



BRIEFING

New Zealand Residence Programme: Next Steps

Date:	31 August 2016	Priority:	Urgent
Security Classification:	Sensitive	Tracker number:	0596 16-17

Action sought

	Action sought	Deadline
Hon Bill English Minister of Finance	Agree the next steps for the New Zealand Residence Programme (NZRP)	Friday, 2 September 2016
Hon Steven Joyce Minister for Tertiary Education, Skills and Employment	Note that Immigration NZ (INZ) will coordinate with Ministers' offices about the nature and timing of the announcement of changes to the NZRP.	
Hon Michael Woodhouse Minister of Immigration		

Contact for telephone discussion (if required)

Name	Position	Telephone	1st contact
Andy Jackson	Manager, Skills and Employment Policy	04 901 3855	✓
David King	Director, Labour and Immigration Policy	04 901 8584	

The following departments/agencies have been consulted

<input type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
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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 Withdrawn |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

New Zealand Residence Programme: Next Steps

Date:	31 August 2016	Priority:	Urgent
Security Classification:	Sensitive	Tracker number:	0596 16-17

Purpose

The purpose of this briefing is to seek confirmation of the outcomes of your discussion on the New Zealand Residence Programme (NZRP) on Monday 29 August and advise of the next steps to deliver on those outcomes.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a. **agree** to the summary of outcomes of Ministers' discussion on 29 August on the **NZRP** contained in paragraphs 3-9 of the briefing.

Agree / Disagree

Out of Scope

- c. **agree** with the proposed next steps to give effect to the outcomes of that discussion contained in paragraphs 14-23 of the briefing.

Agree / Disagree

- d. **note** that INZ will coordinate with Ministers' offices about the nature and timing of the announcement of changes to the NZRP.

Noted


Andy Jackson
Manager, Skills and Employment Policy, Labour,
Science and Enterprise Group
31 /08 /2016

Hon Bill English
Minister of Finance
..... / /

Hon Steven Joyce
Minister for Tertiary Education, Skills and
Employment
..... / /

Hon Michael Woodhouse
Minister of Immigration
..... / /

Discussion on the New Zealand Residence Programme

1. On Monday 29 August 2016 the Prime Minister, Minister of Finance, Minister for Tertiary Education, Skills and Employment, Associate Minister of Finance and Ministers of Social Development and Immigration met to discuss the NZRP for 2016/17 and outyears Out of Scope. This note seeks your confirmation of the key outcomes of that meeting in order that officials may prepare follow-up papers to give effect to those outcomes.
2. Overall, Ministers confirmed a desire to proceed with a NZRP broadly in line with the proposals contained in the A3s provided to support the discussion. Ministers' focus is on taking the opportunity to improve the quality of immigrants admitted under the NZRP Out of Scope in the light of increasing application numbers.

NZRP 2016/17

3. Overall, Ministers indicated broad comfort with an Annual Planning Range of 45,000–50,000 for the NZRP in 2016/17 and we propose to recommend such a Planning Range in the draft Cabinet paper giving effect to these decisions.
4. To give effect to this Planning Range, Ministers confirmed a desire to proceed with the proposals in the A3 to ensure that demand for places under the Skilled Migrant Category (SMC) is managed within the NZRP, by:
 - increasing the automatic selection mark to 160; and
 - stricter application of English language requirements
5. In addition, Ministers were comfortable with reducing the capped Family numbers (capping the Parent Category at 2,000) and if necessary closing the Parent Category.

NZRP 2017/18 and 2018/19

6. For the NZRP in 2017/18 and 2018/19 Ministers confirmed a desire to make additional changes to improve quality and manage numbers. Combined with the initiatives instituted in the 2016/17 year, options for an Annual Planning Range for 2017/18 and 2018/19 of either 40,000–45,000 or 45,000–50,000 are feasible. We propose that the Cabinet paper to give effect to decisions for this period provide Cabinet with a choice between these options.
7. The key change would be to realign the SMC to better identify and prioritise migrants with higher value skills by:
 - adjusting the proxies used to measure and assess skills under the SMC; and
 - introducing the option of salary thresholds to determine whether employment in New Zealand is skilled or not.

8. s 9(2)(g)(i)

9. We propose to seek in principle decisions for these changes in the upcoming Cabinet paper. However, further detailed design work will be needed to fully assess the impact of these changes.

Out of Scope

Out of Scope

Next steps to deliver on outcomes of discussion

14. To deliver on this set of outcomes, and related immigration policy matters, actions need to be taken by Cabinet and by the Minister of Immigration. This section sets out those decisions and the timing of them.

Cabinet decisions

15. We propose that a paper for Cabinet on the NZRP for the periods 2016/17 and 2017/18 to 2018/19 be prepared as soon as practicable. This would cover the policy decisions relating to the size of the Annual Planning Range, changes to the SMC and the Family Category, as well as informing Cabinet of changes being made by the Minister of Immigration (see next section).
16. This paper will seek Cabinet agreement to the SMC automatic selection mark being changed to 160. While INZ would maintain discretion to select below the automatic selection mark should there be a significant decline in EOIs such that the Planning Range may not be achieved, in practice in the short-medium term it would not select any EOIs under 160.
17. This approach means that INZ will move directly to the 160 automatic selection mark once there is Cabinet agreement. As a result there will be a small number of selections under the current automatic selection mark until Cabinet decisions are made. However, we consider a two-step approach (moving to stop selections below 140 immediately and then moving to 160) would effectively risk pre-announcement of government intentions for the NZRP.
18. INZ will coordinate with Ministers' offices about the nature and timing of the announcement of changes to the NZRP.

Out of Scope

Out of Scope

Minister of Immigration decision

21. To give effect to the changes to English language requirements for the SMC, INZ will require amendments to instructions to be certified by the Minister of Immigration. MBIE will deliver a paper recommending such changes to the Minister in September with changes coming into effect, subject to Ministerial approval, in November.

Other

Out of Scope

Summary of next steps

23. In summary we propose the following papers for the following Ministers on the dates specified.

Paper Title	Proposed Minister(s)	Date of Delivery
Draft Cabinet Paper: New Zealand Residence Programme: 2016/17 and 2017/18 – 2018/19	Minister for Tertiary Education, Skills and Employment and Minister of Immigration	Draft to Ministers week ending 9 Sept

Out of Scope

Changes to Immigration Instructions: English Language Requirements	Minister of Immigration	September
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Out of Scope



AIDE MEMOIRE

New Zealand Residence Programme

Date:	25 August 2016	Priority:	Urgent
Security Classification:	Sensitive	Tracker number:	0458 16-17

Information for Ministers	
Rt Hon John Key Prime Minister	Hon Bill English Minister of Finance
Hon Steven Joyce Minister for Tertiary Education, Skills and Employment	Hon Anne Tolley Minister of Social Development
Hon Paula Bennett Associate Minister of Finance	Hon Michael Woodhouse Minister of Immigration

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Andy Jackson	Manager, Skills and Employment Policy	04 901 3855	s 9(2)(a) ✓
David King	Director, Labour and Immigration Policy	04 901 8584	

The following departments/agencies have been consulted					
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input checked="" type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input checked="" type="checkbox"/> MoE

Minister's office to complete:

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| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments:



AIDE MEMOIRE

New Zealand Residence Programme

Date:	25 August 2016	Priority:	Urgent
Security Classification:	Sensitive	Tracker number:	0458 16-17

Purpose

The purpose of this aide memoire is to provide you with information to inform your discussion on the New Zealand Residence Programme on Monday 29 August at 1.30 pm.

Andy Jackson
Manager, Skills and Employment Policy
s 9(2)(a)
Ministry of Business, Innovation and Employment
25 /08 / 2016

Supporting Material on the New Zealand Residence Programme

1. At EGI on Wednesday 10 August the Committee decided to reconsider the New Zealand Residence Programme (NZRP) as soon as practicable.
2. To support your discussion on these issues are two A3s setting out the decision choices Ministers face in relation to the NZRP.
3. The A3s step Ministers through the following three issues:
 - The number of residence approvals for the NZRP for the 2016/17 year and mechanisms to achieve that number
 - The number of residence approvals for the 2017/18 and 2018/19 years and mechanisms to achieve that number and improve its composition; and
 - Out of Scope
4. We seek Ministers' direction on these issues in order for the Minister of Immigration to prepare a paper for EGI seeking Cabinet decisions. The Cabinet paper is likely to seek final decisions on issues related to the NZRP, Out of Scope

Annexes

Annex 1: Two A3s setting out the decision choices Ministers face in relation to the New Zealand Residence Programme and flows into the NZRP.

Out of Scope

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OFFICIAL INFORMATION ACT

Managing New Zealand Residence Programme (NZRP)

Permanent and Long Term Migration: PLT measures the flow of people into New Zealand who arrive on their arrival card an intention to remain in New Zealand for 12 months or more. PLT is largely made-up of temporary visa holders. The high PLT numbers may indicate future pressure on some residence categories as students and workers seek to transition to residence.

The New Zealand Residence Programme: The NZRP sets the total level of residence approvals over a multi-year period and the proportion of residence places allocated to the different residence streams (Skilled / Business, Family, and International / Humanitarian streams). The NZRP does not strongly influence PLT arrivals, as most NZRP places are filled by people on a temporary visa, who have been in New Zealand for some time and applied for residence from within New Zealand. However, the ability to progress to residence may be an incentive for some temporary migrants to move here. The planning range for the 2014/15 – 2015/16 NZRP was set at between 90,000 and 100,000 people over the two years.

Key Decisions

1. Residence Programme for 2016/17

Changes could be made to keep within the current NZRP range for 2016/17

- This year is already underway – applications have already been approved or are in progress.
- Expressions of interest (EOIs) being selected for SMC are at the highest level since 2009.
- If INZ continues to select all EOIs with 140 or above, and all EOIs with a job offer above 100, then the number of NZRP approvals will be above the planning range, reaching approx. 54,200.

2. Residence Programme for out-years: 2017/18 and 2018/19

We propose further changes to residence requirements and settings to continue to manage the number of people granted residence in the mid-term and improve quality

- Beyond 2016/17 we would recommend taking a more sophisticated approach that focuses on quality, rather than quantity, of the NZRP cohort.
- There is a lag between selection of EOIs and approval of their SMC application.
- We could further improve selection mechanisms in out-years, through changes that prioritise higher-wage and higher-skilled migrants.

Options

Keep the NZRP range for 2016/17 at the current level and make changes to ensure we do not exceed the maximum

- Limit the selection from Expressions of Interest to automatic selection mark for SMC (140 points)
- Reduce Capped Family numbers – and potentially close the current Parent Category
- Require more applicants to undertake English language tests for SMC
- It may also be necessary to increase the points required for the automatic selection mark for SMC to 160, or higher.

The implications of these options are set out on page 2.

Make changes to the Skilled / Business residence stream (60% of NZRP)

- SMC accounted for approx. 25,000 of the NZRP in 2015/16.
- Reduction could be achieved by making an in principle decision to realign SMC to better identify and prioritise migrants with higher value skills. This could be done by:
 - o adjusting the points (including income) used to measure and assess value under the SMC, including the points and selection mechanism.

Make changes to the Family residence stream (32% of the NZRP)

- Capped family category accounted for approx. 5,800 of the NZRP in 2015/16.
 - Uncapped family category (partners and children) accounted for approx. 12,800 of the NZRP in 2015/16.
- Make changes to the International / Humanitarian residence stream (8% of the NZRP)
- This stream accounted for approx. 6,000 of the NZRP in 2015/16.

Out of Scope



Residence Programme for 16/17 - Implications

Immigration New Zealand operational change Limit selection to automatic selection mark for SMC

- Option:** Retain the SMC automatic selection mark at 140, but remove the selection of EOIs for people under 140
- Likely impact on NZRP:
 - Reduces NZRP by approx. 1,747 people (principal applicants and any dependants).
 - Some people may be eligible for additional points that they currently do not claim.
 - Impact on economy
 - SMC applicants who are not selected won't necessarily leave the labour force as temporary work visas will still be available to them.
 - Operational complexity:
 - Simple: can be introduced immediately.
 - There will be a lag before the effect of the change is seen in NZRP numbers.

Changing the SMC selection mark

- Option:** Increase automatic selection mark to, for example setting the SMC a automatic selection mark at 160
- Impact on NZRP:
 - Reduces NZRP by approx. 899 people (principal applicants and any dependants)
 - Impact on economy
 - SMC applicants who are not selected won't necessarily leave the labour force as temporary work visas will still be available to them.
 - Operational complexity:
 - Simple: can be introduced from time of decision.
 - There will be a lag before the effect of the change is seen in NZRP numbers.

Ministerial / Cabinet agreement

- Stricter application of English requirements for SMC**
- Option:** Remove the ability to use 'work experience in NZ' and 'study in English below bachelor level' to meet the English language requirement under SMC.
- Impact on NZRP:
 - Reduces number of principal applicants and any dependants.
 - Will have a short term impact by delaying visas being issued for some applicants while they sit and pass tests.
 - Impact on economy:
 - Likely to mostly affect recent international graduates (former international students in NZ).
 - Operational complexity:
 - Medium: changes to immigration instructions and forms. Can be introduced from November.

Reduce Capped Family numbers

- Option:** Reduce the capped Family numbers (mostly parents) and potentially close the current Parent Category. For example, if you set the parent category to 2,000:
- Impact on NZRP:
 - Reduction of 3,500 from the 2015/16 NZRP numbers.
 - Would result in queued EOIs.
 - Impact on economy:
 - Would have positive impacts on health, welfare and housing across the economy.
 - Main nationalities in 2015/16 were China (52%), India (12%) and UK (9%)
 - Operational complexity:
 - Simple: changes to immigration instructions and systems. Could be implemented quickly.

Top 10 Minor Groups and Occupations - Indicative reduction to SMC visas granted, if selection criteria set at 140 points (% refers to the reduction to the total numbers of SMC workers granted visas within that group or occupation)

ANZSCO 3 Digit - Minor Group	#	%
Food Trades Workers	294	44%
Accommodation and Hospitality Managers	98	29%
Bricklayers, and Carpenters and Joiners	87	55%
Retail Managers	85	24%
ICT and Telecommunications Technicians	70	16%
Automotive Electricians and Mechanics	69	49%
Mechanical Engineering Trades Workers	63	54%
Electronics and Telecommunications Trades Workers	61	42%
Fabrication Engineering Trades Workers	52	76%
Business and Systems Analysts, and Programmers	51	10%

These are initial numbers based on data for applicants who gained residence in 2014/15 and further modelling and analysis is required. These figures exclude SMC visas which are issued without a job offer (approx. 8% of all migrants who gained residence in 2014/15)

Top 10 Major Groups and Occupations - Indicative reduction to SMC visas granted, if selection criteria set at 160 points (% refers to the reduction to the total numbers of SMC workers granted visas within that group or occupation)

ANZSCO 3 Digit - Minor Group	#	%
Food Trades Workers	495	73%
Retail Managers	276	77%
Accommodation and Hospitality Managers	244	72%
ICT and Telecommunications Technicians	223	50%
Business and Systems Analysts, and Programmers	140	27%
Midwifery and Nursing Professionals	134	19%
Sales, Marketing and Public Relations Professionals	124	62%
Bricklayers, and Carpenters and Joiners	122	78%
Accountants, Auditors and Company Secretaries	111	65%
Building and Engineering Technicians	103	54%

These are initial numbers based on data for applicants who gained residence in 2014/15 and further modelling and analysis is required. These figures exclude SMC visas which are issued without a job offer (approx. 8% of all migrants who gained residence in 2014/15)

Additional changes to the Residence Programme for out years - Implications

Make changes to the Skilled / Business residence stream

- Option:** Make an in principle decision to realign SMC to better identify and prioritise those migrants with higher value skills so the cohort making up the NZRP numbers are of greater value to NZ
- adjusting the proxies used to measure and assess skills under the SMC, including the points and selection mechanisms, including:
 - focusing more on recognised skilled work experience
 - removing points no longer aligned with government priorities
 - awarding additional points for very high salary levels
 - introducing the option of salary thresholds as a means to determine whether employment in NZ is skilled, including:
 - excluding certain jobs that are below a certain income level (that are currently treated as skilled)
 - allowing jobs above a certain income to be considered skilled (potentially including some that are not currently treated as skilled).

Make changes to the Family residence stream (across all temporary and residence policies)

- Option:** Reduce the maximum age of dependent children, for example from 24 to 21.
- Impact on NZRP:
 - Reduces the number of dependants, which may be a disincentive for primary applicants pursuing residence in NZ.
 - Operational complexity:
 - Medium complexity - changes to Regulations, Immigration Instructions and systems. Could be implemented in 2017
- Option:** Extend the time in a relationship for a partnership visa to 2 years:
- Impact on NZRP:
 - Likely to have an impact on numbers in the short-term but the changes would only delay the ability to bring in a partner so limited medium term impacts unless tied to changes to temporary partnership policy.
 - Operational complexity:
 - Medium complexity - changes to Immigration Instructions and systems. Could be implemented in 2017.

Office of the Minister of Immigration

Chair, Cabinet

New Zealand Residence Programme 2016/17 – 2017/18

Proposal

- 1 This paper seeks Cabinet's agreement to the planning ranges for the number of residence approvals for the New Zealand Residence Programme (NZRP) and its sub-streams for 2016/17 – 2017/18. It also proposes that, in light of anticipated pressure on the programme in coming years, the Skilled Migrant Category be reviewed to ensure it prioritises migrants who will be of greatest benefit to New Zealand's labour market.

Executive Summary

- 2 The NZRP sets the total level of residence approvals over a multi-year period and the proportion of residence places allocated to the different residence streams (Skilled / Business, Family, and International / Humanitarian streams). It does not have a close relationship with Permanent Long Term (PLT) migration figures in any year, as most people approved residence are already living in New Zealand.
- 3 The planning range for the 2014/15 – 2015/16 NZRP was between 90,000 and 100,000 people over the two years. As an annual average number (i.e. 45,000 to 50,000 people per year) the NZRP has stayed largely the same since 2001.
- 4 I propose that the next NZRP be set for two years from 1 July 2016 to 30 June 2018, with annual planning ranges of 45,000 – 50,000 for each year of the NZRP. The planning proportions for the streams will be maintained. This will continue to allow for the settlement of skilled workers and investors, and enable New Zealand to fulfil its international obligations, whilst maintaining stability in settings and not increasing the overall fiscal costs of the programme.

Out of Scope

- 5 There were over 95,000 residence approvals when the 2014/15 – 2015/16 NZRP expired on 30 June 2016. Over 52,000 of these were approved in the second year of the programme, and there is evidence that demand will increase over the coming years as temporary migrants seek to transition to residence.
- 6 The greatest increase in projected demand is in the Skilled Migrant Category (SMC). To be invited to apply under this category, migrants must show they are eligible for sufficient points. However, there is evidence that the SMC points system is not calibrated to prioritise those migrants who can make the greatest contribution to New Zealand. I propose to report back to Cabinet in November 2016 on possible changes to the SMC to keep approvals within the NZRP planning range while ensuring that higher-skilled and higher-paid migrants are prioritised.
- 7 I propose that the number of places allocated annually to the Parent, Adult Child and Adult Sibling categories be reduced by 1,150 in the next NZRP. These places will

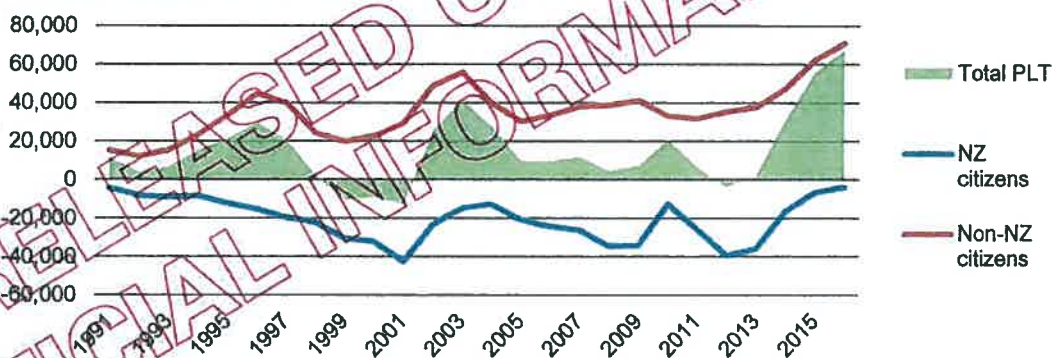
instead be made available under the uncapped Partner and Dependent Child categories, which will enable better management of demand. This shift will also reduce fiscal costs for New Zealand, as Parents Category migrants generally impose higher costs on the system than other migrants.

Background

There are currently net positive flows of people, but this is only loosely related to the NZRP

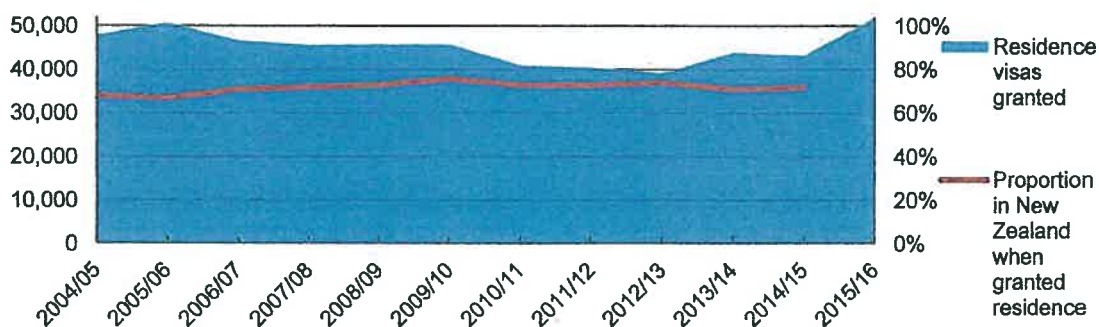
- 8 Many people enter New Zealand annually on a temporary but long-term basis, including those who come to study or work. During 2015/16 there was extensive media coverage of the high level of permanent and long-term (PLT) arrivals to New Zealand, which led to record net migration of over 69,000 people in the year ending June 2016.
- 9 The net PLT figure in any year is the difference between two very large flows (of people leaving and people arriving) and as such is volatile and difficult to influence directly. PLT arrivals are people who arrive in New Zealand and declare on their arrival card that they intend to stay for 12 months or more, including New Zealand residents and citizens returning after an absence of 12 months or more. The vast majority of those who arrive in New Zealand and declare their intention to remain long term are entering on temporary visas (visitors, students, and workers), or have a pre-existing right to live here (such as New Zealand and Australian citizens).

Figure one: Net PLT for New Zealand, 1991 – present



- 10 The NZRP does not control gross migration flows, as it relates only to the number of people granted the right to reside permanently in New Zealand. Within any year, the NZRP does not strongly influence PLT arrivals, as most NZRP places are filled by people on a temporary visa, who have been in New Zealand for some time and applied for residence from within New Zealand. However, the ability to progress to residence may be an incentive for some temporary migrants to move here. In 2014/15, 72 per cent of residence approvals were to people already in New Zealand. Figure two shows that residence approvals have varied little despite the fluctuations in PLT arrivals.

Figure two: Resident visas granted 2004/05 – 2015/16



- 11 Residence planning ranges under the NZRP have been broadly consistent from year to year, with average annual planning ranges of around 45,000 – 50,000 since 2001. Following the Global Financial Crisis (GFC), approval numbers dropped below this range, but demand has been increasing since 2012/13. In 2015/16 over 52,000 people were approved under the NZRP, which brought the two-year NZRP within its planning range. Demand is predicted to remain high over the coming years.
- 12 While the increase in net migration is increasing housing demand in Auckland in particular (and overall infrastructure demand), it is just one of several factors currently driving up prices, of which supply is key. Evidence to date is mixed on the effects of migration on house prices, with a recent MBIE-commissioned research synthesis concluding that net international migration trends over the last five years have likely had only a minor impact on the Auckland housing market. In recent years PLT figures have been heavily influenced by the trans-Tasman migration of New Zealanders, due to both reductions in those leaving and increases in those returning (see paragraph 9 and Figure one above). Trans-Tasman migration appears to have had a greater impact on house prices than migrant settlement into Auckland. As most people granted residence under the NZRP are already living and working in New Zealand, changes to the NZRP would be unlikely to have an immediate impact on infrastructure pressures.

The NZRP manages residence approvals to help New Zealand grow economically and to meet our international obligations

- 13 Immigration supports the Business Growth Agenda through encouraging investment, enabling and supporting innovation and growing export markets. The objective of the NZRP is to contribute to economic growth through enhancing the long-term overall level of human capability in New Zealand, encouraging enterprise and innovation, and fostering international links, while maintaining a high level of social cohesion.

The NZRP is structured in three streams which reflect government's objectives

- 14 The NZRP planning range is not a hard cap, as it contains within it a number of uncapped visa categories. Nor is it an explicit target to be met at all costs. The NZRP sets a planning range for the total number of people approved residence class visas, and determines the proportion to be granted through different residence streams in order to balance economic and social benefits. The NZRP influences Immigration New Zealand's (INZ) operational planning, as INZ generally aims to allocate visa processing resources in order to meet the planning range.
- 15 Planning ranges are set for each residence stream and the overall NZRP. The 2014/15 – 2015/16 NZRP had a residence intake planning range of 90,000 to 100,000 for the two-year period from 1 July 2014 – 30 June 2016 (an average of 45,000 to 50,000 per year). Table one below outlines the three residence streams.

Table one: NZRP streams and proportions

Residence Stream	Description	Proportion	Planning range
Skilled / Business	For skilled workers, investors and entrepreneurs (and their immediate family members)	60%	26,900 – 29,975
Family	For family members of New Zealand citizens and residents. Includes both uncapped categories for partners and dependent children, and capped categories for parents, adult children and siblings ¹	32-33%	14,850 – 16,200

¹ In May 2012 significant changes were made to the Parent Category, and the Sibling and Adult Child Categories were closed. There is a backlog of historic applications awaiting processing, and up to 700 places will be needed to clear this backlog over the next two years.

International / Humanitarian	To meet international and humanitarian commitments (for example, the Pacific Access Category and refugee quota)	7-8%	3,250 – 3,825
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- 16 The streams are weighted to benefit New Zealand's economy while addressing our humanitarian and international commitments. The Skilled / Business Stream is assigned 60 per cent of the total residence intake (residence applications include the principal applicant, their partner and dependent children). The Family Stream is allocated around 32 per cent, and International / Humanitarian eight per cent. I do not propose that we change these proportions.
- 17 Within each of these streams, there are both capped and uncapped categories. The largest single category is the Skilled Migrant Category within the Skilled / Business Stream, which makes up around half of the entire residence programme, and the second largest (a fifth of the total) is the Partnership Category in the Family Stream. (The attached Annex sets out the detail of categories against streams.)

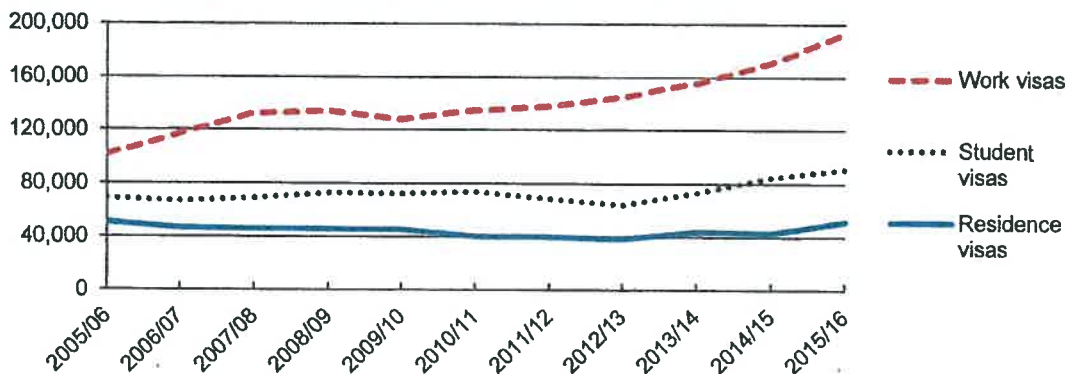
The parameters for the next NZRP aim to maximise benefit for New Zealand

- 18 I propose the next NZRP retain the average annual planning range of 45,000 to 50,000 residence approvals per year. This will continue to allow for the settlement of skilled workers and investors, and enable New Zealand to fulfil its international obligations, whilst not increasing the overall fiscal costs and infrastructure impacts of the NZRP. Demand for residence places is growing (particularly under the SMC and partnership categories – see from paragraph 20).
- 19 There is no strong evidence to suggest that changing the size of the NZRP would increase the economic contribution of immigration, while there would be risks in increasing or decreasing the NZRP. Increasing the NZRP could increase long-term fiscal costs as more residents transitioning from temporary visas become eligible for services such as subsidies and superannuation that they would not otherwise have been eligible for and would have some (although small) impact on existing infrastructure pressures. Decreasing the size of the NZRP on the other hand could negatively impact businesses seeking to attract skilled staff, and expats returning to New Zealand with non-citizen partners. Maintaining the NZRP while adjusting policy settings (see from paragraph 28) will enable New Zealand to prioritise people who can provide the most benefit to the country.

To maintain the size of the NZRP, demand must be effectively managed

- 20 The number of people granted work and student visas has increased since the GFC, as more people have sought to gain skills and experience in New Zealand. Figure three shows the recent increase in students and workers, to 30 June 2015.

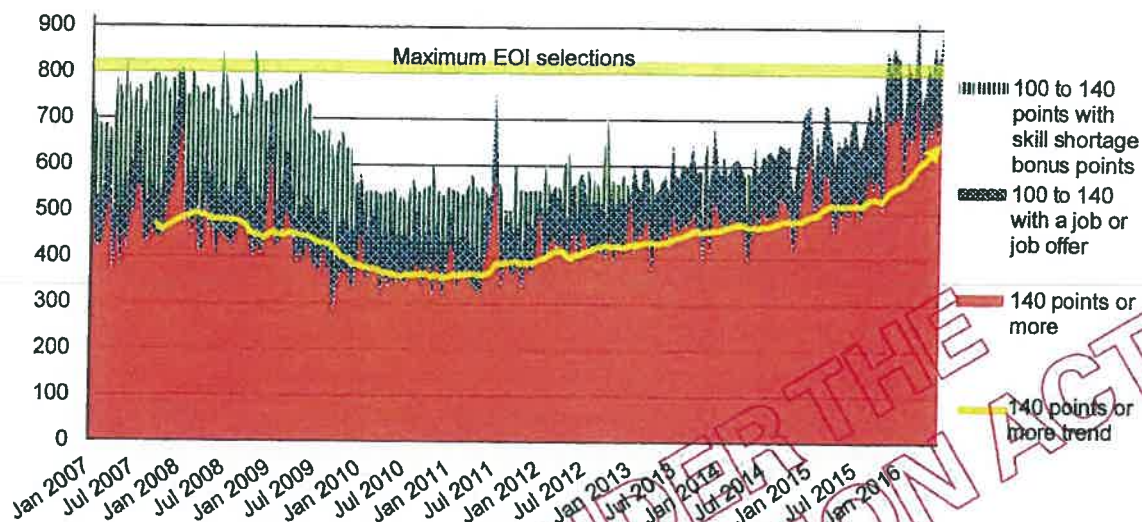
Figure three: People granted work, student and resident visas, 2005/06 – 2014/15



- 21 A proportion of these workers and former students are now seeking to gain residence, mostly under the Skilled Migrant Category (SMC). The large pool of people in New Zealand is converting to a large pool of Expressions of Interest (EOIs) for the SMC.
- 22 To apply under the SMC applicants must submit an EOI claiming a minimum of 100 points. EOIs are selected from the pool fortnightly according to priority. First, EOIs with more than 140 points are automatically selected. Then, if needed to meet the NZRP planning range, EOIs with 100 – 140 points and an offer of employment are selected. In times of lower demand, EOIs with no job offer and 100 – 140 points may also be selected if they work in an area of long term skills shortage. If at face value the applicant(s) appear eligible for the points they have claimed, INZ will invite them to apply for residence.
- 23 The number of EOIs qualifying for automatic selection has increased significantly over the 2014/15 – 15/16 NZRP (see Figure four). However this has not corresponded with an increase in wages or skill level. Data on the SMC composition indicates that:
- There has been a small increase in the proportion of the Australian and New Zealand Standard Classification of Occupations (ANZSCO) skill level 1 occupations (professionals and managers), a larger increase in the proportion of skill level 2 occupations (associate professionals and technicians), and a decrease in skill level 3 occupations (trades and other workers).
 - SMC continues to be effective in attracting migrants in higher skilled occupations (e.g. nurses, IT professionals, civil engineers are all in the top 10 occupations). However, there has been strong growth in SMC migrants working in occupations that are associated with lower wages (e.g. chefs, retail managers, café and restaurant managers are three of the top six occupations in SMC).
 - Overall, across the economy, recent SMC migrants are taking a slightly smaller share of jobs across industry sectors in the five years from 2009/10 to 2014/15. The main sector that went against the overall trend of a declining share of SMC migrants, and saw an increase in the share of SMC migrants, was accommodation and food services (with retail trade, agriculture and health sectors seeing minor gains in share as well).
 - Recent SMC migrants (resident in the last five years) working in lower-paid industries generally earn less than similarly-skilled New Zealanders in the same industry. For example, in the retail trade sector their median earnings were \$43,200, compared to skilled New Zealanders' full time earnings of \$52,200 (year to March 2015).
 - However, in higher-wage sectors, recent SMC migrants' earnings are similar to skilled New Zealanders. For example, in the professional, scientific and technical services sector, recent SMC migrants had median annual earnings of \$72,600 compared to skilled full time New Zealanders of \$73,000 (March 2015).
- 24 To some degree these outcomes reflect changes in the age and composition of SMC migrants over time, in particular that a larger proportion of SMC migrants are now recent students. However, while a greater proportion of recent graduates could be expected to lead to lower entry incomes, statistics indicate that former international students generally earn less than comparable domestic graduates and in some fields and levels of study the earnings gap does not close overtime.
- 25 Three of the top six SMC occupations are chefs, café and restaurant managers and retail managers. While there are still highly-skilled and highly-paid migrants coming through the SMC, the current skill composition of SMC migrants does not fully reflect the

government's wider objectives to lift skills levels and incomes. There is a risk that lower-earning SMC migrants could be competing with New Zealand workers, including recent graduates, for lower-level supervisory and managerial roles in some industries.

Figure four: EOI selections under the SMC



26 Since the SMC opened, all EOIs with 100 to 140 points and a job offer have been selected. However, in times of high demand, immigration instructions allow INZ to select EOIs with a job offer only in sufficient numbers to meet the requirements of the NZRP. If there are sufficient EOIs with 140 points to meet the NZRP requirements, EOIs under 140 points will no longer be selected. INZ can stop selecting those EOIs with 100 to 140 points and a job offer to relieve pressure on the category. However this would only be effective in the short term, would negatively affect employers and would not deal with the underlying issues.

27 As Figure four shows, the SMC category is now coming under numerical pressure, as the number of EOIs meeting the automatic selection criterion is approaching the total number needed to meet the SMC proportion of the Skilled / Business Stream of the planning range.

The points awarded under the Skilled Migrant Category will be reviewed to ensure the category is providing maximum benefit to New Zealand

28 To keep SMC numbers from exceeding the planning range and ensure that it is prioritised to attract high-wage and high-skill migrants, selection criteria should be realigned. The current points system, developed in 2003 when the category opened, does not appear to now be effectively prioritising the highest value migrants. I propose officials investigate realigning the points systems and skill thresholds to better identify and prioritise those migrants with higher value skills. I will report back to Cabinet in November 2016 on possible changes to the SMC aimed at keeping approvals within the NZRP planning range while ensuring that higher-skilled and higher-paid migrants are prioritised, including by:

- adjusting the proxies used to measure and assess skills under the SMC, including the points and selection mechanisms
- lifting the bar on what constitutes 'skilled employment', including removing some occupations and introducing salary thresholds that may be regionally differentiated.

- 29 To ensure that proposals for change to the SMC are practical and workable, officials will undertake consultation with selected key public stakeholders. This will enable officials to understand potential impacts on the labour market and broader economy. Consultation will include stakeholders such as immigration advisors, Business NZ and affiliates, Council of Trade Unions and education peak sector bodies.

Reallocating places within the Family Stream will help maintain the allocated stream proportions and reduce fiscal costs for New Zealand

- 30 The proportions of 60 per cent Skilled / Business, 32 per cent Family and eight per cent International / Humanitarian reflect government priorities, while managing demand and our international commitments. Since the GFC, the Family Stream has consistently exceeded 32 per cent of the total NZRP. This was to be expected while demand under the Skilled / Business Stream and overall numbers were lower than the planning range. However, as demand in the Skilled / Business Stream has increased, demand within the Family Stream has remained high.
- 31 The Family Stream will have a planning range of 14,400 – 16,000 people per year. Within this stream are the uncapped Dependent Child and Partnership Categories, the capped current Parent Categories, and the Sibling, Adult Child and former (pre-2012) Parent Categories which closed in 2012. The current capped Parent Category is managed through an EOI system which is effective in controlling numbers. Demand under the uncapped categories has been rising since the GFC and, since 2011/12, has consistently exceeded the expected proportion of the planning range.
- 32 This increase in demand under the uncapped categories may be managed through a reducing the capped categories from 5,500 people per year in 2014/15 – 2015/16, to 4,350 per year in the annual planning ranges of the next NZRP. Under the previous NZRP 1,410 places per year were set aside to clear the backlog of applications under the closed categories. This backlog has been reduced and will be cleared in the next two years. Cabinet previously decided that the NZRP places allocated to the closed Sibling, Adult Child and Parent categories would be reallocated to the SMC when the backlog had been cleared [CAB Min (11) 19/11]. However, the rising uncapped demand means reallocation within the Family Stream is now more appropriate.
- 33 As the Partner and Dependent Child Categories are uncapped, all applications which meet the requirements must be accepted for processing. Unless additional places are assigned to these categories, it is likely that the Family Stream will continue to exceed the allocated proportion of the NZRP, which has implications for INZ resource allocation and the overall size of the NZRP.
- 34 I propose 1,150 places per year be reallocated to the uncapped family categories, to cater for demand from the partners and dependent children of New Zealand citizens and residents.

Setting the NZRP for two years Out of Scope

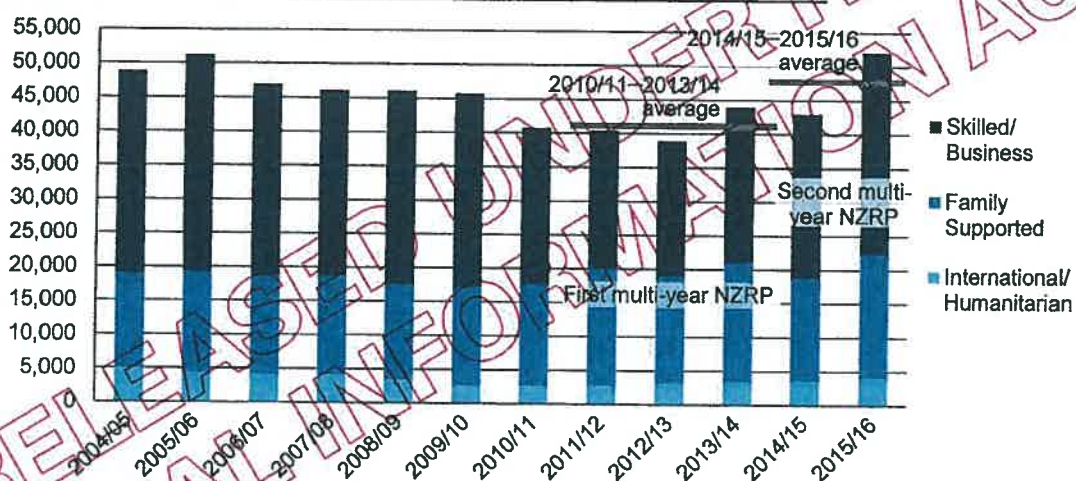
- 35 When the NZRP was introduced, planning ranges were set annually. The multi-year NZRP was introduced in 2010/2011 to provide consistency and stability for government agencies and for New Zealand, and to manage fluctuating demand after the GFC and Christchurch earthquakes. Cabinet set the first multi-year NZRP at three years, anticipating this timeframe would allow trends to emerge, enabling more comprehensive reviews. The subsequent NZRP was two years to allow for the review of the streams. I propose a further two year NZRP.

- 36 A two year NZRP will provide some stability in the current environment
Out of Scope

Annual planning ranges for the next two years will manage demand and aim to maximise benefit from those granted residence

- 37 The 2014/15 – 2015/16 NZRP fell within the 90,000 – 100,000 planning range, but the number of resident visas granted in the second year of the programme (over 52,052) was greater than the number granted in the first year (43,085) as shown in Figure five.

Figure five: Annual resident visa approvals and proportions 2004/05 – 2015/16



- 38 If a multi-year planning range were retained and processing kept up with current demand, it is forecast that significantly more than 50,000 people could be approved in the first year of the next NZRP. Under the multi-year format, to keep within a 90,000 – 100,000 planning range, higher approvals in the first year would need to be balanced by a lower number in the second year of the NZRP. Such restrictions in the second year could negatively impact businesses in New Zealand, as the SMC would be the most affected. Without the ability to apply for residence, highly skilled migrants may be unwilling to move to New Zealand with their families.
- 39 Demand under all residence categories is forecast to continue to be high over the next two years, so I propose setting two annual planning ranges of 45,000 to 50,000. This will provide a clear and transparent message about the maximum number of people I expect to be granted residence in any one year. It will also allow Immigration New Zealand to allocate resources appropriately and will provide timely signalling of the categories which are experiencing demand beyond their NZRP planning range.

The Special Emergency Intake of Syrian Refugees can be accommodated within the International / Humanitarian Stream

- 40 In response to the Syrian refugee crisis, Cabinet agreed [CAB-15-MIN-0057] that New Zealand would resettle 750 Syrian refugees over two and a half years; 150 of them within the Refugee Quota and 600 in addition to the Refugee Quota. Two hundred and fifty of

those settled in addition to the Refugee Quota will be settled in each of 2016/17 and 2017/18.

- 41 Residence numbers under the International / Humanitarian Stream are projected to be in the upper end of the planning range in the current NZRP. However, this does not represent over-subscribed categories, but reflects the challenges of operating in this sphere. For example, operational delays can mean some quota refugees are unable to be approved residence within the same year they are selected, leading to ebbs and flows in the category which do not reflect demand pressures.
- 42 If all the capped categories within the International / Humanitarian Stream are filled this will take 3,050 places. This leaves sufficient spaces within the 3,250 – 3,825 planning range to accommodate the uncapped categories, which include people approved under Ministerial direction, Refugee and Protection, and Victims of Domestic Violence categories.

Consultation

- 43 The following government agencies were consulted during the development of this paper and their views have been incorporated: The Treasury, the Ministries of Education, Foreign Affairs and Trade, Health, Pacific Peoples, and Social Development; the Department of Internal Affairs; Te Puni Kōhiri, and the Office of Ethnic Affairs. The Department of the Prime Minister and Cabinet was informed. No external or public consultation was undertaken.

Financial Implications

- 44 This paper has no direct financial implications, as it does not recommend changes to the size of the NZRP.

Human Rights, Legislative, and Regulatory Implications

- 45 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act of 1993. There are no legislative implications.

Publicity

- 46 The NZRP planning ranges for each stream will be published on the INZ website and in an amendment circular.

Recommendations

- 47 It is recommended that Cabinet:
1. **note** that the New Zealand Residence Programme (NZRP) sets the total level of residence approvals, as well as the planning number of residence places allocated to each residence stream;
 2. **note** that the 2014/15 – 2015/16 NZRP ended on 30 June 2016;
 3. **agree** to set a two-year NZRP for the period from 1 July 2016 to 30 June 2018.
Out of Scope
 4. **agree** to set the annual planning ranges for the 2016/17 and 2017/18 with a planning range of 45,000 to 50,000 people obtaining residence within each year;
 5. **agree** that the average annual planning ranges for each residence stream remain the same as under the 2014/15 – 2015/16 NZRP;

6. **note** that there will be pressure on the upper end of the planning range;
7. **direct** officials to develop proposals for changes to the Skilled Migrant Category (SMC), in consultation with key public stakeholders;
8. **invite** the Minister of Immigration to report back on possible changes to the SMC in November 2016 with the aim of staying within the NZRP planning range and ensuring that higher-skilled and higher-paid migrants are prioritised, including by:
 - adjusting the proxies used to measure and assess skills under the SMC, including the points and selection mechanisms;
 - lifting the bar on what constitutes 'skilled employment';
9. **note** that the proposals will result in annual planning ranges and a two-year NZRP, as outlined below:

Residence stream	Planning approvals low	Planning approvals high
Skilled/Business	26,900	29,975
Family	14,850	16,200
International/Humanitarian	3,250	3,825
Annual Totals	45,000	50,000
Two-year Total	90,000	100,000

10. **note** that the 250 places allocated to Syrian refugees which sit outside the current quota can be accommodated within the International / Humanitarian Stream planning range; and
11. **agree** that 1,150 places be transferred from capped family categories to uncapped family categories within the Family Stream of the NZRP.

Authorised for lodgement

Hon Michael Woodhouse
Minister of Immigration

Annex: The proposed structure of the NZRP 2016/17 – 2017/18

<p>There are three residence streams under the NZRP. Some categories are demand-driven and uncapped, while others are capped and limited to a certain number of people. The proposed limits of the capped categories are shown in brackets.</p>		
Skilled / Business 60 per cent of the NZRP (26,900 – 29,975 per year)	Family 32 – 33 per cent of the NZRP (14,850 – 16,200 per year)	International / Humanitarian 7 – 8 per cent of the NZRP (3,250 – 3,825 per year)
<ul style="list-style-type: none"> • Skilled Migrant Category* • Employee of businesses • Entrepreneur Category • Investor Category • Work to Residence <p>* Around 90 per cent of Skilled / Business approvals are approved under are Skilled Migrant Category</p>	<ul style="list-style-type: none"> • Uncapped family <ul style="list-style-type: none"> ○ Partnership* ○ Dependent Child • Capped family (4,300) <ul style="list-style-type: none"> ○ Parent Tier 1 & 2 ○ Categories closed in 2012 <ul style="list-style-type: none"> - Adult Child - Parent - Sibling <p>*Around 60 per cent of Family approvals are Partnership approvals</p>	<ul style="list-style-type: none"> • Pacific Access (650) • Samoa Quota (1,100) • Refugee Family Support Tiers (300) • Refugee Quota (750) • Emergency Intake of Syrian Refugees (250) • Section 61 • Other <ul style="list-style-type: none"> ○ Ministerial direction ○ Refugee and Protection ○ Victims of Domestic Violence ○ Refugee Ministerial Directive

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Cabinet Economic Growth and Infrastructure Committee

Minute of Decision

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

New Zealand Residence Programme 2016/17 – 2017/18

Portfolio Immigration

On 10 August 2016, the Cabinet Economic Growth and Infrastructure Committee (EGI):

- 1 **noted** that the Minister of Immigration had **withdrawn** the submission under EGI-16-SUB-0183;
- 2 **invited** the Minister of Immigration to submit a new paper to EGI as soon as practicable, revised as appropriate following further discussions with relevant Ministers.

Out of Scope

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AIDE MEMOIRE

Information to support the New Zealand Residence Programme discussion

Date:	09 August 2016	Priority:	High
Security Classification:	Sensitive	Tracker number:	0297 16-17

Information for Minister(s)	
Hon Michael Woodhouse Minister of Immigration	

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Hayden Fenwick	Manager, Immigration Policy	04 896 5479	s 9(2)(a) ✓
Donna Boniface	Senior Advisor, Immigration Policy	04 901 8585	n/a

The following departments/agencies have been consulted					
<input type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
<input type="checkbox"/> MFAT	<input type="checkbox"/> MPI	<input type="checkbox"/> MfE	<input type="checkbox"/> DIA	<input type="checkbox"/> TPK	<input type="checkbox"/> MoH
<input type="checkbox"/> Other:			N/A		

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:

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AIDE MEMOIRE

Information to support the New Zealand Residence Programme discussion

Date:	08 August 2016	Priority:	High
Security Classification:	Sensitive	Tracker number:	0297 16-17

Purpose

- This note provides information to assist with the discussion regarding the New Zealand Residence Programme 2016/17 – 2017/18 at the Cabinet Economic Growth and Infrastructure Committee (EGI) on 10 August 2016. The following officials from the Ministry of Business Innovation and Employment will be present at EGI:
 - Peter Elms, General Manager (Acting), Visa Services
 - Hayden Fenwick, Manager, Immigration Policy
 - Andy Jackson, Manager, Skills and Employment
 - Donna Boniface-Webb, Advisor, Immigration Policy

Context

- EGI will be discussing the NZRP in the context of wider discussions regarding migration flows
Out of Scope
-
-
- Both the NZRP Out of Scope show that residence approvals are a small, stable component of PLT arrivals, but the NZRP paper notes that high PLT numbers may indicate future pressure on some residence categories as students and workers seek to transition to residence.
- The number of people granted residence under the NZRP has been relatively stable for the past 10 years. However since 2009/10 when the Global Financial Crisis and the Christchurch earthquakes cause a drop in approvals under the Skilled and Business categories, demand under the uncapped partnership categories has been increasing. In 2015/16 the Skilled and Business categories rebounded to pre-2009/10 levels, and combined with high family approvals, the NZRP grew to over 52,000.

Settings for the New Zealand Residence Programme (NZRP)

6. The key proposals of the NZRP paper are:

- a. retaining the overall planning range at 45,000 to 50,000 and the stream proportions at 60 per cent Skilled / Business, 32-33 per cent Family and 7-8 per cent International / Humanitarian
- b. reviewing Skilled Migrant Category (SMC) to prioritise higher-skilled and higher-paid migrants
- c. transferring places previously allocated to the backlog of historic Parent, Adult Child, and Adult Sibling categories to the uncapped Partner and Dependant Child categories to manage growing demand under partnership
- d. setting a two-year NZRP with annual planning ranges to manage approvals at a time of high demand
Out of Scope

s 9(2)(g)(i)

s 9(2)(g)(i)

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BRIEFING

Final Cabinet paper – New Zealand Residence Programme 2016/17 – 2017/18

Date:	1 August 2016	Priority:	High
Security classification:	In Confidence	Tracking number:	0288 16-17

Action sought		
	Action sought	Deadline
Hon Michael Woodhouse Minister of Immigration	Approve the attached Cabinet paper for lodgement at the Cabinet office by 10:00am on Thursday 4 August for discussion at Cabinet on Monday 8 August 2016.	4 August 2016
Hon Craig Foss Associate Minister of Immigration	For your information	n/a

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Hayden Fenwick	Manager, Immigration Policy	04 896 5479	s 9(2)(a)	✓
Donna Boniface	Senior Advisor, Immigration Policy	04 901 8585	n/a	

The following departments/agencies have been consulted					
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input checked="" type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input checked="" type="checkbox"/> MoE
<input checked="" type="checkbox"/> MBAT	<input checked="" type="checkbox"/> MPI	<input type="checkbox"/> MfE	<input checked="" type="checkbox"/> DIA	<input checked="" type="checkbox"/> TPK	<input checked="" type="checkbox"/> MoH
<input checked="" type="checkbox"/> Other:			DPMC has been informed		

Minister's office to complete:

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| <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

Final Cabinet paper – New Zealand Residence Programme 2016/17 – 2017/18

Date:	1 August 2016	Priority:	High
Security classification:	In Confidence	Tracking number:	0288 16-17

Purpose

This briefing informs you of changes to the Cabinet paper for the New Zealand Residence Programme 2016/17 – 2017/18. The changes are outlined in this briefing.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Approve** the attached Cabinet paper for lodgement at the Cabinet office by 10:00am on Thursday 4 August for discussion at Cabinet on Monday 8 August 2016.

Agree / Discuss


Hayden Fenwick
Manager, Immigration Policy
Labour, Science and Enterprise, MBIE
..... / /

Hon Michael Woodhouse
Minister of Immigration
..... / /

Background

1. On 15 July 2016 we provided you with the following two Cabinet papers for your consideration:
 - *The New Zealand Residence Programme 2016/17 – 2017/18*
 - *A pathway to residence for long-term temporary migrants in the South Island*
2. It was previously proposed that these papers would be considered together at EGI. After reviewing these papers you determined that the Pathway paper required additional consultation, but that the New Zealand Residence Programme (NZRP) paper should be considered by Cabinet on Monday 8 August 2016.

Changes to the Cabinet papers

Reference to the pathway to residence for long-term temporary migrants has been removed from the NZRP paper

3. The NZRP paper referred to the *A pathway to residence for long-term temporary migrants in the South Island* as an 'accompanying submission' in paragraph 36. This has been changed as below. The wording in paragraph 25 has also been altered slightly to provide more clarity.

Previous text	New text
<p>35. When the NZRP was introduced, planning ranges were set annually. The multi-year NZRP was introduced in 2010/2011 to provide consistency and stability for government agencies and for New Zealand, and to manage fluctuating demand after the GFC and Christchurch earthquakes. Cabinet set the first multi-year NZRP at three years, anticipating this timeframe would allow trends to emerge, enabling more comprehensive reviews. The subsequent NZRP was two years to allow for the review of the streams. I propose a further two year NZRP.</p> <p>Out of Scope</p>	<p>35. When the NZRP was introduced, planning ranges were set annually. The multi-year NZRP was introduced in 2010/2011 to provide consistency and stability for government agencies and for New Zealand, and to manage fluctuating demand after the GFC and Christchurch earthquakes. Cabinet set the first multi-year NZRP at three years, anticipating this timeframe would allow trends to emerge, enabling more comprehensive reviews. The subsequent NZRP was two years to allow for the review of the streams. I propose a further two year NZRP.</p> <p>36. A two year NZRP will provide some stability in the current environment</p> <p>Out of Scope</p>
<p>36. As noted in my accompanying submission, I recommend that migrants who meet the criteria for consideration under the pathway will first apply for a work to residence visa and work in their region for two years before becoming eligible for a resident visa. The subsequent NZRP will be shaped to include residence applications under the pathway.</p>	

Next steps

Cabinet process

4. We expect to work to the following timeline for the Cabinet paper:

Process	Timing
Lodge paper with Cabinet Office	4 August
Paper considered by Cabinet	8 August

Implementation

5. If Cabinet agrees to the proposals in the paper, the NZRP will be implemented through immigration instructions as soon as possible.

Annexes

Annex 1: Final Cabinet paper – The New Zealand Residence Programme 2016/17 – 2017/18

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Annex 1 is not provided. Some sections are withheld under section 9(2)(g)(i), some sections are refused under section 18(d), and the remaining sections are out of scope.

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BRIEFING

Updated Cabinet papers: 'The New Zealand Residence Programme 2016/17 - 2017/18' Out of Scope

Date:	22 July 2016	Priority:	High
Security classification:	In Confidence	Tracking number:	0182 16-17

Action sought		
	Action sought	Deadline
Hon Michael Woodhouse Minister of Immigration	Agree, subject to any further feedback and Ministerial consultation, to lodge the Cabinet papers with Cabinet Office by 10am on 4 August 2016, so that the papers can be considered by the Cabinet Economic Growth and Infrastructure Committee on 10 August 2016	To provide adequate time for Ministerial consultation to take place before 4 August 2016
Hon Craig Foss Associate Minister of Immigration	For your information	n/a

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Christine Hyndman	Manager, Immigration Policy	04 901 8575	s 9(2)(a)	✓
Sam Poley	Principal Advisor, Immigration Policy	04 901 8618	n/a	

The following departments/agencies have been consulted					
<input type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
<input type="checkbox"/> MFAT	<input type="checkbox"/> MPI	<input type="checkbox"/> MfE	<input type="checkbox"/> DIA	<input type="checkbox"/> TPK	<input type="checkbox"/> MoH
<input type="checkbox"/> Other:					

Minister's office to complete:

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| <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

Updated Cabinet papers: 'The New Zealand Residence Programme 2016/17 - 2017/18' Out of Scope

Date:	22 July 2016	Priority:	High
Security classification:	In Confidence	Tracking number:	0182 16-17

Purpose

This briefing provides updated versions of the following two Cabinet papers that incorporate your feedback:

- Minor errors have been fixed in the paper *The New Zealand Residence Programme 2016/17 - 2017/18*; and
- Out of Scope

You have indicated that you intend to consult with Ministerial colleagues on the papers. Subject to any further feedback you or your colleagues might have, we recommend that you lodge the papers with Cabinet Office by 10 am on Thursday 4 August 2016 so they can be considered by the Economic Growth and Infrastructure Committee (EGI) on Wednesday 10 August.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** that, following your feedback, we have made changes to the following two Cabinet papers, as discussed in this briefing:

- The New Zealand Residence Programme 2016/17 - 2017/18
- Out of Scope

Noted

- b **Note** that covering letters addressed to the Ministers you have indicated that you would like to consult with on the Cabinet papers are attached

Noted

- c **Agree**, subject to any further feedback from Ministerial consultation, to lodge the Cabinet papers with Cabinet Office by 10 am Thursday 4 August 2016, so that the papers can be considered by the Cabinet Economic Growth and Infrastructure Committee (EGI) on 10 August 2016, and by Cabinet on 15 August 2016

Agree / Discuss

- d **Note** that, if you wished to announce any of these decisions at the New Zealand Association for Migration and Investment meeting on Friday 12 August, officials could work with your office to seek Cabinet's agreement to EGI having Power To Act with regard to the 10 August papers.

Noted



Christine Hyndman
Manager, Immigration Policy
Labour, Science and Enterprise, MBIE
22/7/2016

Hon Michael Woodhouse
Minister of Immigration
..... / /

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Background

1. On 15 July 2016 we provided you with the following two Cabinet papers for your consideration:
 - *The New Zealand Residence Programme 2016/17 – 2017/18*
 - Out of Scope

Changes to the Cabinet papers

2. As a result of your feedback, changes have been made to the Cabinet papers. The changes to each Cabinet paper are discussed below:

The New Zealand Residence Programme 2016/17 – 2017/18 – Cabinet paper

3. At your request we have fixed two formatting errors and one grammatical error. We have also updated Figures two and five to include 2015/16 full year statistics, and PLT numbers to June 2016, reflecting the latest information released by Statistics New Zealand on 21 July 2016.

Out of Scope

Ministerial consultation

6. You have indicated that you would like to consult on the Cabinet papers with key Cabinet colleagues. At your request we have provided letters addressed to the Ministers of Finance, Tertiary Education, Skills and Employment, Social Development, Social Housing, Building and Housing, and Primary Industries.

Next steps

7. To have adequate opportunity to consult Ministers on the Cabinet papers, we recommend that the papers be lodged with Cabinet office by 10am on 4 August, to be considered by EGI on 10 August, and by Cabinet on 15 August 2016.
8. In order for the Cabinet paper be lodged on 4 August 2016, we would work to the following timelines.

Process	Timing
Updated papers provided to the Minister of Immigration	22 July
Papers sent to selected Ministers	By 26 July

Process	Timing
Feedback received from other Ministers	By 1 August
Papers lodged with Cabinet Office	4 August
Papers considered by EGI	10 August
Papers considered by Cabinet	15 August
New Zealand Residence Programme instructions updated	As soon as is practicable following Cabinet agreement
Out of Scope	

Announcements could be made at 12 August NZAMI Conference

9. You are addressing the New Zealand Association for Migration and Investment (NZAMI) on 12 August 2016. Out of Scope

Migrant Category Out of Scope members.

You could also signal the reviews of the Skilled which are likely areas of interest for NZAMI

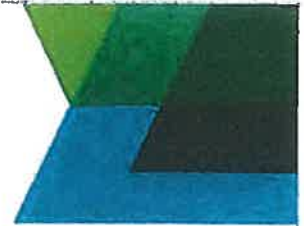
Annexes

Annex 1: Cabinet paper: *The New Zealand Residence Programme 2016/17 – 2017/18*
Out of Scope

RELEASED UNDER THE OFFICIAL INFORMATION ACT

Annex 1 is not provided. Some sections are withheld under section 9(2)(g)(i), some sections are refused under section 18(d), and the remaining sections are out of scope.

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BRIEFING

Cabinet papers: 'The New Zealand Residence Programme 2016/17 - 2017/18'

Out of
Scope

Date:	15 July 2016	Priority:	High
Security classification:	In Confidence	Tracking number:	0043 16-17

Action sought		
	Action sought	Deadline
Hon Michael Woodhouse Minister of Immigration	Agree, subject to any further feedback and Ministerial consultation, to lodge the Cabinet papers with Cabinet Office by 10am on 4 August 2016, so that the papers can be considered by the Cabinet Economic Growth and Infrastructure Committee on 10 August 2016	To provide adequate time for Ministerial consultation to take place before 4 August 2016
Hon Craig Foss Associate Minister of Immigration	For your information	n/a

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Christine Hyndman	Manager, Immigration Policy	04 901 8575	✓
Sam Foley	Principal Advisor, Immigration Policy	04 901 8618	

The following departments/agencies have been consulted					
<input type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
<input type="checkbox"/> MFAT	<input type="checkbox"/> MPI	<input type="checkbox"/> MfE	<input type="checkbox"/> DIA	<input type="checkbox"/> TPK	<input type="checkbox"/> MoH
		<input type="checkbox"/> Other:			

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

Cabinet papers: 'The New Zealand Residence Programme 2016/17 - 2017/18'

Out of Scope

Date:	15 July 2016	Priority:	High
Security classification:	In Confidence	Tracking number:	0043 16-17

Purpose

This briefing provides updated versions of the following two Cabinet papers that incorporate your previous feedback and those of other government agencies:

- The New Zealand Residence Programme 2016/17 – 2017/18, and
- Out of Scope

You have indicated that you intend to consult with Ministerial colleagues on the papers. Subject to any further feedback you or your colleagues might have, we recommend that you lodge the papers with Cabinet Office by 10 am on Thursday 4 August 2016 so they can be considered by the Economic Growth and Infrastructure Committee (EGI) on Wednesday 10 August.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- Note** that following your feedback and consultation with other government agencies, we have made changes to the content and proposals of the following two Cabinet papers, as discussed in this briefing:
 - the New Zealand Residence Programme 2016/17 – 2017/18
 - Out of Scope

Noted
- Note** that we will provide your office with covering letters to the Ministers you indicate that you would like to consult with on the Cabinet papers

Noted
- Agree**, subject to any further feedback from Ministerial consultation, to lodge the Cabinet papers with Cabinet Office by 10 am Thursday 4 August 2016, so that the papers can be considered by the Cabinet Economic Growth and Infrastructure Committee on 10 August 2016, and by Cabinet on 15 August 2016.

Agree / Discuss

P.P.

Christine Hyndman
Manager, Immigration Policy
Labour, Science and Enterprise, MBIE

15/7/16

Hon Michael Woodhouse
Minister of Immigration

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Background

1. On 30 June and 7 July respectively, we provided you with the following two Cabinet papers for your consideration:
 - The New Zealand Residence Programme 2016/17 – 2017/18
 - Out of scope
2. You provided feedback on both papers, and noted that the Ministry of Business, Innovation and Employment (the Ministry) would undertake agency consultation before recommending that you submit the papers to Cabinet.

Changes to the Cabinet papers

3. As a result of your feedback, and in response to suggested changes following agency consultation, changes were made to the Cabinet papers. The changes to each Cabinet paper are discussed below:

The New Zealand Residence Programme 2016/17 – 2017/18 – Cabinet paper

4. At your request we have:
 - clarified (in paragraphs 6 and 26 and recommendation 8) that you will report back to Cabinet in November 2016 on possible changes to the Skilled Migrant Category (SMC) to better identify and prioritise those migrants with higher-value skills (rather than directing officials to do so)
 - updated the Permanent and Long Term (PLT) figures in paragraph 8 to reflect net migration of 68,000 people in the year ending May 2016
 - amended paragraph 12 to provide a narrative on the role of returning New Zealanders on PLT migration figures, and their impact on housing prices.
5. The Minister for Tertiary Education, Skills and Employment expressed concern with the claim in paragraph 24 that the wages of former international students did not rise over time, unlike those of comparable domestic graduates. The text now clarifies that wages of former international students do rise over time, but not at the same rate as comparable domestic graduates.
6. The following government agencies were consulted: The Treasury, the Ministries of Education, Foreign Affairs and Trade, Health, Pacific Peoples, and Social Development; the Department of Internal Affairs; Te Puni Kōkiri; and the Office of Ethnic Affairs. The Department of the Prime Minister and Cabinet was informed. No agencies expressed significant concerns with the proposals in the paper.
7. The Ministries of Social Development and Education both provided feedback recommending that the paper contain more detailed analysis of alternatives to maintaining the status quo in terms of the planning range size and that a stronger justification for the current planning ranges could be provided. However, as there was a clear directive from Ministers regarding retaining the current planning range, no significant changes to the paper have been made.
8. Other changes we have made as a result of agency consultation include:
 - adding a reference about the role of immigration in the Business Growth Agenda (paragraph 13)
 - referencing the previous Cabinet decision to reallocate places to the SMC once the backlog of closed Sibling, Adult Child and Parent categories had been cleared (paragraph 32), and

- clarifying that if additional places are not allocated to the uncapped family categories, both the stream and the NZRP as a whole could be larger than planned (paragraph 33).
9. As you are aware, Cabinet has invited you and the Minister of Economic Development to report back to Cabinet Strategy Committee on 8 August 2016 with information and data on Auckland immigration flows, and their impact on Auckland infrastructure and the housing market, including options for possible changes to immigration settings. That advice is currently being developed. Cabinet will receive the information on migration in Auckland at more or less the same time as considering NZRP paper.
10. The NZRP paper notes that our view is that the NZRP has only a limited direct impact on net migration flows and any impacts would have a long lag times, and therefore would not be a very effective lever to reduce demand for housing in Auckland. However, it is possible that further changes to the NZRP Cabinet paper to reflect the Auckland housing demand discussion may be required before it is lodged with EGI by 4 August once you have been briefed on the Auckland work.

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Out of Scope

15. Out of Scope

Ministerial consultation

16. You have indicated that you would like to consult on the Cabinet papers with key Cabinet colleagues. You might like to consider sending the papers to the Ministers of Finance, Tertiary Education, Skills and Employment, and Social Development who you have already met with to discuss the labour market implications of current immigration settings. Other ministers who might have an interest in these papers include the Ministers of Social Housing, Health, Education, Building and Housing, Foreign Affairs, and Primary Industries.
17. We will provide your office with covering letters to the Ministers you indicate that you wish to consult.

Next steps

18. To have adequate opportunity to consult Ministers on the Cabinet papers, we recommend that the papers be lodged with Cabinet office by 10am on 4 August, to be considered by EGI on 10 August, and by Cabinet on 15 August 2016. This differs from our original timeline for these papers, which recommended that they be considered by Cabinet Business Committee on 25 July 2016. It delays the final Cabinet confirmation by one week.
19. Should the Cabinet paper be lodged on 4 August 2016, we would work to the following timelines.

Process	Timing
Papers provided to the Minister of Immigration	15 July
Papers sent to selected Ministers	By 20 July
Feedback received from other Ministers	By 1 August
Papers lodged with Cabinet Office	4 August
Papers considered by EGI	10 August
Papers considered by Cabinet	15 August
New Zealand Residence Programme instructions updated	As soon as is practicable following Cabinet agreement

Out of Scope

Annexes

Annex 1: Cabinet paper: The New Zealand Residence Programme 2016/17 – 2017/18

Out of Scope

Annex 1 is not provided. Some sections are withheld under section 9(2)(g)(i), some sections are refused under section 18(d), and the remaining sections are out of scope.

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BRIEFING

Draft Cabinet paper – the New Zealand Residence Programme 2016/17 – 2017/18

Date:	30 June 2016	Priority:	High
Security classification:	In Confidence	Tracking number:	3666 15-16

Action sought		
	Action sought	Deadline
Hon Michael Woodhouse Minister of Immigration	Agree to provide feedback on the attached draft Cabinet paper.	4 July 2016
Hon Steven Joyce Minister for Economic Development	For your information	n/a
Hon Craig Foss Associate Minister of Immigration	For your information	n/a

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Christine Hyndman	Manager, Immigration Policy	04 901 8575	✓
Donna Boniface	Advisor, Immigration Policy	04 901 8518	

The following departments/agencies have been consulted					
<input type="checkbox"/> Treasury	<input type="checkbox"/> MoJ	<input type="checkbox"/> NZTE	<input type="checkbox"/> MSD	<input type="checkbox"/> TEC	<input type="checkbox"/> MoE
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Minister's office to complete:

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| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments:



BRIEFING

Draft Cabinet paper – the New Zealand Residence Programme 2016/17 – 2017/18

Date:	30 June 2016	Priority:	High
Security classification:	In Confidence	Tracking number:	3666 15-16

Purpose

This briefing seeks your feedback on the draft Cabinet paper for the New Zealand Residence Programme 2016/17 – 2017/18 (NZRP). The draft Cabinet paper contains proposals for the duration, structure, and size of the NZRP. The paper also highlights the pressure on the NZRP at a time of high demand, and seeks agreement to review the Skilled Migrant Category (SMC) to ensure highly skilled and highly paid migrants are prioritised.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Agree** to provide feedback on the draft Cabinet paper on Monday 4 July 2016 *Agree / Discuss*
- b **Note** that, following your feedback, we will consult with other government agencies on the proposals *Noted*
- c **Note** that officials are aiming for the paper, ^{Out of Scc} to be considered by the Cabinet Business Committee on Monday 25 July 2016. *Noted*

Christine Hyndman
Manager, Immigration Policy
Labour, Science and Enterprise, MBIE
30/6/16

Hon Michael Woodhouse
Minister of Immigration

..... / /

Background

1. The current NZRP expired on 30 June 2016 and a new NZRP must be set. The NZRP is a planning range which determines how many people will be approved to remain in New Zealand permanently, and balances fiscal and social priorities by allocating places according to the residence streams under which applications are made.
2. We provided a briefing to you on 21 March 2016 [2198 15-16] with options for the next NZRP. At your request, additional information concerning the NZRP was provided to you [2724 15-16]. You met with officials on 14 April 2016 to discuss future pressures on the NZRP and links to the Skilled Migrant Category (SMC) settings and criteria.
3. On 19 May 2016, in a joint briefing with the Treasury, we provided advice on improving the long-term contribution of temporary migration to the labour market [3128 15-16, T2016/899]. This included discussion of trends in the skill composition and wages in the SMC.
4. On 31 May 2016 you met with the Ministers of Finance, Tertiary Education, Skills and Employment, and Social Development to discuss how the labour market contribution of immigration could be improved. As a result of this discussion, Ministers agreed that officials should explore changes to the SMC to prioritise higher-skilled and higher-paid migrants while still ensuring that it stays within the NZRP planning range.

Draft Cabinet paper

5. The attached draft Cabinet paper seeks agreement to proposals concerning the NZRP 2016/17 – 2017/18 and also for officials to review the SMC to ensure it prioritises migrants who will be of greatest benefit to New Zealand's labour market.

Next steps

Process and timing

6. Following incorporation of any feedback, we will consult with other government agencies. We are aiming for the Cabinet paper to be considered by the Cabinet Business Committee on Monday 25 July.
7. We are working to the following timeline for the Cabinet paper and new Immigration Instructions:

Process	Timing
Feedback from Minister of Immigration	4 July
Consultation with other government agencies	5-11 July
Final draft Cabinet paper to Minister of Immigration	14 July
Lodge paper with Cabinet Office	20 July
Paper considered by CBC	25 July
Paper considered by Cabinet	1 August
Immigration Instructions updated	By end of August

8. We will report to you in September on the results of the further policy design work and on the outcomes of the targeted consultations.

Annexes

Annex 1: Draft Cabinet paper – New Zealand Residence Programme 2016/17 – 2017/18

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