be required in refugee resettlement areas across New Zealand (over and above those funded through Budget 2018 and included in the Ministry of Social Development's Public Housing Plan)

Securing public and private tenancies

10. note that additional funding is also required to enable quota refugees to secure tenancies in public and private housing before the end of the reception programme at the Mangere Refugee Resettlement Centre
11. note that this funding would be used to cover rent payments for a period of up to four weeks, from the point at which the tenancy was secured to the point at which refugees complete the reception programme and move into settlement locations
12. note that further work is required on the design of this system and to determine a more accurate model of the expected cost of holding public or private rental houses

Changes to re-establishment grants

13. note that quota refugees are currently eligible for re-establishment grants to cover accommodation and household costs
14. note that I am proposing changes to this grant s 9(2)(f)(iv)
15. note that further work is required on the design of the changes to the re-establishment grant and the amount of funding that would be required to implement this change

16. agree to set aside the following tagged operating contingency as a pre-commitment against the Budget 2019 operating allowance, for the purpose of implementing the initiatives in recommendations 6 and 7:

Operating contingency – Housing

Initiative name	\$m – increase/(decrease)				
	2018/19	2019/2020	2020/21	2021/22	2022/23 & Outyears
Increasing the refugee quota to 1,500	0	0.207	6.716	11.296	16.951
Total operating	0	0.207	6.716	11.296	16.951

17. authorise the Minister of Finance, the Minister of Immigration, the Minister of Housing and Urban Development and the Minister for Social Development, acting jointly, to draw down on the tagged contingency “Operating contingency – Housing – Increasing the refugee quota to 1,500” outlined in recommendation 16, subject to providing administration costs, a detailed implementation plan and the impact on Housing New Zealand Corporation debt

Further funding considerations

18. note that there will be ongoing cost pressures as a result of the policy change in recommendation 2 above, with funding to be provided via future population based funding adjustments and other costs required to be met through agency baselines or resulting in future Budget cost pressure initiatives
19. note that these flow-on costs are estimated to be \$50 million operating over the forecast period, with an ongoing cost of around \$26 million per annum in outyears
20. agree that the tagged contingencies outlined in recommendations 4 and 16 will expire at the end of June 2019

Next steps

s 9(2)(f)(iv)

22. note that the Minister of Immigration will submit a proposal to Cabinet on the international regional allocation and distribution of sub-categories within the refugee quota for 2019/20-2021/22 later in 2018

23. note that the Ministry of Business, Innovation and Employment will work with the offices of the Prime Minister and the Minister of Immigration on a communications strategy for the announcement and related material.

Authorised for lodgement

Hon Iain Lees-Galloway

Minister of Immigration

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Annex One: Summary of progress in the Immigration Portfolio

Summary of Progress in the Immigration Portfolio

The Government's vision is to improve the wellbeing and living standards of New Zealanders, including through productive, sustainable and inclusive economic growth. The immigration system supports this vision by:

Improving New Zealand's labour market outcomes including by filling skill and labour shortages and raising overall skill levels

Encouraging investment and supporting innovation and exports

Supporting foreign relations objectives and New Zealand's international and humanitarian commitments

Supporting social inclusion, including through family reunification

Protecting the security of New Zealanders and the border

Other Government priorities with implications for immigration include:

- Refreshing New Zealand's approach to the Pacific islands region, including developing deeper partnerships and adopting principles of engagement based on mutual understanding, friendship, mutual benefit, collective ambition, and sustainability
- Deepening cooperation with Australia to enhance New Zealand's security and prosperity, including by streamlining trans-Tasman travel and working together to
- Supporting the rules-based international system and increasing New Zealand's overseas development contribution and improving responses to global emergencies and issues

The key priorities for the Future of Work Ministerial group are:

- Better aligning and co-ordinating policies, systems and processes across the immigration, workplace relations and safety, income support, education, and employment portfolios to get more New Zealanders into work with a particular focus on improving labour market outcomes for priority groups
- Supporting the transformation of the New Zealand economy from low skill/wage jobs towards high skill/wage jobs, and (as part of this)
- Helping workers and firms anticipate and constructively respond to the impact of technology change on jobs and skill requirements, including those workers at the highest risk of job displacement and those facing mid-career transitions

Better match the skills New Zealand needs with the skills New Zealand gets and ensure that the immigration, education and welfare systems work together to improve labour market outcomes for New Zealanders*

*below are the first steps of immigration's contribution to wider work to better align labour market systems and to address skill and labour shortages that is underway

2018 Immigration portfolio priorities	Changes to the Labour Market Test and Accredited Employer policy	Regionalisation of labour market policies	Changes to immigration settings to facilitate the KiwiBuild programme	New Zealand Residence Programme	Changes to immigration settings for international students	Establishing a policy review into temporary migrant worker exploitation	Pacific migration Review	Increasing the Annual Refugee Quota to 1,500 Places	Setting the next 3 year Refugee Quota programme	Proposal to develop an Electronic Travel Authorisation	Removal of departure card
	Sets out the key elements of an immigration package for KiwiBuild and seeks agreement to consult	Would target more facilitative visa settings at occupations whilst ensuring better labour market outcomes for the domestic construction workforce	Seeks agreement to the next iteration of the New Zealand Residence Programme, which sets out who gets residence in New Zealand, including decisions on the future of the Parent Category	Seeks agreement to proposed changes to restrict access to post-study work visas to higher qualified former international students and tighten access to work and student visas for family members of students	To seek agreement to establish an internal policy review into temporary migrant worker exploitation (including international students) to make recommendations to mitigate migrant vulnerability and reduce exploitation	Seeks agreement to a proposed immigration policy from 2018/2020 for Pacific immigration policies	Seeks Cabinet agreement to increase the annual Refugee Quota to 1,500 by June 2020, and to the funding required to implement the increase	Seeks Cabinet agreement to increase the annual Refugee Quota to 1,500 by June 2020, and to the funding required to implement the increase	Seeks Cabinet agreement to proposals on the international regional allocation and distribution of sub-categories of the Refugee Quota for 2019/20-2021/22 years.	Seeks agreement to introduce Electronic Travel Authorisation (ETA), which would be mandatory for most people who currently travel to or transit New Zealand visa free	Seeks agreement to the removal of the requirement that travellers complete a physical departure card at the border (Statistics New Zealand has developed new measures which do not depend on departure card data)
	Visa approvals ↑ Cabinet decisions confirmed on 28 May 2018.	Visa approvals ↓ Cabinet decisions taken 6 August 2018.	Visa approvals ↔ Cabinet decisions taken 10 September 2018.	Visa approvals ↔ Cabinet decisions taken 28 May/2018. Further work 2019.	Visa approvals ↑ Due to Cabinet 17 September 2018.	Visa approvals ↔ Cabinet decisions taken 20 August 2018.	Visa approvals ↑ Due to Cabinet 17 September 2018.	Visa approvals ↑ Due to Cabinet 17 September 2018.	Visa approvals ↑ Due to Cabinet 17 September 2018.	Visa approvals ↑ Due to Cabinet 17 September 2018.	Visa approvals ↑ Due to Cabinet 17 September 2018.
Upcoming papers	§ 9(2)(f)(iv)	§ 9(2)(f)(iv)	§ 9(2)(f)(iv)	§ 9(2)(f)(iv)	§ 9(2)(f)(iv)	§ 9(2)(f)(iv)	§ 9(2)(f)(iv)	§ 9(2)(f)(iv)	§ 9(2)(f)(iv)	§ 9(2)(f)(iv)	§ 9(2)(f)(iv)
Expected impacts											
Status / Timing											

Annex Two: Refugee Quota Interview process

Two separate interviews are undertaken during the assessment process:

- One interview examines their eligibility for resettlement in New Zealand under the current refugee quota policy.
- The second interview explains what New Zealand is like to live in, outlining New Zealand's democratic society and tolerant attitudes. There is a video that has been developed for this purpose.
- Candidates are asked about factors that may influence their settlement in New Zealand, which is used to identify areas where they may require additional support, including social and family history, education and employment. Candidates are also asked about their commitment to settlement in New Zealand, to determine whether settlement in New Zealand is the right option for them.
- The information that is gathered in this interview provides information to guide the development of individual Settlement Plans for successful candidates, which directly supports their settlement in the community and helps refugees prepare for their new lives in New Zealand

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