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| Minister | Hon Erica Stanford | Portfolio | Immigration |
| Title of Cabinet paper | Changes to investor migrant policy settings to attract and facilitate investment to New Zealand | Date to be published | 3 March 2025 |

| List of documents that have been proactively released | | |
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| Date | Title | Author |
| December 2024 | Changes to investor migrant policy settings to attract and facilitate investment to New Zealand | Office of the Minister of Immigration |
| 4 December 2024 | CAB-24-MIN-ECO-0290 Minute | Cabinet Office |
| 26 September 2024 | Briefing 0006754 Active Investor Plus Visa: Analysis of proposed policy settings | MBIE |
| 24 October 2024 | Briefing 0004973 Active Investor Plus Visa: Targeted consultation report-back and draft Cabinet paper | MBIE |
| 26 July 2024 | Initial considerations for an Active Investor Plus Visa settings review | 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.

Information has been redacted on the following grounds:

- Privacy of natural persons
- Confidential advice to Government
- Free and frank expression of opinions
- International relations
- National security and defence

[SENSITIVE]

Office of the Minister of Immigration

Cabinet Economic Policy Committee

Changes to investor migrant policy settings to attract and facilitate investment to New Zealand

Proposal

- 1 This paper seeks agreement to changes to the immigration settings of the Active Investor Plus (AIP) visa to attract investment-ready migrants and facilitate increased foreign investment to New Zealand.

Relation to Government priorities

- 2 This proposal relates to Government's priority to rebuild the economy by increasing foreign direct investment (FDI) and attracting top talent to New Zealand. It also gives effect to my commitment to support additional foreign investment as stated in my work programme for the Immigration Portfolio [ECO-24-MIN-0158].

Executive Summary

- 3 I propose changes to investor policy settings to ensure that the immigration system attracts investor migrants who become active investors, either straight away or over time. The current AIP visa has high-risk investment offerings and has not attracted a satisfactory volume of capital in its first two years of operation. Approximately \$48 million has been invested so far of a potential investment value of approximately \$874 million¹ and only 11 businesses have received investment.² This is compared to the approximate \$2.2 billion invested under the previous Investor 1 and 2 visa categories in the two years prior to the global outbreak of COVID-19.³
- 4 Feedback is that the investment options are too high risk (particularly when investors are not yet familiar with New Zealand's investment ecosystem), and that requirements could be simpler and less restrictive. For example, the English language requirements and time required to be spent in New Zealand represent a compliance burden. We know that to attract investor migrants to New Zealand we need to offer a broader range of investments to cater to different risk appetites, have more facilitative immigration settings, and ensure that more conservative investors are supported to invest more actively over time.
- 5 We have anecdotal evidence to support this, and research commissioned by MBIE⁴ indicates that the volume of follow on investment (i.e. investment made independent of the immigration process) made by Investor 1 and 2 applicants between 2009 and

¹ Figures as at 30 September 2024. 'Potential investment value' is estimated funds that may be invested in New Zealand firms, because investors can currently stagger their investments over a 36-month period.

² One business has received two separate investments.

³ This figure has been rounded and represents the total minimum investment made.

⁴ Conducted by *BERL* in 2017 involving consultation with banks and other financial institutions.

2017 was estimated at \$1.7 billion. The research also regarded investor migrants as becoming “much more risk seeking” once trusted networks were established in New Zealand.

- 6 Despite the AIP visa’s focus on incentivising active investments, there is still value in seeking passive investment as well. For instance, the funds raised by bonds issued by local government are typically used for infrastructure purposes, central government bonds raise funds to support the Government’s objectives, corporate bonds can help raise capital for the growth of businesses, and investments in property developments can help support an increase in housing stock.
- 7 I propose changes to attract more investors to New Zealand through a simplified investor model by:
 - 7.1 introducing two simplified investment categories (‘Growth’ and ‘Balanced’) replacing the current complex weighting system – the Growth category would target active investors and the Balanced category would target more conservative investors
 - 7.2 broadening the scope of acceptable investments to increase the offerings available that align with Government’s economic strategy and to attract a broader range of investor migrants
 - 7.3 reducing immigration requirements for Growth category investors – specifically, rewarding their choice to be active investors upfront with a shorter investment period (there is greater benefit to the New Zealand economy as funds must be transferred within six to 12 months and the investment is guaranteed for three years).
 - 7.4 reducing barriers, for example, removing the English language requirement.
- 8 I also intend to improve our evidence base of the direct and spillover investment benefit to New Zealand’s economy (and inform policy evaluations) by requiring investor migrants to respond to questionnaires.
- 9 Cabinet has recently decided to establish an investment attraction agency (Invest New Zealand) to enable the science, innovation, and technology system to deliver better economic outcomes for New Zealand [ECO-24-MIN-0242 refers]. I propose Invest New Zealand (NZ) be responsible for the attraction and aftercare of migrant investors and be the steward for determining what is an acceptable investment under these proposed settings (currently New Zealand Trade and Enterprise’s (NZTE) responsibility). Once established, Invest NZ would connect with Balanced category investors on an ongoing basis and promote active investments to them.
- 10 Stakeholder feedback⁵ indicated broad support for proposals to simplify AIP settings. Most emphasised the importance of Government having a joined-up approach to effectively attract and retain investor migrants by actively connecting them to investment opportunities. Many also pointed to settings outside the immigration system that are irritants for investor migrants. This includes our foreign investment

⁵ Representatives from Crown entities, immigration industry professionals, wealth management firms, NZTE managed funds, investor organisations and businesses.

fund (FIF) tax rules and current restrictions in the Overseas Investment Act 2005 on the ability to buy residential property.

Background

- 11 The immigration system’s role in developing investor migration pathways is to ensure that policy settings do not present unjustified barriers to investors migrants. Historically, the immigration system has helped facilitate foreign investment into New Zealand by providing high-net-worth individuals with the option to obtain residence in exchange for a significant financial contribution to New Zealand.
- 12 We know that high-net-worth individuals primarily come to New Zealand for the lifestyle, rather than business or investment reasons.⁶ Recent research has found that New Zealand is considered to fall within a class of countries called the “Safe Haven 8”⁷, which are perceived to have high levels of safety and security, good health and education services and be somewhat shielded from global political and economic problems.⁸ We have an opportunity to capitalise on this and increase foreign investment in New Zealand, particularly once investors get to know the market.
- 13 The current investment options available under the AIP visa are high-risk with uncertain outcomes. This has disincentivised investors from applying, particularly those who are unfamiliar with New Zealand’s investment ecosystem who will typically prefer to make lower risk investments initially (during the immigration process) but look to engage in more active investments once they are familiar with our investment ecosystem and have formed trusted networks. This is supported by research conducted in 2017 which estimated that follow on investments made by investor migrants were worth \$1.7 billion and found that conservative investors become more “risk seeking” beyond the application phase.⁹
- 14 Change is required to provide investors with a lower-risk point of entry into the New Zealand investment market. The AIP visa was implemented in 2022, replacing the Investor 1 and 2 categories. The primary difference between the AIP visa and its predecessors is that there is focus on attracting high-value, rather than high-volume, investment. The AIP visa is designed to attract active investment in New Zealand, i.e. investment requiring both financial and human capital of the investor, by incentivising investment directly into New Zealand firms and managed funds and excluding less active options such as bonds and property development. See **Appendix One** for more information about current AIP visa settings.
- 15 In its first two years of operation, the AIP visa attracted 96 valid applications.¹⁰ Of the \$48 million invested so far, 40.7 per cent has been put into listed equities, 32.7 per cent into direct investments (only 11 businesses have received investment), and 26.5 per cent into managed funds.¹¹ This is compared to its predecessor visas, the Investor

⁶ Research conducted by *Premium Research* on MBIE’s behalf in 2013-2014.

⁷ “Safe Haven 8” consists of Australia, New Zealand, Switzerland, Singapore, the United Arab Emirates, Malta, Monaco, and Mauritius.

⁸ Henley Private Wealth Migration Report 2024.

⁹ *Determining follow-on investment by investor migrants outside of their application for residence*, BERL report to Immigration New Zealand, September 2017.

¹⁰ 12 have withdrawn their applications.

¹¹ As at 30 September 2024 with figures rounded. No investment has been made in philanthropy to date.

1 and 2 categories, which attracted 145 applications in their first two years and over \$10 billion¹² before they were replaced. In the two years prior to the global outbreak of COVID-19, approximately \$2.2 billion was invested under Investor 1 and 2. I propose changes to increase the number of investor migrants to New Zealand.

I propose a simple, risk-based investment model to attract and facilitate investment-ready migrants to New Zealand

- 16 The overarching objectives of the proposed changes are to:
- 16.1 attract more investors to New Zealand by offering a wider range of investments than currently permitted (such as bond and property-type investments which can facilitate investment in infrastructure, business growth, increase housing stock and contribute to Government’s economic and social objectives); and
 - 16.2 convert conservative investors to become more active in their investment activities over time.
- 17 To attract more investors, increase foreign investment, and to simplify what stakeholder feedback indicated was a very complex visa, I propose a simple, risk-based investment model, with ‘Growth’ and ‘Balanced’ categories. Key features of the model are set out below, with further detail provided in **Appendix Two**.

The key features of the model

- 18 The key features of the model are:
- 18.1 **expanding the classes of acceptable investment** to include lower-risk investment options (such as corporate, central and local government bonds and new property developments), for investors with lower-risk appetites in the short term while they get to know the market.
 - 18.2 **incentivising active investments by creating more favourable immigration settings.**
- 19 The model has two investment categories with different investment amounts and acceptable classes of investment. Settings are designed to incentivise active investment choices. These are set out in **Table 1** below.

Table 1: Investment category settings

| | Investment options | Investment period (two investment retention checks) | Time to be spent in New Zealand requirements | English language requirement |
|------------------------|--|--|--|------------------------------|
| Growth category | \$5 million in either: <ul style="list-style-type: none"> • direct investments • managed funds | 3 years | 21 days | No requirement |

¹² Estimated minimum investment made between 2009-2024, based on the minimum amount applicants must invest.

| | | | | |
|--------------------------|--|---------|---|--|
| Balanced category | \$10 million: <ul style="list-style-type: none"> • listed equities • philanthropy • corporate, local or central government bonds • new property developments (residential, rental, social housing; commercial and industrial; investments in sensitive land as specified and approved by the Overseas Investment Office (OIO)). • existing commercial or industrial property developments (including investments in sensitive land as specified and approved by the OIO). | 5 years | 105 days Can be reduced by two weeks (up to six weeks total) for every additional \$1 million invested in direct or managed funds (above the base \$10 million required) | |
|--------------------------|--|---------|---|--|

20 Under both categories, the time to transfer and invest funds would be six months, with a further six-month extension available if needed (reduced from the present 36 months). This will enable greater benefit to the New Zealand economy as funds are invested quicker and guaranteed for longer. It is also expected to improve the operational efficiency of Immigration New Zealand (INZ). Resident visas would not be issued until the investor fully transfers and invests the funds required.

Better facilitating direct investment options for investors

21 Having attractive investment offerings for investors is crucial to the AIP visa’s success. The previous Government authorised joint ministers (equivalent to the now Minister for Economic Development and Ministers of Immigration and Science, Innovation and Technology) to make changes to what qualifies as an acceptable direct investment, consistent with the following criteria:

- 21.1 investments are into New Zealand entities that clearly contribute to the Government’s economic strategy (by being high growth potential firms or contributing to positive social and economic impacts);
- 21.2 proper verification is conducted to ensure that the business is legitimate (this is not a test of its financial health and growth potential, which is for the investor to ascertain); and
- 21.3 investments do not prejudice New Zealand’s reputation as a responsible member of the world community [CAB-22-MIN-0162.01].

22 The guidance for determining acceptable direct investments currently limits what type of direct investments can be approved (NZTE currently performs this function). To address this, joint Ministers (specified above) will shortly consider advice to update guidance to support their determination of acceptable direct investment applications to better reflect the Government’s economic strategy. My expectation is that these changes will provide more attractive investment offerings, leading to increased

applications. I will monitor changes in settings via quarterly reporting provided to me by MBIE.

Improving our evidence base about direct and follow-on investments made by investors

- 23 There is substantial anecdotal evidence of investors' follow-on investments and their increased engagement once they are familiar with New Zealand and, while this is supported by the research conducted by BERL in 2017, MBIE does not have a process in place for the regular collection of hard data to support this. The majority of stakeholders cited this as an area for improvement.
- 24 To improve our evidence base about direct and follow-on investments and to better determine the impact of investor migrants to New Zealand's economy,¹³ I propose that investor migrants be required to respond to questionnaires. These would be completed as part of the two compliance checks that form part of their visa conditions.¹⁴ I also propose that INZ provide a voluntary questionnaire for investor migrants to complete one year after their investment periods are completed.

Feedback from stakeholders on the proposed changes

- 25 The feedback received from external stakeholders indicated unanimous support for making the AIP visa simpler and more attractive. Most stakeholders were supportive of the proposed changes to simplify policy settings and for go-live in February 2025. Some raised the concern that proposed changes to the types of acceptable investments could shift investor behaviour towards opting for investments that would result in less active investment and human capital benefits for New Zealand. I consider that these concerns can be mitigated by:
- 25.1 introducing settings under the Growth category that are deliberately more attractive than those of the Balanced category.
- 25.2 allowing Balanced category investors to invest in active investments available under the Growth category and rewarding that investment with reduced time in New Zealand requirements if the appropriate level of active investment is made (above the base \$10 million requirement).
- 25.3 NZTE/Invest New Zealand actively connecting with Balanced category investors to support them to integrate and invest directly in New Zealand companies (this includes promoting more active investments to them). This is a shift from NZTE's current approach, which is centred around attraction and aftercare of active investors.
- 26 There was also a general acknowledgement that regardless of changes to visa settings, it is equally important for Government to have a joined-up approach to attract and retain investor migrants. Stakeholders frequently advocated that limitations placed on restrictions to home ownership that affect investor migrants should be relaxed to better facilitate their settlement and that FIF tax rules should also be amended to

¹³ In May 2022, Cabinet directed officials to undertake an impact evaluation of the AIP visa five years after its go-live date [CAB-22-MIN-0162.01 refers]. Improving our evidence base will help better inform this analysis.

¹⁴ Under section 49 of the Immigration Act 2009.

reduce the perception that New Zealand has a hostile tax regime.¹⁵ Confidential

advice to
Government

I also note that in September, Cabinet agreed to a reform of the Overseas Investment Act; however, repealing the ban on foreigners purchasing residential property is out of scope [CAB-24-MIN-0340 refers].

Minor and technical changes to improve efficiency and customer experience

27 A small number of minor and technical changes to immigration instructions have also been identified to improve the operational efficiency of the AIP visa as set out in **Appendix Two**. These include allowing newborn children to qualify for residence where their AIP-resident-visa-holding parents are not permanently in New Zealand.

Risks to manage

28 Two key risks have been identified, which can be managed. Some stakeholders commented that introducing property and bonds as acceptable investments could shift investment away from more productive areas of the economy where there are gaps in the market (i.e., direct investments and managed funds). The extent cannot be quantified; however, under the previous Investor 1 and 2 visas, approximately 10-15 per cent (approximately \$1.2 billion) of investments made were in government bonds, while 40 per cent (approximately \$3.2 billion) were in non-government bonds.¹⁶

29 The primary objective of these proposals is to attract more investors to New Zealand. We know conservative investors become more risk-seeking in their investment behaviour once they become familiar with our investment ecosystem and develop networks. I expect 'Balanced' category investors to be supported to integrate and have active investments promoted to them.¹⁷

30 As the proposed changes to settings are collectively substantial, they could be disruptive to investors' investment planning and migration decisions, which are often long-term and strategic in nature. To address this, the proposals were subjected to targeted consultation with a wide group of stakeholders of the AIP programme to gauge the risk level of each proposal and to identify any unintended consequences. Consultation has assisted in developing settings that are likely to be enduring and necessary to simplify the visa.

31 International relations

While I acknowledge that there is potential for investors to act on behalf of states in ways that are detrimental to the national interest, this risk is equally present via other forms of foreign investment. I am confident that our immigration processes are robust and have

¹⁵ *The place where talent does not want to live*, 2024 NZIER report to the American Chamber of Commerce in New Zealand emphasises that New Zealand's tax rules actively work against migrant attraction policies.

¹⁶ Between 2017 and 2024. This data is manually collated and subject to human error.

¹⁷ By NZTE and then Invest New Zealand, once established.

International relations

¹⁹ *The place where talent does not want to live*, NZIER report to the American Chamber of Commerce in New Zealand, the Auckland Business Chamber, the Edmund Hillary Fellowship and the USNZ Council, April 2024.

been appropriately designed to manage risks related to national security and money laundering.

- 32 Immigration instructions specify requirements for ownership and lawful acquisition of nominated funds, including restrictions around fund conversion and transfers to safeguard against laundered funds. National security or defence
I am advised that the Overseas Investment Office seeks and receives information from INZ to manage regulatory oversight of the Overseas Investment Act 2005.

Implementation

- 33 MBIE advises that the proposed changes could Go-Live by the end of February 2025, as set out in Table 2 below:

Table 2: Go-Live timeframe

| Milestone/Activity | Timeframe |
|--|---|
| Go-Live – Immigration instructions amended, and ICT changes (front-end) deployed | End of February 2025 |
| ICT changes (back end) deployed | End of July 2025 |
| ICT changes related to section 49 compliance check requirements | Completed before compliance checks due for applicants under new model |

Cost-of-living Implications

- 34 There are no cost of living implications associated with this proposal.

Financial Implications

- 35 There are no financial implications associated with this proposal.

Legislative Implications

- 36 Some of the changes proposed require amendments to immigration instructions. I will certify new instructions in line with Cabinet decisions taken.

Impact Analysis

- 37 This proposal does not require a Regulatory Impact Assessment as it has no direct legislative implications. There are no direct climate implications of this proposal.

Population Implications

- 38 Investor migrants will support industries and organisations that create jobs for New Zealanders, support investment in infrastructure, and contribute to increasing housing supply. Investor migrants will have a limited impact on overall population numbers or on demand for services. This is due to expected low visa volumes and because investor migrants tend to hold private health insurance, have their dependents attend private schools, and frequently spend time offshore as ‘global citizens’.

Human Rights

- 39 The proposals in this paper do not have direct implications for the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of external resources

- 40 External resources have not been used in developing the proposals in this paper.

Consultation

- 41 The following Government agencies / Crown entities were consulted: Callaghan Innovation, Department of the Prime Minister and Cabinet, Government Communications Security Bureau, Infrastructure Commission, Inland Revenue Department, Land Information New Zealand, Ministry of Foreign Affairs and Trade, New Zealand Growth Capital Partners, New Zealand Security Intelligence Service, Ministry of Housing and Urban Development, New Zealand Trade and Enterprise, and the Treasury.
- 42 The following external stakeholders were consulted: *Businesses*: Business New Zealand and the Employers and Manufacturers Association; *Immigration industry professionals*: Minister of Immigration's Advisor Group and selected members of the Immigration Reference Group; *Investor organisations*: Angel Association New Zealand, Migrant Investor and Entrepreneur Association, Edmund Hillary Fellowship; *NZTE managed funds*: Icehouse Ventures, Global From Day One, Motion Capital, Private Capital Group, Greenmount, Movac, Punakaiki, Collinson, Ecliptic, Outset, Alvarium; *Wealth management firms and banks*:, ANZ, BNZ, Forsyth Barr, Jarden, JBWere, Origin Capital Partners, New Zealand Private Capital.

Communications and proactive release

- 43 MBIE will prepare material for an announcement after Cabinet's decisions. The aim of communications will be to ensure prospective investor migrants are aware of the changes and Go-Live date.
- 44 This paper will be proactively released subject to redactions as appropriate under the Official Information Act 1982 after announcements are made on 11 December.

Recommendations

The Minister of Immigration recommends that the Committee:

- 1 **note** that the immigration system can support the Government's priority to rebuild the economy by increasing foreign direct investment and by providing attractive investor migration pathways and investment options to investor migrants;
- 2 **note** that in the first two years since go-live, the Active Investor Plus (AIP) visa has attracted \$48 million in investment so far (with a potential investment value of approximately \$874 million) and approximately half the number of applications than its predecessor visas, the Investor 1 and 2 categories, had within their first two years, and that the AIP visa is likely to have disincentivised applications from investors with lower risk appetites or who are unfamiliar with New Zealand's investment ecosystem;

- 3 **note** that the key outcomes sought through the proposed policy changes to the AIP visa are to attract more investor migrants through a broader range of investments to cater for different risk appetites, and thereby increase the volume of foreign investment in New Zealand;
- 4 **note** that the proposed changes to the investor visa have been calibrated to incentivise active investments, whilst also providing a pathway for passive investments;
- 5 **agree** to the following key changes to AIP visa policy settings to simplify settings, better attract foreign investment, and to continue to provide clear incentives to invest in ‘active’ investment classes, which encourage applicants to commit both their financial and human capital:
 - 5.1 introduce two simplified investment pathways under the AIP visa that require applicants to choose from either ‘Growth’ (\$5 million minimum investment) or ‘Balanced’ (\$10 million minimum investment) categories at time of applying, with detailed visa requirements for each category as set out in **Appendix Two**;
 - 5.2 expand the types of acceptable investments available to applicants to choose from by permitting specified bond and property type investments to be made under the Balanced category, providing options for investors with lower risk appetites or those who have investment preferences not permitted under the Growth category;
 - 5.3 reduce the investment period requirement for the Growth category and increase it for the Balanced category, and reduce minimum time in New Zealand requirements and the number of compliance checks required for the Growth and Balanced categories;
 - 5.4 remove English language requirements;
- 6 **note** that when implementing the AIP visa, Cabinet:
 - 6.1 noted that New Zealand Trade and Enterprise (NZTE) would be the steward of determining what is an acceptable investment, consistent with its expertise and function; and
 - 6.2 authorised joint ministers (equivalent to the now Minister for Economic Development and Ministers of Immigration and Science, Innovation and Technology) to make changes to determine what qualifies as an acceptable investment, consistent with the following criteria:
 - 6.2.1 investments are into New Zealand entities that clearly contribute to the Government’s economic strategy (by being high growth potential firms or contributing to positive social and economic impacts);
 - 6.2.2 proper verification is conducted to ensure that the business is legitimate (this is not a test of its financial health and growth potential, which is for the investor to ascertain); and

- 6.2.3 investments do not prejudice New Zealand's reputation as a responsible member of the world community [CAB-22-MIN-0162.01];
- 7 **note** that the joint Ministers (specified above) will shortly consider advice to update immigration instructions on acceptable direct investments to better reflect the Government's economic strategy and increase investment offerings;
- 8 **note** that Cabinet recently agreed to changes to enable the science, innovation, and technology system to deliver better economic outcomes for New Zealand, including establishing an investment attraction agency (Invest New Zealand (NZ)) [ECO-24-MIN-0242 refers];
- 9 **note** that Invest NZ is expected to be established in late 2025 or early 2026;
- 10 **note** that Invest NZ, once established, will have a role in supporting investor migrants to foster innovation, raise domestic capabilities, and improve international connections;
- 11 **agree** in principle that the NZTE's current function in relation to the Active Investor Visa Plus (AIP) will transition to Invest NZ, once established (this includes attraction and aftercare of investor migrants and the steward for determining what is an acceptable investments)
- 12 **agree** to delegate to the Minister of Immigration and the Minister of Science, Innovation and Technology detailed decisions on the transition of these functions from NZTE to Invest NZ;
- 13 **note** that the Minister of Immigration and Minister of Science, Innovation and Technology will consult with the Minister of Trade and Minister for Economic Development as the responsible Ministers for NZTE on these detailed decisions;
- 14 **note** that the Ministry of Business, Innovation and Employment has consulted with targeted stakeholders on changes to increase the flow of foreign investment to New Zealand under the AIP scheme and that feedback indicated:
- 14.1 broad consensus that changes should focus on ensuring simplicity, flexibility and social licence for the scheme;
- 14.2 divergent views about whether expanding acceptable investments (to include bonds and property) would benefit the New Zealand economy, proposed to be mitigated by:
- 14.2.1 deliberately introducing settings designed to incentivise more active investment, such as a shorter investment period and reduced time in New Zealand requirements (compared to the Balanced category);
- 14.2.2 NZTE/Invest New Zealand actively connecting Balanced category investors with more direct investment opportunities.
- 15 **authorise** the Minister of Immigration to make:
- 15.1 changes to immigration instructions to give effect to recommendations 5, 7 and detailed settings as outlined in **Appendix Two**;

S E N S I T I V E

- 15.2 other decisions, consistent with the policy proposals in this paper, that may arise during the drafting and consultation process;
- 16 **note** that the Minister of Immigration will review the changes to investor visa settings within 18 months of implementation to ensure they are fit for purpose and aligned with broader government objectives and reforms;
- 17 **agree** that any future changes to the investor visa should be cognisant and aligned with the science system reforms, specifically, the establishment and role of Invest NZ.

Authorised for lodgement

Hon Erica Stanford

Minister of Immigration

Appendix One: Current Active Investor Plus Visa settings (2022-present)

The Active Investor Plus (AIP) visa was established in September 2022 to attract skilled and experienced high-value investors to New Zealand [DEV-21 MIN-0162 confirmed by CAB-21-MIN-0318]. Resident visas are issued to individuals who wish to actively participate in New Zealand’s investment ecosystem, help build globally successful businesses, and significantly contribute to the economy.

Acceptable investments carry different weightings towards the \$15 million investment threshold to incentivise direct investment.

Table 1: Current policy settings of the AIP visa

| Element | Description of policy setting | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------------------|--------------------|--------------------|--------------------|---------------------------|--|--|--|--------------------|----|-------------|-----|-----------------------------|--|--|--|--|----|---------------|-----|---------------------------|----|-----|---------------|------------------------|----|-----|---------------|
| Investment threshold | \$15 million, or weighted equivalent. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Weighting system and investment categories | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d9e1f2;">Investment type</th> <th style="background-color: #d9e1f2;">Weighting</th> <th style="background-color: #d9e1f2;">Minimum investment</th> <th style="background-color: #d9e1f2;">Maximum investment</th> </tr> </thead> <tbody> <tr> <td colspan="4" style="text-align: center;"><i>Direct investments</i></td> </tr> <tr> <td>Direct investments</td> <td style="text-align: center;">3x</td> <td style="text-align: center;">\$5 million</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td colspan="4" style="text-align: center;"><i>Indirect investments</i></td> </tr> <tr> <td>Managed funds – acceptable seed, venture capital, and private equity (including alternative listed equities)</td> <td style="text-align: center;">2x</td> <td style="text-align: center;">\$7.5 million</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td>Listed equities (50% cap)</td> <td style="text-align: center;">1x</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">\$7.5 million</td> </tr> <tr> <td>Philanthropy (50% cap)</td> <td style="text-align: center;">1x</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">\$7.5 million</td> </tr> </tbody> </table> | Investment type | Weighting | Minimum investment | Maximum investment | <i>Direct investments</i> | | | | Direct investments | 3x | \$5 million | N/A | <i>Indirect investments</i> | | | | Managed funds – acceptable seed, venture capital, and private equity (including alternative listed equities) | 2x | \$7.5 million | N/A | Listed equities (50% cap) | 1x | N/A | \$7.5 million | Philanthropy (50% cap) | 1x | N/A | \$7.5 million |
| Investment type | Weighting | Minimum investment | Maximum investment | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Direct investments</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Direct investments | 3x | \$5 million | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Indirect investments</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Managed funds – acceptable seed, venture capital, and private equity (including alternative listed equities) | 2x | \$7.5 million | N/A | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Listed equities (50% cap) | 1x | N/A | \$7.5 million | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Philanthropy (50% cap) | 1x | N/A | \$7.5 million | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sequencing of investments during investment period (transfer and investment requirements) | <p>Investors can make qualifying investments throughout a four-year investment period, investing at least 50 per cent in the first 18 months and 100 per cent by the end of the third year. Investments would have to be maintained up until the end of the fourth year. Bonds can only be used as a ‘holding’ investment until qualifying investments are made. To illustrate how an investment can be staggered, refer to the following:</p> <ol style="list-style-type: none"> a. Before the visa is granted, the applicant must transfer and invest funds into acceptable investments in New Zealand as follows: <ol style="list-style-type: none"> i. a minimum of \$100,000 into direct investments, or ii. a minimum of \$500,000 into managed funds, or iii. a minimum of \$1,000,000 into listed equities or philanthropy. b. After 18 months, the applicant must have invested a minimum of \$7.5 million or the weighted equivalent into acceptable investments (inclusive of the sum in ‘a’ above). c. After 36 months, the applicant must have invested a total of \$15 million, or the weighted equivalent, into acceptable investments. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Time spent in New Zealand | 117 days over the four years, spending approximately 28 days in New Zealand each year. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| English language requirement | The equivalent of an overall IELTS score of at least 5.0. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

S E N S I T I V E

| Element | Description of policy setting |
|---|--|
| Monitoring/reporting back requirements (investment retention) | Visa checks at 18 months and 36 months, to ensure acceptable investments are being made, with a final check at 48 months to ensure investments have been maintained. |
| Treatment of funds committed but not drawn | Capital committed to a fund (e.g., venture capital or private equity), but not yet drawn/called upon, is considered active investment. Investors may hold money in liquid assets in New Zealand (bonds or shares) while awaiting money to be invested in companies. |
| Offer to participate in aftercare | Investors will be required to check in with NZTE in the first 12 months to ensure their aftercare needs are being met. |
| Nominated funds and ownership requirements | Investors must nominate funds/assets that meet the investment threshold or weighted equivalent and demonstrate ownership. If the investor owns an investment jointly with: <ul style="list-style-type: none"> • their dependent children, they can claim the full value of the investment • their partner, they can claim the full value of the investment • someone who is not their partner or dependent child, they can only claim for the part of the investment that they own. |
| Legal earning/acquisition of nominated funds | Investors must demonstrate that their nominated funds were earned or acquired lawfully. |
| Fit and proper person requirement | To be a fit and proper person, all businesses the investor has influence over must have complied with all immigration, employment, and taxation laws. The investor must also: <ul style="list-style-type: none"> • have never been investigated by the Serious Fraud Office or the New Zealand police for any offence resulting from business dealings • have no convictions for an offence involving dishonesty • have never been involved in business fraud or financial impropriety. |

Appendix Two: Proposed changes to Active Investor Plus (AIP) visa settings

| Proposed policy settings | Growth category | Balanced category |
|---|---|--|
| Proposed policy settings | High benefit to New Zealand • Maximise facilitation of high value investment and human capital. | Low-medium benefit to New Zealand • Prioritises volume over value of financial capital. • Does not directly target human capital. |
| Acceptable investment classes • A broader range of investment types in the Balanced category helps cater to prospective investors with lower risk appetites. • Provide clearer guidance to inform NZTE/Invest New Zealand’s determination of whether an investment into a business should be an acceptable investment (for direct investments). | Exclusive focus on higher-risk investments, including: • Direct investments • Managed funds. | Obliges investors to pursue a mixed investment, heavily weighted in favour of lower risk investments: • Listed equities • Philanthropy • Government (central or local) and corporate bonds • <u>New</u> property developments (residential, rental, social housing; commercial and industrial; investments in sensitive land as specified and approved by the Overseas Investment Office (OIO)). • <u>Existing</u> commercial or industrial property developments (including investments in sensitive land as specified and approved by the OIO). • Direct investments • Managed funds. |
| Investment amount • Lower amount for higher value investments with human capital benefits. • A higher investment amount for lower risk / passive investment types to maximise the benefit of those investments to New Zealand. | \$5 million. | \$10 million. |
| Transfer and investment period • Shorter period to encourage more investment to be made sooner. • Will improve operational efficiency of Immigration New Zealand (INZ). | 6 months (extendable to 12 total) to transfer and invest all investment funds | |
| Investment period • Shorter investment period for Growth to incentivise active investments | 3 years. | 5 years. |
| Time required to be spent in New Zealand • Shorter time for higher-value investments. • Longer time for lower risk investments to recognise that more conservative investors are likely to need more time to become familiar with New Zealand’s investment ecosystem. • Balances recognising investor migrants as ‘global citizens’ with the need to incentivise active investment choices. | 21 days (equivalent to one week per year across the investment period). | 105 days (equivalent to three weeks per year across the investment period). Can be reduced by two weeks (up to six weeks total) for every additional \$1 million invested in direct or managed funds (above the base \$10 million required). |
| English language | No requirement | |
| Investment retention checks • Reduced the number of compliance checks (from three to two) to reduce administrative burden to applicants and INZ. • Improves system efficiency. • Remove the requirement for INZ to attempt to contact the principal applicant to request evidence that section 49 conditions are being met to improve operational efficiency and clarify that the onus to provide evidence rests with the applicant. | Checked at years two and three of investment period. | Checked at years two and five of the investment period. |
| Questionnaire requirement (about follow-on investment) • Investors will be required to respond to questionnaires ahead of each of their (two) section 49 compliance checks as part of their visa conditions. This would need to be completed and submitted to INZ at the same time as they provide their evidence of investment retention. • One year after the end of the investment period, applicants will be sent a voluntary questionnaire to complete to provide information about investor behaviour post grant of permanent residence. | Checked during investment retention checks. Voluntary questionnaire supplied to investor migrant one year following conclusion of investment period. | |
| Facilitation / customer experience • This will improve settlement outcomes and reduce ministerial intervention requests. | Allow newborn children qualify for a resident visa where their AIP-resident-visa-holding parents are not permanently in New Zealand. Enable those dependent children to be included in their parent’s application for permanent residence after the cancellation of section 49 conditions. | |
| Compliance checks for direct investments • Resolves an anticipated processing issue related to conducting compliance (section 49) checks for investor migrants who have invested in direct investments by removing instructions requiring NZTE/to supply INZ with a letter confirming that the direct investment is an acceptable investment at the time of each compliance check throughout the investment period. | Adding a provision akin to the below into immigration instructions as they relate to direct investments: <i>“An investment in a direct investment is considered to be an acceptable investment if it meets the requirements of direct investments under the Active Investor Plus immigration instructions at the time the investment is made and if met at that time, remains an acceptable investment eligible for treatment as a direct investment.”</i> | |
| Top up funds • Expected to maximise operational efficiency and provide greater flexibility for active investors. | Investors can nominate top-up (additional) funds prior to the grant of residence (i.e. to allow them to change to the Balanced category). | Immigration instructions currently provide flexibility where there are market changes which affect the value of nominated funds. |