



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

YES / NO (please select)

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 to maintain legal professional privilege, privacy of natural persons, free and frank opinions and confidential advice to Government.



BRIEFING

Final Cabinet paper – Options for updating and reopening the Parent Category Resident Visa

Date:	9 September 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2223-0788

Action sought		
	Action sought	Deadline
Hon Michael Wood Minister of Immigration	Agree to lodge the Cabinet paper for consideration at DEV on 21 September 2022	12 September 2022

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Andrew Craig	Manager, Immigration (Skills and Residence) Policy	Privacy of natural persons	✓
Ella Pearce	Graduate Policy Advisor		

The following departments/agencies have been consulted
Immigration New Zealand, and the Ministry of Social Development

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



BRIEFING

Final Cabinet paper – Options for updating and reopening the Parent Category Resident Visa

Date:	9 September 2022	Priority:	High
Security classification:	In Confidence	Tracking number:	2223-0788

Purpose

To seek approval to lodgement of the attached Cabinet paper with Cabinet Office, for consideration at the Cabinet Economic Development Committee (DEV) on 21 September and clarify some implementation details.

Executive summary

Officials have updated the Cabinet paper, *Options for updating and reopening the Parent Category Resident Visa*, to incorporate feedback you received from your Ministerial colleagues. We have also updated the Cabinet paper to include some further details on implementation of the proposed Parent Category settings and quantify the fiscal impacts of increasing the annual cap and lowering the income threshold. The result of the fiscal impacts requires an uplift in the Vote Social Development appropriation as advised by Treasury. We have included this in the paper, but Treasury and the Ministry of Social Development are yet to finalise costs, and these will be provided to your office early next week ahead of lodgement.

The main change following feedback is amending the Cabinet paper to say that you considered removing the income threshold for the ballot of 500 to begin in 2023 but will not progress this option as officials strongly recommend against it. We have provided you further information about this in this paper.

We are also seeking your decisions on various other matters, ahead of immigration instructions being drafted to make changes to the Parent Category in line with Cabinet decisions. These are:

- determining which income streams are considered for the purposes of meeting the income threshold. We recommend that only taxable income should be considered, as this aligns with advice from the Ministry of Social Development and is consistent with previous practice.
- confirming the evidence that self-employed sponsors should provide in order to show their income, and we recommend that this is an annual tax statement.
- confirming the length of time that expressions of interest (EOIs) remain in the ballot before expiring. We recommend that this is two years, unless no EOIs are drawn during that time. This ensures that each EOI has at least one chance to be drawn before expiring.
- determining whether people with an EOI in the existing queue are able to also submit an EOI in the ballot, in order to have a chance to be selected sooner. We do not see an issue with this approach but recommend that applicants can only submit one EOI in the ballot at any one time.

Next steps are to notify officials of any changes to the attached Cabinet paper, ahead of lodging with the Cabinet Office on 15 September.

Recommended action

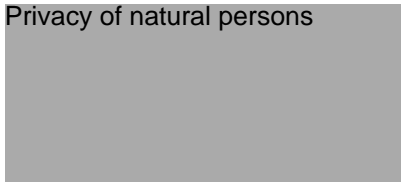
The Ministry of Business, Innovation and Employment (MBIE) recommends that you:

- a **Note** that additional funding will be needed to cover the costs to Vote Social Development if Cabinet agrees to progress recommended changes to the Parent Category
Noted
- b **Note** that final costings for the uplift to Vote Social Development are still being finalised and will be provided to your Office next week ahead of your approval of the Cabinet paper for lodgement
Noted
- c **Agree** to lodge the attached Cabinet paper, subject to any amendments, on 15 September, for consideration by the Cabinet Economic Development Committee on 21 September, and Cabinet consideration on 26 September
Agree / Disagree
- d **Note** that immigration instructions and a communications plan are being developed based on your preferred options, to support an announcement of the Parent Category reopening and policy changes
Noted
- e **Agree** that sponsors' income for the purposes of meeting the income threshold includes either:
 - a. taxable income (paid employment, self-employment, and investment income) only (recommended by MBIE and the Ministry of Social Development);
OR
Agree / Disagree
 - b. all income sources (including social welfare benefits)
Agree / Disagree
- f **Agree** that self-employed sponsors must supply a tax statement as evidence of their income, instead of a Summary of Income
Agree / Disagree
- g **Agree** that future expressions of interest (EOIs) will remain in the ballot for two years, unless no EOIs are drawn from the ballot, before they expire
Agree / Disagree
- h **Agree** that people with EOIs in the existing queue may also submit an EOI to the ballot
Agree / Disagree
- i **Agree** that, within the ballot, applicants (either principal or secondary) may only have one EOI in the pool and that where an applicant is included in multiple EOIs, the duplicate EOIs will be declined and removed from the pool
Agree / Disagree

j **Agree** that your office will share the revised Cabinet paper with the Associate Minister of Immigration

Agree / Disagree

Privacy of natural persons



Andrew Craig
**Manager, Immigration (Skills and Residence)
Policy**
Labour, Science and Enterprise, MBIE

Hon Michael Wood
Minister of Immigration

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09/09/2022

Summary of changes made to the Cabinet paper

Addressing feedback from Ministers

- The following table summarises the changes incorporated into the Cabinet paper to reflect the further feedback received on the draft Cabinet paper.

Feedback received	Changes made
The Associate Minister of Immigration asked if the income threshold could be removed for a portion of the annual cap, in order to give marginalised groups an opportunity to access the Parent Category.	Paragraphs 29, 30, 31 were amended to include discussion of this option, and paragraphs 40 and 41 were included to canvas this option and outline the risks.
The Minister of Health's office noted their support of the proposals as long as the income and health requirements appropriately mitigate the risk of increased pressure to the health system.	Paragraph 41(2) was included to note the potential health system impact of removing the income threshold for 500 ballot places per year.
The Prime Minister's office queried whether a ballot is the fairest approach to selecting expressions of interest (EOIs), and wanted to check that there were no negative impacts of the lower income threshold.	Paragraph 57 was added to explain the issues with continuing to select EOIs chronologically, and outline the benefits of the ballot.

Inclusion of discussion about removing the income threshold for 500 ballot places per year (the 500 ballot)

- We understand that you would like the benefits and weaknesses of this option noted in the Cabinet paper. We have amended the Cabinet to show that you considered this option but decided not to progress it due to the risks we noted in our advice to you on 2 September [*Note on the Parent Category*]. The risks of removing the income threshold for the 500 ballot are:
 - it does not provide any security that parents will be supported when they are in New Zealand, leading to wellbeing concerns, so further work will be required to determine an assessment criterion, delaying the Parent Category reopening, or leaving parents liable for deportation and sponsors liable for debt recovery
 - it is likely to significantly increase pressure on Crown-funded services, such as social welfare, and impose some pressure on the public health system
 - it is likely to exponentially increase demand for a very small number of places, which will decrease each person's chance of being drawn from the ballot
 - it does not specifically target marginalised groups, so the increased demand for the ballot may prevent them from accessing the Parent Category, which may be more difficult for migrants than not being eligible in the first place, as they cannot plan for their future in New Zealand
 - is unfair to those already in the EOI queue, who will be required to meet an income threshold, and may not be able to, they may also have chosen to sponsor more parents without an income threshold applying. A fairer approach would be to remove the income threshold entirely, which results in 2,500 not being subject to income thresholds, increasing the potential cost to the Crown even more significantly (to approximately \$99 million over five years for social welfare alone).
- The Minister of Health's office noted general support for the paper as long as costs to the health system are minimal and pressures to the system are mitigated. Our view and that of

the Ministry of Health is that the proposals do so. However, MBIE's view is that progressing an option with no income threshold for the 500 ballot would increase the risk of cost to the health system, and that a requirement for health insurance is not likely to sufficiently resolve this. Additionally, costs to the welfare system are likely to increase with no income threshold, and we have amended the paper to note these likely impacts relating to the option of no income threshold.

4. You may wish to share the revised version of the Cabinet paper with the Associate Minister of Immigration.

Advantages of a ballot rather than chronological queue for EOIs in future

5. Following feedback from the Prime Minister's office, we have added paragraph 57 to outline the weaknesses of continuing to queue EOIs, and the benefits of a ballot. We provided you with advice on the issues associated with queuing EOIs in our initial advice on 29 July [2122-4075 refers] and on 2 September [*Note on the Parent Category*].

Fiscal impacts of the proposed changes to the Parent Category

6. As indicated in briefing 2223-0389, we have conducted further work with the Ministry of Health and Ministry of Social Development to understand the possible fiscal impacts for the Crown of the changes to the Parent Category. The Ministry of Health is satisfied that any consequential costs of increases in the number of Parent Category residents are minimal and can be absorbed in baselines.

7. Confidential advice to Government



8. We have amended the Cabinet paper to include this financial implication, and to include recommendations that Cabinet agrees to appropriate this amount through the Between Budget Contingency fund. However, we cannot provide finalised costs and financial recommendations today. We will provide your office with the updated figures and amend the figures in the Cabinet paper on Monday 12 September ahead of your approval of the paper for lodgement.

Further updates

9. In our briefing to you on 18 August [2223-0389], we noted that there were parts of the draft Cabinet paper that still needed some more work. This work has been completed, and the following edits were made to the final Cabinet paper:
 - a. **Paragraph 8 and recommendation 12** were amended to reflect the sequencing for EOI selections of the existing queue to resume after announcement of the changes.
 - b. timeframes for implementing the online ballot system have been confirmed by Immigration New Zealand (INZ), and **paragraphs 10 and 61 and recommendation 17** were amended to say that the online ballot form will be available by May 2023.
 - c. **Recommendation 22** was amended to specifically give the Minister of Immigration the power to determine details of the ballot and deadlines to submit visa applications without needing Cabinet approval. Currently, applicants have four months to submit a visa application from the time they are issued an invitation to apply (ITA). Due to challenges associated with COVID-19, many INZ clients are reporting challenges with

obtaining police checks and medical reports, so extending this timeframe while many countries are still experiencing service delays will ease pressure on applicants.

- d. **Paragraph 73** was amended to include statistics comparing the income disparity between men and women, an addition that was requested during agency feedback on the draft Cabinet paper.
- e. **Paragraph 47** was amended and **paragraph 48** added to reflect further consultation with the Ministry of Social Development on the fiscal impacts of increasing the annual cap and cost of removing the income threshold for the 500 ballot. **Recommendation 21** was added as a financial recommendation.
- f. **Paragraph 52** was added to reflect further consultation with the Ministry of Health on the fiscal impacts of increasing the annual cap and explains the anticipated costs of each cohort over the first twenty years of residency.

Implementation and announcement planning

- 10. The implementation plans laid out in the final Cabinet paper assume that will Cabinet agree to the recommendations, and any variation on the recommendations (including a 500 ballot with no income threshold) will require a revised timeframe.
- 11. INZ have advised that they plan to select EOIs quarterly, beginning in November 2022 for existing EOIs (depending on when announcements are made), and August 2023 for the ballot EOIs. As such, EOIs will be selected in February, May, August, and November each year moving forward.
- 12. We strongly recommend that any announcement is accompanied by making instructions changes to give effect to Cabinet decisions. This will ensure that there is no influx in EOIs to add to the existing queue [2223-0459 refers]. Immigration instructions will be provided to you prior to announcing Parent Category changes. If Cabinet agrees to options that differ from the settings recommended in the Cabinet paper, INZ will provide further advice on timelines for certifying instructions.

Implementation impacts of removing the income threshold for the 500 ballot

- 13. INZ have advised that removing the income threshold for the 500 ballot will create significant operational impacts, if this is progressed on the same timelines as originally planned for resuming EOI selections.
- 14. This is due to a likely influx of a high number of paper based EOI submissions from a much larger pool of parents potentially able to be sponsored than with an income threshold of 1.5 times median wage. INZ estimates that this could be tens of thousands of paper based EOIs. This would cause a significant administrative burden which must be processed manually, leading to delays as well as increased volumes for the ICC to manage queries and likely complaints. The expectation management and queue management will require resources to be redirected.
- 15. An alternative is to reprioritise major ICT deliverables for other categories (eg Skilled Migrant Category (SMC), Working Holiday Scheme extensions, and potentially sector agreements) so that an online form can be created this year which would remove the need to process paper based EOIs. This would mean delaying implementation of those changes that have either already been agreed and announced by Cabinet or, in the case of SMC, reopening using a paper form (not advised).
- 16. Avoiding these risks to INZ operations would require moving the announcement and implementation of the Parent Category changes, including processing of existing EOIs to

begin in quarter two of 2023, when the online system can be available for new EOI submissions.

Other matters for your consideration ahead of immigration instructions being finalised

17. There are a number of other matters for you to be aware of and to take decisions on ahead of immigration instructions being finalised.

Matters relating to the income threshold

18. We require your decisions on two matters relating to how immigration officers will determine the sponsor's income for the purposes of meeting the income threshold.

Determining income streams for the income threshold

19. During agency consultation on the draft Cabinet paper, we received feedback from the Treasury which sought clarification on income streams eligible for the purposes of the income threshold, notably, non-taxable income support payments like Working For Families or the Accommodation Supplement [2223-0389 refers]. Our view is that these income support payments should not be eligible income, as they are given for a specific purpose, for example, the costs of raising children or housing. We understand that you did not agree with this initial view.
20. We have consulted with the Ministry of Social Development, and they strongly advise against using income support payments to meet the income threshold. Income support payments are financial support provided by the State made for specific purposes, not including supporting parents under the Parent Category, and including these payments will interfere with that purpose. Additionally, there may be some unintended outcomes, for example, those in high-cost housing areas who receive more funding may benefit more than those in low-cost areas who may be in a better position to support their parents. This will compound existing income disparities between regions and make the Parent Category more available in certain parts of New Zealand.
21. Previously, INZ only considered taxable income for the Parent Category (specifically, paid employment, self-employment, and investment income). We recommend continuing this approach because it does not impact other policy areas.

Income evidence for self-employed sponsors

22. In our initial advice on the Parent Category [2122-4075 refers], we noted that further work is required to determine which evidence is appropriate to determine income, as a Summary of Income only includes provisional income for self-employed people.
23. We recommend that the evidence required for self-employed income is a tax statement, as this will give an accurate view of the sponsor's actual income. The potential risks of this are that this evidence is not current (ie could be up to one year out of date), however, we do not consider this to be a significant risk.
24. All sponsors are required to demonstrate the relevant income level for two out of the previous three years, with the assumption that this income will continue so they can support their parents, and the same goes for self-employed sponsors. This requirement mitigates the risk of income varying significantly from year to year, a risk that is also present if the sponsors receive income from investments.

Matters relating to the operation of the ballot

25. The first matter relating to the operation of the ballot is how long EOIs remain in the ballot before expiring/lapsing. We previously advised that our initial view is that ballots should

remain in the ballot for two years, unless no EOIs are drawn from the ballot in that period for operational or other reasons [2223-0389 refers]. This will ensure that applicants are not adversely affected by operational decisions to pause Parent Category EOIs. While it is unlikely that EOI selections will be paused again in the future, we understand that applicants may not trust that this is the case and will want some security that their EOI will have a chance to be selected before it expires. Our advice remains the same, as this approach keeps EOIs current, while limiting reapplication frequency for applicants.

26. The second matter is whether applicants in the EOI queue should be restricted from also submitting an EOI in the 500 ballot. Some applicants may want to have a chance to get their EOI selected sooner than it will be in the queue and may be willing to pay another EOI fee. Our view is that there should not be such a restriction, as they will not have a greater chance of being selected from the ballot than other EOIs. However, applicants will only be able to submit one EOI to the ballot, so everyone has an equal chance of being selected. The ballot forms (online and paper) will be clear that if an EOI includes a person who has already submitted a ballot EOI, the duplicate EOIs will be declined before ballot draws are run. INZ will run a process similar to that in the Pacific Access Category and Samoan Quota where, prior to draws, a data check is run to identify duplicates which are then manually checked and declined.

INZ's plan for contacting people in the EOI queue

27. As part of the implementation plan for resuming EOI selections from the existing queue, officials noted that a period of one month should be set aside for INZ to contact people in the queue to advise them of the updated settings and that their EOI will be selected soon [2223-0389 refers]. This month will begin from the date the Parent Category changes are announced and immigration instructions come into effect.
28. INZ will use contact information for the applicants (the parents) to communicate this message, with the preferred means being email. The email will advise:
 - a. that selections are re-starting
 - b. the criteria they will have to meet and show evidence of if they are selected
 - c. information about how to withdraw their EOI and request a refund if they do not meet the criteria and/or no longer want New Zealand residence
 - d. how to update their contact details if needed.
29. There is a risk that a number of those in the queue may not have current contact information on the EOI, and therefore do not submit a visa application within four months of being issued an ITA. INZ is investigating contacting the parent's sponsors if it is unable to contact the parents themselves.

Next steps

30. Officials will make any amendments to the paper, including finalising financial implications, and provide the final paper to your office for lodgement by Thursday 15 September.
31. The paper will be considered by the Cabinet Economic Development Committee (DEV) on 21 September, and Cabinet on 26 September. We will provide your office with talking points ahead of DEV to support you at these meetings.

Annexes

Annex One: Final Cabinet paper – Options for updating and reopening the Parent Category Resident Visa