



## COVERSHEET

<b>Minister</b>	Hon Kris Faafoi	<b>Portfolio</b>	Minister of Immigration
<b>Title of Cabinet paper</b>	Funding sought from the Immigration Levy for migrant settlement and integration for the 2021/22 financial year	<b>Date to be published</b>	27 September 2021

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
June 2021	Funding sought from the Immigration Levy for migrant settlement and integration for the 2021/22 financial year	Office of the Minister of Immigration
23 June 2021	Migrant Settlement and Integration Services for 2021/22: Funding from the Immigration Levy DEV-21-0138	Cabinet Office

### Information redacted

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of free and frank opinions and confidentiality of advice to government.

In Confidence

Office of the Minister of Immigration

Cabinet Economic Development Committee

## **Funding sought from the Immigration Levy for migrant settlement and integration services for the 2021/22 financial year**

### **Proposal**

- 1 This paper seeks Cabinet agreement to Immigration Levy funding allocation for one financial year (2021/22) for a package of settlement services that contribute to the delivery of the New Zealand Migrant Settlement and Integration Strategy (the Strategy) and supports recent migrants' settlement and integration in New Zealand. The one financial year funding request is a transitional approach to support ongoing delivery of settlement services to recent migrants while a review of the immigration funding model is being undertaken.

### **Executive Summary**

- 2 In 2014 Cabinet agreed to the Migrant Settlement and Integration Strategy (the Strategy) **[EGI Min (14) 15/8]**, which sets out the Government's outcomes for migrant settlement. Government settlement and integration services are funded through a mix of Crown and Levy funding.
- 3 In 2015, Cabinet approved \$6.990m Immigration Levy revenue annually for settlement services provided across government agencies that had previously been funded from Migrant Levy revenue. Cabinet agreed to roll over the same cross-agency allocations from 2015/16 to 2016/17 and directed officials to report back to the Minister of Immigration on the design of a funding allocation process to fully implement the Strategy from 2017/18 **[EGI 15 MIN 0093]**.
- 4 In 2017, Cabinet agreed that the Immigration Levy settlement funding allocations would be for a four-year period (specifically for the period of 2017/18-2020/21) and that the Ministers of Immigration and Finance could make the final decisions within the four-year period on any adjustment to the allocations within the overall \$6.990m annual funding. **[EGI 17 MIN 0075]**.
- 5 COVID-19 has caused a significant reduction in the volume of people applying for visas, and therefore on the amount of visa fee and levy revenue (including the Immigration Levy). Despite the reduction in revenue, there is an ongoing need for delivery of core Immigration New Zealand (INZ) service delivery, including the provision of settlement support for migrants in New Zealand.
- 6 Agreement is sought for transitional funding of \$4.798m from the Immigration Levy being allocated for one financial year (2021/22) to enable the ongoing delivery of a package of services that support migrant settlement and integration, on the basis that:
  - allocation of funding from the Immigration Levy for the package of migrant settlement services ends on 30 June 2021;

- there is a review of the immigration funding model underway; and
- cross-agency work is being undertaken in 2021 to review the Strategy and to understand the settlement needs of migrants given the impacts of COVID-19.

7 Funding the settlement services from the Immigration Levy will further increase the deficit in the Immigration Levy hypothecation account, Confidential advice to Government

Free and frank opinions

## Context

- 8 In 2014 Cabinet agreed to the Strategy to effectively settle and integrate migrants in New Zealand [EGI Min (14) 15/8]. The Strategy's overarching outcome is that migrants "make New Zealand their home, participate fully and contribute to all aspects of New Zealand life". Key to achieving this overarching outcome are the Strategy's five outcome areas: Employment, Education and Training, English Language, Inclusion, and Health and Wellbeing [Annex A].
- 9 The main sources of government funding that supports the Strategy implementation are Crown funding, the Immigration Levy, the accrued Migrant Levy and the hypothecated future expired and unused Pre-Purchased English language tuition fees.
- 10 The Immigration Levy<sup>1</sup> funds and contributes to a number of immigration services including immigration compliance activities, border functions, immigration marketing and attraction and settlement services<sup>2</sup> and migrant research.
- 11 COVID-19 has caused a significant reduction in the volume of people applying for visas, and therefore on the amount of visa fee and levy revenue. Despite the reduction in revenue, there is an ongoing need for delivery of core Immigration New Zealand (INZ) service delivery, including the provision of settlement support for migrants in New Zealand.
- 12 A decision is now required on allocation of Immigration Levy funding for settlement support services from the start of the 2021/22 financial year.

## Immigration Levy settlement funding allocations

- 13 The total amount of spending to be appropriated from the Immigration Levy is currently \$38m per annum. The Immigration Levy revenue and Crown funding allocated against the Levy are tracked in a hypothecation account. As at 30 June 2021, the current forecast deficit of the Immigration Levy hypothecation account is \$30m.
- 14 In 2015, Cabinet agreed to the allocation of \$6.990m annually from the Immigration Levy to fund cross-agency settlement services [EGI 15 MIN 0093].

<sup>1</sup> The Levy is charged to principal applicants on temporary (including visitor, student and work) and residence (including skilled migrant, family and some international/humanitarian) visa applications. Levy rates are differentiated based on the immigration functions each broad visa category generates the need for or benefits from.

<sup>2</sup> The funding for services is appropriated to Vote Labour Market, Vote Education and Vote Tertiary Education.

15 In 2017, Cabinet agreed that the Immigration Levy settlement funding allocations would be for a four-year period and that the Ministers of Immigration and Finance could make the final decisions within the four-year period on any adjustment to the allocations within the overall \$6.990m annual funding. Cabinet also agreed to the settlement services funded through the Immigration Levy settlement allocations for the four-year period 2017/18 to 2020/21 [EG1 17 MIN 0075].

**Impact of COVID-19 on Immigration Levy funding**

16 The COVID-19 pandemic and responses are impacting on:

- access to New Zealand’s borders;
- migrants’ settlement and their settlement support and service needs; and
- the ways in which some migrant settlement services have been funded (for example through the Immigration Levy).

17 COVID-19 has caused a significant reduction in the volume of people applying for visas, and therefore on the amount of visa fee and levy revenue. Despite the reduction in revenue, there is an ongoing need for delivery of INZ service delivery, including the provision of settlement support for migrants in New Zealand. The deficit in the hypothecation account is forecast to increase in the short term due to the lower Immigration Levy revenue resulting from the ongoing impacts of COVID-19.

18 Additional Crown funding has been agreed in 2019/20, 2020/21 and 2021/22 to enable INZ to continue delivering fee-funded services.

[Redacted] Confidential advice to Government

[Redacted] o enable a return to a sustainable financial position, I have directed the Ministry of Business, Innovation and Employment (MBIE) to undertake a first principles review of the immigration funding model. This work will include:

- initial Cabinet policy decisions about potential changes to the structure of the funding model in 2021;
- [Redacted] Confidential advice to Government
- [Redacted] Confidential advice to Government

19 [Redacted] Confidential advice to Government

**Proposed funding sought from the Immigration Levy for 2021/22**

20 An allocation of \$4.798m for one financial year (2021/22) as transition funding is proposed from the Immigration Levy to deliver a mix of migrant settlement services focused on the Strategy outcome areas of Employment, Education and Training and English Language and Inclusion.

21 The transition funding approach takes into account the impact of COVID-19 on the Immigration Levy revenue stream, the current and ongoing deficit in the hypothecation

account, and planned cross-agency work to further explore COVID-19 impacts on recent migrants' settlement support needs.

- 22 The mix of services proposed and the funding for each service is outlined in **Table 1**. As a package, the services provide employment support services, access to settlement information for people whose first language is not English and English language learning and education support.

**Table 1: Proposed Immigration Levy settlement allocation funded settlement services in 2021/22**

Settlement service	Overview	Continuing / New	Vote	Funding sought 2021/22 (\$m)
<b>Employment</b>				
Regional Skills matching and job assistance services (MBIE)	Service that matches job-seeking migrants with businesses that need their skills in seven regions.	Continuing	Labour Market	1.227
Work Connect Programme (Migrant Futures) (Tertiary Education Commission – TEC)	Provides migrants with career management competencies that will equip them to find, secure and remain in employment in a New Zealand context.	Continuing	Tertiary Education	1.613
Pacific Work Connect Programme (TEC)	The delivery of the Work Connect career mentoring programme adapted and tailored to the needs of Pacific migrants. Funded as pilot through the accrued Migrant Levy in 2019/20 – 2020/21	New	Tertiary Education	0.564
<b>Education and Training and English Language</b>				
ESOL provision for adult migrants (Ministry of Education/TEC)	Provides ESOL tuition to adult migrants to boost their English proficiency, supports their settlement into the local community and transition to further education and training.	Continuing	Tertiary Education	0.426
Bilingual Support Workers in schools (Ministry of Education)	Supports migrant students in their early stages of English language learning and access to curriculum programmes.	Continuing	Education	0.514
<b>Inclusion</b>				
Multilingual Settlement Information Programmes (MBIE)	Supports people whose first language is not English to access settlement information.	Continuing	Labour Market	0.454
<b>Total proposed Immigration Levy funding allocation for 2021/22 FY</b>				<b>4.798</b>

- 23 Funding the migrant settlement services package from the Immigration Levy will further increase the deficit in the hypothecation account.

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25 Further to this, cross-agency work will be undertaken to better understand the COVID-19-related impacts on migrant settlement and their settlement needs and to refresh the Strategy indicators and measures to ensure these remain fit for purpose.

*Some of the settlement services funded through the Immigration Levy in 2021/22 to 2020/21 are not included*

26 **Table 2** provides information about the services that were funded through the Immigration Levy over the last four-year period (2017/18 to 2020/21) and the rationale for those services not being included for funding via the Immigration Levy in the 2021/22.

**Table 2: Settlement Services not funded through the Immigration Levy in 2021/22**

Settlement services not continuing to be funded under the Immigration Levy	Responsible agency	Rationale	(\$m)
ESOL in schools	Ministry of Education	Vote Education baseline funding for the initiative has been secured from 2021/22	2.460
National level support for organisations that facilitate migrant participation in host communities	MBIE	Initiative completed	0.100

27 In addition to the rationale outlined in the **Table 2**, the reduction in allocations of Immigration Levy funding for settlement services in 2021/22 will also assist to reduce the deficit of the hypothecation account

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## Consultation

28 The following government agencies were consulted in the development of this paper: The Treasury; Ministries of Education, Social Development, Youth Development and Health; Ministries for Women and Pacific Peoples; Tertiary Education Commission; Department of Internal Affairs; Office of Ethnic Communities; New Zealand Police; and Oranga Tamariki. The Department of the Prime Minister and Cabinet was informed.

## Financial Implications

- 29 In 2017, Cabinet agreed that the Immigration Levy settlement funding allocations and the settlement services be funded for a four-year period from 2017/18 to 2020/21 [**EGI 17 MIN 0075**]. This paper seeks Cabinet agreement to transitional funding from the Immigration Levy and the mix of settlement services funded through that levy for the financial year 2021/22.
- 30 The proposals in this paper seek increases to Votes Labour Market, Tertiary Education and Education for 2021/22, totalling \$4.798m, as follows in **Table 3**:

**Table 3: Appropriations to support the mix of settlement services**

<b>Services</b>	<b>Vote</b>	<b>\$m – increase/(decrease) 2021/22</b>
<ul style="list-style-type: none"> <li>Regional skills matching and job assistance services</li> <li>Multi-lingual Settlement Information Programmes</li> </ul>	<b>Vote Labour Market</b> <b>Minister of Immigration</b> Departmental Output Expense: Immigration Services MCA – Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)	1.681
<ul style="list-style-type: none"> <li>Work Connect Programme – Migrant Futures</li> </ul>	<b>Vote Tertiary Education</b> <b>Minister for Education</b> Non-Departmental Output Expense: Administration of and Support for the Tertiary Education and Careers Systems	1.613
<ul style="list-style-type: none"> <li>Pacific Work Connect Programme</li> </ul>	<b>Vote Tertiary Education</b> <b>Minister for Education</b> Non-Departmental Output Expense: Administration of and Support for the Tertiary Education and Careers Systems	0.564
<ul style="list-style-type: none"> <li>ESOL provision for adult migrants</li> </ul>	<b>Vote Tertiary Education</b> <b>Minister for Education</b> Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA) Non-Departmental Output Expense: Community Education	0.426
<ul style="list-style-type: none"> <li>Bilingual Support Workers</li> </ul>	<b>Vote Education</b> <b>Minister of Education</b> Multi-Category Expenses and Capital Expenditure: Improved Quality teaching and Learning MCA Non-Departmental Output Expense: Professional Development and Support	0.514
	<b>Total Operating</b>	<b>4.798</b>

## Human Rights

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

## Legislative and Regulatory Implications

- 32 There are no legislative or regulatory implications related to the proposals

## Publicity

- 33 No publicity is planned.

## Recommendations


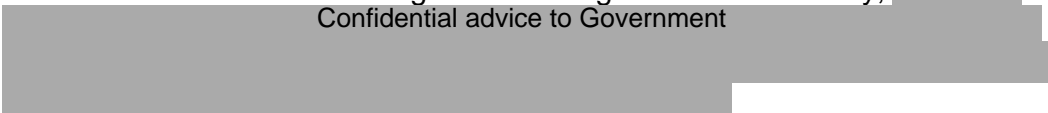
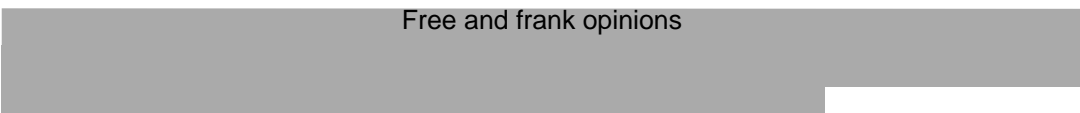
- 34 I recommend that the Cabinet Economic Development Committee:
1. **note** that in 2015, Cabinet approved \$6.990m of Immigration Levy revenue annually to support settlement services across government agencies (that had previously been funded from the Migrant Levy), agreed that the 2016/17 allocations remain the same as 2015/16, and directed officials to report back to the Minister of Immigration on the design of a new funding allocation process to fully implement the New Zealand Migrant Settlement and Integration Strategy from 2017/18 [**EGI 15 MIN 0093**];
  2. **note** that in 2017, Cabinet agreed that the Immigration Levy settlement funding allocations would be for a four-year period (specifically for the period of 2017/18-2020/21) and that the Ministers of Immigration and Finance could make the final decisions within the four-year period on any adjustment to the allocations within the overall \$6.990m annual funding [**EGI 17 MIN 0075**];
  3. **note** that a Cabinet decision is now required to allocate funding from the Immigration Levy to support settlement services for 2021/22;

### ***Immigration Levy funding allocations for 2021/22***

4. **agree** to the cross-agency allocations of the \$4.798m Immigration Levy funding for 2021/22 for the following mix of settlement services that support the Strategy:

<b>Settlement service</b>	<b>Responsible Agency</b>	<b>2021/22 Immigration Levy allocation \$m</b>
Regional Skills matching and job assistance services	MBIE	1.227
Work Connect Programme (Migrant Futures)	Tertiary Education Commission	1.613
Pacific Work Connect Programme	Tertiary Education Commission	0.564
ESOL provision for adult migrants	Tertiary Education Commission	0.426
Bilingual Support Workers	Ministry of Education	0.514
Multi-lingual Settlement Information Programmes	MBIE	0.454
<b>TOTAL allocations</b>		<b>\$4.798</b>



5. **note** that given the impact of COVID-19 on the Immigration Levy revenue stream, the allocation of this funding will further increase the deficit in the Immigration Levy hypothecation account;
6. **note** that a review of the immigration funding model is underway,   
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8. **note** that Immigration Levy funding allocations for the following settlement services will not be continued from 2021/22:
  - ESOL in schools (Vote Education); and
  - National level support for organisations that facilitate migrant participation in host communities (Vote Labour Market);

### ***Fiscal Implications***

9. **approve** the following appropriations to give effect to the mix of settlement services as outlined in Recommendation 4:

Vote	\$m – increase/(decrease) 2021/22
<b>Vote Labour Market</b> <b>Minister of Immigration</b> Departmental Output Expense: Immigration Services MCA – Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)	1.681
<b>Vote Tertiary Education</b> <b>Minister for Education</b> Non-Departmental Output Expense: Administration of and Support for the Tertiary Education and Careers Systems	2.177
<b>Vote Tertiary Education</b> <b>Minister for Education</b> Multi-Category Expenses and Capital Expenditure: Tertiary Tuition and Training (MCA) Non-Departmental Output Expense: Community Education	0.426
<b>Vote Education</b> <b>Minister of Education</b> Multi-Category Expenses and Capital Expenditure: Improved Quality teaching and Learning MCA Non-Departmental Output Expense: Professional Development and Support	0.514
<b>Total Operating</b>	<b>4.798</b>

10. **agree** that the change to appropriations for 2021/22 above be included in the 2021/22 October Baseline Update and that, in the interim, the increase be met from Imprest Supply.

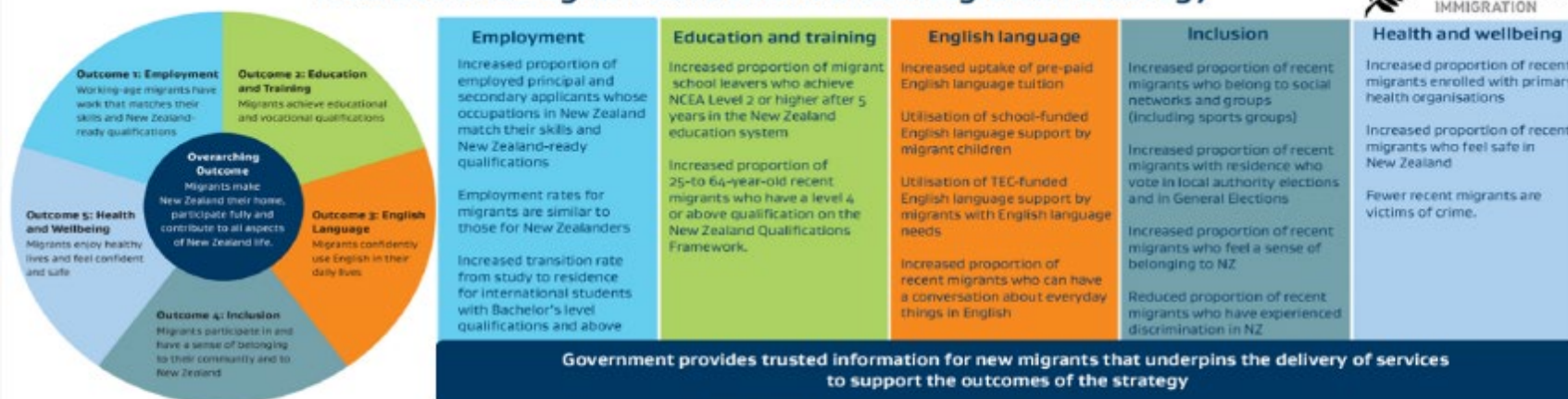
Authorised for lodgement

Hon Kris Faafoi  
**Minister of Immigration**

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# Annex A: New Zealand Migrant Settlement and Integration Strategy

## New Zealand Migrant Settlement and Integration Strategy



### Government services supporting outcomes from 2017/18 include\*:

Outcome	Service
Employment	CareersNZ: Migrant Futures Work Connect programme* MBIE: Regional skills matching and job-search assistance programmes* MBIE: Regional Relationship Managers TEC: Workplace Literacy programme MBIE: Skilled Migrant programme (provided by VUW)
Education and training	MoE: Bilingual support workers in schools* MoE: School and tertiary tuition subsidisation*
English language	TEC: ESOL provision for adult migrants (informal, ILN, ACE, SAC)* MoE: ESOL in schools* TEC: Admin of pre-paid English language tuition MoE/TEC: Online English language course directory
Inclusion	MBIE: Multi-lingual settlement information programmes* MBIE: Support for orgs that facilitate migrant participation in host communities* OEC: Transitional arrangements for Language Line Interpreting service* MBIE/OEC: Support for ADG Language Assistance Services Project MBIE/OEC: Introducing Welcoming Communities model in regions* HRC: Tackling casual racism (iThatsus social media campaign)* MBIE-Interagency group: Cross-govt cultural competency capability development* OEC: Ethnic Communities Development Fund Electoral Commission: Strategy for culturally and linguistically diverse communities
Health and wellbeing	NZPolice: District Safety Patrols* MoH: Stocktake of information about "How to use NZ health system" for migrants* MSD/MBIE: Shakti support and accommodation services
All	MBIE: Settlement information and support including INZ publications & online tools, INZ Contact Centre, NZ Now website, CAB Migrant Connect service

\*Services funded by Immigration Levy and Accrued Migrant Levy revenue are subject to Cabinet approval

### Contribution to Government priorities

The Strategy's outcomes focus on the economic contribution of migration to New Zealand aligning it with the Government's Business Growth Agenda goal to build a more productive and competitive economy. Employment is a key outcome for the Strategy. The Strategy also focuses on the social well-being of migrants.

### Our collaborative approach

Agencies have committed to work together across government on settlement-related policy and the purchase of delivery services. Our migrant-centred approach includes:

- Strong and inclusive **leadership** by INZ
- Agencies contributing **specialist expertise** to the identification of key priorities across government
- Taking a **whole of system** approach that ensures best use of government resources
- **Openness and transparency**, effective communication and information sharing
- **Innovative and responsive** service design and delivery and commitment to regularly review and improve our approach.

### Priority migrant groups

The priority migrant groups for settlement services are those who make the largest potential economic contribution. These are:

- Skilled Migrant Category visa holders
- Skilled temporary visa holders (including higher-skilled Essential Skills visa holders, Work to Residence visa holders, and graduate international students on Post Study work visas with a level 7+ qualification)
- The partners and families of the above groups
- Migrant youth

For settlement information all migrants are priorities.

### Governance structure

