



COVERSHEET

Minister	Hon Erica Stanford	Portfolio	Immigration
Title of Cabinet paper	Immigration Fee and Levy Review	Date to be published	9 August 2024

List of documents that have been proactively released		
Date	Title	Author
27 June 2024	Immigration Fee and Levy Review – final proposed rates ECO-24-MIN-0117 Minute	Cabinet Office
19 June 2024	Immigration Fee and Levy Review – final proposed rates	Office of the Minister of Immigration
2 May 2024	2324-2878 Immigration fee and levy review – targeted consultation report back	MBIE
2 April 2024	2324-2695 Targeted consultation material – Immigration fee and levy review	MBIE
2 April 2024	Immigration Fee and Levy Review	Office of the Minister of Immigration
27 March 2024	Immigration Fee and Levy Review ECO-24-MIN-0040 Minute	Cabinet Office
4 March 2024	2324-1491 Immigration fee and levy review proposed rates and draft Cabinet paper	MBIE
1 February 2024	2324-1757 Further information on refugee support activities and reallocating ESOL costs	MBIE
31 January 2024	2324-1685 Options to address refugee and protected person claim processing challenges	MBIE
21 December 2023	2324-1069 Further advice on fiscal sustainability options for the immigration system	MBIE
27 November 2023	2324-0932 Fiscal sustainability options for the immigration system	MBIE

Information redacted

YES

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 reasons of international relations; confidential advice to government; legal professional privilege; negotiations; confidentiality; free and frank opinions; maintenance of the law; confidential information entrusted to the government; and privacy of natural persons.



Cabinet Economic Policy Committee

Minute of Decision

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

Immigration Fee and Levy Review: Final Proposed Rates

Portfolio **Immigration**

On 26 June 2024, the Cabinet Economic Policy Committee (ECO):

Achieving a fiscally sustainable immigration system

- 1 **noted** that in order to achieve the Government's priority of a more efficient, self-funding immigration system, the Ministry of Business, Innovation and Employment (MBIE) has undertaken an immigration fee and levy review to:
 - 1.1 recover costs between 2024/25 to 2026/27 to address cost pressures and better account for uncertainty of visa volumes and revenue;
 - 1.2 rebalance accumulated fee and levy account balances at the end of 2027/28 (i.e. one extra year, to smooth out increases and minimise the impact on future payers);
 - 1.3 remain competitive with Australia's charges (where feasible);
- 2 **noted** that in April 2024, ECO agreed to targeted consultation with key stakeholders on increases to fee and levy rates, and invited the Minister of Immigration (the Minister) to report back with final proposals in mid-2024 [ECO-24-MIN-0040];
- 3 **noted** that targeted consultation on the proposed fee and levy rates was completed in May 2024, and:
 - 3.1 indicated that stakeholders understood and did not disagree with the rationale for the proposals, but were concerned about the significant increase of the proposed charges and visa processing timeliness;
 - 3.2 underlined the likelihood of public/media scrutiny of the proposals, in response to which MBIE has developed a communications plan to clearly articulate the rationale for the changes and the Government's commitment to faster visa processing;

Proposal 1: Reduce Crown funding and recover costs more fully from users of the immigration system

- 4 **noted** that:
- 4.1 in April 2024, ECO also agreed in principle to have users of the immigration system fund the current Crown costs and future cost pressures of certain activities, subject to Budget 2024 Decisions [ECO-24-MIN-0040];
 - 4.2 Budget 2024 returned \$32.6 million per annum (on average) of immigration system savings, comprised of [CAB-24-MIN-0148]:
 - 4.2.1 \$14.2 million per annum (on average) of immigration system activities;
 - 4.2.2 \$18.4 million per annum (on average) from removing subsidies for fees and levies provided for in the 2022 fee and levy review [CAB-22-MIN-0121];
- 5 **confirmed** the following decision made in principle in April 2024, following Budget 2024 decisions:
- 5.1 that users of the immigration system fund the current Crown costs and future cost pressures based on the principle that those that receive the benefit or create the risk should bear the cost of those services, comprising of a further:
 - 5.1.1 \$58.7 million per annum (on average) of immigration system activities (\$14.2 million per annum less than agreed in principle, due to the wider MBIE baseline savings referred to in paragraph 4.1 above);
 - 5.1.2 \$50.3 million per annum for English for Speakers of Other Languages (ESOL) programmes in schools;
- 6 **noted** that the amount in paragraph 5.1.2 above includes replacement levy funding for \$9.051 million (80 per cent of an additional \$11.314 million per annum) of Crown funding in Budget 2024 for ESOL cost pressures in Vote Education;
- 7 **noted** that the Minister of Finance will make decisions on how to manage the impacts and treatment of the \$14.2 million per annum shortfall referred to in paragraph 5.1.1 above and the return of \$9.051 million of Crown funding referred to in paragraph 6 above;
- 8 **authorised** the Minister of Finance and the Minister of Economic Development, and any other relevant appropriation Minister(s) to give approval for MBIE to give effect to any decisions made under paragraph 7;
- 9 **noted** that the decisions in paragraphs 4, 5, 28 and 32 bring the total Crown savings from the immigration system to \$563.3 million (excluding immigration cost pressures), which were used to offset the Budget 2024 operating package;
- 10 **noted** that remaining Crown funding for the immigration system (\$60.5 million for 2024/25) is primarily for delivery of refugee services;
- 11 **agreed** to technical adjustments to the allocation of funding between fees and levies, around \$53.1 million on average per annum, to more appropriately recover visa assessment and processing costs from fees (mainly risk and verification and ICT);

- 12 **agreed** to decreases in revenue Crown and a corresponding increase in third-party revenue (immigration fees and immigration levy) to provide for the adjustments outlined in paragraphs 5 and 11 above, with the following impact on the operating balance and net core Crown debt;

	\$m – increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Labour Market				
Operating Balance and Net Core Crown Debt Impact	(58.968)	(59.397)	(58.449)	(58.167)
Operating Balance Impact Only	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-
No Impact	58.968	59.397	58.449	58.167
Vote Education				
Operating Balance and Net Core Crown Debt Impact	(50.302)	(50.302)	(50.302)	(50.302)
Operating Balance Impact Only	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-
No Impact	50.302	50.302	50.302	50.302
Total	-	-	-	-

- 13 **approved** the following changes to appropriations to reflect the revenue changes in paragraph 12 above:

	\$m – increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Labour Market				
Minister of Immigration				
Multi-Category Expenses and Capital Expenditure:				
Immigration Services Multi-Category Appropriation (MCA):				
Departmental Output Expenses:				
Assessment and Processing Services (funded by revenue Crown)	(63.007)	(60.528)	(57.334)	(57.310)
Assessment and Processing Services (funded by revenue Other)	63.007	60.528	57.334	57.310
Total Operating	-	-	-	-

- 14 **noted** that the appropriation changes in paragraph 13 above reflect the aggregate change in funding sources across appropriations, which comprise the following changes:

	\$m – increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Labour Market Minister of Immigration Multi-Category Expenses and Capital Expenditure: Immigration Services MCA: Departmental Output Expenses:				
Assessment and processing services				
Revenue from fees (Visa)	63.007	60.528	57.334	57.310
Revenue from the Crown (Levy)	(56.403)	(53.545)	(51.134)	(51.187)
Revenue from the Crown	(6.604)	(6.983)	(6.200)	(6.123)
TOTAL	-	-	-	-
Integrity and Security of the New Zealand Immigration System				
Revenue from the Crown (Levy)	33.993	34.078	33.951	33.914
Revenue from the Crown	(33.993)	(34.078)	(33.951)	(33.914)
TOTAL	-	-	-	-
Services for the Attraction of Migrants				
Revenue from the Crown (Levy)	0.734	0.742	0.729	0.725
Revenue from the Crown	(0.734)	(0.742)	(0.729)	(0.725)
TOTAL	-	-	-	-
Settlement and Integration of Refugees and Other Migrants				
Revenue from the Crown (Levy)	12.277	12.225	12.216	12.056
Revenue from the Crown	(12.277)	(12.225)	(12.216)	(12.056)
TOTAL	-	-	-	-
Vote Labour Market Minister of Immigration Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Services to Ministers MCA: Departmental Output Expense:				
Policy Advice and Related Services to Ministers - Immigration				
Revenue from the Crown (Levy)	4.888	4.897	4.881	4.877
Revenue from the Crown	(4.888)	(4.897)	(4.881)	(4.877)
TOTAL	-	-	-	-

	\$m – increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Labour Market Minister of Immigration				
Departmental Output Expense: Regulation of Immigration Advisers				
Revenue from the Crown (Levy)	0.472	0.472	0.472	0.472
Revenue from the Crown	(0.472)	(0.472)	(0.472)	(0.472)
TOTAL	-	-	-	-
Vote Education Minister of Education				
Multi-Category Expenses and Capital Expenditure: Outcomes for Target Student Groups MCA: Non-Departmental Output Expense:				
Learning Support and Alternative Education				
Revenue from the Crown (Levy)	50.302	50.302	50.302	50.302
Revenue from the Crown	(50.302)	(50.302)	(50.302)	(50.302)
TOTAL	-	-	-	-

15 **agreed** to the following, as noted by Cabinet in Budget 2024, which contributes to the separate baseline savings target for MBIE:

15.1 returning \$0.8 million per annum of Crown funding for Employment Relations Services from 2024/25, to be funded with third-party revenue from fees and levies in the immigration system through the fee and levy cost pressures in paragraphs 18 and 19 below;

16 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 15 above, with a corresponding impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Labour Market Minister for Workplace Relations and Safety				
Departmental Output Expense: Workplace Relations and Safety - Employment Relations Services (funded by revenue Crown)	(0.800)	(0.800)	(0.800)	(0.800)

Use of fee and levy funding to manage cost pressures for 2024/25 and outyears

- 17 **noted** that the immigration system faces cost pressures for fee and levy funded activities of on average \$142.7 million per annum from 2024/25;
- 18 **agreed** to use on average \$102.9 million per annum of immigration fee funding from 2024/25 to meet cost pressures associated with the immigration system workforce; specifically, visa processing, risk, verification and identity, including associated ICT costs;
- 19 **agreed** to use on average \$39.2 million of immigration levy funding per annum from 2024/25 to meet cost pressures associated with significant increases in asylum claims, the immigration compliance and investigation function, Labour Inspectorate compliance monitoring, the Welcoming Communities initiative to support migrant settlement, Active Investor Plus visa delivery by New Zealand Trade and Enterprise, and MBIE Collective Bargaining;
- 20 **agreed** to use on average \$0.7 million of immigration New Zealand electronic Travel Authority (NZeTA) fee funding per annum from 2024/25 to meet cost pressures associated with the **Confidential advice to Government**
- 21 **agreed** to increases in third-party revenue (immigration fees, NZeTA fees and immigration levy) to provide for cost pressures outlined in paragraphs 18 to 20, with no impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Labour Market				
Operating Balance and Net Core Crown Debt Impact	-	-	-	-
Operating Balance Impact Only	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-
No Impact	105.072	125.374	159.010	177.645
Vote Business Science and Innovation				
Operating Balance and Net Core Crown Debt Impact	-	-	-	-
Operating Balance Impact Only	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-
No Impact	-	1.290	1.290	1.290
Total	105.072	126.664	160.300	178.935

- 22 **approved** the following changes to appropriations to reflect the changes in paragraph 21 above:

	\$m – increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Labour Market Minister of Immigration Multi-Category Expenses and Capital Expenditure: Immigration Services MCA: Departmental Output Expenses:				
Assessment and processing services (funded by revenue other)	74.378	91.495	117.620	130.860
Assessment and processing services (funded by revenue Crown)	8.870	7.672	9.700	10.928
Integrity and Security of the New Zealand Immigration System (funded by revenue Crown)	9.198	12.244	16.402	19.280
Services for the Attraction of Migrants (funded by revenue Crown)	1.055	1.733	2.208	2.532
Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)	11.571	12.229	13.079	14.041
Vote Business, Science and Innovation Minister for Economic Development Multi-Category Expenses and Capital Expenditure: Support the Growth and Development of New Zealand Firms, Sectors and Regions MCA Non-Departmental Output Expense: International Business Growth Services (funded by revenue Crown)	-	1.290	1.290	1.290
Total Operating	105.072	126.663	160.299	178.931

- 23 **noted** that the increased funding for Vote Business, Science and Innovation above relates to cost pressures for Active Investor Plus visa delivery by New Zealand Trade and Enterprise, which is disbursed by MBIE through the *Support the Growth and Development of New Zealand Firms, Sectors and Regions MCA*;

- 24 **noted** that the appropriation changes in paragraph 22 above reflect the aggregate change in funding sources across appropriations, which comprise the following changes:

	\$m – increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Labour Market				
Minister of Immigration				
Multi-Category Expenses and Capital Expenditure:				
Immigration Services MCA:				
Departmental Output Expenses:				
Assessment and processing services				
Revenue from fees (Visa)	73.863	90.707	116.807	130.047
Revenue from fees (NZeTA)	0.515	0.788	0.813	0.813
Revenue from the Crown (Levy)	8.870	7.672	9.700	10.928
Integrity and Security of the New Zealand Immigration System				
Revenue from the Crown (Levy)	9.198	12.244	16.402	19.280
Services for the Attraction of Migrants				
Revenue from the Crown (Levy)	1.055	1.733	2.208	2.532
Settlement and Integration of Refugees and Other Migrants				
Revenue from the Crown (Levy)	11.571	12.230	13.080	14.045
Vote Business, Science and Innovation				
Minister for Economic Development				
Multi-Category Expenses and Capital Expenditure:				
Support the Growth and Development of New Zealand Firms, Sectors and Regions MCA				
Non-Departmental Output Expense:				
International Business Growth Services				
Revenue from the Crown (Levy)	-	1.290	1.290	1.290
Total Operating	105.072	126.663	160.299	178.931

Proposal 2: Increase fee and levy rates

- 25 **noted** that increases to fee and levy rates and changes to immigration-related appropriations are required to give effect to paragraphs 5, 11, and 18 to 20;
- 26 **agreed** to the final proposed fee and levy rates set out in Annex Four of the paper under ECO-24-MIN-0117 and that they take effect on 1 October 2024;

27 **noted** that following all the decisions above, the balances between third-party revenue and spending, as tracked in the associated fee or levy memorandum accounts, are expected to be as follows:

	\$m – balance as at 30 June			
	2024/25	2025/26	2026/27	2027/28
Immigration Visa Fee	28.0	23.5	6.7	(2.9)
NZeTA Fee	4.7	0.8	(4.1)	(10.0)
Immigration Levy	(94.3)	(57.5)	(27.1)	2.1

28 **noted** that no increases to NZeTA fees are proposed at this time, to minimise the cumulative impact on payers at a time when increases are also being considered for the International Visitor Tourism and Conservation Levy, but **Confidential advice to Government**

29 **noted** that feedback from Pacific countries raised concerns with increases to Pacific Fee Band rates, particularly for Visitor visas **Negotiations**

30 **agreed** to increase fee rates for Pacific applicants (Fee Band B) from 1 October 2024 by only 25 per cent of the amount necessary to fully recover estimated costs (a flat fee would then apply with no increases over time) at a cost to the Crown of \$16.5 million over four years, and \$4.5 million per annum thereafter;

31 **noted** that the above cost will be met from existing baselines, but that the impact will be a reduction in the total Crown savings from the immigration system;

32 **noted** that the Minister of Foreign Affairs has offered to fund the impacts for 2025/26 and out years from Vote Foreign Affairs, limiting the impact on Crown savings from the immigration system to just \$3.2 million in 2024/25;

33 **noted** that the Crown subsidy in paragraph 30 would not apply to the three Pacific-related visas that are covered by a separate Crown subsidy agreed in Budget 2024, at a cost of \$1.167 million per annum;

34 **agreed** to increase spending to provide for costs associated with the decisions in paragraphs 30 and 32 above, with the following impacts on the operating balance and net debt, augmenting those in paragraph 12 above:

	\$m – increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Operating Balance and Net Core Crown Debt Impact	3.187	-	-	-
Operating Balance Impact Only	-	-	-	-
Net Core Crown Debt Impact Only	-	-	-	-
No Impact		(4.295)	(4.496)	(4.525)
Total	3.187	(4.295)	(4.496)	(4.525)

35 **approved** the following adjustments to provide funding for the fees subsidy, including a fiscally neutral adjustment for 2025/26 and out-years, with an impact on the operating balance and net core Crown debt in 2024/25 only:

	\$m – increase/(decrease)			
	2024/25	2025/26	2026/27	2027/28 & Outyears
Vote Labour Market Minister of Immigration Multi-Category Expenses and Capital Expenditure: Immigration Services MCA: Departmental Output Expenses: Assessment and processing services (funded by revenue Crown)	3.187	4.295	4.496	4.525
Vote Foreign Affairs Minister of Foreign Affairs Non Departmental Other Expense: International Development Cooperation (multi-year appropriation) (funded by revenue Crown)		(8.791)		-
Non Departmental Other Expense: International Development Cooperation (annual appropriation) (funded by revenue Crown)	-	-	-	(4.525)
Total Operating	3.187	-	-	-

36 **agreed** that expenses incurred under paragraph 35 above for the 2024/25 year only be charged against the Between-Budget Contingency established as part of Budget 2024;

37 **agreed** that the changes to appropriations in the paragraphs above be included in the 2024/25 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

38 **noted** that the decisions above will have an ongoing impact on the presentation of the immigration fee memorandum accounts in MBIE’s Annual Report and the Estimates of Appropriations;

Expected demand impacts and risks to manage

39 **noted** that taking account of international literature and the experience of previous fee and levy rate increases, it is considered that demand impacts as a result of increased visa charges will likely be marginal at an aggregate level;

40 **noted** that charges have been set based upon the best available visa volume forecasts and include a buffer to account for uncertain visa volumes;

41 **noted** that MBIE monitors visa volumes, revenue and expenditure and reports quarterly to the Ministers of Finance and Immigration, which provides a mechanism to assess what impact, if any, changes in visa charges have on demand and if visa volumes are lower than forecast;

42 Confidential advice to Government



Drafting instructions

43 **agreed** that charges for visa categories that are now closed be revoked;

44 **invited** the Minister to issue drafting instructions to the Parliamentary Counsel Office to give effect to the decision in paragraph [26](#) above;

45 **authorised** the Minister to make any additional policy decisions or any minor and technical changes required to give effect to the above decisions.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Winston Peters
Hon David Seymour
Hon Nicola Willis (Chair)
Hon Brooke van Velden
Hon Shane Jones
Hon Chris Bishop
Hon Simeon Brown
Hon Erica Stanford
Hon Paul Goldsmith
Hon Judith Collins KC
Hon Simon Watts
Hon Casey Costello
Hon Melissa Lee
Hon Chris Penk
Hon Andrew Hoggard
Hon Mark Patterson
Simon Court MP

Officials present from:

Office of the Prime Minister
Office of the Deputy Prime Minister
Office of Hon Erica Stanford
Officials' Committee for ECO