



COVERSHEET

Minister	Hon Iain Lees-Galloway	Portfolio	Immigration
Title of Cabinet paper	Post-pilot expansion and ongoing implementation of the Welcoming Communities Programme	Date to be published	TBC

List of documents that have been proactively released

Date	Title	Author
21 August 2019	Post-pilot expansion and ongoing implementation of the Welcoming Communities Programme	Office of the Minister Of Immigration
21 August 2019	SWC-19-MIN-0099	Cabinet Social Wellbeing Committee

Information redacted

NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

In Confidence

Office of the Minister of Immigration

Chair, Cabinet Economic Development Committee

Post-pilot expansion and ongoing implementation of the Welcoming Communities Programme

Proposal

1. This paper seeks Cabinet agreement to the post-pilot expansion and ongoing implementation of the Welcoming Communities Programme. The paper proposes that \$6.665 million additional Immigration Levy Revenue be committed to settlement over four years (2019/20 – 2022/23) to support the expansion of the Welcoming Communities Programme, and \$0.5million in outyears to support ongoing implementation.

Executive Summary

2. In 2017, an interagency process to prioritise settlement funding identified a two-year pilot Welcoming Communities Programme as an opportunity to trial an innovative new approach to supporting improved social inclusion outcomes for recent migrants. Ministers agreed (refer paragraph 7 below), and during 2017/18 – 2018/19 the Ministry of Business, Innovation and Employment (MBIE) established the pilot Welcoming Communities Programme. MBIE has supported ten local councils across five sites (comprised of a council or groups of councils) to develop and implement plans to create intentionally welcoming and inclusive environments for newcomers – recent migrants, former refugees and international students.
3. Findings from the interim evaluation of the pilot Programme indicate that it is on track to deliver its expected outcomes. These findings include that (within the five pilot sites) it is contributing to a positive shift in community perceptions of newcomers, growth in community engagement, locals taking on a ‘welcoming’ role, and local councils taking a more visible leadership role in promoting diversity and inclusion.
4. I am seeking Cabinet agreement to the post-pilot expansion of the Welcoming Communities Programme to up to a further 30 sites across New Zealand between 2019/20 – 2022/23 and to its ongoing implementation.
5. Expansion and ongoing implementation of the Welcoming Communities Programme will maintain and build on the momentum created during 2017/18 – 2018/19 and expand the coverage of the Programme to more than half of all New Zealand councils, making a discernible impact across New Zealand.

6. The Welcoming Communities Programme contributes to creating communities where everyone can participate, contribute, and thrive, thereby generating economic, social, civic and cultural benefits for the community. The Programme's anticipated outcomes align with and support a number of cross-government work programmes and strategies that focus on promoting community engagement and improving social inclusion. Post-pilot expansion and ongoing implementation of Welcoming Communities will make a significant contribution to these and to the Government's response to the 15 March terror attacks.
7. Ministers agreed that the 2017/18 – 2018/19 pilot be funded from a short term allocation of accrued Migrant Levy revenue [B3398 16-17]. The purpose of the accrued Migrant Levy revenue funding pool is to support short term settlement initiatives including pilot, one off and transitional initiatives. The funding for the Welcoming Communities pilot Programme ended on 30 June 2019. The Minister of Finance and I agreed to an additional allocation of accrued Migrant Levy revenue for 2019/20 to support the Welcoming Communities programme while decisions on its expansion and longer term funding are made. The 2019/20 Accrued Migrant Levy revenue funding is not sufficient to support post pilot expansion or ongoing implementation of Welcoming Communities.
8. I propose that Cabinet approves an additional allocation of Immigration Levy funding for settlement of \$6.665M over four years to support the post-pilot expansion of the Welcoming Communities Programme, plus \$0.5M in outyears to support its ongoing implementation. This is aligned with the purpose of the Immigration Levy revenue that is allocated for settlement services: to support long term settlement services that align with the New Zealand Migrant Settlement and Integration Strategy outcomes, have direct benefits for recent migrants and have an established evidence base. This additional allocation would be funded through the Immigration Levy hypothecation account, with no impact on the levy amounts paid by migrants.

Background: The pilot of the Welcoming Communities Programme

The Welcoming Communities Programme was piloted from 2017/18 – 2018/19 to trial its contribution to improving social inclusion outcomes for recent migrants.

9. The New Zealand Migrant Settlement and Integration Strategy (the Strategy), approved by Cabinet in 2014, sets out the Government's approach to effectively settle and integrate recent migrants [EGI Min (14) 15/8]. The Strategy identifies five measurable outcome areas integral to the successful settlement and integration of recent migrants – Employment, Education and Training, English Language, Inclusion, and Health and Wellbeing. Agencies across government provide settlement information, services, tools and resources that support each of the Strategy outcomes.
10. During the 2017 interagency process to prioritise settlement funding, a two-year pilot of the Welcoming Communities Programme was identified as an opportunity to trial and evaluate a new and innovative approach to improving social inclusion outcomes for recent migrants. Areas for improvement against the outcome indicators in the

Strategy's *Inclusion* outcome¹ area had been identified and recognition was given to the potential long term contribution of the Welcoming Communities Programme to strengthening service provision in this area.

11. The Minister of Immigration and the Minister of Finance agreed to a short term allocation of Accrued Migrant Levy revenue funding (\$0.5M in each year) to support the pilot of the Welcoming Communities Programme in 2017/18 – 2018/19 (refer to Annex 1 for detailed information about funding that supports settlement). This approval was on the basis that the Welcoming Communities pilot aligned with the funding criteria for services that support migrant settlement and integration, noted by Cabinet in 2017 [EGI -17-MIN-0075]².

The focus of the MBIE-led Welcoming Communities Programme is supporting local councils and communities to create welcoming and inclusive environments for newcomers

12. Welcoming Communities introduces a new focus on the role of receiving communities by involving local residents in welcoming activities and facilitating community connections, engagement and participation. The Ministry of Business, Innovation and Employment (MBIE) has led the pilot of the Welcoming Communities Programme in collaboration with the Office of Ethnic Communities. MBIE actively supported participating councils and their communities to create intentionally welcoming and inclusive environments for newcomers – recent migrants, former refugees and international students.
13. The Welcoming Communities approach focuses on strengthening social inclusion by encouraging and facilitating positive interactions between people, ensuring newcomers are able to access services and activities that enable them to participate fully in the community and fostering an inclusive sense of culture and identity. The approach contributes to creating communities where everyone can belong, participate, contribute and thrive, thereby generating economic, social, civic and cultural benefits for the community. In an internationally competitive labour market a welcoming and inclusive environment provides regions with a competitive edge to attract and retain newcomers with the skills to fill shortages in their workforces.
14. The 15 March terror attacks underline the importance of the Welcoming Communities Programme in building community resilience and supporting social inclusion and understanding. Welcoming Communities coordinators used their community contacts and networks to take a leadership role in their communities' responses following the events in Christchurch.

¹ The overarching objective for the Inclusion outcome area is "Migrants participate in and have a sense of belonging to their community and to New Zealand"

² The criteria include that settlement services should support the Strategy outcomes, contribute to an effective mix of settlement services, not duplicate any other settlement service provision, identify opportunities for collaboration and joint up service delivery, be feasible in terms of the estimated cost, design and implementation plan and the capacity responsible agency/ies to deliver and have a robust monitoring and evaluation framework in place.

During the pilot MBIE, in collaboration with the pilot sites, has developed the key components of the Welcoming Communities Programme

15. The Welcoming Communities Programme was piloted with ten local government councils (councils) across five sites (comprising a council or groups of councils) during 2017/18 – 2018/19³.
16. The development of the pilot has been informed by evidence of the effectiveness of existing global welcoming initiatives, including Welcoming America and Welcoming Cities Australia. MBIE has learnt from and adapted best practice from these longer standing welcoming models. MBIE is a founding member of the Welcoming International network which supports and connects institutions that are advancing social inclusion around the world. Welcoming Communities New Zealand has now gained international recognition as an innovative government-led approach to supporting migrant inclusion.
17. The Welcoming Communities Standard for New Zealand (the Standard) provides local councils and communities with a benchmark for what a successful welcoming community looks like in the following areas:
 - Inclusive Leadership;
 - Welcoming Communications;
 - Equitable Access;
 - Connected and Inclusive Communities;
 - Economic Development, Business and Employment;
 - Civic Engagement and Participation;
 - Welcoming Public Spaces; and
 - Culture and Identity.
18. MBIE has supported each of the five pilot sites to develop a bespoke Welcoming Plan aligned with meeting the Standard's outcomes. Welcoming Plans comprehensively set out how new and existing local policies, services, programmes and activities will be developed or enhanced to support a welcoming and inclusive environment. Each site has employed a dedicated Welcoming Communities coordinator and has governance, advisory, project management and monitoring and evaluation arrangements in place.
19. MBIE has developed Welcoming Communities resources to assist pilot sites in their on-the-ground delivery. The resources include a self-diagnostic tool, the 'Putting out the Welcome Mat' toolkit to assist in the development of Welcoming Plans and a Welcoming tips poster.

³ The regions and councils currently involved are:

- Tauranga/Western Bay of Plenty (Tauranga City Council and Western Bay of Plenty District Council)
- Palmerston North (Palmerston North City Council)
- Whanganui (Whanganui District Council)
- Canterbury (represented by Ashburton and Selwyn District Councils)
- Southland (Gore District Council, Invercargill City Council, Southland District Council and Environment Southland– coordinated by Venture Southland).

20. MBIE is currently co-designing a Welcoming Communities accreditation model with local councils. Accreditation will formally recognise that a community has met the outcomes in the Standard and will set the community apart as being intentionally welcoming and inclusive.

Interim evaluation of the Welcoming Communities pilot Programme

21. Evaluation was incorporated as a central component of the two-year pilot of the Welcoming Communities Programme. The purpose was to establish a robust evidence base on the effectiveness of the Programme and its contribution to improving social inclusion. Evaluation evidence collected to date supports decision-making on the potential post-pilot expansion and ongoing delivery of the Welcoming Communities Programme.
22. An independent interim evaluation report, completed in September 2018, provided an assessment of the development, implementation, and early outcomes of the Welcoming Communities pilot. It indicates that Welcoming Communities is on the right trajectory to deliver its anticipated outputs and long term outcomes. Key findings include:
 - local councils taking a more visible leadership role in promoting diversity and inclusion;
 - an explicit shift in the communities from expecting newcomers to 'fit in' to locals taking a 'welcoming' role;
 - a positive change in community perceptions of newcomers and awareness of diversity and inclusion; and
 - growing community engagement and stronger links forming within communities.
23. A final evaluation report of the Welcoming Communities pilot Programme will be completed in October 2019. Post-pilot, MBIE will continue to engage an external provider who will be responsible for repeating the Welcoming Communities Programme evaluation activities conducted to date each year. The evaluation reports, including lessons learned during the pilot will inform the post-pilot stage and continuous Programme improvements.

The Welcoming Communities Programme is part of a wider Government work programme focused on increasing social inclusion

24. The pilot of the Welcoming Communities Programme has formed part of the Government's investment in broad-based community engagement and relationships, increased social inclusion and the promotion of tolerance and diversity.
25. The Welcoming Communities Programme aligns with and supports a number of cross-government work programmes and strategies focused on improving social inclusion (Table 1 below). Expanding the Welcoming Communities Programme and supporting its ongoing implementation post-pilot will make a significant contribution to their desired outcomes for improving social inclusion.

Table 1: Cross-government work programmes and strategies focused on improving social inclusion

Work programme/Strategy	Lead Agency	Contribution
New Zealand Migrant Settlement and Integration Strategy (referred to in paragraph 1 above)	MBIE	Inclusion outcome: <i>Migrants participate in and have a sense of belonging to their community and to New Zealand.</i> Settlement information, services, tools and resources are provided across government to support the Strategy outcomes, with a focus on supporting participation and inclusion in all aspects of work and life in New Zealand.
New Zealand Refugee Resettlement Strategy	MBIE	Participation outcome <i>Refugees actively participate in New Zealand life and have a strong sense of belonging here.</i>
Migrant Exploitation Strategy	MBIE	The Welcoming Communities Programme plays a role in creating an environment where exploitation and harm towards newcomers is more likely to be identified and addressed and trust between newcomers and New Zealand authorities is fostered.
International Student Wellbeing Strategy	Ministry of Education	The International Student Wellbeing Strategy provides a framework for government agencies to coordinate efforts so that international students are welcome, valued and socially connected. Alongside the Wellbeing Strategy initiatives is a small amount of wellbeing funding which in 2020 focuses on diversity and inclusion.

26. Welcoming Communities will also complement the Government’s response to the 15 March terror attacks. With its focus on building community connections and social inclusion, the Programme makes for fewer opportunities for individuals to feel marginalised and contributes to the maintenance of national security and stability.

Cabinet agreement is sought for post-pilot expansion and ongoing implementation of the Welcoming Communities Programme

27. This paper seeks Cabinet agreement that the Welcoming Communities Programme be expanded post-pilot to up to an additional 30 sites (comprising a council or groups of councils) across New Zealand between 2019/20 – 2022/23 and to its ongoing implementation. The 30 sites would be inducted in three tranches over three years from 2019/20⁴.
28. Expanding and committing to ongoing implementation of the Welcoming Communities Programme will:
- maintain the momentum created during the pilot of the Welcoming Communities Programme by expanding coverage to more than half of all New Zealand councils. This will build on the progress that has been made towards anticipated longer term social, economic, cultural and civic outcomes,

⁴ Several councils have expressed an interest in joining the Programme, including Masterton District Council, Napier City Council, Nelson City Council, Hastings District Council, Rotorua City Council and Waitaki District Council.

increase its contribution to the wider government work programme focused on increasing social inclusion and enable the Government to capture the value of the investment it has made during the pilot.

- encourage and enable new sites to commit to and establish the Welcoming Communities Programme and approach in their area through the provision of three years of establishment grant funding (refer paragraphs 37-39 below) and ongoing non-financial assistance from MBIE including:
 - support, guidance and advice: site visits, facilitation of national webinars and workshops and support in monitoring and evaluating the local level impact of Welcoming initiatives;
 - the opportunity to be assessed for accreditation as a Welcoming Community and receive formal recognition that the council and community have met the outcomes in the Welcoming Communities Standard;
 - networking and knowledge sharing with other councils and communities participating in the Welcoming Communities Programme, as well as those operating overseas;
 - access to bespoke Welcoming Communities [resources](#) to assist in on-the-ground delivery, and
 - national and international information and best practice.
- ensure the relationships built between central government, local government and communities during the pilot are maintained. This includes the contribution Welcoming Communities coordinators are providing to the collaborative approach to settlement service delivery in their regions.
- build on the New Zealand Government's international recognition as a leader in supporting local approaches to growing inclusive communities.

29. Once the 30 additional sites are on board and have each received three years of financial support to assist them to establish the Welcoming Communities Programme in their region, MBIE would continue to provide non-financial assistance to all participating sites (paragraph 28 above). MBIE would maintain its ongoing role to lead, support and resource the sites to implement their Welcoming Plans, seek accreditation and embed best settlement practice. This would encourage ongoing participation and commitment to the Welcoming Communities Programme and ensure a high degree of credibility for the programme.

30. The focus on monitoring and evaluation during the pilot of the Welcoming Communities Programme will continue to be central to the expansion and ongoing implementation. Approximately 15 percent of the total proposed funding allocation to support the expansion of Welcoming Communities is budgeted for monitoring and evaluation. The design of the ongoing evaluation will build on the pilot programme's evaluation framework (paragraphs 21-23) and will provide insights that MBIE and participating councils will use to inform future service delivery. In addition, MBIE is

working with each pilot council to set up measures of success for individual initiatives and measures to assess the overall impact of the programme in their region. MBIE will expect additional councils that come on board from 2019/20 to do the same.

31. Questions to help monitor social inclusion over time, which Welcoming Communities is expected to contribute to improving, are also included in a range of research surveys including the MBIE Migrant Survey, the Community Perceptions of Migrants and Immigration survey, the National Survey of Employers and the New Zealand General Social Survey.

Proposed funding to support expansion of the Welcoming Communities Programme

An allocation of accrued Migrant Levy revenue will support the Welcoming Communities Programme in its post-pilot transition phase

32. The Cabinet agreed purpose of the accrued Migrant Levy revenue funding is to support short term settlement initiatives including: small-scale pilot initiatives, initiatives that require one-off funding and initiatives that require temporary funding through a transition phase (Annex 1). On this basis, in April 2019, the Minister of Finance and I agreed to a further allocation of accrued Migrant Levy revenue of \$0.835M in 2019/20 to support the continuation of the Welcoming Communities Programme after the funding allocation for the pilot ends on 30 June 2019 [B2857 18-19]. The 2019/20 funding allocation is intended to support Welcoming Communities in its post-pilot transition phase while decisions are made about it becoming an ongoing and larger scale settlement initiative.
33. The 2019/20 allocation of accrued Migrant Levy revenue is sufficient only to support the five pilot Welcoming Communities sites in 2019/20. It will provide the pilot sites with their third and final year of establishment grant funding and MBIE with resourcing to support the pilot councils in 2019/20.

I am seeking Cabinet agreement to an additional allocation of Immigration Levy revenue to support post-pilot expansion of the Welcoming Communities Programme and ongoing implementation from 2019/20

34. The Immigration Levy, established by Cabinet in September 2015, is charged to some residence and temporary visa applicants⁵. Immigration Levy revenue provides funding for migrant settlement programmes provided across government agencies, immigration research and Immigration New Zealand functions including marketing and attraction, risk management, border and compliance (refer to Annex 1 for detailed information about funding that supports settlement).
35. The purpose of Immigration Levy funding for settlement is to provide a longer term source of funding for settlement services that align with the Strategy outcomes, have direct benefits for recent migrants and have an established evidence base. The post-pilot expansion and ongoing implementation of the Welcoming Communities

⁵ The Levy is charged to principal applicants on temporary (including visitor, student and work) and residence (including skilled migrant, family and some international/humanitarian) visa applications. Levy rates are differentiated based on the immigration functions each broad visa category generates the need for or benefits from.

Programme is aligned with this purpose and Immigration Levy revenue is therefore considered an appropriate source of funding.

36. Total annual appropriations of the Immigration Levy revenue across all the Immigration functions it supports will be \$35.744 million in 2019/20 (before the proposed allocation for Welcoming Communities). This includes the annual \$6.990 million⁶ for cross-agency settlement services that support the Strategy approved by Cabinet in 2015 [EGI -15-MIN-0093]. This \$6.990M for settlement is fully allocated for 2017/18 – 2020/21 to support the seven cross-agency services agreed by Cabinet in 2017 [EGI -17-MIN-0075]. Monitoring and evaluation suggests that each of these services is making a positive contribution to the Strategy outcomes (refer to Annex 1). An additional allocation of Immigration Levy revenue for settlement is therefore required to support post-pilot expansion and ongoing implementation of the Welcoming Communities Programme.

I propose that \$6.665M additional Immigration Levy revenue over four years is committed to Welcoming Communities plus \$0.5 million in outyears

37. I propose that Cabinet approves an additional allocation of Immigration Levy revenue for settlement of \$6.665M over four years to support post-pilot expansion of the Welcoming Communities Programme plus \$0.5M per year in outyears to support ongoing implementation (Table 2 below).
38. The 2019/20-2022/23 funding will cover establishment grant funding for up to an additional 30 sites (comprised of a council or groups of councils) across New Zealand. Each site would receive \$50,000 establishment grant funding per year for three years to contribute to the cost of employing a dedicated Welcoming Communities coordinator. Up to 15 additional sites would be inducted into the programme during 2019/20, up to 10 in 2020/21 and up to 5 in 2021/22.
39. The funding would also provide MBIE with resourcing to support the post-pilot expansion of the Welcoming Communities Programme from 2019/20-2022/23 and to support its ongoing role to lead, support and resource the participating sites in outyears. This will cover: leadership and programme staff, programme evaluation, knowledge sharing and networking, resource development, communications, running workshops, accrediting councils and setting up and holding national awards.

⁶ Note that an additional Immigration Levy allocation for settlement of \$0.767 million from 2018/19 was agreed by Cabinet to support Immigration New Zealand's Migrant Skills Retention Relationships Manager's regional work.

Table 2: Immigration Levy Funding required to support post-pilot expansion and ongoing implementation of the Welcoming Communities Programme

Budget Item	2019/20*	2020/21	2021/22	2022/23	4 year total (2019/20 - 2022/23)	Outyears
Establishment Grant Funding for additional sites (\$50k per council x 3 years)						
Tranch 1 Sites x 15	\$750,000	\$750,000	\$750,000			
Tranch 2 Sites x 10		\$500,000	\$500,000	\$500,000		
Tranch 3 Sites x 5			\$250,000	\$500,000**		
Total establishment grant funding	\$750,000	\$1,250,000	\$1,500,000	\$1,000,000	\$4,500,000	
Total funding for MBIE resourcing	\$150,000	\$695,000	\$660,000	\$560,000	\$2,165,000	\$500,000
Total Immigration Levy revenue sought	\$900,000	\$1,945,000	\$2,160,000	\$1,660,000	\$6,665,000	\$500,000

*The Minister of Finance and Minister of Immigration have agreed to an allocation of accrued Migrant Levy revenue in 2019/20 to provide a third and final year of grant funding (\$50,000 per site) to the current councils involved in the pilot (\$0.250M in total) and for resourcing to support the programme in 2019/20 (\$0.585M). The total amount of accrued Migrant Levy revenue for 2019/20 is \$0.835M.

**The third and final year of grant funding will be provided to the Tranch 3 sites before the end of the 2022/23 year for use during 2023/24.

40. If 15 additional sites, as budgeted for in 2019/20, did not come on board during 2019/20 MBIE would arrange an in-principle expense transfer across financial years for the unspent establishment grant funding. A larger number of additional councils would then become involved in the second year. In 2019/20 MBIE would support all interested councils to lay the foundations needed to commit to the Programme in the 2020/21 year and would work towards building the interest and engagement of other councils in becoming involved.

Consultation

41. The following government agencies were consulted in the development of this paper: The Treasury; Department of the Prime Minister and Cabinet; Ministries of Education, Social Development, Health and Youth Development; Ministry for Women; Tertiary Education Commission; Office of Ethnic Communities; New Zealand Police; Electoral Commission and the Human Rights Commission.

Financial implications

42. This paper seeks agreement to an additional allocation of Immigration Levy revenue. This funding would be an addition to the current Immigration Levy funding that supports existing cross-agency Settlement activities⁷. As outlined in paragraphs 34-36 the current annual Immigration Levy funding approved for settlement services across government agencies is fully allocated.
43. The proposed additional allocations will have no impact on the operating balance but will have an associated impact on the balance of the Immigration Levy hypothecation

⁷ This includes the \$6.990M Cabinet agreed to in 2015, and the additional allocation of \$0.767M for 2018/19 and outyears to support the Settlement Unit Relationships Managers regional work that Cabinet agreed to in 2018.

account. The current estimated balances of the Immigration Levy hypothecation account at year end 30 June 2020 - 30 June 2023 are in Table 3 below. Table 3 also includes the estimated balances if Cabinet approves an additional Immigration settlement allocation for expansion of the Welcoming Communities programme.

44. This additional allocation for the Welcoming Communities programme would delay the return to surplus of the Immigration Levy hypothecation account. The Immigration Levy hypothecation account would be estimated to come into surplus in 2022/23 with the Welcoming Communities allocation, rather than in 2021/22. Any surplus or deficit in the hypothecation account is held by the Crown and in the interim the deficit would be funded by the Crown. Future surpluses would remain with the Crown. As the account is still forecast to return to surplus by 2022/23, no increases to the Levy amounts paid by migrants are proposed because of this delay.
45. The estimated annual balances of the Immigration Levy hypothecation account in Table 2 are based on estimated revenue each year (total Levy paid by migrants) and the appropriations of Immigration Levy revenue that have been agreed by Cabinet. The estimated balances carry inherent uncertainties due to the visa application volume assumptions on which estimated Immigration Levy revenue is based. The estimated balances are based on the visa volume assumptions from the 2018 Immigration fee & levy review. Based on recent growth, particularly in work and student visa volumes, it is likely that (as in 2018/19) future visa volumes will exceed the 2018 fee and levy review forecasts and that Immigration Levy revenue will be higher. The expected risk of the memorandum account coming into surplus later than 2022/23 is therefore low.

Table 3: Estimated balances of the Immigration Levy hypothecation account

Financial year end 30 June	2020	2021	2022	2023	2024
Current estimated balance (\$M)	(4.928)	(2.064)	1.938	7.111	13.492
Estimated balance after Welcoming Communities allocation (\$M)	(5.828)	(4.909)	(3.067)	0.446	6.327

Legislative implications

46. There are no legislative or regulatory implications related to the proposals

Human rights

47. The proposals are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Disability Perspective

48. The Welcoming Communities Programme is inclusive of all newcomers and members of the receiving community, including people with disabilities. It seeks to enable all newcomers and local residents to participate fully in the social, civic, cultural and economic life of the community. Welcoming activities enable all local

residents, including those with disabilities, to connect with newcomers, helping them to feel welcome and included in the places they have chosen to live.

49. Local councils have a responsibility for considering disabled people in the space they oversee, in line with the New Zealand Disability Strategy and the United Nations Convention on the Rights of Persons with Disabilities. I therefore expect that local councils participating in the Welcoming Communities Programme will give consideration to ensuring disabled people are able to participate fully in Welcoming Communities activities.

Publicity

50. After informing current participating councils and key stakeholders, I intend to make a media statement announcing the post-pilot expansion of the Welcoming Communities Programme. This is an opportunity to share the positive outcomes achieved to date and the Welcoming Communities Programme's contribution to facilitating social inclusion. It is also an opportunity to build interest and engagement of other councils in becoming involved in the post-pilot expansion, and of the general public in getting involved in local Welcoming Communities initiatives.

Proactive release

51. I propose to release this Cabinet paper proactively in whole within 30 business days of decisions being made by Cabinet. I do not consider that there are any good reasons to withhold any of the information in the paper.

Recommendations

I recommend that the Cabinet Economic Development Committee:

1. **Note** that the Welcoming Communities Programme is an MBIE-led initiative which was piloted across five sites during 2017/18-2018/19 and focuses on supporting local government councils and their communities to create intentionally welcoming and inclusive environments for newcomers.
2. **Note** that the interim evaluation report for the pilot of the Welcoming Communities Programme indicates that it is on the right trajectory to deliver its anticipated short-term and medium term outcomes which include increased community engagement, social connections and social inclusion and the longer term generation of social, economic, civic and cultural benefits.
3. **Note** that an allocation of accrued Migrant Levy revenue supported the pilot of the Welcoming Communities Programme from 2017/18-2018/19 with ten local government councils across five sites.
4. **Note** that the Minister of Finance and I have agreed to a further allocation of accrued Migrant Levy revenue in 2019/20 as a transitional post-pilot funding arrangement for the Welcoming Communities Programme while decisions are made about its expansion and longer term funding. This funding allocation will support the pilot sites through provision of a third and final year of grant funding but is not sufficient to support post-pilot expansion or ongoing support for the implementation of Welcoming Communities.

5. **Agree** to the post-pilot expansion and ongoing implementation of the Welcoming Communities Programme from 2019/20 which will maintain and build on the momentum created during the pilot and increase its contribution to the wider government work programme focused on increasing social inclusion.
6. **Note** that the Immigration Levy is charged to some residence and temporary visa applicants and provides funding for a number of Immigration New Zealand functions, including longer term migrant settlement programmes which have an established evidence base.
7. **Note** that Immigration Levy revenue accrues in a hypothecation account and that this account is currently in deficit and is forecast to return to surplus in 2021/22.
8. **Agree** to an additional allocation of Immigration Levy revenue, totalling \$6.665M over four years (2019/20-2022/23), to support post-pilot expansion of the Welcoming Communities Programme to up to an additional 30 sites, plus \$0.5M in outyears to support ongoing implementation.
9. **Note** the impact on the Immigration Levy hypothecation account of agreeing to recommendation seven above. The account would be forecast to come into surplus in 2022/23 rather than 2021/22.

Year ended June 30	20120	2021	2022	2023	2024
Current estimated balance (\$M)	(4.928)	(2.064)	1.938	7.111	13.492
Estimated balance after Welcoming Communities allocation (\$M)	(5.828)	(4.909)	(3.067)	0.446	6.327

10. **Approve** the following changes to Vote Labour Market to give effect to the proposal in recommendations five and eight above, to be funded by the Crown entirely from the Immigration Levy revenue, with no impact on the operating balance or net core crown debt:

Vote	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	Outyears
Vote Labour Market	0.9	1.945	2.135	1.645	0.5
Minister of Immigration					
Departmental Output Expense: Immigration Services MCA – Settlement and Integration of Refugees and Other Migrants (funded by revenue Crown)					
Total Operating	0.9	1.945	2.160	1.660	0.5
Total Capital	-	-	-	-	-

11. **Agree** that the proposed change to appropriations for 2019/20 above be included in the 2019/20 October Baseline Update and that, in the interim, the increase be met from Imprest Supply.

Authorised for lodgement

Hon Iain Lees-Galloway
Minister of Immigration

PROACTIVELY RELEASED

Annex 1: Funding that supports settlement

The main sources of government funding that support the New Zealand Migrant Settlement and Integration Strategy are:

- **Crown funding:** supports established settlement services and access to mainstream services that migrants are eligible for, such as healthcare and education provision. Crown funding also funds the provision of settlement information, tools and resources tailored to the needs of recent migrants and their employers.
- **Immigration Levy:** supports settlement services that align with the Strategy outcomes, specifically benefit migrants and have an established evidence base.

The Immigration Levy was introduced in 2015 and replaced the former Migrant Levy. It is charged to principal applicants on temporary and residence visa applications. Levy rates are differentiated, based on the immigration functions each broad visa category generates the need for or benefits from.

Total appropriations of Immigration Levy revenue will be \$35.744 million in 2019/20 (before the proposed allocation for Welcoming Communities) and these contribute to migrant settlement programmes, settlement and immigration research and Immigration New Zealand functions including marketing and attraction, risk management, border and compliance. In September 2015, Cabinet approved \$6.990 million Immigration Levy revenue annually for settlement services provided across government agencies (these had previously been funded from the Migrant Levy revenue).

The current annual Immigration Levy revenue approved for settlement services is fully allocated.

In 2017, Cabinet agreed to revised four year (2017/18 – 2020/21) cross-agency allocations of the \$6.990 million Immigration Levy settlement funding to support seven settlement services that contribute to the Strategy outcomes (Table 1 below) [EGI -17-MIN-0075]. Cabinet agreed Immigration Levy funding allocations would be for four years to support longer term investments in settlement services.

Cabinet delegated authority to the Minister of Finance, Minister of Immigration and relevant vote Ministers to make final decisions on any adjustments to the annual settlement allocations within the overall \$6.990 million Immigration Levy funding approved by Cabinet. This was to be informed by officials' report back before the end of the second year of the agreed funding period (2018/19) on the monitoring and evaluation of services [EGI -17-MIN-0075]. In April 2019, as mandated by Cabinet, the Minister of Finance and I agreed that, on the basis of monitoring and evaluation of the settlement services, no adjustments will be made within the \$6.990 million Immigration Levy settlement allocations for 2019/20-2020/21.

Note that, in addition to the \$6.990M agreed by Cabinet in 2017, in 2018 Cabinet agreed to an additional Immigration Levy allocation for settlement of \$0.767 million from 2018/19. The purpose of this additional allocation is to support Immigration New Zealand's Migrant Skills Retention Relationships Managers regional work.

Table 1: Immigration Levy Allocations agreed by Cabinet for Settlement 2017/18 - 2020/21

Service	Vote	Funding (million)
Allocations agreed in 2017 for 2017/18 – 2020/21		
Regional Skills matching and job assistance services	Labour Market	\$1.227
TEC Work Connect Programme (career mentoring services)	Labour Market	\$1.613
Bilingual Support Workers in schools	Education	\$0.514
ESOL provision for adult migrants	Tertiary Education	\$0.426
ESOL in schools	Education	\$2.460
Multi-lingual Settlement Information Programmes	Labour Market	\$0.650
National level support for organisations that facilitate migrant participation in host communities	Labour Market	\$0.100
TOTAL allocations agreed for 2017/18 – 2020/21		\$6.990
Additional allocations agreed in 2018 for 2018/19 and outyears		
INZ Migrant Skills Retention Relationships Manager regional settlement work	Labour Market	\$0.767
Total Immigration Levy allocations for settlement as at August 2019		\$7.757

- **Accrued Migrant Levy revenue:** supports short term settlement initiatives and allows for responsiveness in the period between Cabinet considerations of longer term Immigration Levy or Crown settlement funding allocations. Short term allocations enable innovative approaches to be trailed and evaluated and for an evidence base to be built before longer term funding is considered.

It is a small amount of Migrant Levy revenue that continued to accrue in 2016/17 (after the Immigration Levy was introduced and visa applications made under the former Migrant Levy were processed) and these funds are held in a hypothecation account. In April 2017 Cabinet agreed that the Minister of Finance and the Minister of Immigration could make decisions on the allocation of accrued Migrant Levy revenue for settlement services for 2017/18 and out-years until the fund is fully allocated [EGI-17-MIN-0075]. The balance at 1 July 2019 will be approximately \$2.303 million.

Examples of services that accrued Migrant Levy revenue supports include:

- Innovative small-scale settlement initiatives that address gaps in services. An evidence base can then be built to inform potential longer term funding allocations.
- Activities or services requiring one off funding.
- Services that may require temporary funding through funding transition periods.