



COVERSHEET

Minister	Hon Michael Wood	Portfolio	Immigration
Title of Cabinet paper	Investor migrants policy settings	Date to be published	7 October 2022

List of documents that have been proactively released

Date	Title	Author
May 2022	<i>Investor migrants policy settings</i>	<i>Office of the Minister of Immigration</i>
9 May 2022	<i>CAB-22-MIN-0162.01 Minute</i>	<i>Cabinet Office</i>
10 December 2021	<i>2122-2175 Potential enhancements to the Active Investor Plus visa</i>	<i>Ministry of Business, Innovation and Employment</i>
16 December 2021	<i>2122-1943 Active Investor Plus visa: potential design changes</i>	<i>Ministry of Business, Innovation and Employment</i>
4 March 2022	<i>2122-2596 Investor migrant attraction and aftercare services</i>	<i>Ministry of Business, Innovation and Employment</i>
18 March 2022	<i>2122-2969 Investor migrants policy settings – draft Cabinet paper for Ministerial consultation</i>	<i>Ministry of Business, Innovation and Employment</i>

Information redacted

YES / NO

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 reason of constitutional conventions and privacy of natural persons.



AIDE MEMOIRE

Potential enhancements to the Active Investor Plus visa

Date:	10 December 2021	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2122-2175

Information for Minister(s)
Hon Stuart Nash Minister for Economic and Regional Development
Hon Kris Faafoi Minister of Immigration

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Kirsty Hutchison	Manager, Immigration (Border and Funding) Policy	Privacy of natural persons	
Landon McMillan	Manager, Investment Policy		

The following departments/agencies have been consulted
New Zealand Trade and Enterprise, Callaghan Innovation, Immigration New Zealand

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



AIDE MEMOIRE

Potential enhancements to the Active Investor Plus visa

Date:	10 December 2021	Priority:	Medium
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Purpose

To update you on our discussions with New Zealand Trade and Enterprise and Callaghan Innovation on implementing the Active Investor Plus visa, in which they have suggested potential enhancements to the visa's settings.

Privacy of natural persons

Privacy of natural persons

Kirsty Hutchison
Manager, Immigration (Border and Funding) Policy
Labour, Science and Enterprise, MBIE

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10/12/2021

10/12/2021

Discussions with NZTE and Callaghan Innovation

1. The policy process that informed the initial proposal for Active Investor Plus visa occurred at pace to respond to New Zealand's enhanced international reputation to investors during the early phase of the COVID-19 pandemic. This limited our capacity at the time to thoroughly test the design with stakeholders, including NZTE and Callaghan Innovation.
2. We have since been working through the implementation of the visa with New Zealand Trade and Enterprise (NZTE) and Callaghan Innovation. They are strongly supportive of the objective to attract investors who have a genuine desire to grow innovative New Zealand businesses, and to contribute their capital, knowledge and skills.
3. This aide memoire summarises the suggestions that NZTE and Callaghan Innovation have for how the visa's settings could better meet the Government's objectives.

Can we better target smart capital?

4. NZTE and Callaghan Innovation consider that the nature of the opportunity to attract investor migrants has evolved since the original proposal, as have market conditions. There is increasingly more of a 'capability gap' in the economy than a 'capital gap'. This can be addressed through initiatives that target smart capital (i.e. investment that comes with knowledge and expertise in growing globally competitive businesses).
5. This suggests that the new investor visa should be targeted to investors who want to come to New Zealand in order to directly invest in high growth potential New Zealand businesses.

6. Investing more actively (where there are capital gaps or in newer sectors) is generally riskier, but it is far more beneficial to the New Zealand economy, particularly where it provides the economy with smart capital from investors with unique capability.
7. NZTE have pointed out that the current high-level settings of the visa do not make a distinction between direct and indirect investment and that the settings of the visa could better incentivise direct investment. For example, the settings could better target investors who will invest in three-to-five businesses, taking a sufficiently large stake so that they are both incentivised and positioned to apply their skills and networks to growing the businesses. It would be beneficial to have visa settings that reward both the hard work and risk involved in being an active investor in potentially under-developed markets and high growth potential businesses.
8. We think that we could adjust the settings to attract active investors as well as other investors with more capital who prefer to be less active. However, less active investment should be targeted at areas where there are either capital gaps or higher risk (e.g. seed, VC, PE funds). Subject to your feedback, we propose tweaking the visa's settings to better target active investors.

Will the current minimum investment threshold attract smart capital?

9. NZTE and Callaghan Innovation both recommend lowering the current minimum investment threshold of \$25 million. The people with the capability and desire to invest in and grow new businesses are not necessarily the super wealthy. In addition, Callaghan Innovation has advised that most investors would not want to put more than 10-20 per cent of their net worth into high-risk ventures.
10. We therefore think that the threshold needs to be lowered to ensure that these people are attracted to New Zealand. We also think that for this type of investor, it is important to be broadly competitive with our international peers, particularly Australia, whose equivalent visa categories have thresholds of \$2.5 million AUD and \$5 million AUD.

Facilitating active investment

11. For the type of investment that we are targeting, NZTE advised that investors will want to take time to understand the market and find good opportunities. This means that we should allow investors to make their investments progressively over the three years. This also encourages active involvement in the investment ecosystem over the full term of the visa. At the end of the three years, we would expect them to be well-integrated into the investment ecosystem. We have been working through the technical details of the visa and this aspect can be built into the visa's design regardless of any other potential changes.

Productivity Commission report

12. Enhanced targeting of active investment is consistent with the suggestions from the Productivity Commission's interim report on New Zealand's immigration system. In particular, they suggested that we refine the investor visa categories to better target smart capital. They have also suggested reviewing the current investor visa categories, as they do not seem well-aligned with New Zealand's economic needs. They state that "these categories largely reward investment in passive assets for which there is no shortage of funds (e.g. bonds or shares), and which do not obviously contribute to productivity growth in New Zealand".

Next steps

13. We can discuss this aide memoire with you at your respective officials' meetings and can provide a more detailed briefing if you wish.