



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.



BRIEFING

Immigration fee and levy review – targeted consultation report-back

Date:	2 May 2024	Priority:	Medium
Security classification:	Budget - Sensitive	Tracking number:	2324-2878

Action sought		
	Action sought	Deadline
Hon Erica Stanford Minister of Immigration	<p>Note the feedback from targeted consultation on proposed fee and levy rates</p> <p>Confirm your preferred asylum claims processing resourcing option</p> <p>Discuss and provide feedback on the proposals to adjust the proposed fee and levy rates for certain products at your meeting with officials on 8 May.</p>	9 May 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Libby Gerard	Manager, Immigration (Border and Funding) Policy	Privacy of natural persons	
Stacey O'Dowd	Principal Policy Advisor, Immigration (Border and Funding) Policy	Privacy of natural persons	✓
Lesley Parker	Principal Policy Advisor, Immigration (Border and Funding) Policy	Privacy of natural persons	

The following departments/agencies have been consulted
Ministry of Education, Ministry of Business, Innovation and Employment (Immigration New Zealand, Tourism Policy).

- Minister's office to complete:
- | | | |
|--|---|------------------------------------|
| <input type="checkbox"/> Noted | <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Overtaken by Events | <input type="checkbox"/> Needs change | <input type="checkbox"/> Seen |
| | <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



BRIEFING

Immigration fee and levy review – targeted consultation report-back

Date:	2 May 2024	Priority:	Medium
Security classification:	Budget - Sensitive	Tracking number:	2324-2878

Purpose

This briefing provides a summary of the targeted stakeholder consultation undertaken on the fee and levy review. It also:

- indicates the visa product charges that you may wish to consider adjusting in response to stakeholder feedback, and
- seeks confirmation of your preferred level of resourcing for asylum claims processing.

High-level choices and trade-offs of the potential products for adjustment are provided for your consideration and discussion with officials at the meeting on 8 May. We have not provided revised rates at this stage, but will do so following your direction.

Executive summary

We undertook targeted consultation on proposed fee and levy rates

On 29 March 2024, Cabinet agreed to MBIE undertaking targeted consultation with key immigration system stakeholders on proposed fee and levy rates [CAB-24-MIN-0109]. Between 9 April and 1 May, we held sessions with stakeholders representing business/employers, international education, tourism, migrant workers and immigration professionals to seek feedback on the potential demand impacts of the proposed rates.

The majority of stakeholders understood the rationale for the proposals and did not disagree with the principle that system users (not the Crown) should fund the majority of the costs of the system. However, stakeholders expressed concern about the significant increase of the proposed charges and the cumulative impact of increased costs in the context of the current economic climate. The International Visitor Conservation and Tourism Levy (IVL) was regularly cited because it is required to be reviewed by July 2024 (we understand public consultation on changes to the IVL will commence on 9 May).

Beyond this overarching theme, there were three other main areas of concern raised:

- Stakeholders emphasised current concerns with efficiency and raised expectations for improvements in visa processing timeliness as a result of increased visa charges.
- Some stakeholders queried how these increases aligned with other government priorities including to double exports and that tourism and international education are key contributors to achieve this goal. This was raised in the context of the education and tourism sectors still recovering post-COVID-19.

- Stakeholders highlighted the need for greater transparency about what fees and the levy funds. Our discussions underlined the likelihood of public/media scrutiny of the proposals, and the importance of a robust communications and implementation plan to manage risks and clearly articulate how a fiscally sustainable immigration system fits with other government priorities.

Our view remains that the proposed charges are unlikely to have a material impact on demand

A key objective of targeted consultation was to test our assumption that the proposed charges are unlikely to have a material impact on demand. Stakeholders were unable to provide concrete evidence that demand for visas would reduce as a result of the proposed changes, but alerted us to a range of considerations that have nuanced our understanding of the potential impacts of the proposals.

Overall, in the absence of hard evidence and taking account of international literature, our view remains that demand impacts as a result of increased visa charges will likely be marginal at an aggregate level. MBIE monitors visa volumes, revenue and expenditure on a quarterly basis, which provides a mechanism to assess what impact, if any, changes in visa charges have on demand.

On the basis of stakeholder feedback, we propose to relook at the rates for some products

Based on feedback from targeted consultation, we recommend adjusting the charges for the following products to better align with cost recovery principles (equity), respond to consistent feedback and address an error:

- Group visitor visa: we recommend decreasing the levy rate so it is comparable to the visitor visa charge.
- Partner/Parent (resident) visa: we recommend decreasing the levy rate to reflect this visa is for family members of New Zealand citizens and residents.
- Parent Retirement (resident) visa: we need to apply the correct cost-to-serve and recommend increasing the levy rate.

Additionally, you could consider decreasing the levy rate for the Post-Study Work visa and Active Investor Plus visa that have significant increases (170-288%), which some stakeholders expressed concern about.

This briefing sets out the high-level choices and trade-offs with making adjustments for these visa products. We have not provided revised charges at this stage because the financial modelling is being updated to take account of updated information, including reduced English for Speakers of Other Languages (ESOL) cost pressures. We seek your direction on adjustments to explore further at our meeting with you on 8 May. Following that, we will provide you with modelling of potential rates adjustments along with the draft Cabinet paper on 22 May.

You could also make changes to the treatment of the Pacific fee band

Questions have been raised by Pacific nations (as part of engagement by the Ministry of Foreign Affairs and Trade (MFAT) to understand anticipated reactions) on the treatment of the Pacific fee band. We do not recommend a separate approach to the Pacific fee band (which is already set at a lower than rates) because it would be inconsistent with the principle of user pays. Crown funding would also be required to reduce fee charges for Pacific Band B. However, if you wanted to explore this option, we would recommend limiting the band subsidy to three visa products: Visitor visa, Partner/parent visa, Dependent child visa and discussing with the Minister of Finance.

Confirmation of your preferred resourcing option for asylum claims processing

On 1 February 2024, we provided you with advice on three resourcing options for the Refugee Status Unit (RSU) in Immigration New Zealand (INZ) to address refugee and protected person (asylum) claim processing challenges [2324-1685].

To progress work on the final proposed rates, we seek confirmation of your preferred asylum claims processing resourcing option by 8 May 2024. Given the significant time and resource required to recruit and train additional staff in this area, we recommend that you proceed with option 1 (\$10.23 million, 52 additional FTE).

Recommended action

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

Feedback from targeted consultation on proposed fee and levy rates

- a **Note** that per Cabinet's agreement, MBIE undertook targeted consultation on proposed immigration fee and levy rates with key stakeholders between 9 April and 1 May [2324-2695] *Noted*
- b **Note** that while the majority of stakeholders understood the rationale for the proposed changes and could not provide evidence of likely impacts on demand, many expressed concern about the scale of the proposed increases and the cumulative impact of increased costs in the current economic climate *Noted*
- c **Note** that a summary of feedback from targeted consultation is provided in **Annex One** *Noted*

Potential products for rates adjustment

- d **Note** that on the basis of consultation feedback, we recommend adjusting the charges for the following products to better align with cost recovery principles (equity), respond to consistent feedback and address an error:
- Group visitor visa (consider decreasing the levy rate)
 - Partner/Parent (resident) visa (decreasing the levy rate)
 - Parent Retirement (resident) visa (applying the correct cost-to-serve and increasing the levy rate)
- Noted*
- e **Note** that additionally, you could consider decreasing the levy rate for the following products that have significant increases which some stakeholders expressed concern about:
- Post-study work visa
 - Active Investor Plus visa
- Noted*
- f **Note** that questions have also been raised, through MFAT's engagement with Pacific nations, on the possibility of providing an additional discount to the Pacific fee band (which is already set lower than rates for applicants elsewhere) *Noted*

- g **Note** that we do not recommend a separate approach to the Pacific band as this would be inconsistent with the principle of user pays and require Crown funding

Noted

- h **Indicate** whether you would like officials to provide you with options for the Crown to subsidise Pacific fee rates for inclusion in the draft Cabinet paper on final proposed rates

Yes / No

Confirmation of your preferred resourcing option for asylum claim processing

- i **Note** that on 1 February 2024, we provided you with advice on three resourcing options for the Refugee Status Unit (RSU) in Immigration New Zealand (INZ) to address refugee and protected person (asylum) claims processing challenges [2324-1685]

Noted

- j **Confirm** your previous provisional decision to increase asylum claims processing resourcing by \$10.23 million per annum (an increase of 52 FTE) from 2024/25, which would be levy funded

Agree / Disagree / Discuss

Next steps

- k **Agree** to discuss and provide feedback on the proposals in this paper at your meeting with officials on 8 May

Agree / Disagree

- l **Note** that officials will prepare a June Cabinet paper seeking agreement to the final proposed rates to fully recover costs, including cost pressures, and resulting changes to the Immigration Services Multicategory Appropriation (MCA).

Noted



Libby Gerard
Manager, Immigration (Border and Funding) Policy
Labour, Science and Enterprise, MBIE
02 / 05 / 2024

Hon Erica Stanford
Minister of Immigration
..... / / 2024

Background

2. On 29 March 2024, Cabinet agreed to MBIE undertaking targeted consultation with key immigration system stakeholders on proposed fee and levy rates [CAB-24-MIN-0109].
3. We held sessions with the following stakeholders between 9 April and 1 May to seek feedback on the potential demand impacts of the proposed rates:
 - **Business / employers / investors:** Business New Zealand (BNZ), Employers and Manufacturers Association (EMA), New Zealand Association for Migration and Investment, New Zealand Trade and Enterprise. We also discussed the proposed charges with Hospitality New Zealand following feedback that their views should be considered.
 - **Immigration professionals:** MBIE's Immigration Reference Group and the Immigration Focus Group (convened by the Deputy Secretary Immigration New Zealand (INZ)).
 - **International education:** Education New Zealand, the International Students Association and the Pan Sector Alliance (comprises of seven peak education bodies - English New Zealand, Independent Schools New Zealand, Independent Tertiary Education New Zealand, Schools International Education Business Association, Quality Tertiary Institutes, Te Pukenga, Universities New Zealand).
 - **Tourism:** Tourism New Zealand, Tourism Industry Aotearoa and Tourism Export Council New Zealand.
 - **Workers:** Council of Trade Unions and Union Network of Migrants.
4. At each meeting, we took stakeholders through a presentation summarising the context and objectives of the fee and levy review, the proposed new fee and levy rates, and our assessment of the likely impacts of the changes on migration decisions for different groups. We provided you with this consultation material on 2 April 2024 [2324-2695 refers].
5. MFAT also sought feedback and reactions from Pacific governments on proposed increases. Under the Treaty of Friendship with Samoa, New Zealand has specific obligations to consult the Samoan Government about changes to immigration and residence.
6. This briefing summarises the feedback received during consultation and sets out the visa product rates for potential adjustment in light of what we heard from stakeholders. We have not included updated rates in this briefing as the financial modelling is being refined to take account of updated information, including reduced ESOL cost pressures, March Baseline Update (MBU) decisions and the latest visa volumes forecasts.
7. This briefing also seeks confirmation of your provisional decision on the level of resourcing for asylum claims processing from 2024/25.
8. We seek your direction on adjustments to explore further at our meeting with you on 8 May. Following that, we will provide you with advice on final rates adjustments along with the draft Cabinet paper and Cost Recovery Impact Statement (CRIS) on 22 May.

Report-back on targeted consultation

The consultation identified some common themes

9. The majority of stakeholders understood the rationale for the proposal to reduce Crown funding and most agreed with the principle that users of the system should more fully meet the costs of the services for which they receive a benefit.
10. Stakeholders expressed concern about the significant increase of the proposed charges and the accumulative impact of increased costs, particularly in the context of high inflation and businesses and families struggling with the cost of living in an economic downturn. The International Visitor Conservation and Tourism Levy (IVL) was regularly cited because it is required to be reviewed by July 2024 (we understand public consultation on changes to the IVL will commence on 9 May).
11. Beyond this overarching theme, there were three other main areas of concern raised:
 - Stakeholders also emphasised current concerns with efficiency and raised expectations for improvements in visa processing timeliness as a result of increased visa charges.
 - Some stakeholders queried how these increases aligned with other government priorities including to double exports and that tourism and international education are key contributors to achieve this goal. This was raised in the context of the education and tourism sectors still recovering post-COVID-19.
 - The need for greater transparency about what fees and levies fund. Our discussions with stakeholders also underlined the importance of a robust communications and implementation plan to manage risks and clearly articulate how a fiscally sustainable immigration system fits with other government priorities.
12. Other key themes that recurred across the sessions are summarised in **Annex One**.

Business New Zealand's feedback

13. BNZ provided feedback, along with broader feedback from the Employers and Manufacturers Association and Federated Farmers, stating they do not support the fee and levy increases in the absence of information that benefits, risks and costs have been carefully considered.
14. Our response to specific points raised by BNZ is set out in Table 1 below, and has been discussed with them. Feedback consistent with other stakeholders has been captured in **Annex One**.

Table 1: Business New Zealand feedback and MBIE response

Business New Zealand feedback	MBIE response
<p>BNZ raised questions about whether the fee and levy setting process adheres to the standards outlined by Treasury and the Office of the Auditor General.</p> <p>BNZ have the perception that employers are cross subsidising the immigration system because employer accreditation applications were higher than forecast leading to the surplus balance of the fees account.</p>	<ul style="list-style-type: none"> • The proposed rates are based on current cost recovery and charging settings. The fee rates for employers have been set to recover the direct and indirect costs of assessing and processing visa applications, informed by forecast visa volumes and workforce productivity (consistent with section 393 of the Immigration Act 2009 (the Act)). Fees paid by employers are not, and cannot, cross subsidising other visa products. • Levy funding can cover a broad range of activities that support the operation of the immigration system, including system infrastructure, managing immigration risks and the attraction of migrants. Only visa applicants can be charged a levy under the Act, meaning employers are not charged a levy. Therefore, they are not contributing to the funding of any levy-funded activities from which they benefit (eg compliance activity or broader infrastructure costs). • The immigration fees memorandum account is at present in a surplus position, primarily because the revenue received from Resident Visa 2021 (over 100,000 applications received, with over 212,000 people approved residence) reflects higher demand than was originally forecasted. Employer charges have not driven the surplus.
<p>BNZ recommended amending the Accredited Employer Work Visa (AEWV) system to a risk-based approach for employers, in order to reduce immigration system costs and manage risks, noting that the current charging regime is a “one-size-fits-all”.</p>	<ul style="list-style-type: none"> • Employers (or organisations) pay a fee that covers INZ’s direct (eg immigration officer workforce) and indirect (eg ADEPT) costs for processing applications, including AEWV Accreditation and AEWV job check. Charging employers a fee based on applicant risk profile is not within scope of the fee and levy review, and is not current possible in the system. This could be considered in future. • The fee and levy review is based on current legislative, policy and operational settings. This means that changes to AEWV settings suggested by BNZ are outside the scope of the review. We note there is an opportunity through Phase Two of the AEWV Review to engage with BNZ on issues and options.

Stakeholders also provided insights into potential demand impacts

15. Our view, based on agency feedback, the experience of previous fee and levy rate increases and available international evidence, is that the proposed rate increases are unlikely to have a material impact on demand. This is because immigration charges are a very small proportion of the total costs of travelling or moving to New Zealand compared to the benefit received.
16. A key objective of the targeted consultation was to test this assumption with key stakeholders and improve our understanding of factors that impact visa demand for various sectors.

17. While stakeholders were unable to provide concrete evidence¹ that demand for visa would reduce as a result of the proposed changes, they alerted us to a range of considerations that have nuanced our understanding of the potential impacts of the proposals as follows:
- **Visitors** - some key markets (eg India and China) would potentially be most impacted by a visitor visa increase.
 - **International education** - immigration charges are considered as part of overall affordability of international study, and it is likely that perceptions about these costs may differ between countries as some countries are more price sensitive than others.
 - **Workers** - lower socio economic and vulnerable workers may be disproportionately impacted due to the higher visa cost. While this is unlikely to impact migration decisions, it may increase the financial strain for lower paid workers and their families.
 - **Investors** – there is no evidence of demand impacts, but concern was raised about the signal associated with a significant increase.
 - **Partners and family of New Zealand citizens or residents** - partners / family are seen as a special category of migrant (they are not economic migrants), the impact will be felt by New Zealand resident's and citizen's, and the high increase could be a barrier to the reunification of families.
 - **Employers** - charges are a “one-size fits all” and do not reflect different risk profiles. An alternative view was that immigration charges for employers do not reflect the total benefit that they receive because employers or organisations are not charged an immigration levy.
18. Overall, in absence of hard evidence and taking account of international literature, our view remains that demand impacts as a result of increased visa charges will likely be marginal at an aggregate level. We acknowledge, however, that the impact of the proposed rates will be felt more by certain demographics/price sensitive countries than others. MBIE monitors visa volumes, revenue and expenditure on a quarterly basis which provides a mechanism to assess what impact, if any, changes in visa charges have on demand.
19. An updated overview of expected demand impacts for each visa group is provided in **Annex Two**.
20. We have also updated the comparison of key New Zealand and Australian visa products [2324-1491 refers] in response to feedback from your Immigration Advisor Group during consultation. The updated table is provided in **Annex Three** and includes a comparison of Group Visitor, Partnership, Parent Retirement and employer charges.

¹ Free and frank opinions cited a previous MBIE model for estimating demand impact that had been used in earlier IVL reviews. Free and frank opinions

On the basis of stakeholder feedback, we propose to relook at the rates for some products

21. As previously advised [2324-1491], we have taken the following approach to setting the proposed fee and levy rates:
 - Fee rates have been set at a visa product level based on the 'cost-to-serve' which reflects the direct and indirect visa assessment and processing costs, and visa volumes.
 - The costs of levy funded activities have been allocated to reflect benefits received or risk created (meaning, for example, residence charges are set to recover a higher portion of levy costs), and grouped-up at a visa category level.
22. Based on feedback from targeted consultation, we recommend adjusting the charges for the following rates to better align with cost recovery principles (equity), respond to consistent feedback and address an error:
 - Decrease the levy rate for **Group Visitor visa**
 - Decrease the **Partner/Parent (resident) visa**
 - Increase the **Parent Retirement (resident) visa** (applying the correct cost-to-serve rate)
23. Additionally, you could consider you could consider decreasing the levy rates the Post-Study Work visa and Active Investor Plus visa that have significant increases which some stakeholders expressed concern about.
24. Tables 2 and 3 sets out the rationale, choices and trade-offs with making adjustments for each of these groupings. We have not provided revised charges at this stage because the financial modelling is being updated to take account of updated information, including reduced English for Speakers of Other Languages cost pressures, March Baseline Update decisions and the latest visa volumes forecasts. This *may* result a marginal reduction in total charges.
25. We seek your direction on adjustments to explore further at our meeting with you on 8 May. Following that, we will provide you with advice on final rate adjustments along with the draft Cabinet paper on 22 May.

Table 2: Visa products we recommend adjusting the charges for

Visa product	Forecast visa volumes (Oct 24 – Jun 27)	Current proposed fee and levy rates				Comment	Options to adjust the rates and potential implications <i>(Illustrative only to provide an indication of the scale of reductions and how these could be achieved)</i>
		Fee \$	Levy \$	Total \$	% change		
Group Visitor visa	87,500	86	200	286	160%	<p>The proposed levy rate (\$200) is significantly higher than the current rate (\$55) and proposed rate for Visitor visa (\$31).</p> <p>Tourism stakeholders questioned why group visitor applicants would be charged a significantly higher levy rate when the only difference is the method of application. Discussions with INZ confirmed that the significant difference did not make sense.</p> <p>The proposed higher levy rate is in part due to keeping:</p> <ul style="list-style-type: none"> the existing relative price between visitor and group visitor visas, rather than applying the CTS estimate (only \$9 less than visitor visa), and visitor visa charges comparable to Australia and recovering levy-funded costs. 	<p>Options to reduce the Group Visitor levy rate and keep the charge comparable to the Visitor visa rate (i.e. a \$20 levy rate increase for the Group Visitor visa rate (from \$55 levy to \$75)) would require either:</p> <ul style="list-style-type: none"> 1.5% increase to all levy rates, or \$6 increase in visitor visa levy. <p>No change proposed to the fee rate. The fee rate is based on the cost-to-serve to fully recover costs.</p>
Partner / Parent (resident)	35,750	1780	4220	6000	118%	<p>The majority of stakeholders commented that family resident visas are of a special category compared to other resident categories because they enable New Zealand citizens or residents to bring family to New Zealand and the charge should reflect that. The proposed rate is significant and could pose a barrier for some families.</p> <p>Proportionally, the total charge is <u>marginally</u> lower than skilled residence visa charges which have an economic / labour market focus.</p> <p>The partnership rate was reduced in response to feedback from Ministers by approximately \$500 by setting the visitor visa levy rate at \$31.</p>	<p>Options to reduce the levy rate by \$300 would be to increase visitor and group (to maintain parity) by \$5.</p> <p>A significant increase to the Parent Retirement (resident) category (based on feedback from your Advisor Group) would be required for a material reduction.</p> <p>No change proposed to the fee rate. The fee rate is based on the cost-to-serve to fully recover costs.</p>

Visa product	Forecast visa volumes (Oct 24 – Jun 27)	Current proposed fee and levy rates				Comment	Options to adjust the rates and potential implications <i>(Illustrative only to provide an indication of the scale of reductions and how these could be achieved)</i>
		Fee \$	Levy \$	Total \$	% change		
Parent Retirement (resident)	450	3740	2920	6600	27%	<p>We identified that an incorrect cost-to-serve and levy rate was applied to this category which did not account for the investment requirement. Your Immigration Advisors Group also noted that the total charge did not appear accurate compared to family resident charges.</p>	<p>We will explore an increase to the levy rate. The visa volumes are low which means any increase would be marginal to keep the charge reasonable and comparative with family resident charges.</p> <p>The fee rate will be updated (and likely increase) to better reflect the productivity rate of comparable visa products (i.e. Entrepreneur and Active Investor).</p>

Table 3: Visa products you could consider decreasing the levy rate

Visa product	Forecast visa volumes (Oct 24 – Jun 27)	Current proposed fee and levy rates (total)				Comment	Options to adjust the rates and potential implications <i>(Illustrative only to provide an indication of the scale of reductions and how these could be achieved)</i>
		Fee \$	Levy \$	Total \$	% change		
Post-study work visa	12,700	350	1540	1890	170%	<p>Some stakeholders expressed concern about the proposed levy rate increase, querying the justification for it when the length of the visa can be 1 -3 years, and that it is significantly higher than a student visa and higher than AEWV. Some stakeholders commented that the higher rate could affect the attractiveness of New Zealand as package international study destination.</p> <p>Other stakeholders commented that it would not have an impact because students are already in New Zealand and are earning an income. The proposed higher levy rate because of the objective to visitor visa charges comparable to Australia and recover levy-funded costs.</p>	<p>Options to reduce the levy rate from \$1,540 to \$1,000 (a 93% total increase), would require either:</p> <ul style="list-style-type: none"> • 0.84% increase in all other levy rates (up to \$162 for Active Investor Plus visa), or • \$4 increase in visitor visa levy. <p>The levy rate would be \$600 higher than student visas.</p> <p>No change proposed to the fee rate. The fee rate is based on the cost-to-serve to fully recover costs.</p>
Active Investor Plus	100	10860	19290	30150	288%	<p>The majority of stakeholders commented on the significant increase. The increase is primarily due to the small visa volumes. If the levy funded investor attraction and aftercare costs were funded only by investor migrants, the levy rate would be four times higher (approximately \$87,000). These costs have been spread because of the wider benefits from investor migrants.</p>	<p>Options to reduce the levy rate from \$19,290 to \$12,480 (a 200% increase in total price) would require either a:</p> <ul style="list-style-type: none"> • 0.07% increase in all other levy rates (up to \$3 increase for Partner/Parent resident visas), or • \$1 increase in visitor visa levy. <p>No change proposed fee rates. The fee rate is based on the cost-to-serve to fully recover costs.</p>

Questions have been raised about further discounts for the Pacific fee band

26. Different charges apply for applications from the Pacific to recognise New Zealand's special relationship with the Pacific Island nations and commitment to support Pacific economic development. This is achieved through the Pacific fee band (applications submitted from Pacific Island nations), which sets charges for some visa products at a lower rate.
27. MBIE has been engaging regularly with MFAT on the proposed fee and levy increases. Following Cabinet decisions on targeted consultation, MBIE provided MFAT with material on the fee and levy review for a formal message to its Pacific Posts to seek feedback on anticipated reactions from host governments on proposed increases.
28. The historic approach to the Pacific fee band rates has been a case-by-case approach to discounting rates. This has resulted in a broad range of discounts and potentially artificially low rates for some visa products.
29. A consistent approach to Pacific fee rates across residence (10% discount), temporary and limited visas (15% discount), has been proposed leading to improved transparency for all applicants. It also makes the fee bands simpler to review, update and administer for MBIE.
30. Pacific nations have raised concerns about the increase in costs for Pacific applicants, Negotiate
[REDACTED] The Minister of Foreign Affairs has also raised the possible increases to immigration charges for the Pacific and you are meeting with him on 6 May 2024.

Considerations for potential changes

31. Keeping Pacific fee rates at the current level or at a lower rate than proposed would require the Crown to subsidise the difference so that immigration system costs are fully recovered and charges are consistent with cost recovery principles (specifically, minimising cross-subsidisation). If the visitor visa charge, for example, was to remain unchanged, this would require Crown funding of approximately \$22 million over four years (see Table 4 below).
32. We do not recommend keeping the fee rates current or lower than proposed for the Pacific fee band because this would not align with the principle of user pays and would risk inconsistency with cost recovery principles (minimising cross subsidisation). If you wanted to explore lower fee rates for the Pacific fee band, we would recommend just considering a lower charge for three visa products: Visitor visa, Partner/parent (resident), and Dependent child (resident). A discussion with the Minister of Finance would be required and MBIE would need to explore Crown funding options with the Treasury and MFAT.
33. Table 4 below illustrates options for the Crown providing funding to subsidise the **fee** for three visa products as per Pacific band B.
 - Visitor: represents the highest volume by visa product and increased rates would affect all Pacific Island nationals seeking to visit New Zealand and was the focus of feedback from Pacific nations.
 - Partner (resident): the higher charge could pose a barrier to family reunification.
 - Dependent child (resident): the higher charge could pose a barrier to family reunification and would have a higher impact on Samoan nationals, who submit the majority of these applications.

Table 4: Options to subsidise visa fees for Pacific Band B

Visa type	Forecast volumes	Current price total (\$)	Options to subsidise price for Pacific applications	Options (\$)	Comprised of:		Indicative cost of Crown subsidy over four years (\$ millions)
					Proposed fee (\$)	Proposed levy (\$ - no change)	
Visitor visa	180,750	171	1. Proposed price	291	260	31	-
			1A. Maintain current price	171	140	31	21,690,000
			1B. Maintain current fee rate	181	150	31	19,883,000
			1C. Reduce proposed fee by \$50	241	210	31	9,038,000
Dependent child - resident	1,920	2,750	2. Proposed price	3,230	1,670	1,560	-
			2A. Maintain current price	2,750	1,190	1,560	924,000
			2B. Maintain current fee rate	2,760	1,200	1,560	904,000
			2C. Increase price by ONLY 10%	3,025	1,465	1,560	395,000
Partner/Parent - resident	1,670	2,750	3. Proposed price	6,000	1,780	-	-
			3A. Reduce proposed fee by 10%	5,822	1,602	4,220	297,000

34. Note that the levy is charged at a broad visa category level meaning there is no levy rate specific to applications from the Pacific. Under Visa Regulations, Samoan nationals are, however, exempt from paying the immigration levy for resident visa applications so face a lower proposed increase overall.

Updated AEWV fees

35. As signalled in the April Cabinet paper, we will also be proposing updated fee rates for the AEWV that reflect the cost-to-serve based on the removal of General Instructions which took effect on 18 February. Initial indications are that the fee will increase marginally compared to our March advice across all three AEWV products because it takes longer to assess the applications (ie a lower productivity rate). Phase 2 of the AEWV review will take into account the cost of total policy changes.

Risks to manage

36. Targeted consultation also highlighted some key risks that could manifest with the proposed changes. Table 5 below sets out these risks as well as potential mitigations.

Table 5: Key risks and mitigations

Risks and how they might emerge	Mitigations
Perception of inconsistency with cost recovery principles (ie cross subsidisation or justifiability – Confidential advice to Government)	Develop key messages that reiterate that fee and levy rates have been set based on legal authority and with reference to cost recovery principles. This is clearly articulated in our CRIS.
Criticism of case for change and inconsistency with other government priorities, could lead to calls for reduced immigration charges.	Develop key messages that reiterate: <ul style="list-style-type: none"> The Government's priority is for the immigration system to be efficient, self-funding and sustainable. The objective of this fee and levy review is ensuring that users of the immigration system more fully meet costs for the benefits they receive or risks they create.

² As advised in the December fiscal advice [2324-1069], Legal professional privilege

Risks and how they might emerge	Mitigations
	<ul style="list-style-type: none"> A complementary priority is to improve efficiency of visa processing while managing risk.
<p>Criticism of timing of the implementation (too soon, not enough time to prepare) could attract adverse public and media commentary.</p>	<p>MBIE will develop a communications and engagement strategy as part of this consider early signalling to relevant sectors to allow them time to adjust.</p>
<p>Criticism of the cumulative impact of increasing charges alongside other potential increases (eg IVL public consultation expected 9 May)</p>	<p>Key messages to acknowledge cumulative cost impacts have been taken into account.</p>

Confirmation of resourcing for asylum claims processing

We provided advice on resourcing options to address refugee and protected person claim processing challenges

37. On 1 February 2024, we provided you with advice on three resourcing options for the Refugee Status Unit (RSU) in INZ to address refugee and protected person claim processing challenges [2324-1685]:
- Option 1:** provide an additional 52 FTE at a total cost of \$10.23 million per annum. This would mean the total decision output would increase to 1,500-1,600 refugee and protection decisions per year, but require an inflow drop below 120-130 claims per month before the RSU could begin clearing the backlog.
 - Option 2:** provide an additional 94 FTE at a total cost of \$16.71 million per annum. It would mean that the total decision output would increase to 1600-1900 refugee and protection decisions per year, but would require an inflow drop below 140-150 claims per month before the RSU could begin clearing the backlog.
 - Option 3:** provide an additional 133 FTE at a total cost of \$27.77 million per annum. This would see the total decision output increase to 2,500 to 2,800 refugee and protection decisions per year, and does not require a drop in claim numbers but may result in eventual over-capacity if claim numbers do drop as expected.
38. Your written comments indicated that you supported option 1 or option 2, but that your final decision would be dependent on the outcome of further policy work to explore changes to operational and legislative settings to manage unmeritorious claims. You agreed to provision for option 1 costs in the fee and levy review to allow the modelling work to progress.

We seek confirmation of your provisional asylum claims resourcing decision to finalise the fee and levy rates

39. We understand that Confidential advice to Government
40. To progress work on the final proposed rates, we seek confirmation of your preferred asylum claims processing resourcing option by 8 May 2024. Given the significant time and resource required to recruit and train an additional 52 FTE, we recommend that you proceed with option 1 (\$10.23 million).

The June Cabinet paper will seek confirmation of other immigration cost pressures

41. In our December 2023 advice on fiscal sustainability options for the immigration system, we provided an overview of immigration system cost pressures for 2023/24 and out years [2324-1069, Annex 3 refers]. You agreed to manage the cost pressures, noting that the majority are fee and levy funded.
42. Cabinet and joint Ministers have taken decisions to manage immediate immigration system cost pressures. You and the Minister of Finance agreed to a fiscally neutral adjustment to manage 2023/24 fee funded cost pressures related to visa volumes in MBU [2324-1880]. Cabinet agreed, via the April Cabinet paper, to use a Crown funded tagged contingency to manage immediate Crown funded immigration cost pressures, and use immigration levy funding for 2023/24 to fully resource the immigration compliance and investigation function [CAB-24-MIN-0109].
43. Fee, levy and NZeTA funded cost pressures for 2024/25 and outyears have been factored into the proposed rates. The June Cabinet paper will seek Cabinet's agreement to address these cost pressures and increase the Immigration Services MCA consistent with Cabinet Office Guidelines CO (18) 2.

Next steps

We will prepare advice to Cabinet on the final fee and levy rates

44. Following your direction on adjustments to immigration charges in response to feedback from targeted consultation, we will prepare a draft Cabinet that seeks agreement to final proposed rates and resulting changes to the Immigration Services MCA.
45. We are keen to discuss the approach to the Cabinet paper in our meeting with you on 8 May. We propose the Cabinet paper cover:
 - stakeholder feedback from targeted consultation
 - rationale for any changes from April Cabinet paper (including AEWV changes)
 - how any potential risks with increased immigration charges will be managed
 - final fee, levy and NZeTA funded cost pressures for 2024/25 and outyears (which have been factored into the proposed rates).

Timeframe

46. Table 6 below sets out the upcoming key milestones for the fee and levy review.

Table 6: Upcoming milestones

Date	Milestone
8 May	Meeting with officials to discuss: <ul style="list-style-type: none">• consultation feedback• rates adjustments to explore in light of feedback• proposed approach to the Cabinet paper on final proposed rates.
22 May	Draft Cabinet paper and CRIS to the Minister of Immigration. This will include adjusted rates for products as directed by the Minister.

Date	Milestone
29 May	Meeting with officials to discuss draft Cabinet paper
30 May	Updated Cabinet paper to Minister following feedback
31 May – 10 June	Ministerial consultation on draft Cabinet paper
13 June	Final Cabinet paper and CRIS to Minister
20 June	Lodge Cabinet paper
26 June	Cabinet Committee consideration
1 July	Cabinet consideration

Annexes

Annex One: Summary of targeted consultation submissions

Annex Two: Expected demand impacts of proposed rates

Annex Three: Updated comparison of New Zealand and Australia visa products

Annex One: Summary of targeted consultation submissions

Consultation was undertaken with: Education New Zealand (ENZ), Hospitality New Zealand (HNZ), Immigration Advisor Reference Group (IARG), Immigration Focus Group (IFG), Immigration Reference Group (IRG), New Zealand Council of Trade Unions (NZCTU), New Zealand International Students' Association (NZISA), New Zealand Trade & Enterprise (NZTE), Pan Sector Alliance, Tourism Industry Aotearoa (TIA) & Tourism Export Council of New Zealand Submission (TECNZ), Tourism New Zealand (TNZ), and the Union Network of Migrants (UNEMIG).

Theme	Summary of comments	Submitter(s)	MBIE response	Recommended action
The immigration system should be more efficient because of increased costs for users.	Several submitters noted that applicants will expect improved services and timeliness processing with higher fees. Several stakeholders noted that some migrants may be willing to pay an increased price if that meant priority processing.	Free and frank opinions	A complementary priority for MBIE is that the immigration system is efficient and effective. MBIE is reviewing its service model for the end-end visa process, to improve efficiency of visa assessment and processing and manage and identify risk. This includes moving all visa products onto the ADEPT platform, which is expected to increase efficiency through the automation of some tasks. MBIE will report quarterly to the Ministers of Finance and Immigration on headcount, efforts to improve efficiency and the productivity per visa product, and any associated efficiency savings.	Key messages on final fee and levy rates will include the rationale for changes specifically that the Government is looking to reduce its share of funding and that users of the system more fully meet the costs for the benefits they receive or risks they create.
The cumulative costs on migrants and users need to be considered.	Stakeholders emphasised the importance of considering the cumulative impact multiple potential fee increases and costs in relation to competitors, will have on how New Zealand is viewed. The International Visitor Conservation and Tourism Levy (IVL) was regularly cited because it is required to be reviewed by July 2024 (we understand public consultation on changes to the IVL will commence on 9 May).		Advice provided to Ministers takes into account the cumulative costs.	Key messages to acknowledge that cumulative costs have been taken into account.

Theme	Summary of comments	Submitter(s)	MBIE response	Recommended action
	<p>There is also a cumulative cost for migrants or users who engage with the system multiple times.</p> <p>Submitters representing international students noted that the overall cost is always a factor for students in (a) determining if they can afford to study overseas, and (b) choosing between countries when other factors are broadly similar. An increase in visa charges will likely have an impact on demand.</p>	Free and frank opinions		
<p>Proposed charges are inconsistent with Government priorities to revive international education and double export revenue.</p>	<p>Stakeholders expressed the concern that any gain in revenue from increased visa costs (assuming no impact on demand) will be inconsequential compared with the downside risks to New Zealand's reputation and export earnings.</p> <p>Some submitters noted that New Zealand should be proactive about attracting people to New Zealand. The price increases are substantial and sends a poor signal to businesses, visitors, students and migrant workers. Tourism stakeholders noted changes would predominantly affect visitors travelling from India, China, Indonesia and Thailand.</p> <p>Some submitters expressed concern that the proposed increased fee and levy could potentially send a damaging signal to potential migrants and make it harder to attract visitors, students, workers or investors to in New Zealand, particularly where the proposed increase is significant.</p> <p>The immigration system needs to be efficient, transparent, and competitively priced to build on New Zealand's desire to be a destination of choice for tourists or international students.</p>		<p>A priority for the Government is that the immigration system is efficient, self-funding and sustainable. The Government is looking to reduce the proportion of Crown funding for the immigration system and that users of the system more fully fund the system.</p> <p>Any concern about an impact on export earnings is based on an assumption that demand will be significantly less, and there is no evidence to support this. The other factors that make New Zealand an sought after place to study (lifestyle, quality of our education institutes) will continue to attract international students.</p>	<p>Key messages on final fee and levy rates will include note priorities for the immigration system, rationale for changes and work the Government has underway to support tourism and international education sectors.</p>

Theme	Summary of comments	Submitter(s)	MBIE response	Recommended action
<p>Divergent views in relation to charges on employers.</p>	<p>Some submitters expressed concern that a levy rate is not charged to employers even though they benefit significantly from levy-funded services and/or create risk in the immigration to be managed. There was explicit feedback to enable employers to be charged directly, and for the broader benefits of the system that they receive, to reduce the costs on migrants alone.</p> <p>Stakeholders representing businesses were concerned that the fee charges are “on-size-fits-all” and do not take account of different employer risk profiles. They also commented in the context of an economic downturn and it placing pressure on businesses, particularly for those who also bear the cost of visa applications.</p>	<p>Free and frank opinions</p>	<p>The scope of the fee and levy review is based on current legislative, policy and operational settings.</p> <p>The proposed fee for employers is based on the cost to fully recover direct and indirect costs for immigration services. Employers are not charged a levy, as this is not authorised under the Immigration Act 2009 (the Act). Therefore, they are not contributing to the funding of any levy-funded activities from which they benefit (eg compliance activity or broader infrastructure costs). An amendment to the Act would be required to expand the levy payer based Confidential advice to Government</p>	<p>Key messages will outline what fees and the immigration levy can be used for and who can be charged as set out in the Act.</p>
<p>Proposed charges could have unintended consequences.</p>	<p>Some stakeholders expressed concern that there is an increased risk of people being unable to afford to regularise their immigration status and/or exploitative practices within the immigration system.</p> <p>Some submitters noted the impact of price increases for particular groups eg families (which could have a greater aggregate impacts), students, and migrants from lower-income countries. Submitters noted that perceptions about costs may differ between countries as some countries are more price sensitive than others. The decision-making process for migrants may shift, as alternative countries with favourable fee structures may be preferred.</p>		<p>MBIE has included in its advice potential unintended consequences as a result of proposed rates specifically that:</p> <ul style="list-style-type: none"> • some migrants may be unable to afford to regularise their immigration status • lower socio-economic migrants would likely still choose to migrate to New Zealand, irrespective of the financial burden • “bad actors” could further exploit vulnerable migrants. 	<p>MBIE will monitor requests for Ministerial intervention and any compliance/investigation activities related to proposed increases.</p>

Theme	Summary of comments	Submitter(s)	MBIE response	Recommended action
Immigration charges are only one component of competitiveness.	<p>Several stakeholders noted that while the proposed fees would be comparable with Australia's immigration charges, there are other factors to consider and impact migrants' decisions to travel here: including cost-of-living, wages, study costs, investment opportunities, and travel costs.</p> <p>Submitters emphasised how New Zealand compares to the United Kingdom, Canada and other emerging competitors (ie Singapore for international study) is also relevant. Submitters expressed the concern that increased visa charges may harm the welcoming image of New Zealand as a cheaper destination, and potentially encourage prospective migrants to choose other destinations.</p>	Free and frank opinions	<p>MBIE has expanded its advice to Ministers. Fee rates cover the direct and indirect costs associated with visa assessment. Levy rates have been set with a lower rate for temporary migrants and a higher rate for residence which reflects the benefits received or risks created.</p> <p>MBIE monitors visa volumes, revenue and expenditure and reports quarterly to the Ministers of Finance and Immigration.</p>	<p>Key messages will acknowledge that immigration visa charges are one cost associated with migration and that MBIE monitors visa volumes, with quarterly reporting to Ministers.</p>
Greater transparency and improved communications about immigration charges is required.	<p>Several stakeholders expressed concerns that the proposed increases will likely attract significant adverse public commentary, particularly from key sectors and immigration system stakeholders. Stakeholders appreciated the clarity provided through the presentation on the proposals.</p> <p>Stakeholders representing international students noted the likelihood of media commentary both in New Zealand and internationally being uniformly negative if fees rise. In particular, students would be disappointed at higher costs, and agents could recommend other study destinations.</p> <p>Many stakeholders commented on the need for improved communications about the rationale for the charges, the share of costs applicants will now be meeting and what they cover. Stakeholders noted that when migrants are working with an agent, they are often charged a general 'immigration fee', leading to a lack of transparency about visa charges.</p> <p>Several stakeholders noted that it was not apparent that Government has been subsidising visas or visitors coming into the country. Submitters noted the lack of transparency about what New Zealand immigration visa charges cover.</p>		<p>Advice provided to Ministers on the potential risks and anticipated public/media commentary.</p>	<p>Key messages will address the points raised by stakeholders, including outlining the rationale for the changes and what the fees and levies and who can be charged as set out in the Act.</p>

Theme	Summary of comments	Submitter(s)	MBIE response	Recommended action
<p>Concerns about the impact on the Indian and Chinese markets</p>	<p>Tourism stakeholders commented that two key markets - India and China - would be most affected. The Indian tourism is emerging and higher visa charges could mean visitors choose to competitor destinations. There is work to actively attract more visitors from India and increased charges could run counter to this. For both markets visa processing timeliness is a priority, while it has improved, negative perceptions persist.</p> <p>China and India are also key markets for international education. Education stakeholders commented that potential students could perceive New Zealand as too expensive and choose competitor destinations. Stakeholders informed MBIE that Indian students are more price sensitive compared to China.</p>	<p>Free and frank opinions</p>	<p>Visa volumes data shows significant growth in the Indian visitor market (58% between 2019-2023). China visitor volumes remain steady, but have not returned to pre-COVID levels, predominantly because of China's economic conditions.</p> <p>Visa timeliness is a priority for INZ. Between January – March 2024, INZ processed 87% of visitor visas within 20 working days, exceeding its performance target of 75%. Applications from India have a higher decline rate compared to China which contributes to slower processing times. INZ has also been engaging with the agents in the Indian market on application requirements to lift the quality of applications.</p> <p>Overall, the student visa charges are a small component of the total costs of international study (travel, living, course costs and agent fees). New Zealand's student visa settings and requirements remain competitive with Migration five (M5) countries.</p>	<p>Monitor visa volumes, timeliness and approval rates for visitors and students from China and India.</p>

Annex Two: Expected demand impacts of proposed rates

Groups and relevant visa products	Expected short-term impacts on visa volumes	Additional commentary
Visitors: <ul style="list-style-type: none"> • NZeTA • Visitor • Group visitor • Working Holiday 	LOW <ul style="list-style-type: none"> • The tourism industry did not provide evidence of impacts on demand. • Stakeholders expressed concern about how the increased rates could affect recovery of the tourism and hospitality sectors. • Potential for marginal demand impacts for lower socio-economic visitors, overall a small portion of the visa required visitor market. • No impact for visa free travellers which covers key visitor markets because there is no proposed change to the NZeTA charge or Australian citizens or residents visa free status. 	<ul style="list-style-type: none"> • The visitor visa charge is higher than comparable countries, but overall remains a small proportion of total costs of travelling to New Zealand. • Charges are lower for families compared to Australia, because one fee is charged for applications that include family members. • Proportionally the emerging Indian tourism market would be affected (3% of the total visitor market)³, increased charges unlikely to be received favourably due to existing concerns with visa processing timeliness and lack of in-market immigration support. • Immigration visa data shows visitor visa volumes from India remain steady and timeliness is affected when high-risk, low-quality applications are submitted. Any demand impact would likely be at the margins and for lower-socio economic applicants. • Unlikely to have an impact on the Chinese market who are less price sensitive and more concerned with visa processing timeliness. • Visitor visa charges are one small charge that visitors face when travelling to New Zealand, although there is a potential cumulative impact if the International Visitor Levy also increases. • Potential deterrent to Working Holiday makers as travelling to and living in New Zealand is expensive. • Out of the 3.1 million annual visitor arrivals to New Zealand (from February 2023 to February 2024), 41% are Australian residents, 47% are residents of visa-waiver countries, 6% are Chinese residents and 3% are Indian residents.⁴
Students: <ul style="list-style-type: none"> • Student • Post Study Work 	LOW <ul style="list-style-type: none"> • Education industry advised that the proposed impact is unknown, some stakeholders expect the cost to be manageable, provided that service delivery improves. • The total charge is relatively small compared to the total cost of international education, especially at higher levels of education. 	<ul style="list-style-type: none"> • Immigration charges are considered as part of overall affordability of international study, likely that perceptions about these costs may differ between countries as some countries are more price sensitive than others. • Proposed rates are equivalent to Australia and the United Kingdom. • Post-study migrants are already in New Zealand, a change in price is unlikely to impact visa decisions but it could cancel out the benefits of the policy.

³ In year-ended February 2024, out of 3,109,201 visitor arrivals, there were 87,436 visitors who had India as their country of residence. *Stats NZ – International Travel: February 2024*.

⁴ *Stats NZ – International Travel: February 2024*.

Groups and relevant visa products	Expected short-term impacts on visa volumes	Additional commentary
Workers (temporary and residence): <ul style="list-style-type: none"> • Accredited Employer Work Visa (AEWV) • Recognised Seasonal Employer • Skilled residence pathways 	LOW <ul style="list-style-type: none"> • No evidence of demand impacts due to high levels of demand for labour and opportunities in New Zealand, particularly in the following sectors. For skilled residence, non-financial factors can also be a migration factor. Total AEWV charge is equivalent to Australia and the United Kingdom. 	<ul style="list-style-type: none"> • Increase is small compared to the overall benefits of employment in New Zealand. • Lower socio economic and vulnerable workers may be disproportionately impacted due to the higher visa cost. Unlikely to impact migration decisions, but may increase financial pressures. • No impact to RSE work visa as the Crown will subsidise the increase required to fully recover immigration visa processing costs.
Investors: <ul style="list-style-type: none"> • Entrepreneur • Active Investor Plus 	LOW <ul style="list-style-type: none"> • No evidence of demand impacts, but concern about the signal associated with a significant increase, and the perception of New Zealand being a welcoming destination for investors. 	<ul style="list-style-type: none"> • For Active Investor, while the total charge is significant, the charge is low compared to the investment requirements. Australia has also closed their equivalent category. • While potential migrant investors may have the capacity to meet the increased fee/levies, their willingness-to-pay may be impacted. • When accounting for secondary applicants, the proposed charge is comparable with Australia. Australia has also announced its intention to close its investment resident pathway. • Entrepreneur visa volumes are low, with a marginal impact on demand.
Partners and family: <ul style="list-style-type: none"> • Partner • Dependent child • Parent • Parent Retirement 	LOW <ul style="list-style-type: none"> • Family residence is generally driven by non-financial factors. • The increase may place a financial burden on lower-socio economic families. 	<ul style="list-style-type: none"> • Higher impact for Samoan nationals applying for Dependent Child residence because of a high number of adoptions. • Family Partnership residence charges are lower compared to Australia when accounting for dependent children.
Employers: <ul style="list-style-type: none"> • AEWV Accreditation • AEWV job check • RSE status • Agreement to recruit under RSE 	LOW <ul style="list-style-type: none"> • No evidence that fewer employers would apply for accreditation given demand for labour, particularly in the following sectors: <ul style="list-style-type: none"> ○ construction ○ infrastructure • An increased fee adds to cumulative costs of doing business, however, the increase is small compared to the benefit of access to migrant labour. 	<ul style="list-style-type: none"> • Employers are not able to be charged an immigration levy under the Immigration Act 2009 but receive benefits of levy funded activities. • The price is significantly lower compared to Australia's employer charge which ranges from NZD\$1,272 – \$7,632 depending on company turnover and length of employee stay.

Annex Three: Updated comparison of New Zealand and Australia visa products

Visa product	Proposed total (fee and levy) New Zealand charge (NZD)	Equivalent Australian visa	Australian price (converted to NZD as at 21/2/2024)	Australian price for partner or dependent child over 18 (NZD)	Australian price for dependent child under 18 (NZD)	Scenarios taking account of Australia's charging approach
General visitor visa <ul style="list-style-type: none"> Applicants can stay for up to either six months if on a multiple entry visa or nine months if on a single-entry visa. 	341	Visitor Tourist Stream (subclass 600) <ul style="list-style-type: none"> Individual applications are required for partners and dependent children. Applicants can stay for up to 12 months. 	202	N/A	N/A	<ul style="list-style-type: none"> 25% of Visitor visa applications include a secondary applicant. Under the scenario of 1 principal applicant and 1 secondary applicant, the charges would be: <ul style="list-style-type: none"> AUS: \$404 NZ: \$310
Group visitor visa <ul style="list-style-type: none"> Applicants part of a group pay the group visitor fee and the group visitor levy. 	286	Visitor Tourist Stream (subclass 600) <ul style="list-style-type: none"> Visitors can also have their applications processed as a group via the Group Processing option when applying online. 	202	N/A	N/A	
Group visitor visa– Approved Destination Status (ADS) (China) <ul style="list-style-type: none"> For Chinese holiday travellers to visit as a tour group, facilitated by an accredited ADS tour operator or guide. Accreditation of ADS tour guide or operators are managed by Tourism New Zealand. 	255	Visitor visa - Approved Destination Status stream (subclass 600) <ul style="list-style-type: none"> For citizens from certain areas of China visiting Australia on a tour organised by an approved travel agent. 	202	N/A	N/A	
Fee-paying student <ul style="list-style-type: none"> Work part-time for up to 20 hours a week. 	750	Student visa (subclass 500) <ul style="list-style-type: none"> Up to five years and in line with the applicant's enrolment. Work up to 48 hours a fortnight when the applicant's course of study or training is in session. 	754	562	186	<ul style="list-style-type: none"> Secondary applicants must apply for their own temporary visa. Charges for 1 applicant: <ul style="list-style-type: none"> AUS: \$754 NZ: \$725
Partner of Worker Work visa <ul style="list-style-type: none"> Duration of visa is the same as the applicant's partner. 	1,540	Subsequent entrant – Temporary Skill Shortage (TSS) visa (subclass 482) <ul style="list-style-type: none"> For family members to join a primary applicant on their approved TSS 482 visa. Sponsor must attach a letter extending sponsorship obligation to include the applicant as a family member in the nomination. 	1,545			
Partner of a New Zealand citizen or resident) Work Visa <ul style="list-style-type: none"> Stay in New Zealand for two years if the applicant has been living with their partner (who must be a New Zealand citizen or resident) for more than 12 months. Stay in New Zealand for one year if the applicant has been living with their partner (who must be a New Zealand citizen or resident) for less than 12 months. <p>Dependent children cannot be included, they must apply for their own temporary visa.</p>	1,675	Partner (subclass 309 100) <ul style="list-style-type: none"> Australia's partner category is a temporary/ resident combo where an applicant must apply for both visas at the same time (NZD \$9,389). 	9,389	4,700	2,350	
Accredited Employer Work Visa (AEWV) <ul style="list-style-type: none"> Maximum length of stay for up to five years. Must have a job offer from an accredited employer. Initial accreditation for employers lasts 12 months, then upon renewal it will last for 24 months for standard businesses. 	1,540	Temporary Skill Shortage (TSS) visa (subclass 482, short-term stream) <ul style="list-style-type: none"> Valid for five years from the date of approval. Employers must first be a Standard Business Sponsor (AUD \$420). Employers must also pay the Skilling Australians Fund Levy. 	1,545	1,545	387	<ul style="list-style-type: none"> Secondary applicants must apply for their own temporary visa. Charges for 1 applicant: <ul style="list-style-type: none"> AUS: \$1,545 NZ: \$1,540

Visa product	Proposed total (fee and levy) New Zealand charge (NZD)	Equivalent Australian visa	Australian price (converted to NZD as at 21/2/2024)	Australian price for partner or dependent child over 18 (NZD)	Australian price for dependent child under 18 (NZD)	Scenarios taking account of Australia's charging approach
AEWV – Employer accreditation <ul style="list-style-type: none"> Four different types of accreditations: <ul style="list-style-type: none"> Standard accreditation — up to 5 migrants at any one time (\$745) High-volume accreditation — 6 or more migrants at any one time (\$485) Controlling third party accreditation (\$3,900) 	745 – 3,900 [TBC]	Standard Business Sponsor <ul style="list-style-type: none"> Needed to sponsor an applicant of the Temporary Skill Shortage 482 visa. Valid for five years after sponsorship is approved. There is an option for priority processing to be an Accredited Sponsor (NZD \$445). 	445			<ul style="list-style-type: none"> In order to sponsor an employee on a Temporary Skills Shortage 482 visa, employers must: <ul style="list-style-type: none"> Become an approved sponsor (NZD \$445), Nominate the visa applicant under the TSS 482 visa (NZD \$350), and Pay the Skilling Australians Fund levy. Scenario of a business with an annual turnover below \$10 million sponsoring one employee on a TSS 482 visa for four years: <ul style="list-style-type: none"> Employers would face cumulative costs of NZD \$5,883.
Accredited Employer Work visa – job check <ul style="list-style-type: none"> Fee is paid for each Job Check the employer applies for, although multiple jobs can be included in each application. 	615 [TBC]	Nominating a visa applicant for the TSS 482 visa programme <ul style="list-style-type: none"> Must be a Standard Business Sponsor or Accredited Sponsor. The Skilling Australians Fund Levy must also be paid (\$1,200 - 7,200). 	350			
Employer levy	N/A – cannot be charged a levy under the Act	Skilling Australians Fund Levy <ul style="list-style-type: none"> Ranges between AUD \$1,200 - 7,200, depending on annual business turnover (below or above \$10 million) and length of employee stay. 	1,272 – 7,632			
Recognised Seasonal Employer (RSE) visa <ul style="list-style-type: none"> Cap of 19,500 visa holders. RSE visa holders from most countries are allowed to stay in New Zealand for a maximum time of seven months in any 11-month period. Citizens of Tuvalu and Kiribati who also live there can stay an extra two months. 	325	Temporary Work (International Relations) visa (subclass 403) - Pacific Australia Labour Mobility (PALM): <ul style="list-style-type: none"> Two divisions – short term work contract work for up to nine months or long-term work contract for up to four years. Once approved under the PALM scheme, employers can recruit workers in any sector. 	377	N/A	N/A	<ul style="list-style-type: none"> Secondary applicants must apply for their own temporary visa. Charges for 1 applicant: <ul style="list-style-type: none"> AUS: \$377 NZ: \$355
Entrepreneur work visa <ul style="list-style-type: none"> Must make a capital investment of at least NZD \$100,000 or request a waiver the business is in science, ICT or high-value export sector (create five or more jobs and have a turnover of NZD \$500,000 in annual exports); OR The business shows a high level of innovation or short-term growth prospects. 	10,810	Business Innovation and Investment (Provisional) (subclass 188) visa in the Entrepreneur stream <ul style="list-style-type: none"> Entrepreneur activity must lead to the commercialisation of a product or service OR the development of an enterprise or business in Australia. Must not relate to residential real estate, labour hire, or purchase of an existing enterprise in Australia. 	6,779	3,388	1,697	<ul style="list-style-type: none"> 36% of applications include a secondary applicant (approximately 40% partners and 60% dependents). Under the scenario of 1 principal applicant and 1 secondary applicant (partner), the charges would be: <ul style="list-style-type: none"> AUS: \$10,167 NZ: \$10,810
Skilled Migrant Category (SMC) <ul style="list-style-type: none"> Must have a job offer from an accredited employer. Points for qualifications and skilled work in New Zealand. 	6,450	Skilled Independent (subclass 189) OR Skilled Nominated visa (subclass 190) <ul style="list-style-type: none"> Occupations on a skilled list, meet skills assessment. 90% processed within 12 months. 	4,925	2,462	1,231	<ul style="list-style-type: none"> 60% of applications include a secondary applicant (approximately 50% partners and 50% dependents). Under the scenario of 1 principal applicant and 1 secondary applicant (partner), the charges would be: <ul style="list-style-type: none"> AUS: \$7,387 NZ: \$6,450

Visa product	Proposed total (fee and levy) New Zealand charge (NZD)	Equivalent Australian visa	Australian price (converted to NZD as at 21/2/2024)	Australian price for partner or dependent child over 18 (NZD)	Australian price for dependent child under 18 (NZD)	Scenarios taking account of Australia's charging approach
Partner of a New Zealand citizen or resident (Resident Visa) <ul style="list-style-type: none"> If the applicant's partner is a New Zealand citizen and the two have been living together outside of New Zealand for five years or more, they may be granted a permanent resident visa if the partner is either overseas when the applicant applies or has been back in New Zealand for less than three months. Separate temporary work visa with open work rights valid for two years (proposed price NZD \$1,675). 	6,000	Partner (subclass 309 100) <ul style="list-style-type: none"> Australia's partner category is a temporary/resident combo where an applicant must apply for both visas at the same time (NZD \$9,389). The temporary visa is valid until the permanent visa is finalised (90% of applications processed in 24 months). 	9,389	4,700	2,350	<ul style="list-style-type: none"> Only 8% of applications have a secondary applicant. Charges for one principal applicant: <ul style="list-style-type: none"> AUS: \$9,389 NZ: \$8,240
Parent Resident visa <ul style="list-style-type: none"> Cap of 2,500 places per annum. Can include the applicant's partner in the application. Applicant must have at least one eligible child to sponsor them and the sponsoring child must earn enough to sponsor the applicant. Must first submit an expression of interest (NZD \$435). 	6,435	Parent (subclass 103) <ul style="list-style-type: none"> Parent visa applications with a queue date up to October 2011 due to a cap. Current processing time is 29 years, which can be reduced to around 12 years if applicants make financial contributions of around NZD \$52,000. 	5,297	2,646	1,326	<ul style="list-style-type: none"> 50% of NZ applications include a partner as a secondary applicant. Under the scenario of 1 principal applicant and 1 partner, the charges would be: <ul style="list-style-type: none"> AUS: \$7,943 NZ: \$6,660
Parent Retirement Resident visa <ul style="list-style-type: none"> Can include the applicant's partner in the application. Applicant must have NZD \$1 million or more to invest in New Zealand for four years, after which the applicant can apply for permanent residence. 	6,660	Aged Parent visa (subclass 804) <ul style="list-style-type: none"> Applicant must be old enough to receive the Australian pension. Applicant must have an eligible child who is a settled Australian citizen, Australian permanent resident or eligible New Zealand citizen 	5,297	2,646	1,326	
Active Investor Plus visa <ul style="list-style-type: none"> Can apply for permanent residence four years after investing/keeping funds in New Zealand. Must invest a minimum of NZD \$5 million in acceptable NZ investments for a minimum of 48 months (or weighted equivalents to a \$15m threshold). 	30,150	Business Innovation and Investment (Provisional) visa (subclass 188) and Business Innovation and Investment (Permanent) visa (subclass 888) Significant Investor Stream <ul style="list-style-type: none"> Provisional 5-year visa and permanent visa. Must invest at least AUD \$5 million and have genuine intention to hold that investment for a five-year provisional visa period. 	18,226	9,113	4,556	<ul style="list-style-type: none"> 56% of NZ applicants have 2 secondary applicants or more (approximately 37% partner, 63% dependent). Under the scenario of 1 principal applicant and 2 secondary applicants (partner and a dependent), the charges would be: <ul style="list-style-type: none"> AUS: \$31,885 NZ: \$30,150