



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

Targeted consultation material – Immigration fee and levy review

Date:	2 April 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	2324-2695

Action sought		
	Action sought	Deadline
Hon Erica Stanford Minister of Immigration	Agree to the material for targeted consultation on the proposed fee and levy rates and to consult with the Immigration Advisor Reference Group	5 April 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	

The following departments/agencies have been consulted

- 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

Targeted consultation material – Immigration fee and levy review

Date:	2 April 2024	Priority:	High
Security classification:	Budget - Sensitive	Tracking number:	2324-2695

Purpose

This briefing seeks your agreement to:

- the material for MBIE-led targeted consultation on proposed fee and levy rates (Annex One), and
- consult with your Immigration Advisor Reference Group on the proposed fee and levy rates.

Recommended action

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

- a **Note** that on 27 March 2024, Cabinet Economic Policy Committee (ECO) agreed to MBIE undertaking targeted consultation on proposed immigration fee and levy rates [ECO-24-MIN-0040], which Cabinet confirmed on 2 April 2024
- Noted*
- b **Agree** to the material MBIE has prepared for targeted consultation (Annex One)
- Agree / Disagree / Discuss*
- c **Agree** to undertake consultation with your Immigration Advisor Reference Group on the proposed rates by 26 April 2024 and provide their feedback to MBIE
- Agree / Disagree / Discuss*
- d **Note** that MBIE will commence targeted consultation following Cabinet's agreement.
- Noted*

Libby Gerard
**Manager, Immigration (Border and
Funding) Policy**
Labour, Science and Enterprise, MBIE
02 / 04 / 2024

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

Background

1. On 27 March 2024, ECO agreed to MBIE undertaking targeted consultation with key immigration system stakeholders on proposed fee and levy rates [ECO-24-MIN-0040]. Cabinet confirmed this decision on 2 April 2024.

We have prepared material for targeted consultation

2. We have developed a set of slides for targeted consultation with immigration system stakeholders (Annex One). The purpose is to seek feedback on expected demand impacts of the proposed rates.
3. The slides cover the following material:
 - a. Section 1: Context and objectives of the fee and levy review
 - b. Section 2: Proposed rates, demand impacts and comparison to Australia's charges
 - c. Section 3: Next steps.
4. The content in Section 2 will be tailored to each stakeholder group (i.e. visitor-specific content for tourism stakeholders and student-specific content for education stakeholders).
5. As part of the 2022 Review, stakeholders criticised MBIE's approach of not providing information in advance of discussions. In response and to support a meaningful discussion with stakeholders, MBIE will provide the proposed rates relevant to each stakeholder (in confidence) in advance of meetings.

Stakeholders MBIE will consult with

6. MBIE will consult with the following stakeholders from 8 April 2024:
 - a. **Businesses / employers:** Business New Zealand and the Employers and Manufacturers Association.
 - b. **Immigration professionals:** MBIE's Immigration Reference Group and the Immigration Focus Group (convened by the Deputy Secretary Immigration New Zealand).
 - c. **International education:** Education New Zealand, 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 (SIEBA), Quality Tertiary Institutes, Te Pukenga, Universities New Zealand and the International Students Association).
 - d. **Tourism:** Tourism New Zealand, Tourism Industry Aotearoa and Tourism Export Council New Zealand.
 - e. **Workers:** Council of Trade Unions and Union Network of Migrants.
7. Note that there have been some additions following advice from Immigration New Zealand (INZ) to include Education New Zealand, Pan Sector Alliance (which is coordinated by Universities New Zealand and represents all seven peak education bodies) and the International Students Association. Tourism Policy, within MBIE, also recommended consultation with Tourism New Zealand given their promotion role in overseas markets. We

will also seek feedback from New Zealand Trade and Enterprise on the Active Investor visa rates because of their attraction and aftercare support role.

8. We recommend that you undertake consultation with your Immigration Advisor Reference Group by 26 April 2024 and provide any feedback to MBIE. Alternatively, MBIE can lead the engagement with the Reference Group, and keep you informed of the feedback we hear.

Risks to manage

9. We expect stakeholders to express concern about the proposed increases to fee and levy rates and be interested in what service improvements (timeliness and quality) will be delivered. MBIE has prepared key messages noting the:
 - a. Proposed fee and levy rates reflect changes to the immigration funding model so that users more fully pay for the costs of the services they receive the benefit of, and
 - b. latest INZ visa processing timeframes and work underway to improve the efficiency and effectiveness of immigration services.
10. We have also tested our stakeholder analysis with INZ, the Ministry of Education and Tourism Policy (MBIE) to ensure we have identified and are prepared for potential comments.
11. The other risk is that information on the proposed rates is made public. MBIE will make it clear to stakeholders that the material is being shared in confidence is not for wider distribution (beyond what is necessary for organisations to provide feedback and MBIE will request the names of people the information is being shared with). Reactive messages have also been prepared and will be shared with your office.
12. To further manage this risk, we will not share all visa categories and rates ahead of time, we will only share the proposed visa rates relevant to the stakeholders (for example, focussing on student visas for engagement with Education providers). This will limit the amount of information that could be shared further, while also enabling stakeholders to provide informed, well considered feedback by having time to digest the proposed rates.
13. We note that announcements on changes to the Accredited Employer Work Visa (AEWV) settings are scheduled for 9am Sunday 7 April. Stakeholders may criticise the timing and impact of immigration policy changes for migrants and employers. If required, MBIE will refer to AEWV key messages to explain the rationale for the policy changes, noting they are distinct from ensuring sustainable funding for the immigration system.

Next steps

14. The table below sets out the upcoming key milestones for the fee and levy review.

Date	Milestone
8 – 19 April	Meetings with stakeholders
22 April	Written feedback due from stakeholders
2 May	Briefing on outcome of targeted consultation to the Minister of Immigration

Date	Milestone
22 May	Draft Cabinet paper on final proposed rates to the Minister of Immigration
30 May	Updated Cabinet paper following feedback from the Minister of Immigration
31 May – 10 June	Ministerial consultation on draft Cabinet paper

Annexes

Annex One: Targeted consultation slides

Annex One: Targeted consultation slides

DRAFT
Master slide pack

Immigration fee and levy review 2024

This slide pack covers:

- Section 1: Context and objectives of the fee and levy review
- Section 2: Proposed rates, demand impacts and comparison to Australia
- Section 3: Next steps

Context and objectives of the immigration fee and levy review

Section 1



Context and objectives of the fee and levy review

- The immigration system needs to be efficient, self-funding and sustainable.
- The Government is looking to reduce the proportion of Crown funding for the immigration system.
- There is scope to more fully recover the costs of services from users, based on the principle: *those that receive the benefit, or create risk to be managed, should bear the cost.*
- The fee and levy review aims to set immigration charges that are reasonable and sustainable to:
 - recover costs between 2024/25 to 2026/27
 - better account for uncertainty of visa volumes and revenue
 - rebalance fee and levy account balances by the end of 2027/28 (to smooth out increases and minimise the impact on future payers)
 - remain competitive with Australia's charges (where feasible, ensuring costs are fully recovered).



Crown funding is proposed to reduce for the following activities

The Immigration Act 2009 provides legal authority to charge either a fee or levy for these activities.

Recovering the cost of these activities from third party users of the immigration system is consistent with cost recovery principles.

1. Border risk management
2. Compliance and investigation activities
3. Visa assessment and processing (primarily risk and verification)
4. Policy advice and related services to Ministers (80% only, 20% relates to servicing Ministers and meeting Parliamentary accountability requirements)
5. Migrant attraction services
6. Provision of settlement services for new migrants
7. Processing of asylum claims
8. Pacific migration initiatives and regional skills retention programmes
9. Regulation of Immigration Advisers
10. English for Speakers of Other Languages (80% only – proportionate to user uptake)

The Crown would continue to fund refugee services as these relate to meeting New Zealand's international and humanitarian commitments.



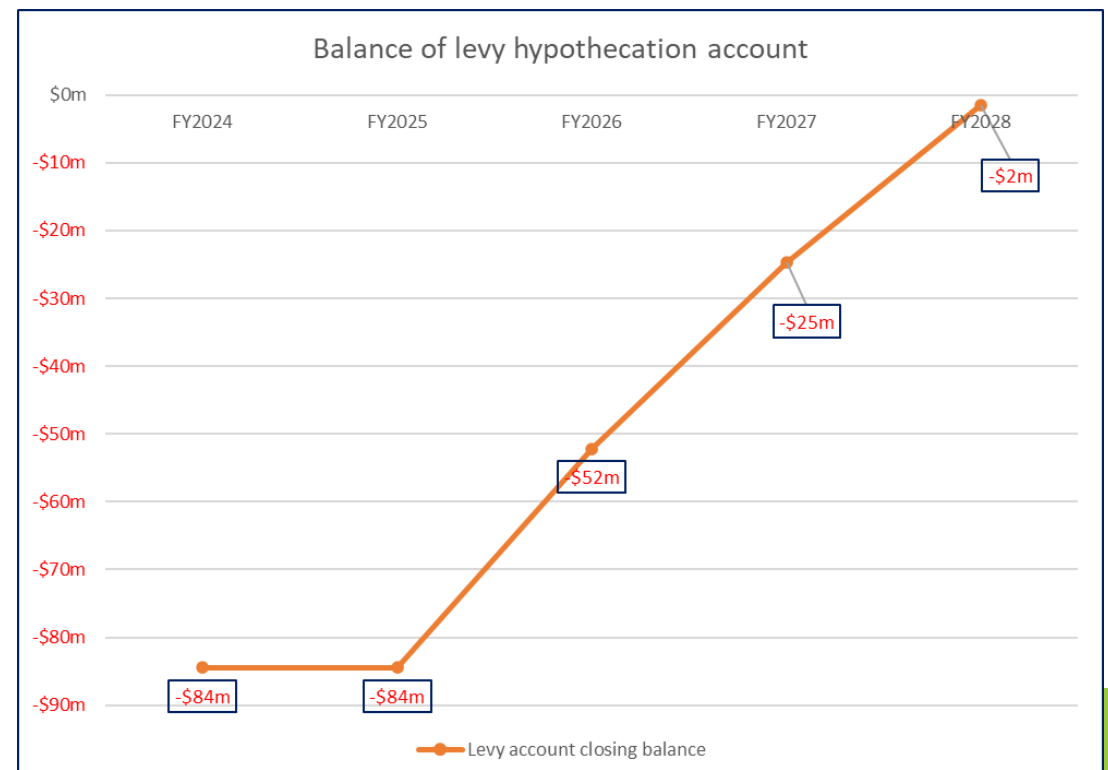
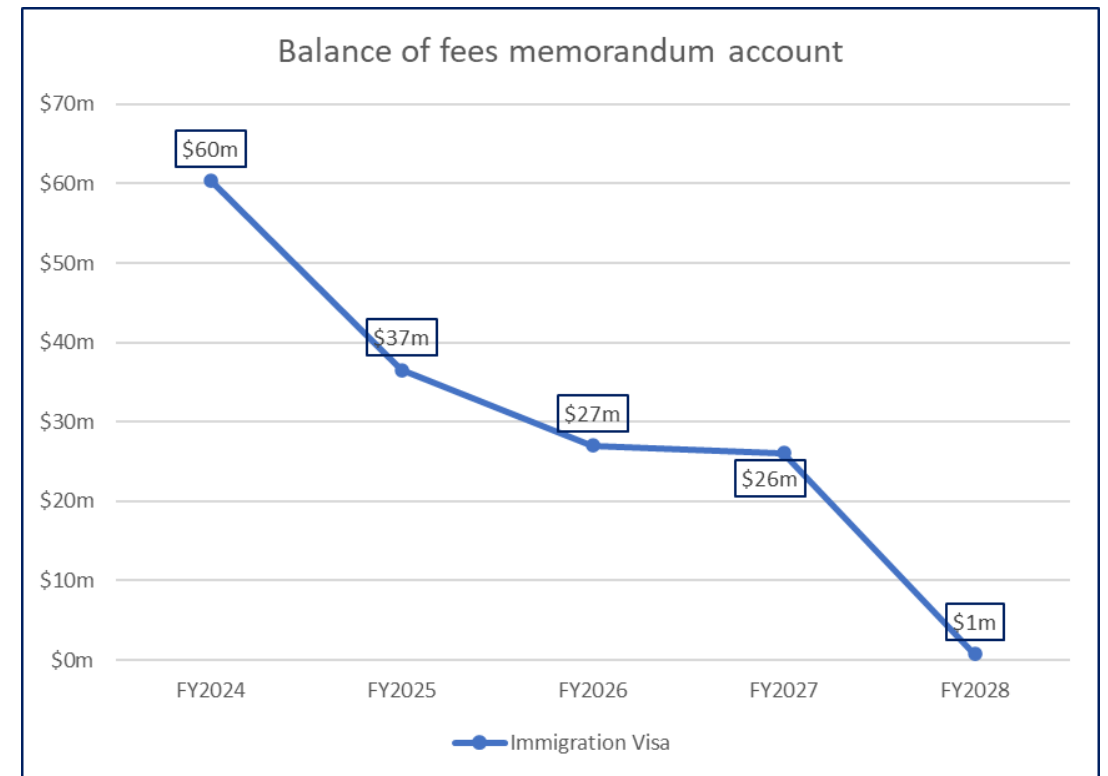
Proposed fee and levy rates

Section 2



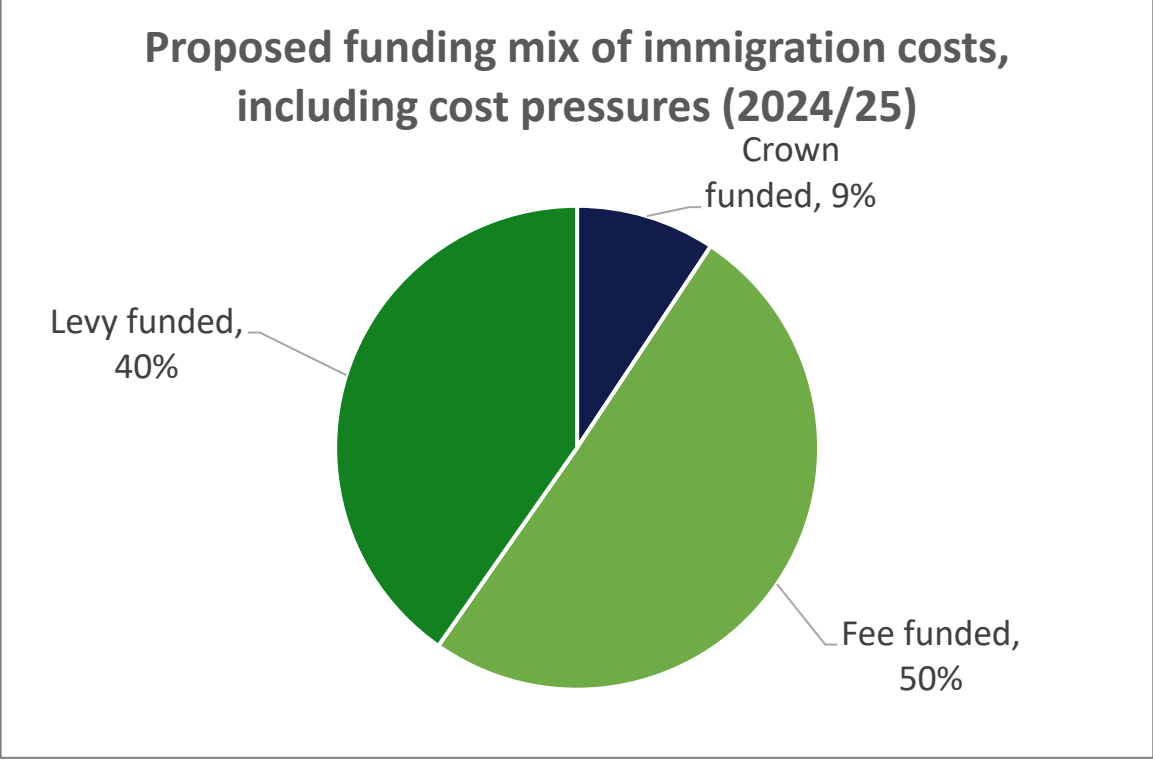
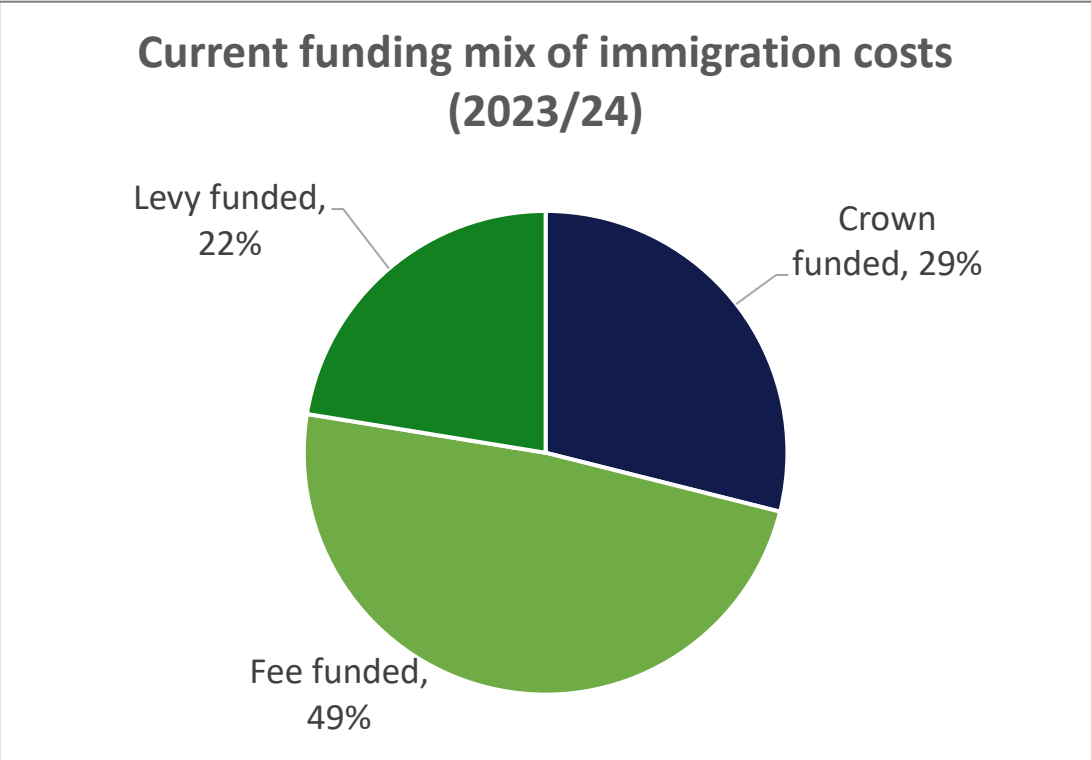
Proposed rates fully recover costs and balance the immigration accounts

- **Fees** have been set at a rate to recover the direct and indirect costs of processing a visa.
- The key inputs include productivity of the visa processing workforce, visa volumes and indirect immigration system costs (including ICT, and the immigration contact centre).
- The **levy rate** has been set to reflect a:
 - combination of the benefits that users of the system receive or the risks they create, and their ability to pay.
 - higher weighting for residence visas compared to temporary, and a higher weighting for work and student visas relative to other temporary visas.



Immigration system funding model

The funding allocation changes reflect a reduction in Crown funding and that users of the immigration system more fully cover the costs of the immigration system



- Immigration system costs includes:
- MBIE immigration services, policy advice and regulation of immigration advisers
 - Levy funding provided to NZTE for investor migrant attraction
 - Levy funding provided to MoE for ESOL in schools (from 2024/25)



NOTE: Stakeholders will be provided the proposed rates relevant to their sector ahead of time (i.e. student visa rates to the education industry)

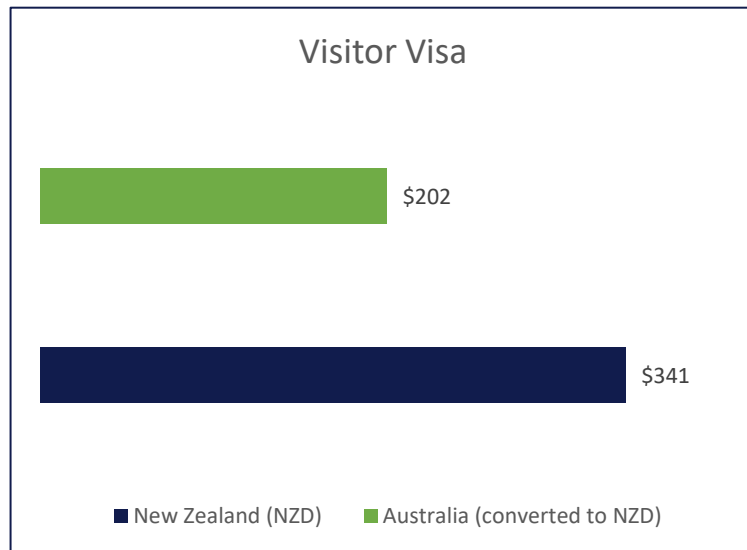
Proposed fee and levy rates

Key visa products	Current price (fee + levy)	Proposed Fee	Proposed Levy	Proposed Price (fee + levy)		
				\$ price	% change	% of Aus (\$NZD)
Temporary						
Visitor	211	310	31	341	62%	169%
Group visitor	110	86	200	286	160%	N/A
Working Holiday	420	250	420	670	60%	99%
Students	395	465	285	750	90%	99%
Post-study work	700	350	1,540	1,890	170%	94%
Partnership (work)	860	555	1,120	1,675	95%	N/A
Accredited Employer Work Visa (AEWV) - migrant check [TBC]	750	420	1,120	1,540	105%	100%
AEWV accreditation [TBC]	3,870	3,900	-	3,900	1%	N/A
AEWV job check [TBC]	610	615	-	615	1%	N/A
Limited Visa - Recognised Seasonal Employer (RSE)	285	285	-	285	0%	76%
Agreement to recruit under RSE	290	290	-	290	0%	N/A
RSE Status	1,080	1,080	-	1,080	0%	N/A
Entrepreneur	3,920	9,690	1,120	10,810	176%	159%
Variation of conditions on a temporary entry class visa	210	440	-	440	110%	N/A
Residence						
Skilled Residence pathways	4,290	2,560	3,890	6,450	50%	131%
Partnership	2,750	1,780	4,220	6,000	118%	64%
Parent	5,260	3,740	2,920	6,660	27%	126%
Dependent Child	3,610	1,670	1,560	3,230	-11%	100%
Active Investor Plus	7,780	10,860	19,290	30,150	288%	165%
Permanent Resident Visa	240	345	-	345	44%	N/A
Key:						
<div style="display: flex; align-items: center;"> <div style="width: 20px; height: 10px; background-color: #d9ead3; margin-right: 5px;"></div> Within 100% </div> <div style="display: flex; align-items: center; margin-top: 5px;"> <div style="width: 20px; height: 10px; background-color: #f4cccc; margin-right: 5px;"></div> Below 100% when accounting for secondary applicants </div> <div style="display: flex; align-items: center; margin-top: 5px;"> <div style="width: 20px; height: 10px; background-color: #f8cbad; margin-right: 5px;"></div> Above 100% </div>						

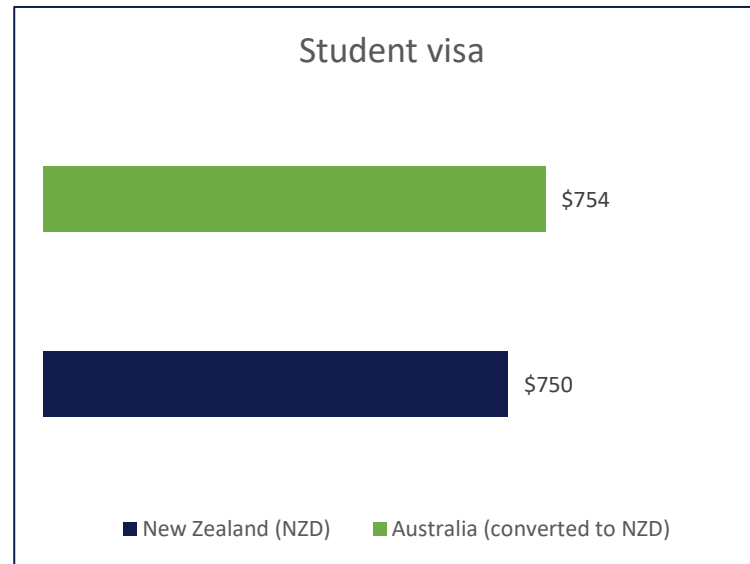
Comparison to Australia

NOTE: This slide will be tailored for each stakeholder

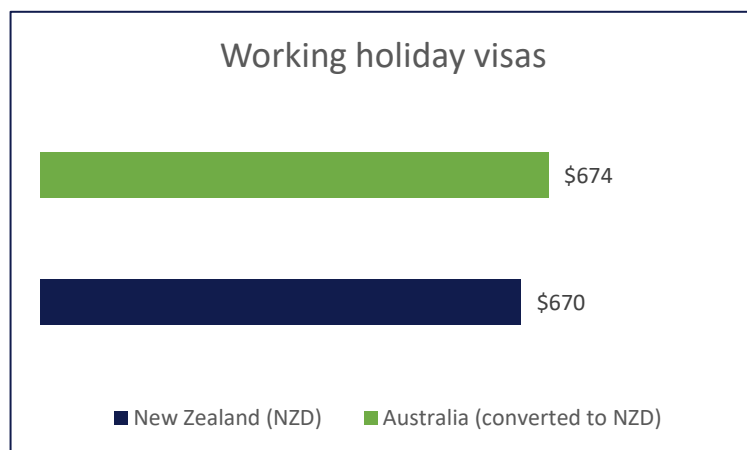
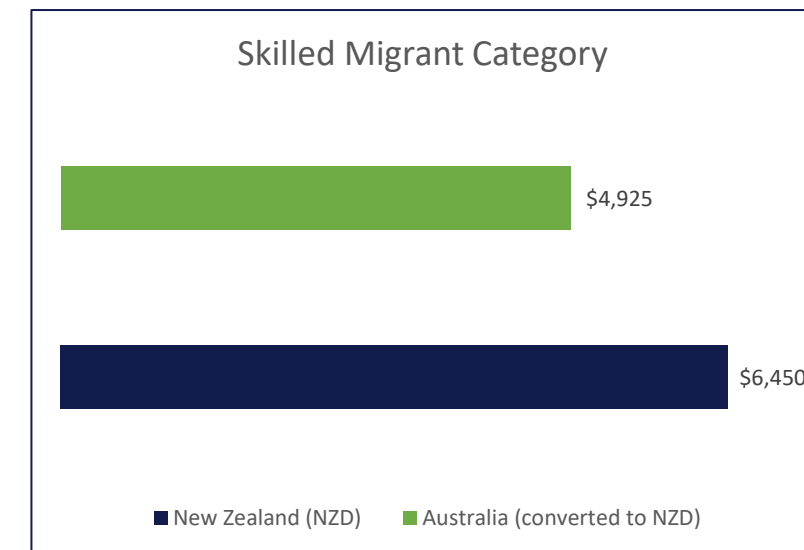
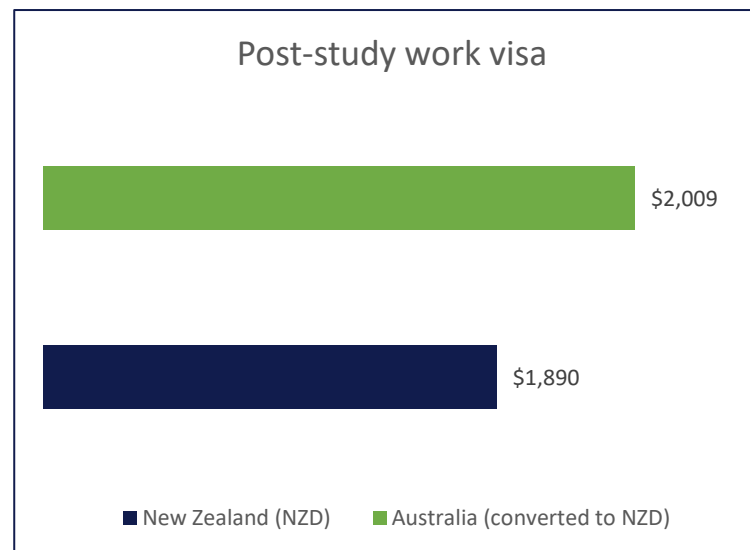
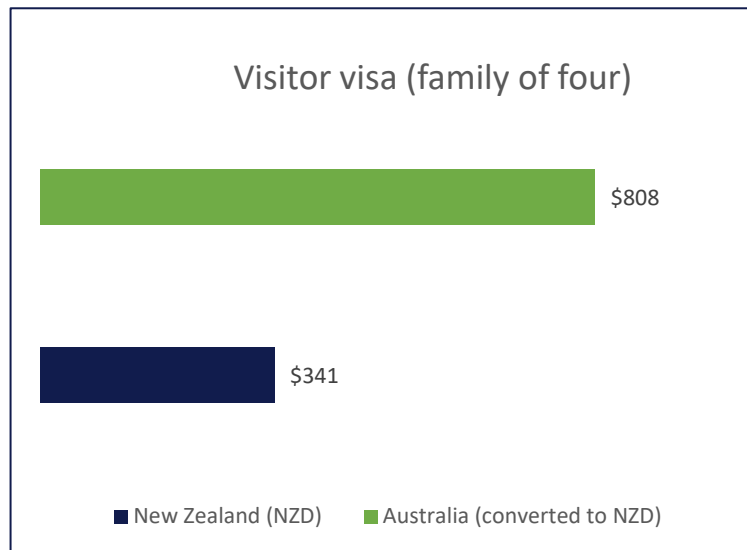
Visitors



Students

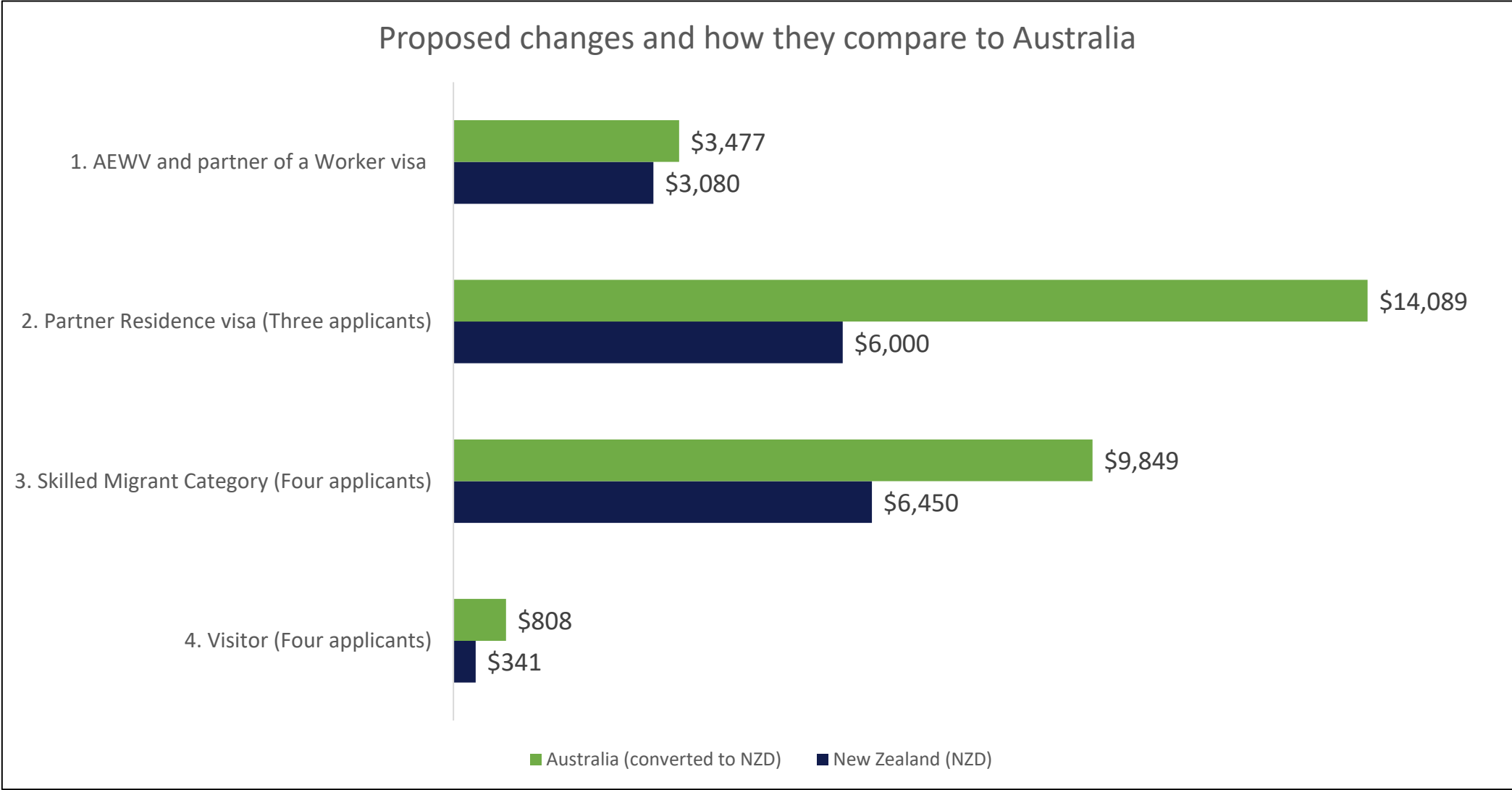


Workers



Comparison to Australia – families

- New Zealand’s visa regulations only require a single fee to be charged where an application includes family members (for visitor and residence applications).
- Australia charges per applicant, with partial charges for secondary applicants where an application includes family members:
 - 50% for partners and 25% for dependent children, and
 - one application per person is required for visitor visas.



Potential impacts of proposed rates

- What are your views of the expected demand impact because of proposed fee and levy rates?
- What supporting evidence do you have?

Groups	Visas	Demand impact	Commentary
Visitors	<ul style="list-style-type: none"> • Visitor • Group Visitor • NZeTa 	Low	<ul style="list-style-type: none"> • No impact for visa free travellers which covers key visitor markets – no proposed change to NZeTA • No impact to Australian residents and citizens who are granted a resident visa on arrival • 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
Students	<ul style="list-style-type: none"> • Student visa • Post study work visa 	Low	<ul style="list-style-type: none"> • Total charge is relatively small compared to the cost of international education, especially at higher levels of education. • Proposed rates are equivalent to Australia • Post-study migrant is already in New Zealand, so change in price unlikely to affect migration decision
Temporary workers	<ul style="list-style-type: none"> • AEWV • RSE • Working Holiday Visa 	Low	<ul style="list-style-type: none"> • Total charge is equivalent to Australia • No change to RSE as the Crown will subsidise the increase required to fully recover costs • Increase is small compared to the overall benefits of employment
Skilled resident	<ul style="list-style-type: none"> • Skilled Migrant 	Low	<ul style="list-style-type: none"> • Residence driven by non-financial factors • Charges are lower for families compared to Australia
Family resident	<ul style="list-style-type: none"> • Dependent Child • Partnership • Parent 	Low to medium	<ul style="list-style-type: none"> • Residence driven by non-financial factors • Proposed rates considerably lower than Australia and the UK
Investors	<ul style="list-style-type: none"> • Active Investor • Entrepreneur 	Low	<ul style="list-style-type: none"> • For Active Investor, while the total charge is significant, the charge is low compared to the investment amount required • Australia closing its investment resident pathway • Entrepreneur visa volumes are low

Improving efficiency and effectiveness of the immigration system

- The focus 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.
- A complementary priority is to improve efficiency of visa processing while managing risk.
- 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.
- **Confidential advice to Government** which is expected to increase efficiency through automation of some tasks.
- The recent transition of permanent resident visa applications onto ADEPT is showing early signs of efficiencies.
- MBIE will report quarterly reporting to the Ministers of Finance and Immigration on headcount, efforts to improve efficiency and the productivity per visa product, and any associated efficiency savings.



Wrap up and next steps

Section 3



Wrap up and next steps

- Summarise key points
- Notes from today's discussion will be circulated for review to confirm the record is accurate.
- Optional: Stakeholders can provide any written feedback by **5pm 22 April**.
- MBIE will report back to the Minister of Immigration in early May.
- Cabinet will consider final proposals in mid-2024.
- Changes to rates will take effect later in 2024.

