



COVERSHEET

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		
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

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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



BRIEFING

Initial considerations for an Active Investor Plus Visa settings review

Date:	26 July 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2324-4021

Action sought		
	Action sought	Deadline
Hon Erica Stanford Minister of Immigration	<p>Agree to discuss the role of the investor migration pathways and the proposed approach to a review of Active Investor Plus Visa settings with officials on 30 July</p> <p>Agree to refer a copy of this briefing to the Minister for Economic Development and Minister of Science, Innovation, and Technology.</p>	2 August 2024

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Stacey O'Dowd	Manager, Immigration (Border and Funding) Policy	03 901 0492	Privacy of natural persons	✓
Rian Walden	Policy Advisor, Immigration (Border and Funding) Policy	04 896 5478		

The following departments/agencies have been consulted
N/A

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 Withdrawn |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

Initial considerations for an Active Investor Plus Visa settings review

Date:	26 July 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2324-4021

Purpose

To seek your feedback and agreement to conduct an Active Investor Plus (AIP) Visa settings review.

Executive summary

The shift in focus of investor visas, from the passive approach of Investor 1 and 2 policies to the active approach of the AIP policy, has resulted in a significant drop in the scale of foreign investment being made in New Zealand through investor visa pathways, from about 2.9 per cent to 0.08 per cent annually. However, it is important to acknowledge that the AIP visa has not yet bed-in sufficiently to determine future investment inflows and, by design, the scale of funds currently committed do not reflect the full financial benefits that will be realised over the longer term.

This briefing provides initial advice about how the immigration system could assist the Government's objective to increase foreign direct investment (FDI) and connect with the world. Increasing investment inflows, particularly direct investment, will benefit the growth of New Zealand businesses both financially and in terms of access to human capital that can help them develop both their employees and ways of operating. For this reason, investor visa pathways should be equally focused on attracting human capital to New Zealand, as part of the Government's broader priority to attract top talent and skills to New Zealand. However, if more passive capital flows into New Zealand are to be permitted or prioritised, these will have different impacts on the economy.

These objectives need to be balanced against New Zealand's capacity to absorb additional migration. This can manifest in a number of ways, including pressures on health or social services, inflationary pressures on house prices, and increased consumption of other infrastructure. However, it is assumed that the impact of investor migrants is generally low because of their high-net worth (they likely hold private health insurance, have their dependents attend private schools, and they are 'global citizens' that frequently spend time outside of New Zealand).

Conversations with stakeholders of the investor visa system have emphasised the importance of visa settings that are enduring and simple. High-net-worth individuals have many residence options open to them globally, and it will be crucial to ensure that any changes provide them with a sense of certainty and stability.

You have a number of options open to you to achieve the dual objectives outlined above as outlined in this briefing. We look forward to discussing with you on 30 July.

Recommended action

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

- a **Agree** that part of the immigration system's role in attracting foreign investment and skills is to ensure that policy settings do not present barriers, perceived or practical, for highly skilled individuals or investors that choose New Zealand

Agree / Disagree / Discuss

- b **Note** that there are four options open to you to further increase foreign investment and human capital in New Zealand:
- i. Maintain the status quo, retaining current AIP visa settings (not recommended)
 - ii. Make simple changes to AIP visa settings that would be relatively quick to implement and address a series of known barriers for investor migrants
 - iii. Make more complex changes to AIP visa settings that would take longer to implement but are expected to maximise the inflow of foreign investment and human capital
 - iv. Introduce a suite of investor-type visas over time, informed by the previous Investor 1 and 2 and Global Impact Visa categories, and the existing Entrepreneur Category, to cater to a broader range of investor migrants

Noted

- c **Agree** to the proposed criteria to assess options for change

- Contributes to the Government's economic strategy
- Prioritises active investment
- The benefits outweigh the costs
- Supports New Zealand's global competitiveness
- Is feasible in terms of implementation
- Does not undermine the government's social licence

Agree / Disagree / Discuss

- d **Agree** that MBIE undertake external consultation on a set of proposed options for AIP visa settings reform over a period of two weeks (30 August to 13 September)

Agree / Disagree / Discuss

- e **Agree** to the proposed timeline:

- a. Further advice on options - 26 September
- b. Draft Cabinet paper - by 30 October
- c. Final Cabinet paper - by 12 November
- d. Cabinet consideration - by 25 November

Agree / Disagree / Discuss

- f **Agree** to discuss this advice with officials on 30 July 2024

Agree / Disagree

- g **Agree** to refer a copy of this briefing to the Minister for Economic Development and the Minister of Science, Innovation and Technology, respectively.

Agree / Disagree



Stacey O'Dowd
**Manager, Immigration (Border and Funding)
Policy**
Labour, Science and Enterprise, MBIE

26 / 07 / 2024

Hon Erica Stanford
Minister of Immigration

..... / /

Background

This briefing is part of work to advance the Government's economic objectives

1. One of the Government's economic objectives is to 'connect with the world' [2324-3758 refers]. As part of this, one of your priorities for the Immigration portfolio in 2024 is to review investor settings with a view to support the delivery of greater foreign direct investment (FDI)¹ in New Zealand [2425-0347 refers].
2. In March, you were provided with an implementation review of the Active Investor Plus (AIP) visa [2324-0865], which determined that the visa had been implemented as intended. It did not focus on whether the AIP policy had been a success, as it was too early in the life of the visa to determine what a new normal would look like in terms of investment flows.
3. An impact evaluation of the AIP visa is not expected to be undertaken until 2027.² However, in light of your priorities for 2024 and the Government's desire to grow the economy, it is now appropriate to begin a review of the settings of the AIP visa to ensure it is able to best support the facilitation of foreign investment and skills to New Zealand.

The immigration system has historically rewarded investment with residence

4. Historically, the immigration system has helped facilitate foreign investment into New Zealand by providing high-net-worth individuals (investor migrants) with the option to obtain residence in exchange for a significant financial contribution to the New Zealand economy.
5. Prior to the introduction of the AIP visa in September 2022, the Investor 1 and 2 visa categories were the primary pathways to residence in exchange for investment, though other pathways have existed, notably via the Entrepreneur Category and Global Impact Visa. **Annex One** provides details about each of these visas.

Wealthy migrants typically migrate to New Zealand for its natural environment, lifestyle, and 'safe haven' status

6. Typically, high-net-worth individuals seek to migrate for a range of geopolitical, economic, and social reasons. They primarily come to New Zealand for the lifestyle, rather than business or investment reasons (see **Annex Two**).³ Research indicates that New Zealand's market is generally considered too small, geographically distant and over-regulated, but is favourably viewed for lacking corruption and for its strength in some sectors, including dairy.
7. Recent research has found that New Zealand is considered to fall within a class of countries called the "Safe Haven 8", and that this is a considerable attraction for these migrants.⁴ Countries within this categorisation are said to possess characteristics such as high levels of safety and security, being somewhat shielded from global political/economic problems, boasting high-income markets, and having excellent health and education services.⁵

¹ The [OECD](#) defines FDI as "a category of cross-border investment in which an investor resident in one economy establishes a lasting interest in and a significant degree of influence over an enterprise resident in another economy. Ownership of 10 per cent or more of the voting power in an enterprise in one economy by an investor in another economy is evidence of such a relationship."

² Cabinet in May 2022 directed officials to undertake an impact evaluation of the AIP visa five years after its go-live date [CAB-22-MIN-0162.01 refers].

³ Research conducted by *Premium Research* on MBIE's behalf in 2013-2014, available [here](#).

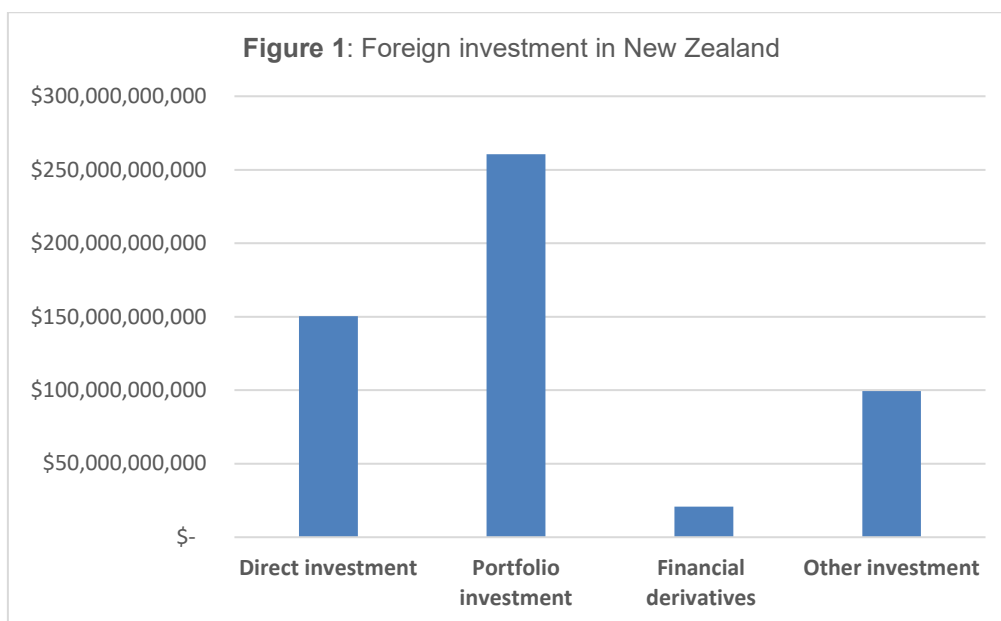
⁴ "Safe Haven 8" includes Australia, NZ, Switzerland, Singapore, the UAE, Malta, Monaco, and Mauritius.

⁵ Henley Private Wealth Migration Report 2024.

Investor visas contribute a small proportion of New Zealand's total foreign investment

Contribution of Investor 1 and 2 and the AIP visa towards total foreign investment

8. The **total** foreign investment in New Zealand is estimated at \$531.2 billion.⁶ **Figure 1** below shows this investment has been made across a mix of:
- A. **Direct investments** (situations where a single investor owns 10 per cent or more of voting shares in a company).
 - B. **Portfolio investments** (where either an investor owns less than 10 per cent of the voting shares of a company, or when an investor holds debt securities issued by a company in which the investor's ownership interest is less than 10 per cent.)
 - C. **Financial derivatives** (financial instruments for which the price is dependent on, or derived from, one or more underlying assets. Its value is determined by fluctuations in the underlying asset. Common underlying assets include stocks, bonds, commodities, currencies, interest rates, and market indexes).
 - D. **Other investments** (e.g., borrowing and lending using loans, trade finance, and deposits, where transactors are unrelated or have less than 10 per cent ownership interest in each other).



9. As **Table 1** (below) illustrates, investor visas tend to contribute a very small proportion of total foreign investment made in New Zealand.

⁶ As at the year ended 31 March 2023. [Balance of payments and international investment position: Year ended 31 March 2023 | Stats NZ](#)

Table 1: Investor migrants' contribution to foreign investment

Visa	Total investment made over lifetime of visa (as at 12 July 2024)	Contribution to annual foreign investment inflows ⁷ (year ended 31 March 2023)	Benefits	Costs
Investor 1 and 2 (2009-2024)	Approx. \$10.8 billion	Approx. 2.9% - based on an annual contribution of about \$1 billion (the approximate sum the visas attracted annually, once fully established).	Availability of lower risk investment options encourages more applications. ⁸ More upfront investment made. ⁹	Rewards investment where it is least needed. ¹⁰ A protracted way to attract active investment. ¹¹ Absorptive capacity considerations (low) ¹²
Active Investor Plus (2022-2024)	Approx. \$39.5 million invested so far of a potential investment value of approx. \$559.8 million. ¹³	Approx. 0.08% ¹⁴ - assuming an annual contribution of about \$26 million (the sum invested in approximately the first year since go-live).	Incentivising active investment choices encourages high-value, high-impact investments. ¹⁵ Targets investors with knowledge, skills, and networks to support businesses growth.	Investments do not have to be made upfront. Fewer applications due to higher investment threshold and restricted range of acceptable investments. ¹⁶ Absorptive capacity considerations (low).

⁷ According to data from StatsNZ, during the year ended 31 March 2023, \$34.7 billion of **additional** foreign investment was made in New Zealand.

⁸ Conversations with immigration advisors suggested that some investor migrants prefer to opt for lower risk options as they feel more secure that these will not jeopardise their pathway to permanent residence. Others may simply have a lower-risk appetite and prefer to invest in lower-risk or passive options.

⁹ Applicants were required to transfer and invest funds within 12-months of being approved in principle.

¹⁰ Investor 1 and 2 categories were criticised for rewarding passive investment into areas of the economy where there was no shortage of funds and no obvious contribution to productivity growth [2122-1943 refers].

¹¹ Investor 1 and 2 relied on granting resident visas to investors under relatively open settings and introducing them at a later stage to opportunities and investor communities to make more impactful investments in the longer term.

¹² Investor migrants are high-net worth and assumed to have private health insurance with their children attending private schools and they purchase housing that does not compete with most New Zealanders.

¹³ This value is an estimation of the funds that may be invested over the course of an applicant's investment period. Applicants have the flexibility to stagger their full investment over a 36-month period. This figure overestimates the investment that will materialise, as applicants may not invest all their nominated funds.

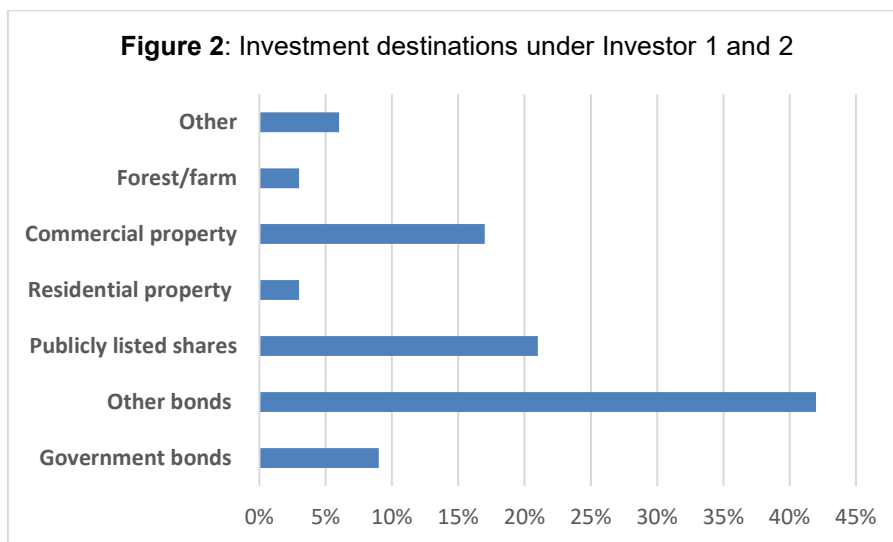
¹⁴ There are limitations with this comparison because the AIP visa has yet to bed-in, show a clear trend of investment, and was expected to receive less investment than Investor 1 and 2.

¹⁵ Stronger weightings on direct investments enable, with greater precision, foreign investment to flow to businesses.

¹⁶ Applicants can invest \$15 million or the weighted equivalent in direct investments, managed funds, listed equities, or philanthropy. NZTE is the steward of determining what is an 'acceptable investment' and the Minister for Economic Development and Ministers of Immigration and Science, Innovation and Technology are authorised to make any changes to the system to identify acceptable investments. The joint ministers are required to approve any additions to the list of acceptable investments [CAB-22-MIN-0162.01].

Passive investment was common under the Investor 1 and 2 categories

10. In the context of investor visas: passive investments only require the investor to provide capital upfront and active investments require financial capital and provide opportunities for investors to share their human capital, too (i.e., to share their connections and expertise with the business receiving investment). **Annex Three** provides further information on the different investment types.
11. Under Investor 1 and 2, most investments were made into passive investments, such as bonds (51 per cent).¹⁷ **Figure 2** shows where investments were made between 2017-2020.



12. **Figure 2** shows that passive investment was the most popular type of investment made by investor migrants in the latter stages of the life of the Investor 1 and 2 visas. This is most likely because New Zealand is rarely perceived to be a recognisable place to invest or do business and there is an apparent knowledge gap in investor migrants' awareness of New Zealand's investment ecosystem, prompting more conservative investment choices. The preference for passive options is echoed by stakeholders of the AIP programme.
13. In discussions on work programme priorities, you previously indicated your interest in further advice on options to re-introduce an investment visa category offering passive investment options (akin to Investor 1 and 2), with amendments as required to make the category as effective as possible in attracting foreign investment [2324-0865 refers].
14. It is highly likely that reintroducing passive investment options, either as an acceptable investment option under AIP settings or in developing a new visa with a focus on attracting passive investment, would attract greater volumes of applicants. If this is your preference, key choices to best achieve government objectives relate to the level of investment and periods of time in New Zealand. Setting higher thresholds would ensure that investors who might otherwise make active investments are not disincentivised from doing so.
15. However, if passive investment is not targeted, it is possible that a large volume of any additional investment may be made into areas of the economy where there is no shortage of investment and thereby deliver a muted economic impact.¹⁸ Additionally, NZTE's investor

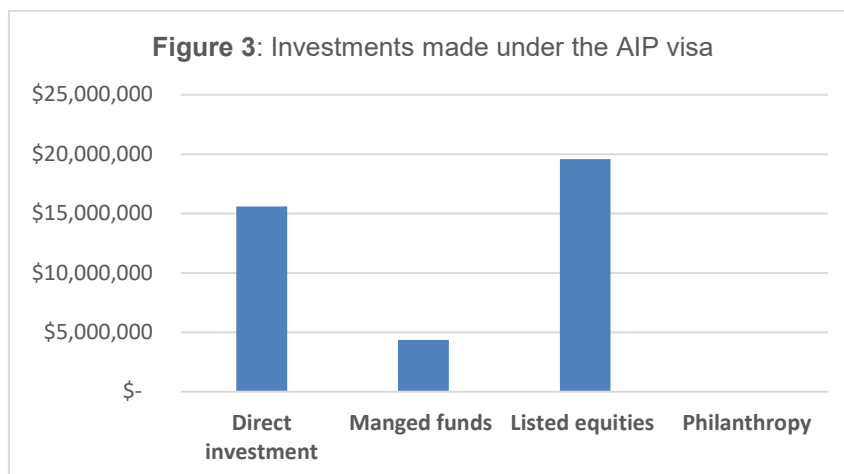
¹⁷ Determined as part of MBIE's [Project Oystercatcher](#) (conducted in 2020), which evaluated policy changes made to the investor programme in May 2017.

¹⁸ Rewarding passive investment into areas of the economy where there is no shortage of funds and no obvious contribution to productivity growth is unlikely to be materially beneficial (see 2122-1943).

migrant attraction services as part of the AIP programme are likely to, in time, go some way towards increasing investor awareness of New Zealand's investment ecosystem.¹⁹

The AIP visa has not fully bed-in and has significant potential to benefit New Zealand businesses in terms of both financial investment and human capital

16. Under the AIP visa, most investments have been made into either listed equities (50 per cent) or direct investments (39 per cent) as at 12 July 2024, as shown in **Figure 3** below.



17. Since the visa's inception in September 2022, the AIP visa has attracted fewer applications (61) than Investor 1 and 2 had (145) within their first two years. However, this was not unexpected, as the focus was on attracting higher quality investment rather than application numbers. In the same timeframe, the AIP visa approved 26 applications with a minimum expected investment value of about \$130 million,²⁰ while of the 23 approved Investor 1 and 2 applicants, the minimum investment made is estimated at \$94 million.²¹
18. The relatively low levels of investment made in New Zealand at this stage of the AIP visa's life (\$39.5 million) are not likely to be indicative of the level of investment inflows expected once the visa has had time to bed in. **Table 2** shows that Investor 1 and 2 also facilitated relatively little investment in the years immediately following their implementation.

Table 2: Approved Investor 1 and 2 visa applications and minimum investment

Approval Year	Total Applications	Minimum Investment ²²
2009	5	\$16,000,000.00
2010	18	\$78,000,000.00
2011	35	\$69,500,000.00
2012	93	\$241,500,000.00
2013	159	\$451,000,000.00
2014	185	\$524,000,000.00
2015	212	\$522,000,000.00
2016	430	\$1,010,500,000.00
2017	388	\$949,500,000.00
2018	284	\$1,115,000,000.00
2019	217	\$1,120,500,000.00
2020	76	\$373,500,000.00

¹⁹ Aftercare services encourage and support investor migrants' ongoing investment.

²⁰ Assuming each approved applicant invests at least \$5 million.

²¹ This is an estimate based on the minimum amount applicants must invest.

²² This is an estimate based on the minimum amount applicants must invest.

Approval Year	Total Applications	Minimum Investment ²²
2021	38	\$212,000,000.00
2022	309	\$2,215,000,000.00
2023	207	\$1,356,000,000.00
2024	94	\$541,000,000.00
N/A	2,750	\$10,795,000,000.00

19. It is also important to note that because the AIP policy targets investment through a weighting system (explained in **Annex Four**), direct investments into New Zealand businesses are incentivised. While the investment itself will be beneficial in helping to grow businesses, the human capital offered to them is also expected to have a similarly beneficial impact – particularly for those enterprises that leverage the investor’s expertise, business acumen, and access to international markets and connections.

Proposed approach to a review of investor settings to attract top talent, skills and foreign investment

Policy objective of investor migration pathways

20. While the success of visa products can depend on factors outside the immigration system,²³ the immigration system’s role in developing investor migration pathways is to ensure that policy settings do not present barriers, perceived or practical, for investors that choose to invest in New Zealand [2425-0347 refers].

Objectives of a review of investor settings

21. The proposed objectives of a review would be threefold:
- i. To identify areas within the AIP visa’s existing policy settings that are limiting its ability to attract foreign investment and skills to New Zealand.
 - ii. To analyse proposed changes and new features to AIP visa settings to determine whether they are likely to enhance the AIP visa’s ability to attract foreign investment and human capital, without a substantial impact to New Zealand’s absorptive capacity.
 - iii. To determine whether a suite of investor-type visas would be the best way to maximise the attraction of greater human and financial capital to New Zealand.

Proposed criteria

22. The following criteria could be used to assess options for change:
- i. **Contributes to the Government’s economic strategy** (specifically in terms of attracting skills and more foreign investment).
 - ii. **Prioritises active investment** (i.e., the option would offer an appropriate degree of flexibility to active investors making the highest risk and most beneficial investments to our economy).
 - iii. **Supports New Zealand’s competitiveness** within the global investor visa market (New Zealand’s competitors are not offering a comparable visa, as outlined in **Annex Five**).
 - iv. **The benefits outweigh the costs** (e.g., ensuring that any changes made would not adversely affect New Zealand’s absorptive capacity).

²³ For example: tax settings, the education system, the delivery of social services.

- v. **Is feasible in terms of implementation** (i.e., the option would not introduce requirements for applicants that are unduly difficult for them to meet during the processing of their visa and would not be overly difficult for MBIE to implement).
- vi. **Does not undermine the government's social licence** (i.e., the permission that government agencies have, implicitly given by the public and other stakeholders, to make decisions about immigration settings)

Scope of the review

23. The following would be in scope of the review:

- All AIP visa policy settings (see **Annex Four**), including NZTE's aftercare function.
- Costs of investor migrants to New Zealand (i.e., impacts on absorptive capacity).
- Consideration of new features that could be added to the existing AIP visa settings.
- Considering the introduction of new investor-type visas.

24. We propose that the following would be out of scope of the review:

- Reviewing the implementation or 'success' of the AIP visa.
- Reopening the Investor 1 and 2 visa categories.

Options that could be explored to better facilitate investment and attract top talent

25. There are a range of options available to you to facilitate more foreign investment, including doing any combination of the following:²⁴

- A. Status quo (i.e., make no change).
- B. Make simple changes to AIP visa policy settings that would be relatively quick to implement and address known barriers (see **Annex Six** for examples).
- C. Make more complex changes to AIP settings that would take longer to implement but are expected to maximise the inflow of foreign investment (see **Annex Six** for examples)
- D. Sequence the introduction of a suite of new investor-type visas, including two informed by the previous Investor 1 and 2 and Global Impact Visa categories, and a third to replace the existing Entrepreneur Category, to cater to a broader range of investor migrants.²⁵

26. We look forward to discussing with you the role of the immigration system in facilitating foreign investment and attracting top talent, and your initial feedback on the suite of options.

Potential risks and mitigations

27. The following have been identified as primary risks associated with the options noted above:

- A. No change would mean significant opportunities to increase the scale of human and financial capital flowing into New Zealand would be lost.
- B. Some stakeholders may feel that the level of change offered by simple changes falls below that needed to maximise New Zealand's attractiveness as an investment

²⁴ Note that you have a wide range of choices available to you in altering the AIP visa's settings and, depending on those choices, you could significantly affect the type of investment and people (i.e., human capital) that come to New Zealand.

²⁵ This work is featured in your work programme. If you would like to pursue work in these areas, reprioritisation of your priorities would be required.

destination, which is likely to disappoint immigration advisors, some potential applicants, and businesses seeking investment.

- C. Substantial changes to the AIP visa's settings could encourage uncertainty for investors about the AIP policy and be disruptive to their investment planning. Investors want certainty, and their migration decisions are often long-term and strategic in nature.
- D. Delivering a series of new visas within a reasonable timeframe and within the scope of existing resources may require a reprioritisation of your work programme.

28. Possible mitigations for the above risks include ensuring that:

- A. Communications with stakeholders throughout the review process clearly and appropriately manage expectations
- B. When substantial changes are made, they do not undermine the original policy intent behind the AIP visa
- C. Officials discuss with you how significant changes sit alongside your work programme.

Consultation approach

29. Key internal (MBIE) and some external stakeholders (your immigration advisor group) have already been engaged in providing their initial feedback on AIP settings.²⁶ We propose to consult with the following stakeholders on the review, including potential options for change over a period of two weeks (30 August to 13 September), if you agree:

Internal	External
<ul style="list-style-type: none"> • INZ • Investment Policy • MBIE Legal • Risk and Verification 	<ul style="list-style-type: none"> • The Minister of Immigration's immigration advisor group (David Cooper, Richard Howard, Karen Justice, and Mark Williams) • NZTE • Business NZ • Employers and Manufactures Association • Immigration Reference Group • Angel Association New Zealand • Migrant Investor and Entrepreneur Association • Edmund Hillary Fellowship • Wealth management firms (JBWere, ANZ, Jarden)

Proposed timeframes

30. We expect to provide you with further advice on options for reform by 26 September (including implementation timeframes), a draft Cabinet paper by 30 October followed by a final version by November 12, and for Cabinet to consider the paper by 25 November.

Next steps

31. We look forward to discussing this advice with you on Tuesday, 30 July. We propose that you refer a copy of this briefing to the Minister for Economic Development, Hon Melissa Lee, and to the Minister of Science, Innovation and Technology, Hon Judith Collins KC, both for their information and as ministers responsible for determining acceptable investments.

²⁶ In May, MBIE was provided with a copy written feedback supplied to you by immigration advisers David Cooper, Richard Howard, Karen Justice, and Mark Williams. The document outlined their views on changes that could be made to AIP settings. MBIE had a further discussion on 24 July.

Annexes

Annex One: A history of investor pathways

Annex Two: High-net-worth individual migration motivations

Annex Three: Investment types

Annex Four: Active Investor Plus Visa policy settings

Annex Five: Competitor country investor visa offerings comparable to the Active Investor Plus visa

Annex Six: Examples of options for change

Annex One: A history of investor pathways

Investor 1 and 2 Categories (2009-2022)

The Investor 1 and 2 visa categories were in place between 2009 and 2022, when they were closed and replaced with the AIP visa.

Investor 1 was aimed at attracting investors who bring skills, international connections, and capital. It required investors to invest minimum \$10 million for three years. Investors were required to spend 88 days in New Zealand over a three-year investment period, during which they had conditions on their visa. There were no language or business experience requirements, nor was there a requirement for investors to use their skills to impact businesses.

Investor 2 was aimed at attracting mid-stage career investors. It required individuals to invest minimum \$3 million for four years. It was capped at 400 approved investors per annum, with a points system. Investors were required to spend 146 days in New Zealand per year for three years.²⁷ Investor 2 featured business experience and language requirements.

Both visas were simultaneously closed to new applicants as of July 2022 because of the then Labour Government's manifesto commitment to progress its Investment Attraction Strategy, which led to the establishment of the AIP visa (see DEV-21-MIN-0162). In their lifetimes, the visas were also criticised for rewarding passive investment into areas of the economy where there was no shortage of funds and no obvious contribution to productivity growth (see 2122-1943).

Entrepreneur Category (2014-present)

The Entrepreneur Work Visa (EWW) Category opened in March 2014. Its objective is to contribute to economic growth by enabling experienced businesspeople to grow or establish high growth and innovative businesses with export potential in New Zealand.

On an EWW, applicants can come to New Zealand to buy, set up and work in their own business for up to three years.²⁸ There is a capital investment requirement set at \$100,000 that can be waived where the business proposed is in the science or ICT sectors, or shows a high-level of innovation or export potential. Applicants must also provide detailed business plans, obtain 120 points on INZ's points scale,²⁹ show that their business meets one of the desired business characteristics,³⁰ and meet the English language requirement.³¹

There is a pathway to residence via the Entrepreneur Resident Visa. This is available to applicants who have been self-employed in New Zealand for at least six months, or who have operated a self-employed business for two years on another visa.³²

Global Impact Visa (2017-2022)

On 22 September 2016, MBIE agreed with the Edmund Hillary Fellowship (EHF) to deliver GIVs in partnership with INZ as part of a programme designed to use the private sector to attract, select,

²⁷ Or 438 days at any time over the four-year investment period if the applicant had invested a minimum of \$750,000 in growth investments.

²⁸ They can stay for 12 months in the start-up stage of their visa, then another 24 months after showing they have set up their business.

²⁹ Points may be awarded for age, capital investment, business experience, the benefit of the business to New Zealand, and the location of the business.

³⁰ I.e., be either high growth, innovative, or have export potential.

³¹ IELTS score of 4.0 overall or equivalent.

³² An application can be made after less than two years of being self-employed, but the applicant needs to have an EWW, have invested capital of at least \$500,000, and have created three new jobs in New Zealand.

integrate, and support a limited number³³ of entrepreneur or investor migrants who could create and support successful and high-impact enterprises in New Zealand with a focus on innovation.

EHF delivered the programme, while Immigration New Zealand (INZ) processed visa applications from applicants selected by EHF as 'fellows'. Fellows generally fell into one of three categories:

- Entrepreneurs lacking either business experience or capital required under entrepreneur policy.
- Start-up founding teams who could bring scalable ventures with initial investment to launch from New Zealand, but whose value would not be assessed under the entrepreneur policy.
- Experienced entrepreneurs who could bring experience, capital, and business networks but could neither liquidate assets to meet INZ's investor policy, nor commit to spending two years in New Zealand full time for one business (required under the entrepreneur policy).

The policy offered three-year open work visas, with a pathway to permanent residence.³⁴ Applications opened in 2017 and the category closed in December 2022, when the pilot ended.

Active Investor Plus Visa (2022-present)

The AIP visa was established in September 2022 to attract skilled and experienced high-value investors to New Zealand.³⁵ 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.

By replacing Investor 1 and 2, the AIP visa shifted the focus of visa settings from volume to value and encouraged a shift from passive to active investment. Investor 1 and 2 did not encourage active investment, but rather relied on granting resident visas to investors under relatively open settings and then introducing them to opportunities and investor communities in the hope that they would make more impactful investments in the longer term.

The visa allows four acceptable investment classes for the investor to choose from: direct investments³⁶, managed funds³⁷, listed equities, and philanthropy. Acceptable investments carry different weightings towards the \$15 million investment threshold. A weighting system incentivises direct investment.

Stronger weightings on direct investments enable, with greater precision, foreign investment to flow to businesses. This approach differs from the previous Investor 1 and 2 categories, which had more 'open' settings permitting a greater variety of passive investment, resulting in many applicants opting to invest in passive options, notably in bonds, which are less beneficial.

INZ is responsible for the processing of AIP visa applications, delivering information and educational services relating to AIP visa processing, providing applicants with information regarding the processing of their applications, and resolving any associated issues.

New Zealand Trade and Enterprise (NZTE) is responsible for services relating to investor migrant attraction such as promotional and marketing activities, the connection of migrants to investment opportunities, and aftercare services that encourage and support investor migrants' ongoing investment. NZTE also approves investment applications from New Zealand businesses and managed funds seeking to become 'acceptable investments' under the AIP visa that can then be invested in by applicants.

³³ 400 visas were able to be granted over the course of the pilot programme.

³⁴ Where an applicant had held a GIV work visa for 30 months or more and maintained the support of the EHF.

³⁵ DEV-21 MIN-0162 confirmed by CAB-21-MIN-0318.

³⁶ Direct investments occur when investors directly buy equity or equity-convertible stake in a privately held New Zealand resident entities/businesses (investee entities).

³⁷ A managed fund identifies, selects, and makes investments on the investor's behalf. The fund manager is responsible for making investment decisions and monitors the performance of the companies invested in.

Annex Two: High-net-worth individual migration motivations

At the global level, common incentives for high-net-worth individuals to migrate include:³⁸

- Regulatory frameworks that provide wealthy individuals with the ability to protect and/or enhance their wealth (e.g., tax incentives)
- Lifestyle benefits (e.g., country location or culture)
- Destabilising government policies (e.g., Brexit, removal of tax benefits)
- Safety (e.g., perceived safety of another country for certain groups, such as women)
- Access to superior health and/or education services (e.g., for children or other family)
- Election outcomes (e.g., the upcoming United States election).

Investor migrants primarily come to New Zealand for the following reasons (ranked from most to least attractive).³⁹

- Climate and landscape
- Lifestyle⁴⁰
- Availability of residence
- Political stability
- Visited previously and liked New Zealand
- Personal and family safety
- English speaking country.

³⁸ The conclusions here are derived from the Henley Private Wealth Migration Report 2024, available [here](#).

³⁹ Research conducted by Premium Research on MBIE's behalf in 2013-2014, available [here](#).

⁴⁰ According to the research, this includes a relaxed pace, attractive natural environment, friendly people, and good education system.

Annex Three: Investment types

The table below helps to show the underlying rationale for targeting different types of investments.

Type of investment	How active	Gap in the market	Risk
Many direct investments with a significant shareholding in businesses	Very high	High – if Small to Medium Enterprises (SMEs) (with revenues between \$3m-\$30m) or certain start-ups	High – Very high (Seed highest)
One or a few direct investments with a significant shareholding	High	High – particularly for SMEs (with revenues between \$3m - \$30m)	Low-high (depending on stage/size)
Direct investments but with a small shareholding	Med-low	Med (more follower Angel investors)	High (unless large firms)
Alternative listed shares (e.g. Catalyst)	Med-low	Untested	Med-high
Seed Funds ⁴¹	Med-low	High – few funds, and gap in pre-seed/seed particular sectors (e.g. deep tech)	Very high
Venture Capital Funds	Medium	Medium	High
Private Equity Funds	Low	Low	Med-high
Listed Shares (e.g. NZX)	Low	No gap	Low
Government Bonds	Very low	No gap	Very low

**Philanthropy can be low to high activeness, depending on the nature of the donation*

⁴¹ Seed and Venture Capital funds often only invite large investors into the fund if they are able to bring expertise, connections to the underlying businesses in the fund.

Annex Four: Active Investor Plus Visa policy settings

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"> <thead> <tr> <th>Investment type</th> <th>Weighting</th> <th>Minimum investment</th> <th>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>3x</td> <td>\$5 million</td> <td>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>2x</td> <td>\$7.5 million</td> <td>N/A</td> </tr> <tr> <td>Listed equities (50% cap)</td> <td>1x</td> <td>N/A</td> <td>\$7.5 million</td> </tr> <tr> <td>Philanthropy (50% cap)</td> <td>1x</td> <td>N/A</td> <td>\$7.5 million</td> </tr> </tbody> </table> <p><i>*The rationale for the different weightings is further explained in the ‘types of investment’ table below</i></p>	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																										
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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. To incentivise active participation, we want to see investors maintaining a connection to New Zealand throughout the period during which conditions are held on their visa.																												
English language requirement	The equivalent of an overall IELTS score of at least 5.0.																												

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. Investors will be asked to participate in survey during the 3-year period, and for a further 3 years after permanent residence is granted.
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.

Annex Five: Competitor country investor visa offerings comparable to the Active Investor Plus Visa

The below is a comparison of New Zealand's perceived competitors in the global investor visa market:

Australia

No comparable visa currently offered. Previous visas available under Australia's Business Innovation and Investment Program appear to have been closed in January 2024⁴², with a view to replacing the Significant Investor Visa with skilled worker visas⁴³.

United Kingdom

No comparable visa currently offered. Previous investor visa category closed on 17 February 2022 following "*inherent difficulties in an investment-based immigration route based on passive wealth, both in terms of security and economic value.*"⁴⁴

Canada⁴⁵

Quebec Investor Immigration Program

Two years before permanent residence is available (12 months to obtain work visa + further 12 months to obtain permanent resident visa).

Core criteria:

- Invest CAD 1.2 million over five years into a passive, government-guaranteed investment in a Quebec Crown corporation.
- Have two or more years' management experience (acquired within the five years preceding the submission of their application).
- Have a net worth of at least CAD 2 million.
- Have a qualification equivalent to a secondary school diploma in Quebec.
- Be proficient in spoken French.
- Reside in Quebec for at least 12 months within the two years following the issue date of the work visa (six months of the stay can be completed by the principal applicant, the other six by their spouse).

⁴² [Australia: 'Golden visa' scheme for wealthy investors axed | RNZ News](#)

⁴³ The Minister for Home Affairs, Clare O'Neil has stated that "*it has been obvious for years that this visa is not delivering what our country and economy needs.*"

⁴⁴ [United Kingdom | Government provides final response summarizing review findings for Tier 1 Investor Visa Route | EY - Global](#)

⁴⁵ Note that Canada does not appear to currently offer an equivalent visa to Active Investor Plus permitting settlement anywhere in Canada (i.e., there does not appear to be a 'federal' equivalent visa).

Annex Six: Examples of options for change

These options have been informed by internal feedback and external conversations with your immigration advisor group.

Simple and relatively quick changes to AIP visa settings

- Cancel or lower the English language requirement to IELTS 4.0 or equivalent test.
- Include the visa application fee/levy into the total investment amount required
- Change ownership requirements in immigration instructions to allow for beneficial ownership of nominated funds/assets, e.g., in instances where funds/assets to be nominated are held in trusts or corporate holdings
- Funds that are subject to mandatory repatriation at the end or shortly after the end of the four-year investment period are not eligible to be nominated
- Section 49 checks to occur at years two (halfway) and four (end) of the investment period.

More complex changes to AIP visa settings with longer implementation times

- Relax instructional requirements related to money transfers from countries that have restrictions on funds able to be transferred offshore
- Simplify or remove the weighting system for investment funds
- Simplify the process for granting approval in principle by removing the system of making partial acceptable investments
- Permit a broader range of acceptable investments, including:
 - property (social housing, residential and rental property)
 - commercial and farming
 - bonds (e.g., government and infrastructure)
 - investments approved by the Overseas Investment Office
- If passive investments are reintroduced, increase the investment threshold to above the current \$15 million requirement for those investments, increase time in New Zealand requirements, and have remove the applicability of English language requirements for those applicants.
- Require applicants that have obtained residence to partake in annual surveys by NZTE to better understand:
 - Investment behaviour/patterns
 - How to integrate applicants within NZ's investment ecosystem
 - How to quantify the benefits to the economy past the end of the investment period
- Alter the timeframe allowed for applicants to transfer and invest their nominated funds to the following:
 - Applicant must complete transfer of funds intended for investment within six months from date they are approved in principle (extendable to 12 months) & invest at least half (50 per cent) of those funds to be granted a resident visa.
 - Remaining half (50 per cent) of funds intended for investment to be invested within 12 months of making their first investment.
- Incentivise applicants to invest in 'public interest' (e.g., infrastructure or government) bonds by rewarding that investment with a reduction in the time in NZ required. For every \$1 million invested in bonds (up to \$5 million), time in NZ requirement reduced by 10 days.



BRIEFING

Active Investor Plus Visa: Analysis of proposed policy settings

Date:	26 September 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0002670

Action sought		
	Action sought	Deadline
Hon Erica Stanford Minister of Immigration	Indicate which of the proposed policy settings you would like to progress Agree to MBIE undertaking external consultation, based on your direction, to inform a draft Cabinet paper.	4 October 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Stacey O'Dowd	Manager Immigration (Border and Funding) Policy	Privacy of natural persons	✓
Rian Walden	Policy Advisor	04 896 5478	

The following departments/agencies have been consulted
Ministry of Business, Innovation, and Employment (MBIE) (Immigration New Zealand, Investment Policy, Legal) and New Zealand Trade and Enterprise (NZTE)

- 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

Active Investor Plus Visa: Analysis of proposed policy settings

Date:	26 September 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0002670

Purpose

This briefing seeks your direction on adjusted policy settings for the Active Investor Plus (AIP) visa to attract foreign investment and skills, and your agreement to consult externally ahead of providing you with a draft Cabinet paper.

Executive summary

The immigration system's role in developing investor migration pathways is to ensure that policy settings do not present barriers, perceived or practical, for investors that choose to invest in New Zealand [2425-0347 refers]. Feedback is that current policy settings are presenting a number of barriers to attracting highly skilled investors. These barriers inhibit the visa's ability meet your objectives to attract more investment and top talent and Government's objective to increase foreign direct investment (FDI) and connect with the world.

MBIE has identified some changes to settings that could be implemented in the short-term along with more substantial changes designed to provide stability and certainty for prospective investors.

Stage 1 options (a maximum implementation timeframe of three months – immigration instructions changes) include amendments to immigration instructions guiding New Zealand Trade and Enterprise's (NZTE) determination of acceptable investments (specific to direct investments) and expanding the classes of acceptable investment to include bond and property type investments. Two minor and technical amendments have been identified, including allowing newborn children of investors to apply for residence and to remove a section 49 check evidence requirement.

The benefit of expanding the classes of acceptable investment is that it would likely attract and facilitate more investment from risk averse investors. However, there are some risks (assessed as low based on the small numbers of investor migrants and limited evidence of costs to New Zealand) to be managed, including that it could appear to be inconsistent with:

- Government objectives of economic growth and productivity (if investors begin to disproportionately opt for passive investments over active investments).
- The current intent of the policy (attracting individuals who wish to actively participate in New Zealand's investment ecosystem, help build globally successful businesses, and significantly contribute to the economy).

These risks could be managed by updating the objectives of the policy, along with shifting to a risk-based, investment model (refer to Stage 2 below) aimed at encouraging active investment by having lower investment amounts, reduced time required to be spent in New Zealand, and a shorter time to obtain permanent residence. The degree to which these risks are mitigated will depend on how you choose to balance the settings.

Note that joint approval from the Minister for Economic Development and the Minister of Science, Innovation and Technology is required to expand the classes of acceptable investment [CAB-22-MIN-0162.01 refers].

Stage 2 options (an eight-month maximum implementation timeframe – AMS changes required) are focused on introducing a simpler, risk-based incentive model that would replace the current weighting system. You have a number of choices regarding the settings of a revised model, such as the investment amount and English language requirements. Refer to **Annex 2**, tables 2 and 3.

We note that there is a five-month period between the completion of Stage 1 and Stage 2. This means that, if you agree to expand the classes of acceptable investment as part of Stage 1, there would be a five-month period in which investors who opt for bond or property type investments would be subject to the same settings as those opting for more active investments. This may mean an increase in applications during this period, or criticism from stakeholders. The latter could be managed through clear communication about the objectives of the changes and opting for a two-stage approach means some changes can be introduced in a timely manner. We can test this further through consultation.

In order to inform final advice to Ministers, identify any unintended consequences and support a smooth implementation process, MBIE seeks your agreement to externally consult on the suite of changes to inform a draft Cabinet paper. We intend to discuss the proposed changes with you on 30 September, ahead of your meeting with Minister Lee on 16 October.

Recommended action

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

a **Note** that the Active Investor Plus (AIP) visa was designed to attract skilled and experienced investors to New Zealand who want to actively participate in New Zealand's investment ecosystem, help build globally successful businesses, and significantly contribute to the economy

Noted

b **Note** that MBIE has identified a suite of options that could be implemented in two stages that are designed to attract foreign investment and skills to New Zealand, prioritise active investment, and improve operational efficiency [briefing 2324-4021 refers]

Noted

c **Note** the timing for the two stages after Cabinet decisions are made:

a. **Stage 1:** changes that can be made within three months (completed first quarter 2025)

b. **Stage 2:** changes that can be made within eight months (completed third quarter 2025)

Noted

d **Indicate** which of the following **Stage 1** policy settings you would like to progress

To improve attractiveness and align with Government's economic and social objectives, amend instructions to better guide NZTE's determination of whether an investment into a business should be an acceptable investment (for direct investments)	<i>Agree / Disagree</i>
To cater to prospective investors with lower risk appetites and to attract more foreign investment to New Zealand, add selected types of bonds and property to the existing group of acceptable investments	<i>Agree / Disagree</i>
To improve settlement outcomes for applicants 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	<i>Agree / Disagree</i>
To improve operational efficiency and clarify that the onus to provide evidence rests with the applicant, remove the instructional requirement for INZ to attempt to contact the principal applicant to request evidence that section 49 conditions are being met	<i>Agree / Disagree</i>

e **Note** MBIE has developed a simpler, investment-risk model (outlined in Tables 2 and 3 of **Annex 2**) that is designed to:

- a. incentivise active investors making the highest risk and most beneficial investments to our economy by offering them more flexibility (such as reduced time spent in New Zealand, a shorter timeframe to obtain residence)
- b. minimise the risk of undermining the Government's economic growth and productivity objectives by requiring a minimum amount of investment in direct investments and/or managed funds

Noted

f **Indicate** if you would like to

EITHER

- a. retain the system for weighting investments (**status quo**), which could also allow for an expanded list of acceptable investments (including bonds and property)

Agree / Disagree

OR

- b. introduce a model based on investment risk with up to three investment categories within the Active Investor Plus visa, each with different investment and policy settings, and designed to incentivise active investors (refer to **Annex Two, Tables 2 and 3**)

Agree / Disagree / Discuss

g **Note** that all Stage 2 changes to policy settings listed at **recommendation h** are dependent on a model based on investment risk being introduced

Noted

h **Indicate** which of the following policy settings you would like to progress as part of an investment risk model:

<p>Acceptable investments</p> <p>To incentivise applications from investors with lower risk appetites or who are more familiar or comfortable with making other investments, expand the existing classes of acceptable investment to include:</p> <ul style="list-style-type: none"> a. Infrastructure bonds b. Government bonds c. New property developments d. Existing commercial or industrial property developments 	<p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p>
<p>To provide investors with flexibility regarding their investment choices, introduce a 25 per cent cap on 'out of category' investments, after investments are completed in full by the investor</p>	<p><i>Agree / Disagree / Discuss</i></p>
<p>Investment amount</p> <p>To incentivise active investments and maximise the benefit of passive investments, require the following investment amounts:</p> <ul style="list-style-type: none"> a. Growth Category (direct investments / managed funds) - \$5 million b. Balanced Category (listed equities) - \$10 million (including a \$1 million investment in direct investments and/or managed funds) c. Conservative Category (bonds, property, philanthropy) - \$ 15 million (including a \$1 million investment in direct investments and/or managed funds) 	<p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p>
<p>English language</p> <p>Choose one of the following English language requirements to apply to <u>Growth Category</u> investors:</p> <ul style="list-style-type: none"> a. To maximise the benefits associated with the direct sharing of human capital, retain the requirement of IELTS 5.0 or equivalent test (recommended), OR b. Reduce the requirement to IELTS 4.0 or equivalent test <p>Choose one of the following English language requirements to apply to <u>Balanced and Conservative Category</u> investors:</p> <ul style="list-style-type: none"> a. To recognise that not all investment types necessitate direct communication, remove the English language requirement, OR b. Reduce the requirement to IELTS 4.0 or equivalent test (recommended) 	<p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p>

<p>Transfer and investment period</p> <p>To improve operational efficiency and maximise the economic benefit to New Zealand, require the <u>full transfer and investment</u> of funds into acceptable investments to occur <u>before</u> residence can be granted (recommended)</p> <p>Set the transfer and investments periods to the following:</p> <ul style="list-style-type: none"> a. Growth Category – 18 months b. Balanced Category – 12 months c. Conservative Category – 6 months (extendable to 12 months) 	<p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p>
<p>Top up funds</p> <p>To maximise operational efficiency, allow only Growth Category investors to nominate ‘top-up’ (additional) funds prior to the grant of residence (recommended)</p>	<p><i>Agree / Disagree / Discuss</i></p>
<p>Time required in New Zealand</p> <p>To recognise that investor migrants are ‘global citizens’ and incentivise active investment choices, set time in New Zealand requirements as follows:</p> <ul style="list-style-type: none"> a. Growth Category – 42 days b. Balanced Category – 84 days c. Conservative Category – 150 days 	<p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p>
<p>Investment period required to be eligible for permanent residence</p> <p>To incentivise more active investment choices, set requirements as follows:</p> <ul style="list-style-type: none"> a. Growth Category – three years b. Balanced Category – four years c. Conservative Category – five years 	<p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p>
<p>Investment retention checks</p> <p>To improve system efficiency, require section 49 compliance checks to occur at two intervals over the investment period, with their timing dependent on the applicant’s choice to be a Growth, Balanced, or Conservative Category investor (recommended):</p> <ul style="list-style-type: none"> a. Growth Category – Checked at years two and three b. Balanced Category – Checked at years two and four c. Conservative Category – Checked at years two and five 	<p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p> <p><i>Agree / Disagree / Discuss</i></p>

i **Agree** to discuss the above suite of policy settings with officials on 30 September 2024

Agree / Disagree

j **Agree** that MBIE conduct targeted external consultation on the suite of settings as per your direction over a period of two weeks in October.

Agree / Disagree

- k **Note** that, following targeted consultation, we will provide you with a draft Cabinet paper in late October for consideration by Cabinet Committee in late November, and an implementation plan for the suite of new policy settings

Noted

- l **Agree** to refer copies of this briefing to the Minister for Economic Development and the Minister of Science, Innovation and Technology, respectively, for their information.

Agree / Disagree



Stacey O'Dowd

Manager, Immigration (Border and Funding) Policy

Labour, Science and Enterprise, MBIE

26 / 09 / 2024

Hon Erica Stanford

Minister of Immigration

___ / ___ / 2024

Background

1. This briefing follows advice provided to you in July 2024 proposing a review of the policy settings of the AIP visa to support both your priority to deliver an immigration system that attracts top talent and facilitates foreign investment, and the Government's broader economic strategy as it relates to growing skills and strengthening investment [2324-4021 refers].
2. When the AIP visa was established in September 2022, it was designed to attract skilled and experienced investors to New Zealand, issuing residence to those who want to actively participate in New Zealand's investment ecosystem, help build globally successful businesses, and significantly contribute to the economy.¹
3. Facilitating more foreign investment in New Zealand to support increased productivity and economic growth is a priority across Government. It provides a wider pool of capital, improved international connections, enhanced competition, and human capital benefits. However, different types of investment have different outcomes on the economy. Active investments are associated with positive economic spillover effects, such as skill growth, better market access, and the promotion of innovation. Facilitating this type of investment where it would be unlikely to occur without Government intervention is considered an effective means to increase productivity.
4. In response to previous advice provided [2324-4021 refers], you indicated a preference for a review of AIP settings to focus on identifying and implementing 'quick wins' on the basis that the immigration system's role in attracting foreign investment and skills is to ensure that policy settings do not present barriers for investors that choose New Zealand. You also agreed to the following criteria being used to assess options for change:

¹ DEV-21 MIN-0162 confirmed by CAB-21-MIN-0318.

- a. **Contributes to the Government's economic strategy** by attracting more skills and more foreign investment to New Zealand
 - b. **Prioritises active investment** by offering flexibility to investors making the most beneficial types of investments to New Zealand's economy)
 - c. **Supports New Zealand's global competitiveness** in the global investor visa market
 - d. **Is feasible in terms of implementation** (i.e., not overly difficult to implement)
 - e. **Does not undermine the Government's social licence** (i.e., the implicit permission that government agencies possess to make decisions about immigration settings).
5. Since July, MBIE has been engaged in consultation with key internal stakeholders of the AIP programme to test options can be implemented within reasonable timeframes. We have also consulted with your Immigration Advisor Group and NZTE to ensure that the options proposed will address any significant barriers of existing policy settings.

Stage 1: Quick wins to policy settings that can be implemented within three months of a Cabinet decision

6. Four changes could be introduced by altering immigration instructions. These are outlined below.

Amend instructions to better guide NZTE's determination of acceptable investments

7. Feedback from your Immigration Advisor Group was that the current criteria used by NZTE for determining whether an investment should be an acceptable investment (for direct investments) poses a significant barrier to applicants. This is because some are being declined which could arguably align with the Government's social and economic objectives. In practice, this means that some prospective applicants may have invested time in finding a suitable New Zealand business to invest in, only to see it be declined on application to NZTE.
8. NZTE considers the 'objective' (policy intent of AIP) and 'principles' (alignment with Government's economic strategy) of the AIP visa as outlined in immigration instructions² and has developed assessment criteria from the instructions.
9. NZTE has indicated that more specificity in the instructions would lead to more investments being approved. MBIE is currently working with NZTE to determine what precise changes are needed to provide it with clearer decision-making guidance with reference to the five pillars of the Government's economic strategy.
10. MBIE recommends that changes to instructions are made to facilitate more investment options for investor migrants and to reduce the risk of businesses being declined and losing financial and human capital opportunities offered by skilled investor migrants. No risks have been identified with clarifying instructions. Subject to your agreement, we will provide you with advice on updated immigration instructions following consultation with NZTE.

Add selected types of bonds and property to the existing group of acceptable investments to attract more investment

11. Feedback is that the current offerings are relatively high-risk investments with uncertain outcomes for investors. Your Immigration Advisor Group has suggested the expansion of the classes of acceptable investment to include a select range of bonds (infrastructure and

² Appendix 15 – Criteria for managed funds and direct investments.

government) and property investment (new property developments, and existing commercial or industrial property developments).

12. MBIE acknowledges that the risk associated with direct investments and managed funds, as well as the caps placed on lower risk investments,³ have likely disincentivised applications from investors with lower risk appetites or from those who are more familiar or comfortable making other investments.
13. Expansion is likely to increase the level of foreign investment and there are options to manage the risks of diverting otherwise willing investors away from making active investments and related to the reduced opportunities for investors to share their human capital. For instance, settings can be adjusted to require more time to be spent in New Zealand, potentially leading to a gradual shift towards more active investment choices. The degree to which these risks are managed will depend on how you choose to balance the settings. One piece of research has shown that investors unfamiliar with New Zealand's investment ecosystem initially prefer to make lower risk investments during the immigration process and engage in more active investments subsequently.⁴
14. MBIE notes that there does not appear to be a market failure in either the bond⁵ or property⁶ markets, meaning expansion is likely to have relatively small economic or productivity benefits. To inform your choice about to expand the list of acceptable investments, the key considerations (benefits, risks, and mitigations) are set out in **Annex One**.
15. However, the proposed expansion would likely result in more investment being made for the reasons outlined in paragraph 12 and, if you choose to expand the classes of acceptable investment to include bonds and property, you will need joint approval from the Minister for Economic Development and the Minister of Science, Innovation and Technology [CAB-22-MIN-0162.01 refers]. This change can be operationalised within three months of a Cabinet decision through manual workarounds, with associated system changes made within eight months (as discussed in paragraph 23 with detail set out in **Tables 2 and 3 of Annex Two**).

Minor and technical changes

Allow newborn children to qualify for residence where their AIP-resident-visa-holding parents are not permanently in New Zealand

16. Dependent children of AIP visa holders who are born after the issue of their parent's residence class visa are currently unable to qualify for residence unless one parent is

³ There is a maximum \$7.5 million (50 per cent) cap on investments made into philanthropy and listed equities.

⁴ According to [research conducted by BERL in 2017](#) involving consultation with banks and other financial institutions, the volume of follow on investment (i.e., investment that is independent of that made during the application process) made by Investor 1 and 2 applicants between 2009 and 2017 was estimated at \$1.7 billion. Investors were regarded as being "much more risk seeking" beyond the application phase, and some investors identified as being more conservative in their immigration investments were considered to be more likely to move their investments into growth (i.e., non-bond) investments once trusted networks were established in New Zealand.

⁵ It does not appear that government bonds have been undersubscribed in history (i.e., bonds are available and not being invested in), but for one instance of undersubscription in November 2022. We are not able to determine the level of subscription for infrastructure bonds, though they may be issued by other government agencies. Similarly, we cannot determine if bonds issued by private companies have been undersubscribed as we only have visibility over those that are traded via the NZX Debt Market, rather than those traded privately.

⁶ Regarding housing, MBIE does not consider that a lack of financial capital is responsible for New Zealand's housing 'crisis', for which there are numerous underlying causes. Similarly, a lack of capital does not appear to be a central concern for commercial and industrial property markets, where the underlying issues are related to matters such as a lack of suitable land, the declining need for a physical retail footprint due to more people working from home, and the rise of e-commerce sales.

“lawfully and permanently” in New Zealand.⁷ Often, this requirement cannot be met by investor migrants as they are not obliged to meet that requirement and frequently spend time offshore as ‘citizens of the world’.⁸ We are aware that investor migrants may seek ministerial intervention from the Associate Minister of Immigration to enable their dependent child to qualify for a resident visa as an exception to immigration instructions.

17. MBIE recommends:
 - a. Allowing the holder of an AIP resident holder to support their newborn child’s residence class visa application where they are not “lawfully and permanently” in New Zealand.
 - b. Enabling dependent children to be included in their parent’s application for permanent residence after the cancellation of section 49 conditions.
18. These changes would reduce the number of requests for ministerial intervention and improve the immigration experience of resident visa holders who have children during the investment period by removing the burden of incurring additional immigration costs and the stress of applying for ministerial intervention.

Remove the requirement for INZ to request evidence that section 49 conditions are being met

19. INZ is currently required to attempt to contact the principal applicant to request evidence that their conditions are being met under section 49 of the Immigration Act 2009 on three separate occasions over the investment period.⁹ Feedback from INZ indicates this requirement is challenging to fulfil as no formal tool exists to ensure a reliable prompt for this contact to be made, and that the existing process for doing this is vulnerable to human error.
20. MBIE recommends that this requirement is removed to enhance INZ’s operational efficiency. This will shift the obligation to provide relevant documentation at the required time to the principal applicant. It will also reduce the risk of applicants failing to provide relevant documentation in time for their compliance check.

Stage 2: A simplified, risk-based model (maximum eight-month implementation)

21. Feedback from your Immigration Advisor Group and across MBIE indicated a clear desire for the existing system in which investments are weighted in accordance with their ‘activeness’ to be replaced.¹⁰ This system is widely considered confusing, adding complexity to the calculation and tracking of funds throughout the processing of an application.
22. Attached at **Annex Two**, there are three potential models for you to choose from.
 - a. **Table 1** sets out a modified version of the current weighting framework and assumes you choose to expand the acceptable investment classes.

⁷ Immigration instruction F5.1.5(a) requires that parent(s) are eligible to support a residence class visa application under the Dependent Child Category if they are lawfully and permanently in New Zealand - people actually residing in New Zealand who are either citizens or holders of residence class visas.

⁸ However, they are currently subject to a section 49 condition requiring them to spend at least 117 days in New Zealand as a holder of a resident visa during their four-year investment period.

⁹ Immigration instruction BN10.1(a). Contact must be attempted during the three months before each compliance check at 18, 36, and 48 months during the investment period.

¹⁰ Applicants must invest \$15 million or the weighted equivalent of that sum under current AIP settings.

- b. **Table 2** set out proposed options for a simplified weighting system with expanded acceptable investments, and **Table 3** is without expanded acceptable investments.
23. MBIE recommends that the existing system is replaced with a simpler model that has fixed investment amounts based on the risk level of the investment types chosen by the applicant (either **Table 2** or **3**). Under this model, an applicant would be asked which category they would like to fall under when they apply (e.g., Growth, Balanced, or Conservative).
24. The settings associated with each category are designed to incentivise active investment choices, while offering investment pathways for investors with lower risk appetites. It is expected that the risk-based model will convert more prospective investors into applicants and thereby facilitate more investment. The key settings are:
- a. **Investment amount** – a lower amount for the Growth Category and a higher amount for the Conservative Category
 - b. **Transfer and investment period** – a longer period for the Growth Category and a shorter period for the Conservative Category
 - c. **Investment period required to be eligible for permanent residence** – shorter for Growth Category and longer for Conservative Category
 - d. **Time required to be spent in New Zealand** - shorter for Growth Category and longer for Conservative Category
 - e. **English language** – retain for investments that require business communication and for New Zealand businesses to benefit from investor migrants' knowledge and connections.
 - f. **Investment retention checks** – reduced compliance checks to improve operational efficiency and customer experience.
25. All these settings can be adjusted to suit your preferences. We have provided examples in **Tables 2** and **3** of **Annex Two** and can discuss with you on 30 September.

Settings between Stages 1 and 2

26. We note that, because there is a five-month period between the completion of Stage 1 and Stage 2, investors who opt for bonds or property during that time would be subject to status quo settings. This is because AMS changes are required to give effect to a risk-based investment model.
27. Once Stage 2 is complete, the settings would be more liberal for the Growth Category and more restrictive for the Conservative Category. This may mean an increase in applications during this period or criticism from stakeholders. The latter could be managed through clear communication about the objectives of the changes and opting for a two-stage approach means some changes can be introduced in a timely manner.

Comments on some of the settings

28. We have set out comments in addition to the Annexes on English language requirements, the transfer period, and top up funds. Choices on other settings outlined in paragraph 24 are outlined in Tables 2 and 3 of **Annex Two**.

English language

29. All consulted stakeholders agreed that the English language requirement should be either reduced or removed. The requirement has caused some applicants, who are otherwise willing applicants, to not apply as they cannot meet the existing standard.¹¹
30. MBIE recommends that the requirement be removed for investors who make investments under either the Balanced or Conservative category, as both permit investments that do not necessarily require business communication and, where they may, it is accepted that intermediaries may be able to satisfactorily communicate on the investor's behalf.
31. For Growth Category investors, however, it is recommended that the standard be retained at IELTS 5.0 (or equivalent test), rather than removed. This level is associated with a modest command of English language, where speakers should be able to handle basic communication but still expected to make many mistakes.¹²
32. We do not consider that lowering the standard to IELTS 4.0, where the speaker cannot use complex language and has problems in understanding others and expressing themselves, will facilitate meaningful communications. We consider that direct communications with businesses will ensure a superior delivery of the investor's human capital.

The period during which applicants can transfer and invest their funds

33. Current instructions allow applicants to stagger their investments over 36 months. This period was designed to provide investors with sufficient time to make fully informed investment decisions, given the risk and volume of funds being sought.
34. MBIE recommends that the timeframe to transfer and invest be reduced to simplify the current process that allows for a series of partial investments to be made over time, which is regarded as complex, confusing and operationally inefficient, requiring numerous touchpoints for section 49 compliance checks.¹³ It would also encourage more investment to be made sooner to allow more time for that capital to benefit the economy. The transfer and investment periods suggested in **Annex Two** allow reasonable periods of time for investors to be expected to undertake due diligence.¹⁴

Allow top-up funds for the Growth Category

35. Currently, applicants generally have six months to transfer and invest their nominated funds after they are approved in principle. Once this period ends, they are unable to nominate additional or 'top up' funds. This creates problems for applicants who subsequently change their mind about the type of investment they want to make, leaving them unable to pursue other investments unless they had nominated substantially more funds than their initial investment choices would have required.¹⁵
36. INZ has advised that it is common for applicants to request to add top up funds after they have been approved in principle. MBIE recommends that instructions are amended to allow

¹¹ IELTS 5.0 or equivalent test.

¹² More information about the level of ability associated with an IELTS score can be found [here](#).

¹³ These are checks required under section 49 of the Immigration Act 2009 and ensure applicants have complied with their visa conditions.

¹⁴ The average time between nomination and investment of funds in under the AIP visa is about four months.

¹⁵ For instance, if an applicant nominates and then invests \$5 million, they will only be able to invest in direct investments and will not be able to nominate additional or 'top up' funds necessary to allow them to invest in other acceptable investments which, due to the weighting requirements, require a larger investment amount.

the nomination of top up funds prior to the grant of residence for investors who opt for the Growth Category. This change balances operational efficiency and the facilitation of active investors.

Next steps

37. We seek your direction on your preferred approach for the Stage 1 and Stage 2 changes and can discuss this with you on 30 September. You also have a meeting with the Minister of Economic Development on 16 September.
38. If you agree, MBIE will commence external consultation on your preferred direction, with the following stakeholders over a period of two weeks in October:

Key external stakeholders to be consulted
<ul style="list-style-type: none">• Your Immigration Advisor Group• Immigration Reference Group• NZTE• Infrastructure Commission• Overseas Investment Office• Business New Zealand• Employers and Manufactures Association• Angel Association New Zealand• Migrant Investor and Entrepreneur Association• Edmund Hillary Fellowship• Key wealth management firms (JBWere, ANZ, Jarden)• Origin Partners• New Zealand Private Capital

39. Once external feedback is received, you will receive a subsequent briefing outlining the associated implications, a final list of policy settings and an associated implementation plan, and a draft Cabinet paper in late October for consideration by the Cabinet Economic Policy Committee in mid-November.

Annexes

Annex One: Analysis of proposed policy settings by implementation timeframe

Annex Two: Proposed model for the Active Investor Plus Visa (risk based)

Annex Three: Barriers external to the immigration system affecting the AIP visa's performance

Annex One: Analysis of proposed policy settings by implementation timeframe

Annex One: Analysis of proposed policy settings against key criteria

This table provides a framework through which each proposed policy setting can be assessed, sorted by stage of implementation.

Proposed policy settings	Criteria					Benefits	Risks	Mitigations
	Contributes to Government's economic strategy	Prioritises active investment	Supports New Zealand's global competitiveness	Feasible to implement	Does not undermine Government's social licence			
Stage 1: Up to three months to implement								
Amend instructions guiding NZTE's determination of acceptable investments.	✓ ✓	✓ ✓	✓ ✓	✓ ✓	✓ ✓	<ul style="list-style-type: none"> Investor migrants more likely to be able to invest in their preferred businesses. More businesses likely to be approved and able to receive financial and human capital benefits offered by investor migrants (enhancing the social licence of the visa). 	<ul style="list-style-type: none"> The more specific we make the parameters of the AIP visa's 'objective' and 'principles', the more possibilities there are for unintended consequences to arise – e.g., some desirable applications get declined consequently. 	<ul style="list-style-type: none"> Proposed changes have been developed and tested with the relevant teams within MBIE and NZTE.
Add certain types of bonds and property to the existing group of acceptable investments: <ul style="list-style-type: none"> Bonds (infrastructure & government), New property developments, and Existing commercial or industrial property developments. <p><i>Note: System changes associated with the expansion of the acceptable investment classes will take up to eight months to fully implement.</i></p>	✓	✓	✓ ✓	✓ ✓	✓ ✓	<ul style="list-style-type: none"> Encourages applications from investors with lower risk tolerances who may not otherwise apply. Lower risk investment options will attract more investment to NZ. May lead to increased number of active investments in NZ following the end of investors' investment periods. 	<ul style="list-style-type: none"> Expanding into lower risk investment options creates risk that some investors may opt for them when they otherwise may have chosen more active investments. Passive investments do not require active involvement in the assets being invested in (i.e., human capital is not shared, depriving business of associated benefits in terms of market access, skill growth, and innovation). 	<ul style="list-style-type: none"> Lower risk/passive investment options are disincentivised against higher risk/active options under the proposed AIP model (see Annex Two). If you choose to adopt either of the risk-based investment models shown in Annex Two, even where an applicant chooses to be a Balanced or Conservative investor, they are still required to make a minimum \$1 million investment in direct investments and/or managed funds to ensure the policy intent of the visa is not undermined and to encourage those applicants to become more familiar with active investments.
Allow newborn children to be added to their parents' residence application.	✓ ✓	(N/A)	(N/A)	✓ ✓	(N/A)	<ul style="list-style-type: none"> Will reduce the number of applications for ministerial intervention. Will improve ability for applicants to settle in NZ. 	<ul style="list-style-type: none"> No known risk. 	<ul style="list-style-type: none"> N/A.
Remove instructional requirement for INZ to attempt to contact the principal applicant to request evidence that section 49 conditions are being met.	(N/A)	(N/A)	(N/A)	✓ ✓	(N/A)	<ul style="list-style-type: none"> Improves INZ's operational efficiency and removes possibility that INZ will fail to send the reminder email, resulting in an applicant's failure to pass their compliance check. 	<ul style="list-style-type: none"> Could be perceived as reduced customer service. 	<ul style="list-style-type: none"> Clearly indicates that it is the applicant's responsibility to provide evidence.

Proposed policy settings	Criteria					Benefits	Risks	Mitigations
	Contributes to Government's economic strategy	Prioritises active investment	Supports New Zealand's global competitiveness	Feasible to implement	Does not undermine Government's social licence			
Stage 2: Up to eight months to implement								
Replace the investment weighting system with a model based on investment risk.	N/A	✓✓	✓✓	✓✓	✓✓	<ul style="list-style-type: none"> Simplifies a system widely regarded as 'confusing' but retains same incentive for applicants to opt for most active investment types. 	<ul style="list-style-type: none"> More training will need to be provided to INZ's operational staff. 	<ul style="list-style-type: none"> Many of the settings under the risk-based model resemble those of past investor visas so training is not expected to be overly difficult to implement.
Amend instructions to remove the English language requirement for Balanced, and Conservative Category investors.	✓	✓✓	✓✓	✓✓	✓✓	<ul style="list-style-type: none"> Will remove a significant barrier to applying for some applicants who are otherwise willing and potentially highly skilled investors. 	<ul style="list-style-type: none"> The complete removal of the language requirement undermines the ambition for investors to be able to directly share their human capital with NZ businesses (i.e., undermines skill growth). 	<ul style="list-style-type: none"> The acceptable investments prioritised under the Balanced and Conservative Categories do not require applicants to share their human capital.
Amend instructions to reduce the English language requirement for Growth Category investors to IELTS 4.0 or equivalent test.	✓	✓✓	✓✓	✓✓	✓✓	<ul style="list-style-type: none"> Imposes less of a barrier to some applicants who are otherwise willing and potentially highly skilled and experienced investors. 	<ul style="list-style-type: none"> This standard of language ability is considered too low to facilitate meaningful <i>direct</i> business communication. 	<ul style="list-style-type: none"> Investors may be able to use intermediaries to communicate on their behalf where they are unable to do so.
Retain the existing English language standard at IELTS 5.0 or equivalent test for Growth Category investors.	✓✓	✓✓	✓	✓✓	✓✓	<ul style="list-style-type: none"> A higher standard of language ability ensures investors can communicate effectively and directly with businesses to impart their human capital. 	<ul style="list-style-type: none"> Likely to draw criticism that applicants can simply use intermediaries to communicate on their behalf. Some applicants will be unable to apply because of this requirement. 	<ul style="list-style-type: none"> Direct communication with businesses best enables investors to adequately impart their human capital, particularly if acting in a mentor-type capacity.
Require full transfer and investment of funds into acceptable investments before residence can be granted.	N/A	✓✓	N/A	✓✓	✓✓	<ul style="list-style-type: none"> Quicker investment means more time for capital to benefit NZ economy. Improves INZ's operational efficiency. Simplifies existing requirements. 	<ul style="list-style-type: none"> Applicants have less time to undertake due diligence on investment options (most relevant for Growth Category applicants looking to invest in direct investments or managed funds). 	<ul style="list-style-type: none"> Average time taken for investors to transfer and invest is 4 months. Growth Category investors given 18 months to transfer and invest their funds.
Allow only Growth Category investors to add 'top-up' funds (only available prior to grant of residence).	✓	✓	✓	✓	N/A	<ul style="list-style-type: none"> Limiting availability to Growth Category investors and to before grant of residence strikes best balance between operational efficiency and facilitation of active investment. 	<ul style="list-style-type: none"> Creates an additional touchpoint for INZ operational staff that requires additional resourcing. 	<ul style="list-style-type: none"> Officials to discuss resourcing options at officials' meeting on 30 September.
Require section 49 compliance checks to occur at two intervals over the investment period, rather than three.	N/A	N/A	N/A	✓	N/A	<ul style="list-style-type: none"> Creates less touchpoints for operational staff and for applicants and/or their representatives (improves system efficiency). 	<ul style="list-style-type: none"> No identified risk. 	<ul style="list-style-type: none"> N/A.

Annex Two: Proposed model for the Active Investor Plus Visa (risk based)

Annex Two: Three options for investment model

Table 1 – Weighting-based Active Investor Plus investment model (including bonds and property)

The investment model below will apply if you **either**:

- Choose to retain the status quo weighting system **and** expand the classes of acceptable investments to include select bonds and property type investments**, **OR**
- Choose to introduce an **investment risk, incentive model** **and** expand the classes of acceptable investment to include select bonds and property type investments.

Investment type	Weighting	Minimum investment	Maximum investment
Direct investments			
Direct investments	3x	\$5 million	N/A
Indirect investments			
Managed funds	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
Bonds (50% cap) <ul style="list-style-type: none"> • Infrastructure • Government 	1x	N/A	\$7.5 million
New property developments (50% cap) <ul style="list-style-type: none"> • Residential, rental, social housing; • Commercial and industrial; and • Investments in sensitive land as specified and approved by the Overseas Investment Office (OIO).¹ 	1x	N/A	\$7.5 million
Existing commercial or industrial property developments (50% cap) <ul style="list-style-type: none"> • Including investments in sensitive land as specified and approved by the OIO. 	1x	N/A	\$7.5 million

**** Note this model would apply in the intervening period between the expansion of the classes of acceptable investments (part of stage 1) and the implementation of the model based on investment risk (part of stage 2).**

¹ A list of these can be found [here](#).

Table 2 – Risk-based Active Investor Plus investment model (including bonds and property)

Applies if you choose to replace the weighting system with a model based on investment risk **and expand the classes of acceptable investment to include bonds and property**. Under this model, the principal applicant must specify which investment category (Growth, Balanced or Conservative) they want to fall under at the time of applying.

	High benefit to NZ	Medium benefit to NZ	Low benefit to NZ
	<ul style="list-style-type: none"> Maximise facilitation of high value investment and human capital. Low risk to social licence. 	<ul style="list-style-type: none"> Facilitate neutral value/impact investment. Does not target human capital. Low risk to social licence. 	<ul style="list-style-type: none"> Prioritise volume over value of financial capital. Does not target human capital. Medium risk to social licence.
Policy settings	Growth category	Balanced category	Conservative category
Acceptable investments	Higher-risk investments, including: <ul style="list-style-type: none"> Direct investments Managed funds. 	Medium-risk investments, including: <ul style="list-style-type: none"> Listed equities. 	Lower-risk investments, including: <ul style="list-style-type: none"> Bonds (infrastructure & government) New property developments (residential, rental, social housing; commercial and industrial; investments in sensitive land as specified and approved by the OIO). Existing commercial or industrial property developments (including investments in sensitive land as specified and approved by the OIO). Philanthropy.
Investment amount	\$5 million (the lowest investment amount permitted under existing settings)	\$10 million (you could require that at least \$1 million be invested into direct investments and/or managed funds).	\$15 million (you could require that at least \$1 million be invested into direct investments and/or managed funds).
Transfer and investment period	18 months to transfer and invest all investment funds (half the time allowed under current settings)	12 months to transfer and invest all investment funds (you could allow less time than suggested for the Growth Category as listed equities require less due diligence to be undertaken).	6 months to transfer and invest all investment funds, extendable to 12. (you could allow the least time for Conservative investors as bonds and philanthropy are investments requiring less due diligence and allow an extension to 12 months for investors that opt for property investments, which can be harder to find).
Investment period required to be eligible for permanent residence	3 years (you could reduce the existing requirement of 4 years to align with Investor 1 and better incentivise this option as against the Balanced Category)	4 years (you could maintain the existing requirement)	5 years (you could require an additional year than currently required to disincentivise this choice as against the other categories and to allow more time for investors to become familiar with New Zealand's investment ecosystem).
Time required to be spent in NZ	42 days (about two weeks per year across the investment period). (suggested by your Immigration Advisor Group)	84 days (about three weeks per year across the investment period). (suggested by your Immigration Advisor Group and necessary to weight the Balanced Category against the Growth Category)	150 days (about one month per year over the investment period). (suggested by your Immigration Advisor Group and necessary to adequately weight this choice against the other categories)
English language	Either IELTS 5.0 or equivalent test or IELTS 4.0 or equivalent test.	Either no requirement, or IELTS 4.0 or equivalent test as a minimum (if you choose to require a \$1million investment in direct investments and/or managed funds).	Either no requirement, or IELTS 4.0 or equivalent test as a minimum (if you choose to require a \$1 million investment in direct investments and/or managed funds).
Investment retention checks	Checked at years two and three of investment period (for example).	Checked at years two and four (for example).	Checked at years two and five (for example).

² **Example:** A Growth Category investor could invest in listed equities and/or philanthropy (i.e., an 'out of category' investment) up to a maximum of \$1,250,000. The remainder of their investment (at least \$3,750,000) would need to be made in direct investments and/or managed funds.

Table 3 – Risk-based Active Investor Plus investment model (excluding bonds and property)

If you choose to replace the weighting system with a model based on investment risk **and do not** expand the classes of acceptable investment to include bonds and property, the below model could be implemented. Like in Table 2, the principal applicant must specify which category within the AIP visa they would like fall under at time of applying. Applicants can choose from either the Growth or Conservative category, each with different settings.

	High benefit to NZ	Neutral benefit to NZ
Policy settings	Growth category	Conservative category
Acceptable investments <ul style="list-style-type: none"> You could allow Growth Category applicants to be able to make 'out of category investments' as outlined in Table 2 with a cap, or restrict this choice so that Growth Category applicants can only invest in direct investments and/or managed funds). 	Exclusive focus on higher-risk investments, including: <ul style="list-style-type: none"> Direct investments Managed funds. 	Obliges investors to pursue a mixed investment, heavily weighted in favour of lower risk investments: <ul style="list-style-type: none"> Listed equities Philanthropy Direct investments Managed funds.
Investment amount <ul style="list-style-type: none"> A lower investment amount for higher value investments with human capital benefits. A higher investment amount for lower risk investment types to maximise the benefit of those investments to New Zealand. Conservative Category applicants must invest at least \$1 million in direct investments and/or managed funds. This balances the need to give investors lower risk investment options with upholding the policy intent of the AIP visa. This also directly encourages investors with lower risk appetites to dabble in more active investments, potentially encouraging further active investments over the longer term. 	\$5 million (the lowest investment amount permitted under existing settings)	\$15 million (you could require that at least \$1 million be invested into direct investments and/or managed funds).
Transfer and investment period <ul style="list-style-type: none"> Shorter periods permitted to encourage more investment to be made sooner to the benefit of the New Zealand economy. Less time permitted for investors choosing lower risk investments, which typically require less due diligence to be undertaken before investment. 	18 months to transfer and invest all investment funds. (half the time allowed under current settings)	6 months to transfer and invest all investment funds (extendable to 12). (you could allow only 6 months as listed equities and philanthropy require less time to undertake due diligence or opt for 12 months to acknowledge that a partial investment in either direct investments or managed fund options might take more time to consider).
Investment period required to be eligible for permanent residence <ul style="list-style-type: none"> You could require at least an additional year for lower-risk investments to incentivise more active investment choices. 	3 years (you could reduce the existing requirement of 4 years to align with Investor 1 or maintain at 4 years noting no stakeholder has requested the duration of the investment period be reduced)	5 years. (you could require an additional year than currently required to disincentivise this choice as against the Growth Category and to allow more time for investors to become familiar with New Zealand's investment ecosystem).
Time required to be spent in New Zealand <ul style="list-style-type: none"> Shorter time periods for higher-value investments. Longer time periods 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 – this may encourage more active investment choices in the longer term. Shorter time periods are required relative to existing 'time in New Zealand' settings (117 days), to recognise that investor migrants are 'global citizens'. 	42 days (about two weeks per year across the investment period). (suggested by your Immigration Advisor Group)	150 days (about one month per year over the investment period). (suggested by your Immigration Advisor Group and partly necessary to adequately weight this choice against the other categories. You could also keep this at 117 days, which is the existing requirement.)
English language <ul style="list-style-type: none"> Could be required where we seek access to human capital/where direct business communication (rather than through an agent or intermediary) is expected. 	Either IELTS 5.0 or equivalent test or IELTS 4.0 or equivalent test.	Either no requirement, or IELTS 4.0 or equivalent test as a minimum (if you choose to require a \$1million investment in direct investments and/or managed funds).
Investment retention checks <ul style="list-style-type: none"> Reduced the number of compliance checks (from three to two) to reduce administrative burden to applicants and INZ. 	Checked at years two and three of investment period (for example).	Checked at years two and five (for example).

Annex Three: Barriers external to the immigration system affecting the AIP visa's performance

While the proposed changes to immigration policy settings are an important step towards maximising the potential for the AIP visa to attract foreign investment and human capital to New Zealand, the success of the visa also depends on factors external to the immigration system. MBIE is aware that Inland Revenue Department's (IRD) foreign investment funds policy¹⁶ is a barrier to the immigration outcomes the AIP visa seeks. Some prospective investors have the impression that New Zealand has a "hostile tax regime".¹⁷ Confidential advice to Government

MBIE has also received feedback that a so called 'foreign buyer ban' on residential housing has discouraged investor migrants from applying for an AIP visa. While this may be a perceived barrier, in practice, an investor migrant who is granted an AIP visa and not yet ordinarily resident in New Zealand is able to purchase a home in New Zealand where they have received consent from the Overseas Investment Office. Applicants for consent take up to 10 working days to process and pre-approval is valid for up to a year.

¹⁶ Foreign investment funds (FIFs) are a type of offshore investment with special tax rules. Investors must pay tax in New Zealand when they have not earned any cash income in the country where their investment is located, creating a liquidity penalty that does not apply to investments in New Zealand.

¹⁷ *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.



BRIEFING

Active Investor Plus Visa: Targeted consultation report-back and draft Cabinet paper

Date:	24 October 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0004973

Action sought		
	Action sought	Deadline
Hon Erica Stanford Minister of Immigration	<p>Note the feedback from targeted consultation on the proposed policy settings</p> <p>Confirm your preferred policy settings</p> <p>Provide any feedback on the proposals in this briefing and the attached draft Cabinet paper</p>	29 October 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Stacey O'Dowd	Manager Immigration (Border and Funding) Policy	Privacy of natural persons	✓
Rian Walden	Policy Advisor	04 896 5478	

The following departments/agencies/external stakeholders have been consulted
<p>Government agencies / Crown entities: New Zealand Trade and Enterprise (NZTE), New Zealand Growth Capital Partners, Infrastructure Commission, Callaghan Innovation; Ministries of Housing and Urban Development (HUD) and Foreign Affairs and Trade (MFAT); Land Information New Zealand, Department of the Prime Minister and Cabinet, Treasury, and Inland Revenue Department (IRD).</p> <p>Immigration industry professionals: Minister of Immigration's Advisor Group and selected members of the Immigration Reference Group</p> <p>Wealth management firms: ANZ, BNZ, Forsyth Barr, JBWere, Jarden, Origin Capital Partners, New Zealand Private Capital</p> <p>Businesses: Business New Zealand and the Employers and Manufacturers Association</p> <p>Investor organisations: Angel Association New Zealand, Migrant Investor and Entrepreneur Association, Edmund Hillary Fellowship</p> <p>NZTE managed funds: Icehouse Ventures, Global From Day One Motion Capital, Private Capital Group, Greenmount, Movac, Punakaiki, Collinson, Ecliptic, Outset, Alvarium</p>

- | | | |
|--|---|------------------------------------|
| 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

Active Investor Plus Visa: Targeted consultation report-back and draft Cabinet paper

Date:	24 October 2024	Priority:	Medium
Security classification:	In Confidence	Tracking number:	BRIEFING-REQ-0004973

Purpose

This briefing provides a summary of the targeted stakeholder consultation undertaken on proposed changes to investor settings (**Annex One**). It also provides:

- choices on some policy settings in response to external feedback (**Annex Two**)
- an update on barriers external to the immigration system affecting the Active Investor Plus (AIP) visa's performance, including the foreign investment fund (FIF) rules and residential property ownership restrictions.
- a draft Cabinet paper for your feedback (**Annex Three**).

Executive summary

Between 8 – 21 October, MBIE conducted a targeted consultation process with key stakeholders of the AIP programme. Most stakeholders were supportive of both the proposed changes and the associated implementation timeframes. Stakeholders view was that the proposals would go some way towards combatting the current industry perception that the visa has not attracted a satisfactory volume of investor migrants and foreign investment since it was implemented in September 2022. However, some were concerned that the proposed expansion of the classes of acceptable investment to include specified bond and property type investments could result in a shift in investor behaviour towards investments that are both less beneficial for the economy (i.e., not active) and not justified by a market gap clearly necessitating Government intervention.

Many of the stakeholders emphasised that Government must be joined-up in its approach to attracting foreign investment and top talent and that there are a number of barriers that are external to the immigration system that need to be addressed to maximise the AIP visa's performance. This includes restrictions placed on purchasing homes to live in and foreign investment fund (FIF) tax rules.

MBIE has provided feedback received about the challenges associated with purchasing residential property to the Treasury who are currently reviewing the Overseas Investment Act 2005. However, we note the National Party and New Zealand First Coalition Agreement includes not repealing the foreign buyer ban.

The primary risk identified by stakeholders was that the proposed expansion of acceptable investments to include bonds and property would undermine the existing policy intent of the AIP visa and shift investor behaviour towards a more passive direction. MBIE has proposed changes to settings that will balance this concern against the need to attract further investment. This includes

permitting investment into bonds (capped at 10 per cent of the total investment amount) and requiring investors making more passive investments to invest a minimum of \$1 million in active investments.

Stakeholders also emphasised that making substantial changes to policy settings would be disruptive to investor migrant planning, and that clear parameters in relation to residential property type investments will need to be set to avoid undermining the scheme’s social licence. MBIE considers, following external consultation, that the proposals will be perceived by potential investor migrants as attractive.

This briefing outlines a range of choices on final policy settings (in relation to bonds and time required to be spent in New Zealand, for example) in response to stakeholder feedback. We seek your direction on your preferred approach to assist us in finalising the draft Cabinet paper and can discuss these with you at the officials meeting on 29 October.

Recommended action

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

Feedback from targeted consultation on proposed policy settings

- a **Note** that per your agreement MBIE consulted on a suite of proposed policy settings for the Active Investor Plus (AIP) visa with key stakeholders between 8 - 21 October, a summary of feedback can be found at **Annex One**

Noted

- b **Note** that while most stakeholders supported the proposed changes, some expressed a concern that the proposed changes to acceptable investments, namely the inclusion of bonds and property type investments, may shift investor behaviour towards opting to make lower risk investments, resulting in less active investment and human capital benefits for New Zealand

Noted

- c **Note** that you have choices for some settings, and we seek your direction on the final proposed list of changes to policy settings, as per **Annex Two** and discussed below

Noted

Investment requirements

- d **Agree** the two investment categories to replace the weighting system are:

Investment category	Acceptable investment class	Investment period	Timing of compliance checks	Minimum investment value
1. Growth	Direct investments Managed funds	Three years	Checked at years two and three of the investment period	\$5 million
2. Balanced	Listed equities Specified bonds Philanthropy Specified property investments Direct investments Managed funds	Five years	Checked at years two and five of the investment period	\$10 million, with \$1 million in Growth category investments

Agree / Disagree / Discuss

Minimum time in New Zealand requirements

e **Note** that we consulted on changing the minimum time in New Zealand requirement to 21 days for the Growth category and 105 days for the Balanced category

Noted

f **Note** that many stakeholders considered that 21 days is too low to support investors to actively participate in the New Zealand investment ecosystem, and could raise issues of social licence for the scheme

Noted

g **Agree** to set new minimum time in New Zealand requirements to be:

EITHER

- i. fixed at 21 days for Growth and initially set at 105 days for Balanced with a two-week reduction for every additional \$1 million invested in direct investments and / or managed funds (maximum reduction of 42 days / six weeks)

Agree / Disagree / Discuss

OR

- ii. fixed at 42 days for the Growth category and initially set at 105 days for the Balanced category with a two-week reduction for every additional \$1 million invested in direct investments and/or managed funds (maximum reduction of 42 days / six weeks)

Agree / Disagree / Discuss

Acceptable investments

h **Confirm** that you would like to amend immigration instructions (Appendix 15 – Criteria for managed funds and direct investments) to better guide NZTE's determination of acceptable investments and increase the offerings available (changes could come into effect mid-December 2024)

Agree / Disagree / Discuss

i **Note** that there were divergent views about the value of bonds among stakeholders and that you have choices regarding the inclusion of bonds under the Balanced category

Noted

j **Agree** to under the Balanced category:

EITHER

- i. exclude all bonds

Agree / Disagree / Discuss

OR

- ii. limit the types of bonds acceptable to those issued by local or central government, which are likely to support investment in infrastructure

Agree / Disagree / Discuss

OR

- iii. permit investment in any type of government (central or local) or corporate bonds, unless the primary beneficiary of the investment would be an overseas entity or project

Agree / Disagree / Discuss

k **Agree** to under the Balanced category:

EITHER

- i. set a cap on investment in bonds at \$1 million

Agree / Disagree / Discuss

OR

- ii. permit uncapped investment in bonds

Agree / Disagree / Discuss

l **Agree** that the existing 50 per cent caps on investments made in listed equities and philanthropy (both set at \$7.5 million) will be removed, as well as the minimum investment requirements for direct investments (\$5 million) and managed funds (\$7.5 million)

Agree / Disagree / Discuss

m **Note** that stakeholders were concerned about the scope of residential property development permitted under the proposed settings and that we will further consult with the Ministry of Housing and Urban Development to develop objective parameters to ensure the social licence of the visa is not undermined

Noted

Funds, transfer, and investment process requirements

n **Note** that we consulted to set the timeframe for full transfer and investment at six months after approval in principle and stakeholders indicated that this would be too short for some investors

Noted

o **Agree** to set the transfer and investments periods for the Growth and Balanced categories to:

EITHER

- i. 12 months

Agree/ Disagree / Discuss

OR

- ii. six months

Agree / Disagree / Discuss

p International relations



Noted

q **Agree** to:

EITHER

■ Confidential advice to Government

A large grey rectangular redaction box covers the text for item q, starting from the end of the 'Confidential advice to Government' label and extending across the page width.

■

■ Confidential advice to Government

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Agree / Disagree / Discuss

English language requirements

- r **Note** that some stakeholders expressed a view that removal of English language requirements would limit investors' ability to engage meaningfully in their direct investments and be active in the New Zealand investment ecosystem

Noted

s **Agree to**

EITHER

- i. have no English language requirement for the Growth and Balanced categories

Agree / Disagree / Discuss

OR

- ii. for the Balanced category have no English language requirement and for Growth category set the requirement at IELTS 5.0 (i.e., a modest level) or equivalent test

Agree / Disagree / Discuss

Improving evidence of AIP visa direct and spillover impact

t **Agree to:**

- i. require investor migrants to respond to surveys made available to them by INZ during the three months before each of their two compliance checks as part of their visa conditions, to assist MBIE in gathering further evidence about follow-on investments; **AND**
- ii. invite investor migrants to complete a voluntary survey one year after the conclusion of their investment period

Agree / Disagree / Discuss

- u **Note** that we are working with MBIE Legal to address concerns about the potential scope of personal information being collected in relation to the survey referenced at **recommendation t**

Noted

Providing active investors with more flexibility

- v **Note** that it is common for AIP visa applicants that have initially committed to making higher risk investments to request to nominate additional (top up) funds to give themselves more flexible investment options after undertaking due diligence (if they are not able to do this and thereby shift from the Growth to the Balanced category, they will be locked into making investments under the Growth category, or look to withdraw their application) and that this option is not necessary for the Balanced category (which offers lower risk investment options and instructions allow flexibility for changes in currency or due to unforeseen circumstances)

Noted

- w **Agree** to restrict the availability of top up fund requests made for the reason outlined in **recommendation v** to Growth category applicants **only** and to only allow those requests to be made prior to the grant of residence (to minimise additional processing required by INZ)

Agree / Disagree / Discuss

- x **Agree** that the existing grounds for nominating additional (top up) funds and/or assets will remain in effect

Agree / Disagree

Minor and technical changes

y **Indicate** your preferred approach to the following minor and technical changes intended to improve operational efficiency:

Allow newborn children to qualify for a resident visa where their AIP-resident-visa-holding parents are not permanently in New Zealand; AND Allow those dependent children to be included in their parent's application for permanent residence after the cancellation of section 49 conditions.	<i>Agree / Disagree</i>
Remove the requirement for INZ to attempt to contact the principal applicant to request evidence that section 49 conditions are being met	<i>Agree / Disagree</i>
Allow direct investments to be considered acceptable throughout an investment period if they met the requirements of direct investments under immigration instructions at the time the investment was made	<i>Agree / Disagree</i>

Next steps

z **Agree** to discuss this briefing and provide feedback on the draft Cabinet paper by 29 October 2024 in order to commence Ministerial consultation between 1 – 11 November 2024

Agree / Disagree

aa **Agree** to refer copies of this briefing to the Minister for Economic Development and the Minister of Science, Innovation and Technology, respectively, for their information.

Agree / Disagree



Stacey O'Dowd
Manager, Immigration (Border and Funding) Policy

Labour, Science and Enterprise, MBIE

24 / 10 / 2024

Hon Erica Stanford
Minister of Immigration

___ / ___ / 2024

Background

1. Following previous advice, you agreed to MBIE undertaking targeted consultation with key stakeholders of the AIP programme on a proposed suite of policy changes for the AIP visa [2324-4021 and BRIEFING-REQ-0002670 refer].
2. We held sessions with the following stakeholders between 10 - 17 October to seek feedback on the proposals for change.

Table 1: Stakeholders consulted

Immigration industry professionals	Your Immigration Advisor Group and selected members of the Immigration Reference Group
Wealth management firms	JBWere, ANZ, BNZ, Forsyth Barr, Jarden, Origin Capital Partners, New Zealand Private Capital
NZTE Managed Funds	Icehouse Ventures, Global From Day One, Motion Capital, Private Capital Group, Greenmount, Movac, Punakaiki, Collinson, Ecliptic, Outset, Alvarium
Businesses	Business New Zealand and the Employers and Manufactures Association
Investor organisations	Angel Association New Zealand, Migrant Investor and Entrepreneur Association, Edmund Hillary Fellowship
Government agencies	LINZ, HUD, DPMC, Treasury, IRD, MFAT
Crown entities	NZTE, New Zealand Infrastructure Commission, Callaghan Innovation, NZGCP

3. This briefing summarises the feedback received during consultation and sets out potential changes to proposals in response to feedback received. We seek your direction on the proposed changes to help us finalise the Cabinet paper. An early draft of the Cabinet paper is attached for your feedback (**Annex Three**).


Report back on targeted consultation

The consultation with external stakeholders identified some common themes

4. The majority of stakeholders were supportive of the proposed changes to policy settings and the expected go-live timeframe, i.e., by end of February 2025. There was unanimous endorsement of the Government's desire to make the AIP visa simpler and more attractive. The industry perception is that the visa has not attracted a satisfactory volume of investor migrants and foreign investment in its two years of operation.
5. The primary concern expressed by the majority of stakeholders was that the proposed changes to expand acceptable investment options (to bonds and property) may shift investor behaviour towards lower risk investments at the expense of New Zealand benefiting from more productive investments and human capital.
6. Stakeholders also emphasised the importance of a joined-up approach across Government to best support the attraction and retention of investors migrants. Most commented that regardless of what changes were made to the visa's settings, it was equally important to maintain aftercare services to help investors integrate into New Zealand's investment ecosystem and address non-immigration barriers affecting the settlement of investor migrants.
7. The most prominent barrier related to the difficulty investor migrants face in purchasing a home to live in. Stakeholders also noted the unattractiveness of New Zealand's foreign investment fund (FIF) tax rules. These barriers are discussed in further detail from paragraph 17 of this briefing.

8. Within the overarching themes above, other points of note were raised:
- a. There was concern that the outcomes the Government is seeking to achieve through the changes to settings, particularly in allowing a broader range of passive investments, was unclear and there was a common sentiment that the original policy intent was not consistent with the proposals for change.
 - b. Many stakeholders were also supportive of including a monitoring or survey requirement during the investment period, citing the lack of data to support common anecdotes that investor migrants become more active investors the longer they remain in and are integrated into New Zealand's investment ecosystem.
 - c. A number of stakeholders recommended an increase to the time in New Zealand requirement consulted on to help investor migrants more meaningfully engage with New Zealand's investment ecosystem and to counter the potential perception that residence is being "sold".
 - d. Wealth management firms indicated that six months to transfer and investment funds in New Zealand was likely to be too restrictive for investor migrants. They suggested 12 months would be more appropriate and, for simplicity, the time given should be the same regardless of the investment category chosen by the investor.
9. Other key themes that recurred across the sessions are summarised in **Annex One**.

Government agencies

10. Overall, government agencies were supportive of the intent to simplify settings and improve FDI to New Zealand. Specific points of note include:
- a. **HUD** commented that the proposed changes likely to support Government's priorities in the housing and urban development systems, including an increase in new housing stock.
 - b. **International relations** 
 - c. **Treasury**: In general support any investment in government bonds. Noting the market is very large (\$180bn), a moderate number of investor class visas with requirements in the millions will not be material with respect to overall market liquidity.

You have choices to change some settings in response to feedback

11. We received feedback on specific policy settings and have provided options for change to consider in response to this feedback, found at **Annex Two**. We seek your direction on your preferred approach to finalise the draft Cabinet paper and can discuss these at the officials meeting on 29 October.

NZTE and determining acceptable investments

12. To date, the following applications for approval under the AIP programme have been received and assessed by NZTE:

- a. **Direct investments:** 222 applications received, of which 135 were approved, 62 declined, three withdrawn, and 22 to be finalised. The most common reason for an application being declined is not demonstrating that proposed investment would clearly contribute to the Government’s economic strategy (by being a high growth potential firm or by contributing to positive social and economic impacts).
 - b. **Managed funds:** 60 applications received, of which 35 were approved, 11 declined, five withdrawn, and nine to be finalised. The types of managed funds that were declined were primarily construction loan funds, and those with a land focus (such as investment into agricultural assets).
13. As proposed, an option for change is to amend immigration instructions guiding New Zealand Trade and Enterprise’s (NZTE) determination of acceptable investments [REQ-0002670]. Feedback from a number of stakeholders indicated a desire for NZTE’s decision making processes to be more transparent so as not to undermine the AIP visa’s social licence and to lead to the approval of more acceptable investments that clearly align with Government’s objectives.
 14. MBIE has been working with NZTE on proposed changes to instructions. On 14 October, NZTE provided the Ministers of Immigration and Economic Development with advice on changes to immigration instructions to facilitate a broader range of direct investments and managed funds. The proposed changes include amending:
 - a. **Instruction BN1 (Objective)** to remove the globally successful requirement and any reference to the skills and experience of investors
 - b. **Appendix 15** to include a list of sectors that capture businesses that utilise land as an integral part of their business model and to remove ambiguity surrounding language such as “high growth.”
 15. These proposed changes are consistent with what MBIE has been working on. Any changes require joint approval from the Minister for Economic Development and the Minister of Science, Innovation and Technology [CAB-22-MIN-0162.01 refers].
 16. You have a choice to progress these changes either earlier than the broader suite of proposals (in late December) or as part of the broader suite of changes. The aim is to submit to you all immigration instruction changes in mid-December. Progressing these changes earlier would require trade-offs with other priorities.

Risks to manage

17. Consultation highlighted some key risks with the proposed changes as summarised in **Table 2** below.

Table 2: Key risks and mitigations

Risks	Mitigations
<p>Change can create uncertainty Some stakeholders emphasised, and MBIE agrees, that it is important for changes to policy settings to be enduring given that investors want certainty and because their migration decisions are long-term and strategic in nature. Significant</p>	<p>Proposed changes have undergone targeted consultation with internal and external stakeholders of the AIP programme to gauge the risk level of each proposal and to identify any unintended consequences. The proposals suggested are necessary to give effect to Government objectives to facilitate greater foreign investment. Consultation has</p>

Risks	Mitigations
amendments will create uncertainty and potentially be disruptive to investment planning.	confirmed it is necessary to simplify what is generally regarded as a very complex visa.
<p>Increase in lower-impact investment Direct investments and managed funds (i.e., areas where there are gaps in the market requiring government intervention) could see less investment than they do currently due to the expansion of the classes of acceptable investment to include lower risk, passive investment options. This would likely lead to criticism that the changes are not consistent with government's focus on economic growth.</p>	<p>The proposed changes to settings obligate investors to make a minimum of \$1 million investment into direct investments and/or managed funds (i.e., it will not be possible to make a purely passive investment). The proposed settings were considered by most stakeholders to incentivise active investment choices. It is also the responsibility of investment entities to offer attractive investment opportunities for investors, and for NZTE to help connect investors with potential investment opportunities.</p> <p>Following Cabinet's decisions, communications about the desired outcomes to, primarily, increase the volume of foreign investment in NZ and to continue to encourage active investments and, second, to attract skilled investors willing to share their human capital with NZ firms can be made.</p>
<p>Expansion into residential property necessitates clear parameters Stakeholders commented that if residential property development is included as an acceptable investment, applicants may seek to build a home for themselves or their immediate family or a single residential dwelling, which would not align with economic growth objectives.</p>	Immigration instructions to state that new residential property developments are not permitted for the applicants' personal use, that development of a single dwelling is not sufficient, and that the investment must result in more demand from the construction sector and increase new residential housing stock for New Zealanders.

Settings outside the immigration system play an important role in attracting and retaining investors

18. Most stakeholders emphasised the importance of a joined-up approach across Government to best support the attraction and retention of investor migrants. Many stated that regardless of what changes were made to the visa's settings, it was equally important to address barriers outside the immigration system that impact the AIP visa's performance, notably settings related to purchasing residential property and tax rules.

Purchasing residential property

19. Most stakeholders commented on the difficulties associated with purchasing a home to live in for investor migrants and the deterrent this creates when considering whether to apply for an AIP visa. Typically, investor migrants are described as 'global citizens' and infrequently remain in one country for extended periods of time. Hence, there is an inherent tension between typical investor migrant behaviour and the requirements necessary to be able to purchase residential property to live in in New Zealand.
20. We have provided this feedback to the Treasury, who are undertaking a review of the Overseas Investment Act 2005 [CAB-24-MIN-0340 refers]. Consistent with the National Party and New Zealand First Coalition agreement, repealing the foreign buyer ban is out of scope of this reform.

21. We note that currently, resident-visa-holders who want to purchase a residential property to live in but are not yet ordinarily resident in New Zealand¹ may be able to do so but will need to apply for consent from the Overseas Investment Office,² commit to living in New Zealand for at least 183 days in the following year, and become New Zealand tax residents. Conditions will also apply to the grant of consent³ and these remain in place until the investor becomes ordinarily resident.

Foreign investment fund (FIF) rules

22. Confidential advice to Government [REDACTED] It is understood that the FIF rules are likely to be a significant deterrent to migrants with FIF interests becoming New Zealand tax residents, though tax will only be one factor that investor migrants consider as part of their migration decision.

Confidential advice to Government [REDACTED]

Confidential advice to Government [REDACTED]

Next steps

Implementation timing

25. As advised, the proposed changes could go live end of February 2025 by making changes to the PLONE application form. This assumes that there are no further changes to work programme priorities or to the existing suite of policy settings proposed. INZ will need to use manual workarounds to give effect to the settings until the end of June 2025, when changes to AMS are expected to be completed. A detailed implementation plan will be provided next week that will also outline implementation risks. A key risk is that to meet this timeframe, ICT work needs to commence ahead of changes to immigration instructions being certified (i.e. if there are any changes post Cabinet these may impact ICT changes, which will delay the February implementation date. This risk is assessed as low).
26. Changes relevant to section 49 compliance checks may take longer but will be completed by the time compliance checks are due for applicants under the new model.
27. Following your direction on final proposals for change, we will provide an implementation plan in early November. This will include roles and responsibilities of NZTE and INZ.
28. We are also working with MBIE Legal to address concerns about the potential scope of personal information being collected in relation to the inclusion of a survey requirement as

¹ To be ordinarily resident in New Zealand for residential property purchases, investor migrants must meet all four of the following criteria: have a residence class visa, have lived in New Zealand for at least the last 12 months, have been physically present in New Zealand for at least 183 days of the last 12 months, and be a tax resident of New Zealand.

² Consent requirements will differ depending on the type of land sought by the investor (e.g., residential vs rural).

³ Everyone named in the consent must live in the property as their main home, be present in New Zealand for at least 183 days in each 12-month period after consent is granted, and continue to hold a resident visa.

part of visa conditions for investor migrants under the AIP visa. This information would improve MBIE’s evidence based about follow on investments made by investors and assist in the development of the impact evaluation plan Cabinet directed officials to undertake five years after the go-live of the visa [CAB-22-MIN-0162.01 refers].

Cabinet process

29. We seek your direction on your preferred approach to finalise the draft Cabinet paper and feedback on the draft Cabinet paper. We are keen to discuss any feedback at the officials meeting on 29 October 2024. **Table 3** sets out key milestones:

Table 3: Key miles and associated dates

Milestone	Date
Departmental consultation on the Cabinet paper	24 October – 1 November 2024
Minister provides feedback at officials meeting	29 October 2024
Updated Cabinet paper to Minister and implementation plan	31 October 2024
Ministerial consultation	1 – 11 November 2024
Final paper to Minister	12 November 2024
Lodge paper	14 November 2024
Cabinet Economic Policy Committee	20 November 2024
Cabinet	25 November 2024
Implementation	End of February 2025

Annexes

Annex One: Summary of submissions

Annex Two: Proposed changes to settings based on stakeholder feedback

Annex Three: Draft Cabinet paper

Annex One: Summary of submissions

Annex One: Summary of targeted consultation submissions / feedback

Consultation was undertaken with: Angel Association New Zealand, ANZ, BNZ, Business New Zealand, Employers and Manufacturers Association, Edmund Hillary Fellowship, JBWere, Jarden, Minister of Immigration’s Immigration Advisor Group, members of the Immigration Reference Group and immigration industry professionals, Migrant Investor and Entrepreneur Association, New Zealand Private Capital and Origin Partners. We also consulted with a number of NZTE managed funds, including Alvarium, Collinson, Ecliptic, Greenmount, Global From Day One, Icehouse Ventures, Motion Capital, Movac, Outset, Private Capital Group and Punakaiki.

Key feedback	Summary of comments	MBIE response	Recommended action
<p>Attraction of FDI requires a joined up government strategy including:</p> <ul style="list-style-type: none"> relaxing the Foreign Investment Funds (FIF) rules and Overseas Investment Office (OIO) residential property requirements an effective implementation approach, and stable settings to provide certainty. 	<p>The New Zealand Inc approach is crucial to attracting and supporting investor migrants. Being able to purchase a property helps investor migrants and their families to settle in New Zealand. It also would show New Zealand is welcoming to migrants who make significant investments.</p> <p>Changes to the FIF rules are necessary to ensure the proposed immigration policy changes have the intended impact of attracting migrant investors.</p> <p>Good implementation is key to driving more active investment (i.e. converting migrant investors’ risk profile), specifically by connecting investors to opportunities, networks and supporting them to become familiar with the New Zealand investment ecosystem.</p> <p>Some commented that tinkering with the settings can create instability for the market, undermine current investment and put at Fund Managers risk interest in the program.</p>	<p>MBIE acknowledges that immigration settings are one lever to attract and retain investor migrants to New Zealand.</p> <p>Confidential advice to Government</p> <p>The Treasury are reviewing the Overseas Investment Act to refine the Overseas investment screening regime. The aim is to fast track general screening over sensitive land, significant business assets, and fishing quota by refocussing on risk.¹ Cabinet agreed to retain the general prohibition on foreign investors acquiring or speculating in residential property (consistent with the commitment in the National Party and New Zealand First Coalition Agreement). Options for investors to purchase a residential property include:</p> <ul style="list-style-type: none"> Investors with a residence class visa (who are not ordinarily resident) can gain consent by committing to residing in NZ for at least 183 days in each 12- 	<p>Provide advice to the Minister of Immigration that the Government would need to repeal the foreign buyer ban to relax the OIO rules.</p> <p>As part of any changes, communicate information about current options for investor migrants to purchase residential property.</p>

¹ [Overseas investment changes to get New Zealand off the bench | Beehive.govt.nz](https://www.beehive.govt.nz/news/overseas-investment-changes-to-get-new-zealand-off-the-bench)

Key feedback	Summary of comments	MBIE response	Recommended action
		<p>month period after the consent is granted.²</p> <ul style="list-style-type: none"> Investors can also sometimes be eligible for an exemption to purchase apartment units “off the plans” (for investment property purposes).³ <p>NZTE is responsible for investor migrant attraction and aftercare services (to match investor migrants with active investment opportunities and the investor community) and determining what is an acceptable investment.</p>	
<p>Divergent views on broadening the acceptable investments (quality vs quantity trade-off)</p>	<p>The current settings are too restrictive and require investors to take on a reasonable amount of risk in a market they are unfamiliar with (the upfront investment risk requirement is too high of a hurdle for some). General agreement that over time investors shift into higher risk investments. The proposed settings cater for different risk profiles.</p> <p>Some stakeholders, representing early-stage businesses and Venture Capital funds, commented that the inclusion of bonds and property are not aligned with the intent of the AIP policy (to facilitate capital that comes with connections and capability to bring additional value to the New Zealand economy above FDI commitments and to address the market gap in early stage capital markets). There were views that the proposed settings will likely divert investment away from growth investments (ie investors will opt for the path of least</p>	<p>MBIE acknowledges there is an evidence gap regarding follow on investments and downstream benefits. One of the proposals is to survey investor migrants more regularly to build an evidence base and MBIE will consider other research options to quantify direct and spillover benefits of investor migrants.</p> <p>Research from BERL in 2017⁴ found that the volume of follow on investment (i.e., investment that is independent of that made during the application process) made by Investor 1 and 2 applicants between 2009 and 2017 was estimated at \$1.7 billion (based on looking at bank data). Qualitative assessment is that investors were regarded as being “much more risk seeking” after the application phase, and some investors identified as being more conservative in their immigration investments were</p>	<p>Provide options to the Minister of Immigration on the inclusion of bonds; including capping the amount and/or specifying bonds that could be included and/or excluded. Once final decisions are taken, make corresponding updates to immigration instructions (ie purpose/objectives).</p>

² [Buying residential property to live in | Overseas investment Guidance \(linz.govt.nz\)](https://www.linz.govt.nz/overseas-investment-guidance/buying-residential-property-to-live-in)

³ [Investing in apartments | Overseas investment Guidance \(linz.govt.nz\)](https://www.linz.govt.nz/overseas-investment-guidance/investing-in-apartments)

⁴ Determining follow-on investment by investor migrants outside their application for residence. BERL, September 2017.

Key feedback	Summary of comments	MBIE response	Recommended action
	<p>resistance) and there is no certainty that investors will become more active over time. The majority were supportive of the minimum \$1m requirement into direct investment and managed funds. However, views diverged depending on the stakeholder group. Some immigration advisors thought it was too high, while banks / wealth management firms thought it was acceptable.</p> <p>Clarity on what the Government is seeking to achieve through the proposed changes (increasing capital or looking to attract human capital and skills) is necessary. Some stakeholders suggested that if the focus of these changes is increased capital, then other visa pathways should focus on facilitating human capability. Reopening Investor 2 or creating a bespoke visa were suggested options.</p> <p>Those opposed to the inclusion of government bonds commented that bonds do not provide a benefit to the New Zealand economy, there is no gap in the market and the impact to overall market liquidity would be immaterial. Some would endorse a cap or increasing the investment amount for the Balanced category. Creating a specific long-term government bond with a high entry point was suggested to test the market. Some commented that there is also no market failure in property, therefore does not warrant inclusion. Although some noted there is merit in allowing investments where a business model is reliant on property and can demonstrate additionality.</p> <p>Other stakeholders held a view that bonds are another form of capital, which enable companies to grow or government to fund its</p>	<p>considered to be more likely to move their investments into growth (i.e., non-bond) investments once trusted networks were established in New Zealand.</p> <p>We cannot determine if bonds issued by private companies have been undersubscribed as we only have visibility over those that are traded via the NZX Debt Market, rather than those traded privately.</p> <p>The proposed changes are focused on changes within the AIP settings. Developing new visa policies or reopening old ones are out of scope.</p> <p>A review of Entrepreneur and the Global Impact Visa is not on the immigration policy work programme, however, MBIE is taking conscientious of a portfolio approach for investor and entrepreneur migrants.</p> <p>Creating a specific government bond is outside the scope of this review.</p>	

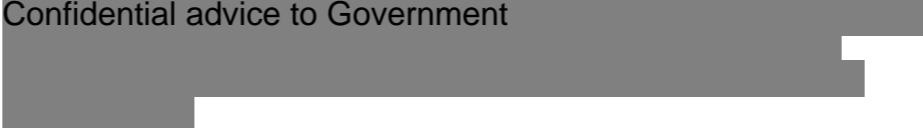
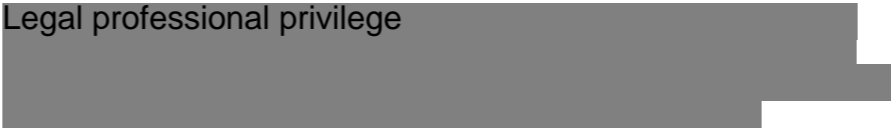
Key feedback	Summary of comments	MBIE response	Recommended action
	<p>priorities. More liquidity in the market can lower the cost of capital.</p>		
<p>There is an opportunity to expand the offerings of acceptable direct investments (approved by NZTE) to increase economic benefit to New Zealand.</p>	<p>Consistent feedback was that there have been some proposed acceptable direct investments declined by NZTE that would otherwise appear to align with Government’s social and economic objectives. Examples cited were where investments involve land acquisition and/or land development (or repurposing) that add value to New Zealand’s economy.</p> <p>Other feedback was that more mature/established VC/PE firms in New Zealand do not seek ‘acceptable’ investment status from NZTE as they can already raise the capital required for subsequent funds from existing investors. A simplified process of becoming ‘acceptable’ may lower the barrier for these funds. This could increase the Managed Funds offerings available to migrant investors.</p> <p>Many expressed a view that generally tweaking the settings would improve the attractiveness and success of the visa.</p>	<p>One of the proposed changes is to amend instructions (specifically Appendix 15 – Criteria for managed funds and direct investments) to better guide NZTE’s determination of whether an investment into a business should be an acceptable direct investment.</p> <p>MBIE acknowledges that some more established firms may not seek acceptable investment status if they do not need to increase their funding streams and that this narrows the availability of investment options towards smaller funds with a greater need for capital. However, there is nothing preventing more established firms from applying to NZTE to become acceptable funds if they wish. We acknowledge that there may be benefit in having a fast-tracked approval process for those more established funds, however,.</p>	<p>Continue work as proposed.</p> <p>Provide feedback to NZTE on the suggested streamlined pathway for more established Managed Funds.</p>
<p>Time in New Zealand requirements for the Growth category are too low.</p>	<p>The time requirements are inconsistent with a goal of leveraging investors broader knowledge and expertise to support the growth of their investments. More time in New Zealand would support active participation in the companies they are investing in and have flow-on benefits to New Zealand’s investment ecosystem.</p> <p>Concern around social licence issues because investors can gain permanent residence by spending 21 days in New Zealand over three years. A small number of stakeholders</p>	<p>MBIE has reduced the time in New Zealand required to incentivise active participation. The current settings are 117 days over four years (or 28 days per year). Feedback is that the time requirements are a barrier for most and investors are ‘global citizens’ – a lifestyle not consistent with requiring longer time in New Zealand. The proposed settings are less than Investor 1 and 2, which required 88 days over three years for Investor 1 and 146 days per year for three years for Investor 2.</p>	<p>Provide options to the Minister of Immigration for an increased time in New Zealand requirement for the proposed Growth category.</p>

Key feedback	Summary of comments	MBIE response	Recommended action
	expressed a view that the requirements should be removed in entirety.		
Timeframe to invest and transfer is too short.	Some commented that the requirement to invest within six months is too short, particularly for higher risk asset classes, as there can be a range of variables to coordinate – liquidation, transfer, legal paperwork, etc. All agreed with the principle of a reduced period (it is currently 36 months) because of the economic benefit to New Zealand. The alternative timeframe proposed was 12 months, noting many would transfer sooner where possible.	MBIE agrees that it would be beneficial to permit more time for investors to complete the transfer and investment of their funds so that they can undertake the due diligence necessary for them to be comfortable in making their investments. We have proposed having a consistent transfer and investment period (12 months) for both categories for simplicity and to acknowledge the feedback that many of the investments in the Balanced category will also require about 12 months to make a considered investment decision.	Provide an option to the Minister to increase the time period from 6 to 12 months.
Divergent views on English language requirements	The majority of stakeholders supported the removal of English language because many wealthy investors who do not meet the standard have interpreters or agents. Others were concerned about the signal this sends in relation to investors actively participating in the investment community. Some level of English should be required. One consideration raised was whether the proposal could expose investors to more risk (ie inability to properly undertake due diligence).	Retain the English language requirement for the Growth category may discourage active investment and steer applicants towards Balanced category. Anecdotal evidence suggests that the current settings may have excluded highly talented and well-resourced investors who either conduct large-scale business globally with the help of interpreters or who are proficient and perceive the requirements as compliance cost for investor migrants.	Provide options to the Minister of Immigration.
Confidential advice to Government	Confidential advice to Government	Confidential advice to Government	Provide options to the Minister of Immigration

Key feedback	Summary of comments	MBIE response	Recommended action
	Confidential advice to Government [Redacted]	Confidential advice to Government International relations [Redacted]	

Annex Two: Proposed changes to settings based on stakeholder feedback

	Current proposal	Feedback received	Choices
Acceptable investments (Balanced category)	Specify infrastructure and government bonds as acceptable investments (no limit on the amount able to be invested)	<p>Treasury has indicated that bonds are not typically earmarked for specific categories of spending or projects and wealth management firms indicated many commercial bonds can be labelled misleadingly as ‘infrastructure bonds’ and there are concerns around the accountability of the bond issuers to use the funds for purposes originally specified – desirable to keep requirements general.</p> <p>A wealth management firm indicated that a cap on bonds would provide a fair compromise between helping investors to balance their risk profiles while acknowledging that bonds are generally of low benefit to the New Zealand economy</p> <p>Wealth management firms and banks generally indicated that if investment in infrastructure was the objective, then investment in central and local government bonds would likely facilitate that sort of investment, and that corporate bonds may also facilitate this investment from specific organisations (e.g., Infratil).</p> <p>A bank indicated that the primary benefit associated with bonds is that they raise capital that can facilitate active investment by New Zealand businesses (e.g., to fund their growth or towards public infrastructure projects).</p>	<p>To provide a balanced response to the feedback, MBIE recommends:</p> <ul style="list-style-type: none"> Permitting investment in any type of government (central or local) or corporate bonds under the Balanced category, unless the primary beneficiary of the investment would be an overseas entity or project, AND Placing a cap on bond investment at 10% of the total investment amount (i.e., \$1 million of a \$10 million investment under the Balanced category).
International relations	International relations	International relations	International relations
Acceptable investments (Growth category)	Permit Growth category investors to invest in any of the acceptable investment types available under the Balanced category (such as philanthropy) as long as those investments do not exceed 25% of the total investment amount required (i.e., \$5 million)	Although stakeholders did not express concern with this proposed setting, considering strong feedback in favour of keeping settings simple and clear, MBIE considers that it may add an unnecessary layer of complexity to both the policy settings and operationalisation of the visa and would not align with other changes being made to simplify the visa.	MBIE recommends allowing investment in direct investments and / or managed funds under the Growth category only.
Transfer and investment period (both categories)	Six months to transfer and investment all investment funds	Wealth management firms and some immigration advisors indicated six months may provide too little time for some investors and the period should be the same across categories for simplicity.	MBIE recommends 12 months to transfer and invest all investment funds to provide adequate time for investors to undertake due diligence on potential investments
Time in NZ (both categories)	21 days – Growth category 105 days – Balanced category	Many stakeholders considered that more time is needed for investors to settle and meaningfully engage with NZ’s investment ecosystem, counter possible perceptions that residence is being “sold” and maintain social licence for investor migration pathways.	<p>MBIE recommends increasing the time for Growth to 42 days (two weeks per year across investment period)</p> <p>AND</p> <p>For every \$1 million invested into direct investments and/or managed funds beyond the base \$1 million required to be made in those investments, the time requirements in NZ reduce by two weeks (14 days) – Balanced category</p>
English language (both categories)	No requirement for either category	The majority of stakeholders were pleased that this requirement had been removed.	MBIE recommends that the status quo requirement (IELTS 5.0 or equivalent test) is retained for the Growth category and that there be no requirement for the Balanced category.

	Current proposal	Feedback received	Choices
		Wealth management firms indicated that the lack of a language requirement may expose investors to risk, making it challenging for them to undertake appropriate due diligence.	Following previous advice about English language requirements [BRIEFING-REQ-0002670] MBIE maintains that a requirement of less than IELTS 5.0 may risk undermining the AIP visa's intent to enable skilled and experienced active investors to help grow NZ businesses via the direct sharing of human capital. It is possible that the use of an intermediary may not facilitate a comparable level of engagement with businesses and their staff (e.g., the direct sharing of knowledge in a mentoring capacity).
Beneficial ownership (both categories)	Applicants can nominate funds/assets for which they can demonstrate beneficial ownership	<p>Many commented on the risks associated with anti-money laundering (generally, not specific to this proposal). Very few stakeholders provided feedback suggesting that beneficial ownership should be permitted, though they noted that current instructions can oblige investors to have to reorganise their financial / legal arrangements simply to comply with immigration instructions and that this is a common source of frustration for applicants from the United States of America.</p> <p>Confidential advice to Government </p> <p>Legal professional privilege </p>	<p>You have a choice to:</p> <p>EITHER extend the ownership requirements to include beneficial ownership</p> <p>OR</p> <p>make no change to ownership requirements (the latter is recommended by MBIE because it does not appear to be a major impediment and would compromise operational efficiency).</p>

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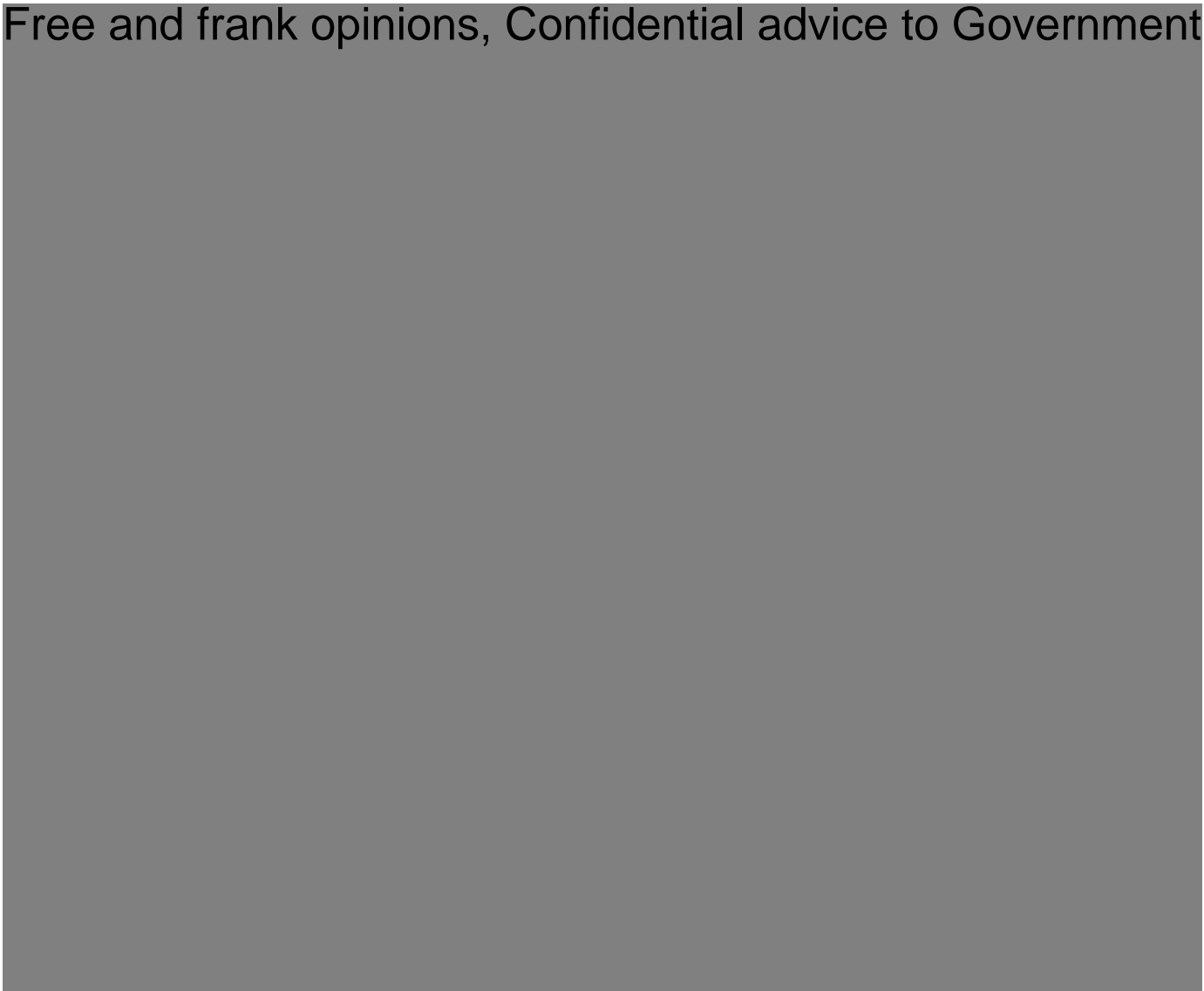
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