



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

Further information on refugee support activities and reallocating ESOL costs

Date:	1 February 2024	Priority:	Medium
Security classification:	Budget - Sensitive	Tracking number:	2324-1757

Action sought		
	Action sought	Deadline
Hon Erica Stanford Minister of Immigration	Confirm your preferred approach to shifting Crown costs to users in order to achieve Crown savings from the immigration system.	8 February 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Jivan Grewal	General Manager, Employment, Skills and Immigration Policy	Privacy of natural persons	
Libby Gerard	Manager, 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
The Treasury, Ministry of Education.

Minister's office to complete:

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 Withdrawn |

Comments



BRIEFING

Further information on refugee support activities and reallocating ESOL costs

Date:	1 February 2024	Priority:	Medium
Security classification:	Budget - Sensitive	Tracking number:	2324-1757

Purpose

This briefing provides information to support your decision about the proportion of Crown costs to reallocate to third-party users of the immigration system. Namely:

- a further breakdown of activities related to refugee selection and processing, and refugee settlement in the community, as requested at the 17 January officials' meeting, and
- advice on using the immigration levy to fund English for Speakers of Other Languages (ESOL) programmes in schools, as requested at the 23 January officials' meeting.

Executive summary

A fee and levy review is underway which will support your priority to ensure the immigration system is efficient, self-funding and sustainable. This will also achieve Crown savings from the immigration system, by reallocating a greater portion of Crown-funded costs to users, and reset levy rates that are reasonable, defensible and sustainable.

To progress to the next stage of detailed visa product cost modelling, this briefing seeks your direction by 8 February on:

- your preferred Crown cost reallocation option
- whether you wish to achieve Crown savings by funding ESOL programmes in schools through the immigration levy, and if so, your preferred level of funding.

Following direction on your preferred option, we will calibrate the fee and levy rates at a visa product level and provide updated rates to you in mid-February 2024 ahead of Cabinet consideration and targeted consultation.

Reallocation of Crown costs to users of the system

A key outstanding decision needed to advance work on the fee and levy review is the amount of Crown costs you wish to shift to users (namely whether or not to reallocate some costs associated with the Refugee Quota and related programmes to the immigration levy).

MBIE has provided you with three options for reallocating Crown costs, which range in the amount of savings generated Legal professional privilege You have advised officials you are not interested in the full reallocation of Crown costs.

Of the remaining reallocation options, the option that includes some Refugee Quota activity and saves just over \$90 million (revised figure) would, in conjunction with other identified savings, come closest to meeting the \$123 million savings target identified in the National Party's Fiscal Plan. Legal professional privilege

 The option that would avoid these risks by excluding costs related to the Refugee Quota saves just over \$76 million, but falls short of the Fiscal Plan target by approximately \$27 million (in conjunction with other savings).

To support your decision-making on this issue, this briefing provides a further breakdown of activities related to refugee selection and processing, and refugee settlement in the community.

Funding ESOL from the Immigration levy

You have also asked us to consider whether immigration funding can be provided to meet the costs of ESOL programmes in schools, for which there is a precedent and justification. This would also help to achieve immigration savings as it would reduce the Crown costs associated with ESOL.

We have modelled three scenarios, based on different proportions of the ESOL programmes in schools costs (including significant cost pressures) being funded by the immigration levy. While you can chose any proportion of funding to be provided, we have set out three options that have different rationales:

- **Funding 8.5 per cent of ESOL costs** (including cost pressures) through the levy is akin to the proportion of ESOL costs previously contributed from the immigration levy. This would provide just over \$6 million per annum in funding from the immigration levy and result in a net levy increase of approximately 213 per cent. It would achieve just over \$4 million per annum in Crown savings towards the Fiscal Plan target (assuming only baseline Crown costs, not Crown cost pressures, are considered).
- **Funding 50 per cent of ESOL costs** (including cost pressures) through the levy would evenly share the costs between the immigration system and the education system. This would provide just over \$36 million per annum in funding from the immigration levy and result in a net levy increase of approximately 253 per cent. It would achieve just under \$26 million per annum in Crown savings towards the Fiscal Plan target (assuming only baseline Crown costs, not Crown cost pressures, are considered).
- **Funding 80 per cent of ESOL costs** (including cost pressures) through the levy would be broadly similar to the current proportion of students receiving ESOL support who are from migrant background families. This would provide just over \$58 million per annum in funding from the immigration levy and result in a net levy increase of approximately 281 per cent. It would achieve just over \$41 million per annum in Crown savings towards the Fiscal Plan target (assuming only baseline Crown costs, not Crown cost pressures, are considered).

In deciding on whether to fund ESOL and what proportion, you should consider the impact on the levy account, the increases required to the levy rate (and whether this requires visa costs above the 90% of Australia's equivalent visas), whether this requires the reliance of funding on visa volumes, and how it supports the savings goal. The 80 per cent ESOL option would be more than sufficient to meet the \$123 million savings target in conjunction with any of the Crown cost reallocation options, and the 50 per cent ESOL option would come within \$2 million of the target.

Recommended actions

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

Reallocation of Crown costs to users of the system and funding for Refugee Quota activity

- a. **Note** that MBIE has provided advice that Crown savings could be achieved from the immigration system by shifting Crown costs to users as part of a fee and levy review, and you are still considering two of these approaches [2324-1069 refers] and the inclusion (if any) of Refugee Quota and related programmes costs

Noted

- b. **Note** that you have indicated that costs associated with facilitating travel to New Zealand and induction at the Mangere Refugee Resettlement Centre (MRRC) should remain Crown-funded, which has reduced reallocation option 2 (the approach that reallocated 50 per cent of some Refugee Quota costs) by \$7.6 million and the option below has been revised to reflect this

Noted

- c. **Confirm** your preferred approach to achieving Crown savings by shifting Crown costs to users; EITHER

- i. **Inclusion of some Refugee Quota activity in reallocation of Crown costs:** Lower risk reallocation of Crown costs, based on shifting 50 per cent of Crown costs Legal professional privilege - revised **savings of \$90.1 million**, excluding refugee travel and MRRC costs

Agree / Disagree / Discuss

OR

- ii. **Exclusion of all Refugee Quota activity in reallocation of Crown costs:** Maximum reallocation of Crown costs excluding the Refugee Quota and related programmes costs - **savings of \$76.1 million**

Agree / Disagree / Discuss

- d. **Note** that the option 'Inclusion of some Refugee Quota activity in reallocation of Crown costs', in conjunction with other identified savings (\$19.5 million per annum in Crown funding for visa subsidies), would come closest to meeting the \$123 million savings target identified in the National Party's Fiscal Plan, Legal professional privilege

Noted

Funding ESOL from the Immigration levy

- e. **Note** that there is a precedent and justification for funding ESOL programmes in schools through the immigration levy, however consideration needs to be given to:
- the impact on the levy account
 - the increases required to the levy rate (and whether this requires visa costs above 90% of Australia's equivalent visas)
 - whether this requires the reliance of funding on visa volumes
 - how it supports the fiscal savings goal

Noted

- f. **Direct** officials to prepare adjusted fee and levy rates (details set out in **Annex Two**) for targeted consultation, based on:

EITHER

- i. **Not funding ESOL costs** through the levy, which would see the net levy increase sit at approximately 205 per cent

Agree / Disagree / Discuss

OR

- ii. **Funding 8.5 per cent of ESOL costs** (including cost pressures) through the levy, which would be akin to the proportion of costs previously covered by the levy. This would provide \$6.2 million per annum in funding from the immigration levy and result in a net levy increase of approximately 213 per cent. It would achieve \$4.4 million per annum in Crown savings towards the Fiscal Plan target (assuming only baseline Crown costs, not Crown cost pressures, are considered)

Agree / Disagree / Discuss

OR

- iii. **Funding 50 per cent of ESOL costs** (including cost pressures) through the levy to evenly sharing the costs between the immigration system and the education system. This would provide \$36.3 million per annum in funding from the immigration levy and result in a net levy increase of approximately 253 per cent. It would achieve \$25.8 million per annum in Crown savings towards the Fiscal Plan target (assuming only baseline Crown costs, not Crown cost pressures, are considered)

Agree / Disagree / Discuss

OR

- iv. **Funding 80 per cent of ESOL costs** (including cost pressures) through the levy, which would be broadly similar to the current proportion of students receiving ESOL support who are from migrant background families. This would provide \$58.1 million per annum in funding from the immigration levy and result in a net levy increase of approximately 281 per cent. It would achieve \$41.3 million per annum in Crown savings towards the Fiscal Plan target (assuming only baseline Crown costs, not Crown cost pressures, are considered)

Agree / Disagree / Discuss

- g. **Note** that the indicative levy increases presented in recommendation f above are based on the reallocation approach that excludes all Refugee Quota activity from the reallocation of Crown costs, and accounts for some uncertainty in visa volumes

Noted

- h. **Note** that option f(iv) would be more than sufficient to meet the \$123 million savings target in conjunction with any of the reallocation options set out in recommendation (e) above, and option f(iii) would come within \$2 million of this target

Noted

- i. **Note** that when you receive the detailed modelling on fee and levy rates you may wish to revise your preferred level of levy funding for ESOL based on implications for and interactions with the 90 per cent Australian benchmark.

Noted



Libby Gerard
**Manager, Immigration (Border and Funding)
Policy**
Labour, Science and Enterprise, MBIE
...01 / 02 / 2024...

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

Background

1. A key priority for the immigration portfolio is to move to an efficient, self-funding and sustainable immigration system. The National Party's Fiscal Plan set out an intention to make Crown savings of around \$123 million a year from the immigration system.
2. A fee and levy review is underway to achieve Crown savings from the immigration system by reallocating a greater portion of Crown-funded costs to users, and reset levy rates that are reasonable, defensible and sustainable. We intend to report to Cabinet in March 2024 on the projected adjustments required to fee and levy rates ahead of targeted consultation with key stakeholders.
3. In your meeting with officials on 17 January 2024 you provided direction on a number of choices put forward in briefing 2324-1069 relating to the fee and levy review. A key outstanding decision is around the amount of Crown costs you wish to shift to users (namely whether or not you want to reallocate some costs associated with the Refugee Quota and related programmes to the immigration levy).
4. This briefing provides the following information to support your decision-making on this issue:
 - a. a further breakdown of activities related to refugee selection and processing, and refugee settlement in the community, as requested at the 17 January officials' meeting
 - b. advice on using the immigration levy to fund ESOL programmes in schools, as requested at the 23 January officials' meeting.
5. We seek direction on your preferred approach to reallocating Crown costs by 8 February in order to progress the next phase of fee and levy rate modelling.

Reallocation of Crown costs to users and funding for Refugee Quota activities

6. The fiscal sustainability advice provided on 21 December [2324-1069] included three options for shifting Crown costs to users.
7. In your meeting with officials on 17 January 2024, you confirmed you are not interested on one of these options (maximum reallocation of Crown costs to system users). You further indicated that you were not interested in reallocating Crown costs related to facilitating travel to New Zealand or induction at the Mangere Refugee Resettlement Centre (MRRC). We have updated the savings below to reflect this (a reduction in reallocation option 2 of \$7.9 million).
8. The remaining two options, set out below, differ in the amount of savings generated and [redacted] Legal professional privilege
 - a. **Reallocation option 2: lower risk reallocation of Crown costs (revised savings of \$90.1 million)** – this option is based on shifting 50 per cent of Crown costs [redacted] Legal professional privilege [redacted] There would be approximately a \$13.4 million per annum shortfall against the Fiscal Plan target if Crown funding for visa subsidies¹ was also returned.

¹ \$19.57 million per annum in Crown funding was provided in the 2022 fee and levy review to subsidise fee and levy rates for some visa types. Briefing 2324-1069 provided advice on how the return of this funding could achieve Crown savings for the immigration system through Budget 2024.

b. **Reallocation option 3:** maximum allocation excluding the Refugee Quota and related programmes costs (\$76.1 million savings). There would be an approximately \$27.5 million per annum shortfall against the Fiscal Plan target if the Crown funding for visa subsidies (referenced above) was also returned.

9. We advised you that the greatest area of challenge would likely be about the justification for a wider group of migrants meeting costs to deliver the Refugee Quota programmes, which relate to New Zealand's international and humanitarian commitments. **Legal professional privilege**

[Redacted]

10. Option 3 would avoid these risks by excluding costs related to the Refugee Quota, but fall short of the Fiscal Plan savings target.

Further information on activities relating to the Refugee Quota

11. Briefing 2324-1069 presented the costs of delivering the Refugee Quota and related programmes as falling into four broad activity areas, **Legal professional privilege**

[Redacted]

12. To inform your decision about which reallocation option to progress, you asked for a detailed breakdown of refugee selection and processing, and refugee settlement in the community activities. This information is provided in **Annex One**.

13. Our view is that it remains a judgement call as to whether to reallocate some costs associated with the Refugee Quota and related programmes to the immigration levy, balancing **Confidential advice to Government** with your desire for achieving savings.

Using the immigration levy to meet the costs of ESOL in schools

14. You have asked for advice on the ability to fund the non-departmental costs of ESOL programmes in schools² through the immigration levy.

Immigration levy funding has been used to meet ESOL costs in the past

15. MBIE has historically provided funding for ESOL programmes in schools from the immigration levy (and before that the Migrant levy) since the late 1990s/early 2000s. This is enabled under section 399 of the Immigration Act 2009, as it relates to the "provision of programmes intended to assist the successful settlement of migrants or categories of migrants".

16. Most recently, in 2017, four years of funding from the immigration levy for ESOL programmes in schools was approved by Cabinet. This provided \$2.45 million per year until the end of 2020/21. At that point, it was decided that ongoing funding for ESOL best fit the definition of Crown funding which supports mainstream services for which migrants are eligible, such as healthcare, education and information provision.

² ESOL support is available to students in years 0 - 13 attending state and state-integrated schools.

17. Funding from Budget 2020 onwards has been provided entirely out of Crown funding via Vote Education. The current appropriation totals approximately \$51.6 million per annum. In addition, the Ministry of Education is facing outyears cost pressures for ESOL of up to \$21 million per annum (final figures to be confirmed), driven by a significant increase in migrant background learners.³
18. Given the current make-up of learners receiving ESOL support in the compulsory school sector (52 per cent are migrants, 45 per cent are New Zealand born children with at least one migrant parent, and 3 per cent are refugees), our view is that there remains a strong case for the immigration levy to contribute to funding this service. It differs from other, more generic public services (such as health care) because a learner's need for ESOL support is directly linked to their migrant background.

Funding ESOL costs through the Immigration levy will achieve savings through reducing Crown costs

19. Depending on decisions about the proportion of ESOL costs funded by the levy, this approach could yield Crown savings of up to \$41.3 million per annum. These savings, in conjunction with the \$76.1 million in savings provided from reallocation option 3, and the \$19.5 million in savings from returning the Crown funding for visa subsidies, could go some way to achieving (or surpassing) the \$123 million immigration savings target.
20. Note that funding for ESOL programmes in schools is just one component of the range of supports⁴ provided by the Ministry of Education's Migrant and Refugee Education function. We are only proposing to contribute to the non-departmental costs of ESOL programmes in schools (\$72.6 million per annum including approximately \$21 million in cost pressures) through the immigration levy. The levy would not be used for the refugee-specific support activities the Ministry of Education provides.

There are choices around the proportion of ESOL costs to cover via the levy

21. When the immigration levy was last used to fund ESOL, Immigration's contribution equated to approximately 8 per cent of the total annual cost of providing ESOL at the time.
22. Given the high proportion of migrant-background learners receiving ESOL (see paragraph 18 above), the immigration levy could arguably contribute to a greater proportion of ESOL costs than it has previously. This would align with the cost recovery principle that those who benefit from immigration services or create risks should meet the costs.

³ The Ministry of Education has observed an 11.6% increase in migrant background learners between March and August 2023, compared to 8.58% in annual growth for this cohort over the past 10 years.

⁴ In addition to funding for ESOL programmes in schools, the Ministry of Education receives departmental and non-departmental funding for other activities related to migrant and refugee support activities. Non-departmental includes contracts with providers for PD for teachers and language assistants, the Refugee Education Centre, Refugee Flexible funding, Contract for online English programmes for secondary aged students in remote areas. Departmental funding supports includes 25 staff, corporate overheads, Contracts for Computers in Homes initiative, Ethnic/faith-based learning Hubs, Refugee Pathways and Careers initiatives.

23. We have modelled the potential increases to the levy (for illustrative purposes and at an aggregate level) based on different proportions of the ESOL costs being funded. Assuming that you wish to progress with reallocation option 3 (i.e. no refugee costs reallocated from Crown to third-party), and accounting for some uncertainty in visa volumes:
- a. **Funding 8.5 per cent of ESOL costs** (including cost pressures) through the levy is akin to what was previously contributed by immigration. This would provide \$6.2 million per annum in funding from the immigration levy and result in a net levy increase of approximately 213 per cent. It would achieve \$4.4 million per annum in Crown savings towards the Fiscal Plan target (assuming only baseline Crown costs, not Crown cost pressures, are considered).
 - b. **Funding 50 per cent of ESOL costs** (including cost pressures) through the levy would evenly share the costs between the immigration system and the education system. This would provide \$36.3 million per annum in funding from the immigration levy and result in a net levy increase of approximately 253 per cent. It would achieve \$25.8 million per annum in Crown savings towards the Fiscal Plan target (assuming only baseline Crown costs, not Crown cost pressures, are considered).
 - c. **Funding 80 per cent of ESOL costs** (including cost pressures) through the levy would be broadly similar to the current proportion of students receiving ESOL support who are from migrant background families. This would provide \$58.1 million per annum in funding from the immigration levy and result in a net levy increase of approximately 281 per cent. It would achieve \$41.3 million per annum in Crown savings towards the Fiscal Plan target (assuming only baseline Crown costs, not Crown cost pressures, are considered).
 - d. **Funding 100 per cent of ESOL costs** (including cost pressures) through the levy would provide \$72.6 million per annum in funding from the immigration levy and result in a net levy increase of approximately 298 per cent. It would achieve \$51.6 million per annum in Crown savings towards the Fiscal Plan target (assuming only baseline Crown costs, not Crown cost pressures, are considered).
24. For contrast, not funding ESOL (but still assuming reallocation option 3 and accounting for uncertainty of visa volumes) would see a net levy rate increase of approximately 205 per cent.
25. The 100 per cent funding scenario is provided for your visibility, but we would not recommend progressing modelling on this option. Funding 80 per cent of ESOL costs through the levy would be a more moderate choice if you wanted to account for the high proportion of migrants receiving ESOL support, whilst managing risk and allowing for potential changes in the make-up of the ESOL cohort in the future.
26. The 80 per cent ESOL option would be sufficient to meet the \$123 million savings target in conjunction with any of the Crown cost reallocation options, and the 50 per cent ESOL option would come within \$2 million of the target.
27. In deciding on whether to fund ESOL and what proportion, you should consider the impact on the levy account, the increases required to the levy rate (and whether this requires visa costs above the 90 per cent of Australia's equivalent visas), whether this requires the reliance of funding on visa volumes, and how it supports the savings goal.
28. **Annex Two** provides further detail including an indicative comparison to Australia's visa charges.

29. Following your direction, detailed modelling at a visa product level will be undertaken along with further analysis of Australia's charging approach and service timeframes to inform options to spread costs and take account of the differences with New Zealand's charges.

Next steps

30. Substantive decisions on how Crown savings can be achieved from the immigration system by shifting costs to third-party users will be addressed in a Cabinet paper in March 2024 ahead of the Budget moratorium.
31. In order to progress the next phase of work on the fee and levy review, we seek your direction on two key issues, namely:
- a. your preferred approach to addressing refugee and protection (asylums seeker) claims processing challenges [2324-1685 of 31 January refers]
 - b. the amount of Crown costs you wish to shift to users (advice provided in this briefing).
32. Following direction on your preferred option, we will calibrate the fee and levy rates at a visa product level and provide updated rates to you in mid-February 2024 ahead of Cabinet consideration and targeted consultation.

Annexes

Annex One: Further breakdown of Refugee Quota activities

Annex Two: Further detail on ESOL options

Annex one: Further breakdown of Refugee Quota activities

Briefing 2324-1069 presented the costs of delivering the Refugee Quota and related programmes as falling into four broad activity areas, **Legal professional privilege**

Activity	Annual Crown funding	Cost pressure per annum	Legal professional privilege	Option 2: lower risk reallocation	Option 3: maximum reallocation but no change to refugee funding
Selection and processing	\$4.4 million	\$0.5 million		50% shifts to levy	0% shifts to levy
Facilitating travel to New Zealand	\$8.5 million	\$2.7 million		0% shifts to levy	0% shifts to levy
Induction at the Mangere Refugee Resettlement Centre	\$15.1 million	\$2.2 million		50% shifts to levy	0% shifts to levy
Settlement in the community	\$23.5 million	\$0.6 million		50% shifts to levy	0% shifts to levy

Detailed information about activities relating to refugee selection and processing, and refugee settlement in the community, is provided below.

Introduction

The organisational structure in MBIE's Refugee Quota Programme (RQP) is designed to support the interconnected end-to-end functions required to select and bring United Nations Refugee Agency (UNHCR) referred refugees to New Zealand for settlement. This includes teams involved in the selection, interviewing and processing of resettlement cases, as well as developing the settlement plans and overall coordination of the five-week reception programme.

General Processing Category

The General Processing Category covers the costs relating to the selection of quota refugees for resettlement in New Zealand, which involves assessing referrals from the UNHCR, pre-screening, interviewing primarily via offshore selection missions to assess cases, ensuring biometric collection offshore, and processing residence applications. This activity is undertaken by a team that specialises in assessments, risk management and decision-making, applying the provisions of the Immigration Act 2009 and UN Convention and related Protocols on Refugee Protection within the RQP. The costs include expenses directly related to these functions, as well as other staff-related operational costs that have been apportioned.

The costs set out below are indicative only and based on specific teams within the programme, as due to the intertwined nature of the work across the programme, it is difficult to accurately split out the specific costs under this category. For example, this category captures a support team, which supports the entire programme, not just general processing. The costs also include the processing of residence applications under complementary pathways, Refugee Family Support Category (RFSC) and Community Organisation Refugee Sponsorship (CORS), as the team is part of the wider RQP.

The selection process is used to create the pipeline of cases to meet the annual refugee quota.

Title	Cost
Salaries and related costs*	\$1,974,848
Selection mission costs**	\$458,150
Corporate costs	\$1,961,411
Total	\$4,394,409

*All personnel-related costs including overtime/penal rates, leave, superannuation, training etc.

** International travel costs

Settlement in Community Category

The Settlement in Community Category covers direct costs for the RQP relating to settling refugees from the Mangere Refugee Resettlement Centre (Te Āhuru Mōwai o Aotearoa) into their new homes in the community, and includes staff costs relating to finding housing, domestic travel, costs to secure housing.

The Settlement in Community Category also covers direct costs relating to successful settlement of refugees in the community contracted through settlement service providers and work within and across communities to partner with providers, agencies, councils, iwi and communities to effectively deliver successful settlement and build capability and capacity. These services also include the offshore health assessments and coordination of refugee health services in the community through the national leadership and coordination services. There is also specific support for settlement such as driver training and employment provided through contracts in the community.

These settlement activities are distinct from the broader settlement activities that are provided to migrants as part of the New Zealand Migrant Settlement and Integration Strategy as they are purely focused on refugees. The costs include expenses directly related to these functions, as well as other staff-related operational costs that have been apportioned.

The costs set out below are indicative only, as, due to the intertwined nature of the work across the programme, it is difficult to accurately split out the specific costs under this category. For example, the costs include all domestic travel costs for the RQP, some of which may be unrelated to the settlement of refugees in the community specifically.

Refugee Quota Programme	Costs
Salaries and related costs*	\$733,122
Domestic travel costs**	\$667,984
Corporate costs	\$2,428,958
Refugee and Migrant Support	
Settlement contracts for refugees	\$12,368,958
Salaries and related costs*, including corporate costs	\$7,276,913
Total	\$23,475,935

*All personnel-related costs including overtime/penal rates, leave, superannuation, training etc.

** Includes domestic airfares, accommodation, taxis, mileage and other domestic travel-related expenses

Annex two: Further detail on ESOL options

The current ESOL programmes in schools appropriation totals \$51.563 million per annum. In addition, the Ministry of Education has advised that they are facing outyears cost pressures for ESOL of up to \$21 million per annum, driven by a significant increase in migrant background learners. The table below shows the fiscal impact of the various ESOL contribution options.

Contribution option	Immigration levy contribution to ESOL costs (including cost pressures)	Savings achieved towards fiscal plan (based on baseline Crown costs)
8.5%	\$6.2m	\$4.4m
50%	\$36.3m	\$25.8m
80%	\$58.1m	\$41.3m

We have modelled four scenarios (for illustrative purposes and at an aggregate level) to show the range of increases required to the levy depending on different levels of levy contribution to ESOL funding. This modelling assumes that you wish to progress with reallocation option 3 (i.e. no refugee costs reallocated from Crown to third-party), and accounts for some uncertainty in visa volumes. Following your direction, detailed modelling at a visa product level will be undertaken along with further analysis of Australia's charging approach and service timeframes to inform options to spread costs and take account of the differences with New Zealand.

Visa product	NZ price (fee + Levy)	Comparable Australian visa (\$NZD)	Option A - No ESOL		Option B - 8.5% ESOL funded through Levy		Option C - 50% ESOL funded through Levy		Option D - 80% ESOL funded through Levy		Difference between Options D and A	
			Revised NZ price: • 205% levy increase* • 11% fee increase*		Revised NZ price: • 213% levy increase* • 11% fee increase*		Revised NZ price: • 253% levy increase* • 11% fee increase*		Revised NZ price: • 281% levy increase* • 11% fee increase*		Revised NZ price: • 76% levy increase* • 0% fee increase*	
			\$	% of Aus	\$	% of Aus	\$	% of Aus	\$	% of Aus	\$	% of Aus
eTA (visitor)	23	-	23	-	23	-	23	-	23	-	-	-
Visitor	211	205	211	103%	211	103%	211	103%	211	103%	-	-
Working Holiday	420	690	875	127%	890	129%	975	141%	1,030	149%	155	22%
Student	395	775	625	81%	630	81%	670	86%	695	90%	70	9%
Post-study work	700	2,065	1,185	57%	1,200	58%	1,285	62%	1,340	65%	155	8%
Accredited Employer Work Visa (AEWV) - migrant check	750	1,585	1,245	79%	1,260	79%	1,340	85%	1,395	88%	150	9%
Skilled Migrant Category (Resident) ^	4,890	5,055	10,115	200%	10,305	204%	11,235	222%	11,905	236%	1,790	35%
Active Investor Plus (Resident)	7,780	18,710	14,770	79%	15,020	80%	16,230	87%	17,105	91%	2,335	12%
Recognised Seasonal Employer (RSE)	325	365	325	89%	325	89%	325	89%	325	89%	-	-
Partnership (Resident)	3,610	9,645	7,025	73%	7,145	74%	7,745	80%	8,175	85%	1,150	12%
Parent (Resident) ^^	4,040	5,435	7,505	138%	7,625	140%	8,225	151%	8,655	159%	1,150	21%
Notes:												
• All prices assume application is made outside of New Zealand, where possible, and exclude the International Visitor Conservation and Tourism Levy (IVL)												
• Australian visa prices were converted to NZ\$ values at the 31 Oct 2023 exchange rate, rounded to the nearest \$5												
• * Levy and fee increases exclude visitor and Pacific-focused visas												
• ^ New Zealand immigration charges are per application (inclusive of partners and dependent children) while Australia charges per applicant, with partial charges for secondary applicants (50% for partners and 25% for dependent children).												
• ^^ Australia's Parent – Resident visa offers a shorter total processing time for a fee. The standard queue time is expected to be 29 years. This can be reduced to around 12 years if applicants make financial contributions of around \$NZD 52,000												

Confidential advice to Government