



COVERSHEET

Minister	Hon Andrew Little	Portfolio	Immigration
Title of Cabinet paper	Options for updating and reopening the Parent Category Resident Visa	Date to be published	12 July 2023

List of documents that have been proactively released		
Date	Title	Author
September-October 2022	Options for updating and reopening the Parent Category Resident Visa	Office of the Minister of Immigration
28 September 2022	Options for updating and reopening the Parent Category Resident Visa DEV-22-MIN-0230 Minute	Cabinet Office
3 October 2022	Options for updating and reopening the Parent Category Resident Visa CAB-22-MIN-0421 Minute	Cabinet Office
29 July 2022	Options for updating and reopening the Parent Category Resident Visa	Ministry for Business, Innovation and Employment
18 August 2022	Draft Cabinet paper for consultation – Updating and reopening the Parent Category Resident Visa	Ministry for Business, Innovation and Employment
18 August 2022	Parent Category – options for Green List sponsors and implementation	Ministry for Business, Innovation and Employment
9 September 2022	Final Cabinet paper – Options for updating and reopening the Parent Category Resident Visa	Ministry for Business, Innovation and Employment

Information redacted

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In Confidence

Office of the Minister of Immigration

Cabinet Economic Development Committee

Options for updating and reopening the Parent Category Resident Visa

Proposal

- 1 This paper seeks agreement to proposed changes to the Parent Category Resident Visa (Parent Category) settings that reduce barriers to access, and to the resumption of selections of expressions of interest for Parent Category visas, which have been suspended since 2016.

Relation to government priorities

- 2 Updating and reopening the Parent Category supports the Labour Party's 2020 Election Manifesto commitment to reduce barriers to access the Parent Category. Reopening the Parent Category supports attraction of and settlement outcomes for skilled migrants, which aligns with the Immigration Rebalance goals of increasing the skill level of the migrant workforce to support a more productive and sustainable economy by supporting skilled migrants settle in New Zealand.

Executive Summary

- 3 The Parent Category enables New Zealand residents and citizens to sponsor their parents for residence in New Zealand, in order to support skilled migration. The Parent Category supports skilled migration by making New Zealand a more attractive place for skilled migrants to settle with their families. In general, the principle of the Parent Category is that where possible, the costs of bringing parents to New Zealand are to be borne by the adult children who sponsor them. This is consistent with other countries, such as Canada and Australia, which have similar policies that place long-term obligations on sponsoring-children to ensure that their parents are supported when they immigrate.
- 4 To apply for the Parent Category, applicants submit an expression of interest (EOI) which enters a pool until it is selected by Immigration New Zealand (INZ) and an invitation to apply (ITA) is issued. EOIs are currently selected chronologically, based on the date they were submitted. The applicant can then prepare and submit a resident visa application.
- 5 EOI selections were paused in 2016, pending a review of the Parent Category settings. The review was completed in 2018-19, and Cabinet subsequently agreed to tighten the Parent Category settings and resume EOI selections from May 2020. However, EOI selections were unable to be resumed due to the COVID-19 pandemic and the impact on visa processing.

- 6 In 2020, the Labour Party made a manifesto commitment to reducing the barriers to access the Parent Category Resident Visa. The settings I propose in this paper align with that objective, and also the broader immigration settings of the Immigration Rebalance.
- 7 To reduce barriers to access the Parent Category, while still supporting skilled migrants to settle here and limiting impacts on Crown-funded services, I propose that the Parent Category settings are updated as follows:

7.1 the income threshold that sponsors are required to meet is lowered to:

	Current settings		Proposed settings	
Income threshold for sponsors	One sponsor	<u>2x</u> median wage	One sponsor	<u>1.5x</u> median wage
	Joint sponsor	<u>3x</u> median wage	Joint sponsor	<u>2x</u> median wage
Sponsoring more than one parent	Income threshold increased by <u>1x</u> median wage per parent (up to six parents)		Income threshold increases by <u>0.5x</u> median wage per parent (up to six parents)	

- 7.2 eligibility for joint sponsorship arrangements is extended to allow two adult children (ie siblings in most cases) to combine their income to meet the relevant threshold, rather than just partners;
- 7.3 the annual cap on the number of visas that can be issued to parents increases from 1,000 to 2,500 per annum;
- 7.4 selections of EOIs in the existing queue recommence in chronological order;
- 7.5 future EOIs are collected and selected from a ballot, and selections from the ballot begin once the online ballot system and associated fees are implemented;
- 7.6 500 places from the annual cap are allocated to new EOIs selected from the ballot from mid-2023; and
- 7.7 the sponsorship period continues to be set at ten years as permitted by the Immigration Act 2009, and it is unlinked from the residency rules for accessing superannuation (which are increasing to twenty years).
- 8 While these changes all act to reduce barriers, some people will still be unable to meet the requirements to access the Parent Category. We can direct officials to look at options to address this further in 2023.
- 9 I consider that resuming EOI selections is a priority, and, subject to Cabinet approval, I plan on resuming EOI selections a month after I announce our decisions, which could be as early as 14 November 2022. In the month prior

to selections resuming, INZ will contact those in the EOI pool to make sure their details are up to date and check that they wish to proceed with their EOI.

- 10 There are some challenges around implementing a ballot while the existing queue of EOIs are being processed. I propose that new EOIs will move into a ballot from the date the Parent Category changes are announced while existing EOIs continue to be selected chronologically.
- 11 INZ will make some system changes to automate the selection of EOIs from the ballot, Confidential advice to Government [REDACTED] These changes will be made by May 2023, Confidential advice to Government [REDACTED] [REDACTED] I consider that the risks around this approach are outweighed by the need to resume EOI selections this year.

Background

- 12 The Parent Category allows any New Zealand residents and citizens who have been resident in New Zealand for at least three years to sponsor their parent's application for residence if they meet the sponsorship criteria (including an income threshold). The objective of the Parent Category is to support family connections in order to:
 - 12.1 progress New Zealand Government economic and social objectives for immigration; and
 - 12.2 attract and retain skilled and productive migrants (the sponsors), while also limiting the costs of New Zealand Government benefits.
- 13 Given these objectives, the visa settings are designed to limit the impact that Parent Category visa holders have on New Zealand's health and social services. The key levers for doing this are the income threshold for sponsors and the annual cap on individual visas (currently set at 1,000 visas per annum).
- 14 Residence is a valuable visa class, as it provides many added benefits for migrants, including security and certainty of being able to stay in New Zealand indefinitely, the ability to purchase property, get publicly funded healthcare, and access to social welfare after two years of residence (with the exception of some benefits that are available upon gaining residence).¹
- 15 Migrants' parents positively contribute to the family, cultural and economic wellbeing of their children (the sponsors) and their families. Direct contributions can be through by providing childcare, assisting with household and other tasks, and by taking up paid employment themselves. There is an indirect flow-on to businesses, the wider economy and communities through sponsor migrants and their children being more settled in New Zealand, thus enabling them to contribute and be more productive in their work and other activities. Reunification with parents also can assist in retaining skilled

¹ Residents may be able to access the Emergency Benefit and some supplementary assistance immediately following gaining residency, while main benefits require a period of two years following gaining residence, and New Zealand Superannuation requires ten years (increasing to twenty).

migrants, who may otherwise leave New Zealand. A review of retention data in June 2018 showed that the number of sponsoring migrants who remain in New Zealand is 15 to 20 per cent higher than those who do not sponsor parents. This demonstrates the positive settlement outcomes for migrants and their families.

- 16 There are some limited alternatives for parents to gain residence in New Zealand, and these are only available in specific circumstances. The first is the Parent Retirement Category Resident Visa, which allows parents with significant financial means to invest in New Zealand to gain residence. This takes the parents' income into consideration, rather than the sponsor's income. The second is the Refugee Family Support Category, which allows former refugees in New Zealand to sponsor family members (including parents) to join them in New Zealand.
- 17 Under the Parent Category, the parents are the applicant, and their application is sponsored by an adult child. To apply for the Parent Category, applicants must go through a two-step process. First, the applicant submits an EOI to the pool. EOIs are then selected from the pool in order of submission up to the cap and issued an ITA. The applicant then has four months to submit a visa application. The application is assessed against whichever Parent Category settings are in place at the time the visa application is made (rather than at the time of the EOI).
- 18 EOI selections have been paused since 2016; however, EOIs are still able to be submitted. A review of the Parent Category was conducted in 2018-19, which reduced the annual cap from 2,000 to 1,000 and increased the income threshold requirements [CAB-19-MIN-0491]. Selections were set to resume under these settings in 2020, but this was not able to proceed due to the impact COVID-19 had on visa processing. EOI selections remain paused, with 5,620 EOIs in the pool (representing 8,849 individuals) as at 8 August 2022, and this number continues to grow. A summary of the Parent Category changes since 2012 has been attached as Appendix One.
- 19 The current visa settings for the Parent Category, as agreed in 2019 [DEV-19-MIN-0257 refers], which no applications have been processed under due to the impact of COVID-19 on visa processing, are:

Visa settings for sponsors (the adult child)		
Income threshold for sponsors	One sponsor	2x median wage (currently \$115,481.60)
	Joint sponsors	3x median wage (currently \$173,222.40)
Sponsoring more than one parent	Income threshold increases by 1x median wage per parent (up to six parents) <i>For example, one sponsor who is sponsoring two parents is required to earn 3x median wage (currently \$173,222.40)</i>	

Visa settings for applicants (the parent)	
Annual cap	1,000 individual visas issued to parent applicants per year
Other settings	<p>Applicants must meet health, character and English language requirements</p> <p>Sponsors must be a New Zealand resident for at least three years</p> <p>Only partners may be joint sponsors (ie they must demonstrate they are in a genuine and stable partnership), both must meet residence requirements</p>

- 20 In 2020, the Labour Party made a manifesto commitment to review the barriers to access the Parent Category. I am proposing changes to the Parent Category settings that meet this objective.
- 21 The visa settings for the category apply at the time of the ITA is issued, so the changes we agree will apply when processing the 5,620 EOIs that are currently in the pool.

Analysis

- 22 The key barriers to access the Parent Category are the income threshold for sponsors, the eligibility for joint sponsorship arrangements, and the annual cap on individual visas.
- 23 To reduce barriers to access the Parent Category, while still supporting skilled migrants to settle here and limiting impacts on Crown-funded services, I am seeking decisions on four aspects of the Parent Category settings:
- 23.1 the income thresholds sponsors must meet;
 - 23.2 the eligibility requirements for sponsors;
 - 23.3 the annual cap on the number of visas that can be issued to parents; and
 - 23.4 the method of selecting EOIs from the pool in future.

Income threshold for sponsors

- 24 An income threshold is a simple way of assessing whether a sponsor can reasonably meet the living costs of their parent or parents. This requirement decreases the risk of higher cumulative cost to the Crown if sponsors are unable to financially support their parents, which leads to welfare concerns for the sponsored parent. The introduction of an income threshold for sponsors in

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2012 (\$65,000 per annum for one sponsor, and \$90,000 per annum for joint sponsors) led to a significant reduction in the uptake of benefits, from around 33 per cent of Parent Category visa holders who gained residence 2011 to just three per cent of those who obtained a Parent Category Visa in 2013 accessing a benefit. I consider that alternative options (for example a comprehensive assessment of the individual circumstances of each visa application) are operationally difficult, and would significantly delay progress in reopening the category,

25 While there is no precise methodology to determine the income threshold that is appropriate for different family arrangements, I consider that an income threshold remains the best measure to give effect to key considerations of the Parent Category, which are:

25.1 to ensure skilled and productive migrants can sponsor their parents;

25.2 to limit pressure on taxpayer-funded services;

25.3 to ensure that migrants and sponsoring families can enjoy an acceptable standard of living in New Zealand; and

25.4 to maintain a system that is simple for people to assess their eligibility against.

26 I propose the following income thresholds for sponsors to support their parent's/parents' application for residence through the Parent Category:

	Current settings		Proposed settings	
Income threshold for sponsors	One sponsor (baseline threshold)	<u>2x</u> median wage (currently \$115,481.60)	One sponsor (baseline threshold)	<u>1.5x</u> median wage (currently \$86,611.20)
	Joint sponsors	<u>3x</u> median wage (currently \$173,222.40)	Joint sponsors	<u>2x</u> median wage (currently \$115,481.60)
Sponsoring more than one parent	Income threshold increased by <u>1x</u> median wage per parent (up to six parents)		Income threshold increases by <u>0.5x</u> median wage per parent (up to six parents)	

The baseline income threshold for sponsoring a parent

27 I am proposing to lower the income threshold and thereby increase the group of eligible sponsors as this will reduce a significant barrier to access the Parent Category. The proposed baseline threshold of 1.5 times the median wage increases the pool of eligible sponsors to the top 17 per cent of wage earners in New Zealand (up from the top 8 per cent under current settings).

28 I consider that this lower income threshold is still sufficient to ensure that sponsors can meet the living and accommodation costs of their parents if

required. Based on analysis of average household costs around New Zealand,² the baseline income threshold of 1.5 times median wage is likely to be sufficient for most households to support an additional adult. This mitigates the risks that sponsorship obligations are not met, and higher cumulative pressures are imposed on Crown funded services and benefits. The Ministry of Social Development indicated while lowering the income threshold may result in some increase to welfare costs, this is unlikely to be significant.

- 29 Both the Ministry for Pacific Peoples and the Ministry for Ethnic Communities respectively noted that uptake of the Parent Category by Pacific migrants and former refugees and asylum seekers is likely to be low owing to difficulties meeting the proposed income thresholds.
- 30 I considered a lower baseline income threshold of median wage or trialling a portion of the cap with no income threshold, as this would make the Parent Category accessible to a wider group of sponsors. However, I believe that the proposed settings provide a stronger assurance that the parent, sponsor, and any dependents will enjoy an acceptable standard of living. Expanding the accessibility of the Parent Category also creates higher demand, and a baseline income threshold set lower than 1.5 times median wage is likely to generate demand beyond what the annual cap can accommodate.
- 31 If an income threshold at the median wage or removing the income threshold for part of the cap were pursued, this would need to be supplemented by more resource-intensive assessments on the individual circumstances, number of dependents, and finances of each application to mitigate the risk of parents not being adequately supported by their sponsors. This would make the visa application process far more complex for migrants and is likely to lead to longer wait times for visa processing. I do not consider this to be a desirable approach, given the operational complexity involved.
- 32 I have also considered a two-tiered system where Tier One has an income threshold of 1.5 times median wage and is allocated the majority of the annual cap, and Tier Two has an income threshold of median wage or no income threshold and is allocated a small portion of the cap. I am not proposing this option at this point because this would not reduce the barriers to access much more than a 1.5 times median wage baseline income threshold, as only a small portion of the cap would benefit from the lower or removed threshold. However, it would increase demand significantly, and unless we were willing to agree to a reasonable increase in the cap, could create unrealistic expectations for potential applicants.

The income threshold for joint sponsors

- 33 The income threshold for sponsorship increases when there are joint sponsors (two sponsors, who, under current settings, must be in a genuine and stable partnership). This gives partners the option to pool their joint income to try to meet the relevant income threshold at a discounted rate compared to applying as a single sponsor. Joint sponsorship may also be

² <https://www.ird.govt.nz/-/media/project/ir/home/documents/forms-and-guides/ir100---ir199/ad164/2020.pdf?modified=20200907050256&modified=20200907050256>

necessary where the adult child is not the higher earner in the relationship (as one sponsor must be directly related to the parents applying for the visa).

- 34 I propose that the combined income threshold for joint sponsors is decreased to twice the median wage, compared to the current threshold of three times the median wage. By agreeing to enter into a joint sponsorship arrangement, both sponsors are agreeing to underwrite the costs of the parents being sponsored. Therefore, adding 0.5 times median wage to the baseline threshold is appropriate, because there is a risk that the living costs of the parent are not met if the partnership does not last.

Income thresholds for sponsoring more than one parent

- 35 I propose that the income threshold increases by 0.5 times median wage for each additional parent, which halves the wage required for each additional parent under the current settings. This assumes that each parent brings additional costs of 0.5 times median wage, which is consistent with current superannuation payments (the figures are very similar).³
- 36 We could also choose to allow two parents in a partnership to be sponsored at the baseline income threshold. However, there are wellbeing and financial risks to consider. There are extra costs associated with additional parents even when they are in a partnership, and there is a risk that these additional costs cannot be met on the baseline income threshold of 1.5 times median wage alone. It is common for one person to sponsor two parent applicants and this is the case for the vast majority of EOIs in the queue. Due to this, I consider it appropriate for the income threshold to increase when there are additional applicants in order to meet these costs.

Sponsorship requirements

- 37 To support widening eligibility for sponsors, I propose extending sponsorship eligibility to allow two adult children (ie siblings in most cases) to act as joint sponsors. This is more inclusive of different cultural values (especially the family values of Pacific peoples and within other ethnic communities), where it is more suitable for siblings to be joint sponsors. This is also reflective of familial and cultural practices within Pacific communities where caring for parents is a collective responsibility amongst children. The Ministry for Pacific Peoples was supportive of this option, as it may increase access to the Parent Category for Pacific communities. The Ministry for Ethnic Communities was also supportive of this, as it acknowledges the family structure of some communities, and does not disadvantage those who are not in a partnership.
- 38 I also considered prioritising the EOIs who have a sponsor that is in an occupation on the Green List, specifically removing the three-year residency requirement for sponsors and setting aside part of the cap for those with Green List sponsors. However, I consider that the income threshold

³ The current rates for New Zealand Superannuation payments are \$28,000 per annum for a single person, and \$42,000 per annum for a couple (\$21,000 per person) and 0.5 times median wage is \$28,870.40.

appropriately targets highly skilled migrants, and these options add a lot of complexity to the system for limited added gain. Prioritising applications linked to Green List sponsors provides benefits for this group but does not further our goal of lowering barriers to access the Parent Category.

Annual cap on individual visas

- 39 I propose increasing the annual cap on individual visas from 1,000 to 2,500. I propose that 2,000 per year are allocated to processing the existing queue of EOIs, and 500 per year are allocated to new EOIs selected from a ballot from August 2023. This proposal includes considerations of:
- 39.1 the potential pressure on and cost to taxpayer-funded services and the cumulative number of people provided visas;
 - 39.2 accessibility of the Parent Category, including wait times and demand; and
 - 39.3 processing resource trade-offs – primarily in the shorter-term.
- 40 A key reason for capping the number of Parent Category visas granted per annum is to limit the pressure on Crown-funded services, especially public health and aged care services and the cost to other taxpayer-funded services. While the sponsorship obligations and income thresholds do limit some costs to the taxpayer, this does not apply to the public health system or social welfare, which all residents have access to (after two years for most benefits). Parent Category visa applicants must meet the standard immigration health requirements (ie not have any high-cost health conditions) before they are granted residence. The cumulative impact of resident parents will put additional pressure on health services.
- 41 I propose allocating 500 places from August 2023 within the annual cap to new EOIs submitted after the Parent Category changes are announced. I propose that these are selected from a ballot. This will give new EOIs the opportunity to be selected sooner, instead of being blocked from the Parent Category for up to another four years.
- 42 Future demand for the Parent Category is difficult to predict, and a cap is unlikely to meet all demand, so the right annual cap is an estimate based on past experience and with regard to other priorities. In previous years when the category was operational, around 4,200 EOI submissions per year from 2013-2016 were received. However, future submissions could be higher due to pent-up demand and increased accessibility. There are also likely to be peaks and troughs of demand in coming years. Peaks are likely to occur as the category reopens, and as the 2021 Resident Visa group become eligible to sponsor parents in three years' time.
- 43 I consider that increasing the annual cap to 2,500 appropriately balances the cost and demand pressures of this visa category. Increasing the annual cap to 2,500 is unlikely to create undue risk of high cumulative health or social costs

from the increased residents coming to New Zealand. This view is supported by the Ministry of Health and Ministry of Social Development.

- 44 A cap of 2,500 is comparable to allowances under other skills-focused immigration systems with similar arrangements when adjusted for population size, namely Canada (30,000 visas per annum) and Australia (6,000 visas per annum). The United Kingdom does not have an equivalent visa to the Parent Category.
- 45 The majority of the annual cap will be used to clear the existing queue, which will take up to three to four years. I am proposing this existing pool continues to be processed chronologically, as this was the expectation when these EOIs were submitted.
- 46 The annual cap could be increased in order to process the existing queue more quickly. However, a higher cap will mean that the costs and impacts on the health and social welfare system are more pronounced in the short term, without decreasing the selection timeframes by a significant degree. INZ would need time to scale up processing capacity process to a higher cap, therefore, even with a cap of 3,000 per year, officials estimate that it may only decrease the processing timeframes by one year (taking up to two to three years to select all EOIs in the existing queue). Additionally, a higher cap is likely to require trade-offs with processing other priority visa categories. Regardless, the existing queue is an important consideration in my proposals for managing future demand for the Parent Category.

Impact of the proposed income threshold and cap on welfare costs

- 47 The income threshold appears to be an effective mitigation for benefit uptake as compared to no threshold. Sapere conducted analysis for the Ministry of Business, Innovation and Employment in 2017 on the fiscal impacts of the Parent Category and examined the November 2011 and June 2013 annual cohorts of arrival on Parent Category visas. The 2011 cohort did not have an income threshold for sponsors, whereas the 2013 cohort did. The uptake of benefits decreased significantly once there was an income threshold for sponsors - approximately 33 per cent of the 2011 cohort accessed some form of benefit within the first five years of residence, while only three per cent of the 2013 cohort accessed benefits.
- 48 Assuming the prevalence of benefit uptake is similar to the 2013 cohort, when accounting for the lower income threshold and increase in the cap, we can expect to see approximately only 125 people from each cohort access a benefit within the first five years of gaining residence. The actual cost of this benefit uptake is difficult to predict. Confidential advice to Government
This is a small cost increase for the welfare system, and I consider this to be a very small cost when compared to the potential benefits of increasing access to the Parent Category and attracting and retaining skilled migrants. I am seeking to increase the appropriation for Vote Social Development to account for this.

- 49 The impact of removing the income threshold for 500 ballot places from 2023 would significantly increase the estimated welfare cost of the Parent Category. Based on the figures from the 2017 Sapere report, we can expect to see approximately 265 people per cohort access a benefit within the first five years of residence. Confidential advice to Government
- 50 Reducing the income threshold will increase eligibility and therefore demand and queues in a capped system. It is difficult to estimate demand accurately given the pent-up demand, changes to settings, and future demand from the large number of new 2021 Resident Visa residents. I propose monitoring uptake and impacts once the current queue of EOIs has been worked through and the rate of new EOIs is known.

Impact of the proposed income threshold and cap on health costs

- 51 The proposed changes will more than double the number of residence visas issued to parents per year, though this will effectively be an increase from zero to 2,500 because selections of EOIs have been paused since 2016. In making these changes there is some increased risk of consequential costs to Crown-funded services, however I do not consider this risk or the costs to be so high as to make the changes unpalatable.
- 52 Health costs tend to increase as people age, so we expect to see higher health costs among Parent Category residents due to the older age demographic. This will be a larger cost for a larger cohort and, while these visa holders should be in reasonably good health due to the medical assessment required for the visa application, they are still more likely to have higher demand for health and aged care services.
- 53 Based on the current average health spending on people aged 65 and over, the first cohort is likely to cost approximately \$37 million in the first year, which is a small cost in the context of overall health spending (the estimate for Vote Health in 2021/22 was \$24.4 billion). However, this does not account for varying rates of health expenditure inflation, nor the age of parent residents when they come to New Zealand (as not all will be over 65 and we do not know the average life expectancy for Parent Category visa holders). Therefore, the actual number may be more or less over time than this estimation.
- 54 However, the annual cap is still relatively small, so I do not consider that this will impose significant budgetary pressure on the health system. While there is a cumulative impact of granting more Parent Category visas, the annual cap and health requirements to be granted a visa should limit these impacts in the short to medium term.

We could explore removing income thresholds altogether to allow all residents and citizens to be eligible sponsors

- 55 The changes we have proposed to the annual cap and income threshold align with our manifesto commitment to reduce barriers to access the Parent Category. However, there will be some residents and citizens who are well settled in New Zealand and cannot afford to meet the proposed income thresholds. There is a social equity argument to also allow them to sponsor their parents.
- 56 One option is to test removing the income threshold for the 500 ballot places to begin in August 2023 so that all New Zealand residents and citizens can sponsor their parents, regardless of their income. Officials have advised against progressing this option because:
- 56.1 it does not provide security that parents will be supported when they are in New Zealand, leading to wellbeing concerns. Further work would be required to determine an assessment criterion, delaying the Parent Category reopening;
 - 56.2 it is likely to significantly increase cost to the social welfare system (33 per cent of parents drew on welfare support when there was no income threshold in the past);
 - 56.3 it is likely to exponentially increase demand for a very small number of places, reducing the odds of being selected while still paying the ballot fee, and creating significant operational pressures to manage this demand;
 - 56.4 it does not specifically target marginalised groups, so the increased demand for the ballot may still prevent them from accessing the Parent Category; and
 - 56.5 it is unfair to those already in the EOI queue that will need to meet the income threshold and may no longer meet it due to changed circumstances. Removing the income threshold for all 2,500 in the cap compounds the issues already discussed.
- 57 I am interested in alternative options to support people who cannot meet the sponsorship income thresholds to be able to reunite with their parents too. However, we also need to progress reopening the Parent Category promptly and ensure those with EOIs in the queue can begin to be reunited with their parents. Therefore, I am committed to progressing the proposals to reduce barriers to access in this paper.
- 58 To progress further on social equity in this matter, we can direct officials to complete further work on temporary or residence options for the group who cannot meet the income thresholds. I would ask officials to progress this as part of the Partnership and Family review scheduled to begin in 2023. They would scope this work and provide advice on the trade-offs with other parts of the review.

Resuming selections of expressions of interest

- 59 I propose that the pool of existing EOIs, which includes 5,620 EOIs representing 8,849 individuals, is selected chronologically by INZ, which will take up to four years to complete. This effectively draws a line between the existing EOIs and the future EOIs, which I am proposing to be selected through a ballot.
- 60 I also propose making some accommodations for those who withdrew their EOIs from the current pool on the previous advice of officials. Ahead of the 2020 reopening of the Parent Category, officials advised those in the EOI pool to withdraw their EOI if they knew they would not meet the two times median wage income threshold, as it was not foreseeable at the time that EOI selections would not resume. I will work with officials to develop and give effect to suitable accommodation for this group.
- 61 I am proposing that future EOIs are selected through a ballot that operates similarly to the Pacific Access Category and Samoan Quota. With this type of ballot, INZ selects a portion of EOIs from the pool, and the remaining EOIs effectively expire. The benefit of this system is that it is realistic and transparent about the chances applicants have to receive a Parent Category Resident Visa, and prevents a queue from forming. Additionally, a ballot where EOIs expire after a period of time ensures that the information provided is up to date and expresses current interest for the visa. I am proposing EOIs remain in the ballot pool for two years before being expired if not selected.
- 62 The current system is a chronological queue, which gives applicants certainty that their EOI will be selected. However, an EOI submitted today would be processed after six to ten years of being in the queue, based on a cap of 2,500 (a wait time that is likely to increase as more are submitted). The current system and associated wait times do not give certainty about eligibility if applicants experience a change in circumstances, for example, declining health over that time or reduction of sponsor's income. We can look to Australia to see the impacts of lengthy queues, where it can take more than 30 years for a Parent Visa to be processed. A ballot minimises this risk, as applicants need to assess their eligibility at the time they submit the ballot. I believe that the ballot system is more transparent about the probability of receiving a Parent Category Resident Visa, whereas the chronological queue hides the element of chance that is still present due to long and increasing wait times.
- 63 Continuing to have a chronological queue of EOIs will also change the implementation timeframes I am seeking to progress, and incentivise submitting EOIs as soon as possible after announcing Parent Category changes. Officials have advised that this initial demand would overwhelm current administrative capacity, unless announcement and changes are delayed to coincide with implementation of an online EOI system in May 2023. This is a significant variation on the planned announcement and implementation timeframes outlined later in this paper.

- 64 Submitting a ballot will still attract a fee to recover the cost of administration and give the applicant a chance to be drawn from the ballot, and is, therefore, not refundable. The current cost for the Parent Category EOI is \$550. Costs could be reviewed for a new online ballot system that Confidential advice to Government This further reduces a barrier to the Parent Category. I will report back to Cabinet about revised fees for the Parent Category by March 2023.
- 65 I do not expect any of the changes I am proposing, or their implementation to incur additional costs to the Crown, and the costs will be met within existing operating costs, as well as through the visa category fees.

Implementation

Implementing the ballot system and announcing changes to the Parent Category

- 66 Data on EOIs has shown a clear correlation between announcements about the Parent Category and significantly higher EOI submission numbers. Ideally, the Parent Category would be closed to new EOIs while the changes to the system are implemented, however, the Immigration Act 2009 does not contain regulations powers to do this without closing the whole category.
- 67 The ballot system will require online systems to be created and new fees to be set, as the operation of a ballot costs less to process than paper based EOIs. This is likely to be complete by May 2023.
- 68 To quickly resume selections of existing EOIs without adding to the existing queue, I propose moving all new EOIs submitted into a ballot that will be selected from once the online ballot system and associated fees are implemented. EOIs submitted between the time of announcement and the implementation of a ballot will attract higher fees, however, I believe this is correct from a cost recovery standpoint as these EOIs will continue to be processed as paper based submissions. I will clearly communicate that there would be no selection advantage to applying earlier, and strongly advise against submitting EOIs until the revised fees are announced.
- 69 I propose that 500 places under the annual cap are allocated to new EOIs that will be selected from a ballot from August 2023, once the online ballot system is implemented. This portion of the cap will operate alongside the chronological selection of EOIs already in the queue, increasing the annual cap to 2,500 from mid-2023 when selections from the ballot can commence.
- 70 I expect to announce the changes to the Parent Category within three to four weeks of Cabinet's decision. This will allow implementation to be worked through and allow changes to immigration instructions to be made and certified by me in line with Cabinet's decision. INZ will then contact those who are in the EOI pool to advise them of the changes and see if they want to progress with their EOI. I have been advised that a month is an appropriate amount of time to do this. As such, EOI selections from the queue will be able to resume a month after announcement of the changes, possibly from mid-November 2022.

Other implementation matters

- 71 Previously, Cabinet agreed to link the sponsorship period to the residency rules for superannuation [DEV-19-MIN-0257 refers]. The superannuation rules have been updated and are set to increase gradually from ten years to twenty, from June 2024, which is contrary to the Immigration Act 2009 which only permits a maximum of ten-year sponsorship period. I therefore propose to delink the sponsorship period from the residency rules for superannuation. This necessary change also heightens the importance of maintaining a suitable income threshold, as sponsors are more likely to continue to support their parents until they are eligible for superannuation.
- 72 There will be some minor details to decide before I can certify immigration instructions that give effect to the changes we agree to. This is likely to include the specific form that the ballot will take and how long EOIs will be current for until they are lapsed. I request that I am delegated authority to finalise these details.
- 73 The evidentiary requirements for sponsors' income requires that the sponsor provides an Inland Revenue tax statement (Summary of Income). However, due to the nature of the self-employed tax system, a Summary of Income for self-employed people only reflects provisional income, which is not sufficient for the purposes of the Parent Category. I will work further with officials to find an alternative to enable self-employed people to access the Parent Category.

Financial Implications

- 74 The introduction of a ballot system which will utilise more automated systems will change the costs associated with processing EOIs for this visa category. There may also be some variation in costs associated with processing ITAs due to automation of some aspects of processing. Further work will be conducted to assess the variation in costs on the basis of these changes. I will report back on this by March 2023.
- 75 Potential pressures on health will be managed through normal funding procedures.
- 76 The costs to social welfare services will require a small increase to Vote Social Development to fund the increased cost to welfare support provided by MSD through the increased number of visas and lower income threshold. [REDACTED]
Confidential advice to Government [REDACTED]
[REDACTED]. This will be charged against the Between Budget Contingency.

Legislative Implications

- 77 There are no direct legislative implications of these proposals. Some changes will be required to tertiary legislation (immigration instructions), which I will authorise under section 22 of the Immigration Act 2009.

Impact Analysis

Regulatory Impact Statement

78 This paper does not require a Regulatory Impact Assessment as it has no direct legislative implications.

Population Implications

- 79 Any income threshold is likely to relatively disadvantage women of all backgrounds who wish to be a sponsor under the Parent Category (although they will be advantaged over the status quo). In many family arrangements, particularly in households with young children, women tend to earn less than men. The median income for women is approximately 20 per cent less than men. This may lead to unequal access to the Parent Category. However, this risk is decreased by the lower income thresholds I am proposing. Women who successfully sponsor a parent may also benefit from increased support with childcare responsibilities and their capacity to work outside the home could be increased. There are also a number of government initiatives to support gender (and ethnic-gender) equity in employment, which will also support equitable access to the Parent Category, such as the Women's Employment Action Plan, Te Mahere Whai Mahi Wāhine.
- 80 The proposed changes to the income threshold will make the Parent Category more accessible to more sponsors. However, some populations are likely to still experience accessibility issues. These are populations that are statistically more likely to have a lower income rate, specifically Māori (who may wish to jointly sponsor their partner's parent), Pacific peoples, women (especially Māori and Pacific women) and ethnic communities. However, to lower the income threshold for a portion of the annual cap to increase accessibility for these groups increases the potential of Crown-funded services being relied on, and increased welfare concerns for the applicants. I suggest this is an undesirable trade-off. The proposed settings with lower income thresholds and the ability for siblings to pool income will provide some assistance.
- 81 Improved access to the Parent Category will improve settlement outcomes for migrant communities. This is also enhanced by resuming selections of EOIs and making the visa category active again, as it gives migrants clarity about their plans for the future and likelihood of accessing the Parent Category.
- 82 A positive impact of the Parent Category reopening is more offshore migrants' parents will have the possibility of being sponsored and gaining residence in New Zealand. However, the increase of older people coming into New Zealand could place increased pressure on health and aged care services for seniors. This is assessed to be marginal given the capped number of visas available, but will have some effect on demands.
- 83 There is a concern about elder abuse for Parent Category visa holders who are likely to be in a position of heightened vulnerability with respect to their family members and the sponsorship arrangements. The Office for Seniors

noted that this demographic may not report instances of elder abuse, due to limited English and community connections. This situation will be monitored.

Human Rights

- 84 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

- 85 To enable a prompt reopening of the Parent Category I have chosen to forgo public consultation. However, we have received a lot of stakeholder views on the Parent Category in previous reviews and in ongoing engagement and I feel the issues applicants and sponsors face are well understood.
- 86 Ministry of Social Development, Office for Seniors, Ministry of Housing and Urban Development, Ministry of Health, Treasury, Ministry for Ethnic Communities, Ministry for Pacific Peoples, Ministry for Disabled People, and Ministry of Foreign Affairs and Trade were consulted in the development of this paper. Within MBIE, Immigration New Zealand and International Labour Mobility Policy were consulted. Ministry for Women and the Department of the Prime Minister and Cabinet were informed.
- 87 Feedback was given by these agencies and has been incorporated into this Cabinet paper. The key points of feedback received:
- 87.1 While the lower income thresholds reduce barriers to access the Parent Category for some, this is not true for all. Ministry for Ethnic Communities, Ministry of Disabled People, Ministry for Pacific Peoples and Ministry of Foreign Affairs and Trade noted that there would continue to be systemic barriers to access for former refugees, people with disabilities, and Pacific peoples.
- 87.2 Ministry for Ethnic Communities, Ministry for Pacific Peoples, Ministry of Disabled People, and Ministry of Foreign Affairs and Trade expressed support for allowing siblings to enter into joint sponsorship arrangements, as this is far more inclusive of different family arrangements.

Communications

- 88 I intend to announce these changes once decisions are taken and immigration instructions certified.

Proactive Release

- 89 This paper will be proactively released subject to redactions as appropriate under the Official Information Act 1982 after announcements are made.

Recommendations

The Minister of Immigration recommends that the Committee:

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- 1 note that the Parent Category Resident Visa currently:
 - 1.1 allows New Zealand residents and citizens to sponsor their migrant parents for residence in New Zealand, subject to meeting an income threshold and agreeing to a ten-year undertaking to financially support their parents;
 - 1.2 is capped at a maximum of 1,000 people issued visas per year and expressions of interest are selected chronologically;
 - 1.3 has been closed to new selections, with no new expressions of interest selected for processing since October 2016; and
 - 1.4 has an existing queue of expressions of interest of 5,620, representing 8,849 individuals;
- 2 note that in 2019, Cabinet agreed the current income threshold settings: [CAB-19-MIN-0491 refers]:
 - 2.1 a baseline income threshold of two times median wage for one sponsor of one parent;
 - 2.2 an additional income requirement of 1 times median wage per additional parent that is sponsored; and
 - 2.3 an additional income threshold of 1 times median wage for joint sponsorship (totalling three times median wage for joint sponsors of one parent);
- 3 note that an income threshold requirement has shown to be an effective means to reduce the risk of costs to Crown-funded services;
- 4 agree to reduce the Parent Category's baseline income threshold for one sponsor and one parent to 1.5 times median wage;
- 5 agree to reduce the income threshold for sponsoring additional parents so it increases by 0.5 times median wage per additional parent;
- 6 agree to reduce the additional income threshold for joint sponsors to 0.5 times median wage;
- 7 agree to allow two adult children (ie siblings) to be joint sponsors for the Parent Category, in addition to partners;
- 8 note that the demand that Parent Category residents are likely to impose on health and social welfare services is limited by the annual cap;
- 9 agree to set the annual cap of individual Parent Category Resident Visa approvals at 2,500 people per annum;
- 10 agree to resume the selection of Parent Category expressions of interest that are in the existing queue a month after changes are announced, in

IN CONFIDENCE

chronological order based on the date the expression of interest entered the pool;

11 agree to invite those who withdrew their expression of interest on the basis of the previous income thresholds to resubmit their expression of interest;

12 agree to collect and select all expressions of interest submitted from the date of announcing these changes from a self-clearing ballot;

13 agree that from August 2023, 500 visas per year are allocated to new expressions of interest submitted after changes are announced and will be selected from the pool by a ballot.

14 note that selecting and processing the existing 5,620 expressions of interest representing 8,849 people with a cap of 2,000 visas available per year will take up to four years to complete;

15 note that selecting expressions of interest through a ballot will begin once the online ballot system and associated fees are implemented;

16 note that the online system and associated fees will be confirmed by May 2023;

17 Confidential advice to Government

18 note that reducing the income thresholds as agreed in recommendations in 4, 5 and 6 will reduce barriers to accessing the Parent Category;

19 note that there are some residents and citizens who are well settled in New Zealand and cannot afford to meet the proposed income thresholds;

20 direct officials to conduct further work in 2023 on other options for those who cannot meet the income thresholds;

21 note that the Minister of Immigration will announce changes to the Parent Category settings in the next three to four weeks, once early implementation details are finalised;

22 invite the Minister of Immigration to report back on revised fees for the Parent Category in March 2023;

23 Confidential advice to Government

- 24 Authorise the relevant appropriation Minister(s) and Minister of Finance jointly to agree to:
- 24.1 Confidential advice to Government
[REDACTED]
- 24.2 approve necessary changes to appropriations required to reflect the changes in 24.1 and their inclusion in the 2022/23 Supplementary Estimates, and to increases being met from Imprest Supply in the interim;
- 25 agree that the funding approved in recommendations 21 and 22 be charged against the between-Budget contingency established as part of Budget 2022;
- 26 agree that the expenses incurred under recommendation 23 above be charged against the between-Budget contingency established as part of Budget 2022;
- 27 agree to delegate authority to the Minister of Immigration to finalise implementation details, including details of the ballot and deadlines for applicants to submit visa applications, as well as to make decisions on minor technical matters, in alignment with our decisions;
- 28 agree to unlink the sponsorship period from the residency rules for superannuation, and continue to set the sponsorship period at ten years.

Authorised for lodgement

Hon Michael Wood

Minister of Immigration

Previous settings (2012-2019) <i>2012 = income threshold introduced for Parent Category</i>		Current settings (2019-present) <i>Never operationalised</i>		Proposed settings	
<i>Either financial eligibility based on income of the sponsor/s:</i>		<i>Financial eligibility based on income of the sponsor/s:</i>		<i>Financial eligibility based on income of the sponsor/s:</i>	
One sponsor	\$65,000 per annum <i>(1.25x median wage in 2019)</i>	One sponsor	2x median wage <i>(\$104,000 per annum, using 2019 median wage)</i>	One sponsor	1.5x median wage <i>(\$78,000 per annum, using 2019 median wage)</i>
Joint sponsors	\$90,000 per annum <i>(1.73x median wage in 2019)</i>	Joint sponsor	3x median wage <i>(\$156,000 per annum, using 2019 median wage)</i>	Joint sponsor	2x median wage <i>(\$104,000 per annum, using 2019 median wage)</i>
No additional income required for additional parents		Income threshold increased by 1x (\$52,000) median wage per parent (up to six parents)		Income threshold increases by 0.5x (\$26,000) median wage per parent (up to six parents)	
<i>Or financial eligibility based on guaranteed lifetime income of the applicant/s (parent/s):</i>		N/A – no assessment of applicant’s funds			
Single	\$28,166 per annum				
Couple	\$41,494 per annum				
<i>Or financial eligibility based on settlement funds of the applicant/s (parent/s)</i>		N/A – no assessment of applicant’s funds			
Convertible assets with a minimum value of NZ\$500,000					
Only partners can act as joint sponsors				Partners or siblings (two adult children) can act as joint sponsors	
EOIs enter queue and are selected chronologically				EOIs in existing queue to be selected chronologically New EOIs enter pool and selected by ballot	
Annual cap of 2,000 (2016-2019) Annual cap of 5,500 (2012-2016)		Annual cap of 1,000		Annual cap of 2,500 total Allocation of 500 places to be selected by ballot (only applies to new EOIs) from 2023	