



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.



BRIEFING

Investor migrant attraction and aftercare services

Date:	4 March 2022	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2122-2596

Action sought		
	Action sought	Deadline
Hon Grant Robertson Minister of Finance	Agree to transfer the investor migrant attraction and aftercare function from MBIE (Immigration New Zealand) to New Zealand Trade and Enterprise	17 March 2022
Hon Damien O'Connor Minister for Trade and Export Growth		
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
MBIE (Immigration New Zealand), New Zealand Trade and Enterprise, The Treasury, Public Service Commission

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

Investor migrant attraction and aftercare services

Date:	4 March 2022	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2122-2596

Purpose

To seek your agreement to transfer the investor migrant attraction and aftercare function from MBIE (Immigration New Zealand) to New Zealand Trade and Enterprise.

Executive summary

The responsibility for investor migrant attraction and aftercare services currently sits within the Immigration New Zealand (INZ) business group in MBIE. The function comprises:

- investor migrant attraction
- providing immigration system information to investor migrants, and
- aftercare services (connection of migrant investors to New Zealand's business, innovation and investment networks).

We propose transferring investor migrant attraction and aftercare services to New Zealand Trade and Enterprise (NZTE), as it would:

- more clearly distinguish the distinct role of attraction from regulatory decision-making
- align with NZTE's statutory function to integrate potential investors and businesses with key institutions in New Zealand
- create a single government contact point for investors seeking advice on investment opportunities and communities
- create efficiencies by reducing duplication in the attraction and aftercare services provided to investors both onshore and offshore, and
- align with the intent of the Active Investor Plus visa by more effectively matching investor migrants to impactful investments.

The Public Service Commission and The Treasury advise that a decision from joint Ministers (Ministers of Finance, Trade and Export Growth, Economic and Regional Development, and Immigration) is sufficient to approve the transfer, given that the function is relatively small in scale (and funding), fits within NZTE's statutory functions and the transfer is fiscally neutral.

INZ would retain responsibility (and some funding) for providing information on the immigration system to investor migrants. This would mitigate the risk of NZTE being perceived as providing advice on immigration requirements and ensures that applications can request information and assistance on visa processes directly from the immigration regulator. Nevertheless, NZTE will need to be appropriately resourced to deliver attraction and aftercare services, particularly in the roll out of the Active Investment Plus visa.

Should you agree, INZ would retain \$0.373 million in funding for three years to:

- resource the information and education function in line with current practice; and

- enable INZ to complete the delivery of Investor 1 and Investor 2 programme for the 828 investors in the pipeline.

This would then drop to \$0.187 million in 2025/26 with the balance transferring to NZTE.

Based on the estimated ongoing budget for investment attraction services, this would mean that NZTE receives \$1.670 million from the 2022/23 financial year and \$1.857 million from the 2025/26 financial year, at which point the new investor programme should be gaining critical mass. This will be fiscally neutral, with funding transferred out of Vote Labour Market and into Vote Business, Science and Innovation.

We will consider the resourcing impacts of the Active Investor Plus visa as part of a planned implementation review of the new visa. Initially, the focus will be on promotion of the new visa but building on the activation process for active investors (including, for example, providing a concierge service to investor migrants, building private investor networks, showcasing opportunities, and verifying acceptable funds and opportunities) will likely require more funding in the long run should Ministers wish for these enhancements to be made.

Officials will work through INZ and NZTE's respective roles and responsibilities as we finalise the Active Investor Plus visa's settings. We anticipate that INZ and NZTE will formalise their roles in a memorandum of understanding (MoU) closer to the roll out of the new visa.

INZ and NZTE will collaborate in activating the 828 potential investors currently in the pipeline. INZ is the only government agency legally able to know applicant details and therefore provide immigration guidance and this requires detailed knowledge of the visa and immigration process. There is, therefore, a risk that it may be difficult to share applicants' information with NZTE. This may be resolved via a number of mechanisms; however, a privacy impact analysis will need to be made, which will be undertaken in parallel with the development of an MoU between INZ and NZTE.

Recommended action

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

- a **Note** that the Minister for Economic and Regional Development and the Minister of Immigration signalled to Cabinet in the August 2021 Cabinet paper, *The Investment Attraction Strategy and Investor Migrants*, that officials would provide advice to you on the future location of investor migrant attraction services [DEV-21-MIN-0162]

Noted

- b **Note** that transferring the function to New Zealand Trade and Enterprise will enable better matching of potential investor migrants with more active investment opportunities and provide greater clarity and distance between the attraction and aftercare roles and visa decision-making process

Noted

- c **Agree** to transfer the investor migrant attraction and aftercare function from MBIE (Immigration New Zealand) to New Zealand Trade and Enterprise

Agree / Disagree / Discuss

- d **Agree** that Immigration New Zealand retains responsibility for providing immigration system information and education to investor migrants

Agree / Disagree / Discuss

- e **Approve** the following fiscally neutral adjustments to provide for the transfer of investor migrant attraction and aftercare services, with no impact on the operating balance and/or net core Crown debt:

	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 (and outyears)
Vote Labour Market					
Minister of Immigration					
Multi-Category Expenses and Capital Expenditure:					
Immigration Services (MCA)					
Departmental Output Expenses					
Services for the Attraction of Migrants (funded by Revenue Crown)	-	(1.670)	(1.670)	(1.670)	(1.857)
Vote Business, Science and Innovation					
Minister for Economic and Regional Development					
Multi-Category Expenses and Capital Expenditure:					
Support the Growth and Development of New Zealand Firms, Sectors and Regions (MCA)					
Non-Departmental Output Expenses:					
International Business Growth Services (funded by Revenue Crown)	-	1.670	1.670	1.670	1.857

Agree / Disagree / Discuss

- f **Agree** that the proposed changes to appropriations for 2022/23 above be included in the 2022/23 Supplementary Estimates

Agree / Disagree / Discuss

- g **Note** that officials will work through INZ and NZTE's respective roles and responsibilities as we finalise the Active Investor Plus visa's settings, and anticipate that INZ and NZTE will formalise their roles in a memorandum of understanding

Noted

- h **Note** that INZ and NZTE will collaborate in activating the 828 potential investors currently in the pipeline, though there are privacy implications that need to be worked through for a meaningful collaboration to occur

Noted

Privacy of natural persons

Privacy of natural persons

Kirsty Hutchison
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Labour, Science and Enterprise, MBIE

Landon McMillan
Manager, Investment Policy
Labour, Science and Enterprise, MBIE

04/03/2022

04/03/2022

Hon Grant Robertson
Minister of Finance

Hon Damien O'Connor
Minister for Trade and Export Growth

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Hon Stuart Nash
Minister for Economic and Regional Development

Hon Kris Faafoi
Minister of Immigration

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Background

1. The responsibility for investor migrant attraction and aftercare services currently sits within the Immigration New Zealand (INZ) business group in MBIE. As part of the investor migration 'system', INZ also provides information and education regarding visa processes and visa requirements to potential investor migrants.
2. In 2020, officials discussed moving the investor migrant attraction and aftercare function from MBIE to NZTE and in August 2021, the Cabinet paper, *The Investment Attraction Strategy and Investor Migrants*, noted that officials would provide advice to you on the future location of investor migrant attraction services [DEV-21-MIN-0162].
3. In the same paper, Cabinet also agreed that the Investor 2 visa category will close permanently and Investor 1 will be suspended to new applicants. The categories will be replaced by the Active Investor Plus visa [DEV-21-MIN-0162].
4. The Minister for Economic and Regional Development and the Minister of Immigration agreed in December 2021 to revisit the settings for the Active Investor Plus visa, and will take a paper to Cabinet in March/April 2022 [MBIE briefing 2122-1943 refers]. With the roll-out of the new visa scheduled to occur from mid-2022, we consider that now is the appropriate time for the transfer to occur, as it means NZTE can begin to market the visa and ensure that all required aftercare systems and processes under the new settings are in place. It also allows NZTE to build investor migrant attraction into its current broader InvestNZ campaign, which aims to create a global brand that positions New Zealand as a first choice for productive, sustainable and inclusive investment opportunities.
5. We are therefore seeking your agreement to transfer the investor migrant attraction and aftercare function from MBIE to NZTE in time for the 2022/23 financial year.

Overview of investor migrant attraction and aftercare services

6. The investor migrant attraction and aftercare function sits within INZ's Strategy, Education and Engagement (SEE) branch. It comprises:
 - attraction
 - providing immigration system information to investor migrants, and
 - aftercare services.
7. The function currently comprises 7.5 FTEs and a budget of \$1.091 million. Five of the FTEs are onshore, two are offshore, with one part-time contractor. Two of the onshore positions are currently vacant. Over the past five financial years, the function has been allocated the following funding from Vote Labour Market:

Table 1: Vote Labour Market funding for investor migrant attraction and aftercare services from 2017/18 to 2021/22 (\$m)

2017/18		2018/19		2019/20		2020/21		2021/22	
Actual	Budget								
1.588	1.533	1.435	1.571	1.110	1.598	0.909	1.126	0.987	1.002

8. The delivery of the investor migrant programme has required interaction across:

- regulatory services delivered by INZ
 - private sector intermediaries, including Licenced Immigration Advisors and lawyers acting on behalf of investor migrants, and other parties who help facilitate the connection of investor migrants to investment opportunities
 - banks and private equity firms
 - NZTE, and
 - regional economic development agencies.
9. The primary functions delivered by INZ have been to support to the attraction and retention of high-net-worth investors, as well as regulating the investor migration system through the processing of applications from potential investor migrants.
10. The regulatory responsibilities of INZ require the delivery of information and education services relating to the investor visa process. This includes maintaining a vehicle for applicants to have information regarding the process of their application and for resolving any issues associated with their application.

We see value in transferring investor migrant attraction and aftercare services to NZTE

11. The advantages of transferring the function to NZTE include:
- clarifying the distinct role of attraction from regulatory decision-making
 - aligning with NZTE's statutory function to integrate potential investors and businesses with key institutions in New Zealand¹
 - creating a single government contact point for investors seeking advice on investment opportunities and communities, which would reduce duplication in the attraction and aftercare services provided to investors both onshore and offshore
 - aligning with the intent of the Active Investor Plus visa by more effectively matching investor migrants to active and impactful investment opportunities.

A transfer requires joint Ministers' approval

12. The Public Service Commission informs us that a decision from joint Ministers² would be sufficient to approve the transfer, given that the function is relatively small in scale (and funding) and it fits within NZTE's statutory functions.
13. The Treasury also advises that joint Ministers' approval is sufficient to transfer the function's funding. A budget bid is not required, as the transfer is fiscally neutral and levy funded. Nevertheless, approval will need to happen before the Budget moratorium begins on 11 April.

¹ New Zealand Trade and Enterprise Act 2003, s9(1)(a)(i).

² Hon Robertson as Minister of Finance; Hon Nash as Minister for Economic and Regional Development, Minister responsible for MBIE, and joint Minister responsible for NZTE; Hon O'Connor as joint Minister responsible for NZTE; and Hon Faafoi as Minister of Immigration.

We will set clear roles and responsibilities to mitigate the risk of duplication, conflict, or gaps

14. At a high level, we suggest the following demarcation of roles and responsibilities:

Agency	Role/responsibility
MBIE (Labour, Science and Enterprise)	Policy setting and monitoring of performance
MBIE (INZ)	Visa processing and information services associated with the visa process
NZTE	Lead government agency responsible for investor attraction and aftercare

INZ will retain responsibility for providing immigration system information and education services to investor migrants

15. Attraction and aftercare services have considerable overlap with the services already provided by NZTE, including offshore promotional activity, targeted attraction of individual investors, and the connection of migrant investors to NZ economic networks (aftercare). Transferring those functions from INZ to NZTE will result in more efficient delivery of those services, with one port of call for potential migrants interested in New Zealand investment opportunities.
16. Providing information on the immigration system to investor migrants makes up approximately 30 per cent of the work of the current team in the SEE branch. This is an immigration-specific relationship management function, providing bespoke information tailored to the individual circumstances of each applicant and personalised guidance during the visa application process. INZ is the only government agency legally able to provide immigration guidance and this requires detailed knowledge of the visa and immigration process.
17. We recommend that INZ retains responsibility for providing immigration system information and education to investor migrants. This would mitigate the risk of NZTE being perceived as providing advice on immigration requirements and ensures that applications can request information and assistance on visa processes directly from the immigration regulator.

Roles and responsibilities will be formalised once we clarify NZTE's role in the Active Investor Plus visa

18. We will need to clarify NZTE's role in the Active Investor Plus visa. Officials are considering the extent to which NZTE is active in the visa process, for example in requiring each investor migrant to meet with an NZTE investment manager and NZTE providing a letter of support in respect of an investor migrant's investment activity during the visa's three-year investment period. This will be worked through as we finalise the Active Investor Plus visa's settings. We anticipate that INZ and NZTE will formalise their roles in a memorandum of understanding closer to the new visa's roll out.

We recommend that funding is transferred to NZTE in a phased manner

19. Should you agree that INZ retain responsibility for providing information on the immigration system to investor migrants, INZ will need to retain a proportion of funding that is sufficient to resource the function.

20. INZ estimates that approximately 30 per cent of the current team's work focuses on information and education. This reflects current practice, as there would necessarily be a significant component of immigration advice from the government's immigration agency.
21. There are also around 320 Investor 1 and 508 Investor 2 applicants (828 in total)³ with applications in flow, who have an established relationship with INZ. We see value in maintaining these relationships as much as possible to avoid the risk that these individuals' needs are not met and that they consequently choose not to invest their capital and utilise their skills in New Zealand.
22. The Investor 1 category will be closed to new applications and Investor 2 closed permanently after an announcement following Cabinet's decisions on the final design settings for the Active Investor Plus visa. The upcoming Cabinet paper on revised settings for the Active Investor Plus visa will clarify the eligibility of investors in the pipeline to be processed.
23. Equally, NZTE will need to be appropriately resourced to deliver attraction and aftercare services, particularly in the roll out of the Active Investment Plus visa.
24. We recommend that INZ should retain \$0.373 million in funding (2022/23 to 2025/26), which is equivalent to two FTEs under the current service delivery model. This level of funding would enable a smooth transition from current investor visa settings to the Active Investor Plus visa by resourcing the information and education function at current levels, while also ensuring INZ is resourced to maintain relationships with investors currently involved in the application process.
25. INZ would then be funded for one FTE from 2025/26 onwards with the balance transferred to NZTE. This recognises that an embedded relationship between INZ and NZTE could see more of a rationalisation in INZ's services to investor migrants, and allows sufficient time for investors in the current pipeline to complete the programme.
26. Based on the estimated ongoing budget for investment attraction services, the transfer of funding would work out as follows:

	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 (and outyears)
Vote Labour Market					
Minister of Immigration					
Multi-Category Expenses and Capital Expenditure:					
Immigration Services (MCA)					
Departmental Output Expenses					
Services for the Attraction of Migrants (funded by Revenue Crown)	-	(1.670)	(1.670)	(1.670)	(1.857)

³ All of whom have formally submitted applications. As at 4 March, there are currently no outstanding expressions of interest in the queue. 170 applications have been lodged since August 2021 (75 Investor 1 applications and 95 Investor 2 applications).

Vote Business, Science and Innovation					
Minister for Economic and Regional Development					
Multi-Category Expenses and Capital Expenditure:					
Support the Growth and Development of New Zealand Firms, Sectors and Regions (MCA)					
Non-Departmental Output Expenses:					
International Business Growth Services (funded by Revenue Crown)	-	1.670	1.670	1.670	1.857

This is a fiscally neutral transfer of existing resources, however requests for additional funding may be made in future

27. This will be a fiscally neutral transfer, transferring existing resource from INZ to NZTE. The Active Investor Plus visa will likely require a more targeted approach to investor migrants, with increased wraparound aftercare services. Initially, the focus will be on promotion of the new visa but building on the activation process for active investors (including, for example, providing a concierge service to investor migrants, building private investor networks, showcasing opportunities, and verifying acceptable funds and opportunities) will likely require more funding in long run should Ministers wish for these enhancements to be made.
28. We will consider the resourcing impacts of the Active Investor Plus visa as part of a planned implementation review of the new visa. We note that the new visa's objective to target active investors is likely to see reduced volumes of applications, which may allow for more resource to be devoted to aftercare services.

Next steps

29. The Minister for Economic and Regional Development and the Minister of Immigration will shortly be taking a paper to the Cabinet Economic Development Committee on revised settings for the Active Investor Plus visa. The Cabinet paper will also ask Cabinet to note your decisions regarding the location of attraction and aftercare services for your colleagues' visibility. We plan to provide the Minister for Economic and Regional Development and the Minister of Immigration with a draft paper on 10 March.
30. Officials will work through INZ and NZTE's respective roles and responsibilities as we finalise the Active Investor Plus visa's settings. We anticipate that INZ and NZTE will formalise their roles in a memorandum of understanding (MoU) closer to the new visa's roll out.
31. INZ and NZTE will collaborate in activating the 828 potential investors currently in the pipeline. INZ is the only government agency legally able to know applicant details and therefore provide immigration guidance and this requires detailed knowledge of the visa and immigration process. There is, therefore, a risk that it may be difficult to share applicants' information with NZTE. This may be resolved via a number of mechanisms; however, a privacy impact analysis will need to be made, which will be undertaken in parallel with the development of an MoU between INZ and NZTE.