



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
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**New Zealand Residence Programme**

**CABINET PAPER (October 2016)**

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have been made consistent with provisions of the Official Information Act.**

Office of the Minister of Immigration

Chair, Cabinet Economic Growth and Infrastructure Committee

## **New Zealand Residence Programme 2016/17 – 2017/18**

### **Proposal**

- 1 This paper seeks Cabinet's agreement to the planning range for the number of residence approvals for the New Zealand Residence Programme (NZRP) and its constituent streams for 2016/17 and 2017/18. It also proposes changes to skilled migrant and family visa settings to ensure that the proposed NZRP planning range can be achieved.

### **Executive Summary**

- 2 The NZRP sets the total level of residence approvals over a multi-year period and the proportion of residence places allocated to the different residence streams (Skilled / Business, Family, and International / Humanitarian streams). It does not have a close relationship with Permanent Long Term (PLT) migration figures in any year, as most people approved residence are already living in New Zealand.
- 3 The planning range for the 2014/15 – 2015/16 NZRP was between 90,000 and 100,000 people over the two years. I propose that the next NZRP planning range be 85,000 to 95,000 for the two years from 1 July 2016 to 30 June 2018. I also propose that the stream proportions stay largely the same as in previous years i.e. 60 per cent Skilled / Business, 32/33 per cent Family and 7/8 per cent International / Humanitarian.
- 4 The proposed planning range would be a reduction on the previous NZRP and would signal that the Government is taking a managed approach to immigration and is raising the overall skill level of permanent migrants. I have carefully considered options which would reduce the NZRP further. However, I consider that further reductions would require a significant overcorrection and therefore I do not think that, on balance, the benefits would outweigh the risks.
- 5 Immigration New Zealand's resident visa approvals forecast for the current year indicates that approvals are likely to be over 54,000 if no changes are made to policy or processes. As the NZRP is not a hard cap, changes to the constituent visa categories will be needed in order to achieve the lower NZRP planning range over the next two years. High levels of demand for residence in New Zealand, coupled with good information about migrant outcomes, provide an opportunity to improve both policy settings and selection criteria to maximise the NZRP's benefit to New Zealand.
- 6 I therefore propose the following changes:
  - raising the points level for selection under the Skilled Migrant Category (SMC) immediately to stabilise numbers for the current year (the points level will then be reviewed in light of the wider changes to SMC proposed for 2017)
  - clarifying the proxies for meeting the English language requirements under the SMC
  - amending the SMC by realigning the points system and changing the definition of skilled employment to ensure that the SMC prioritises higher-paid and higher-skilled migrants (this would be in place in the second year of this NZRP), and

- reducing the cap for the capped family categories to 2,000 per year (from 5,500 in the last NZRP) and temporarily closing the Parent Category for new applications while it is reviewed.

7 Work is also underway to lift the skill levels of temporary migrants in New Zealand. I will shortly be taking a paper to Cabinet on a one-off pathway to residence for some long-term temporary migrant workers in the South Island that has already been announced. This paper will also seek decisions on changes to temporary visa settings to prevent future cohorts of temporary migrants and their families who do not have a pathway to residence from being able to stay here indefinitely. The paper will seek Cabinet's endorsement for further exploration of changes to the Essential Skills work visa category.

## Background

8 The immigration system supports the Business Growth Agenda (BGA) by building the skill level of the workforce, filling skill shortages, encouraging investment, enabling and supporting innovation and growing export markets. The ability to grant residence supports the attraction and settlement of migrants who support both BGA and wider Government objectives.

### *The NZRP sets a planning range for the number of residence approvals*

9 The NZRP sets a planning range for the total number of people approved residence class visas, and determines the proportion to be granted through different residence streams in order to balance economic and social benefits. The NZRP planning range is not a hard cap, as it contains within it a number of uncapped visa categories. The NZRP drives Immigration New Zealand's (INZ) operational planning, as INZ allocates visa processing resources in order to achieve the planning range.

### *The NZRP is structured in three streams*

10 Planning ranges are set for each residence stream and for the overall NZRP and reflect the Government's key objectives for the immigration system. The previous NZRP had a planning range of 90,000 to 100,000 residence approvals for the two-year period from 1 July 2014 – 30 June 2016 (an average of 45,000 to 50,000 per year). This number has remained largely the same since 2001. Table one below outlines the three residence streams and the proportions allocated in the previous NZRP.

Table One: 2014/15 – 2015/16 NZRP streams and proportions

Residence Stream	Description	Approximate proportion	Two year planning range
Skilled / Business	For skilled workers, investors and entrepreneurs (and their immediate family members)	60%	53,800 - 59,950
Family	For family members of New Zealand citizens and residents. Includes both uncapped categories for partners and dependent children, and capped categories for parents, adult children and siblings <sup>1</sup>	32-33%	29,700 - 32,400
International / Humanitarian	To meet international and humanitarian commitments (for example, the Pacific Access Category and refugee quota)	7-8%	6,500 - 7,650

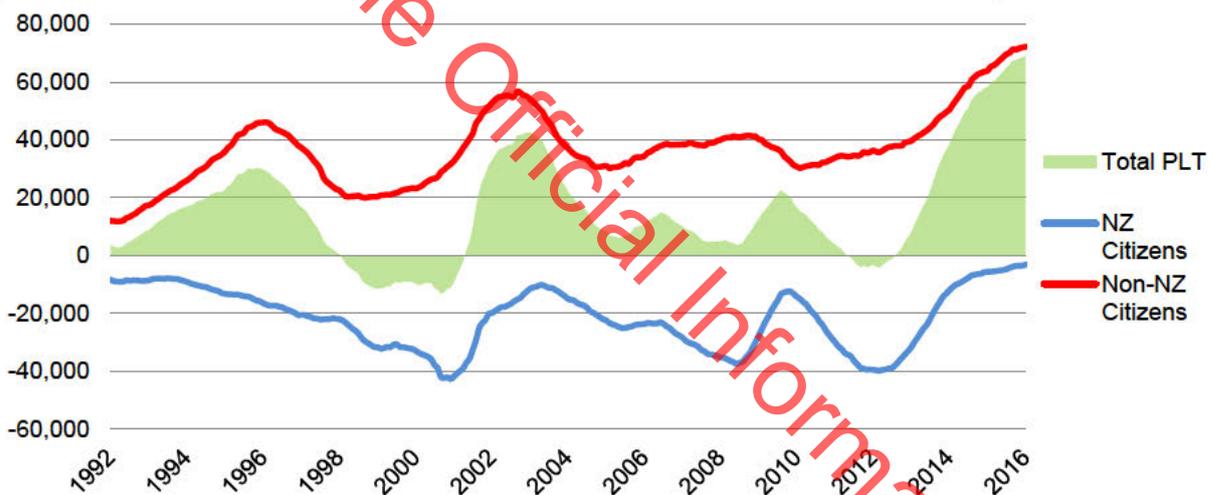
11 Within each stream, there are both capped and uncapped categories. The largest single category is the Skilled Migrant Category (SMC) within the Skilled / Business Stream, which makes up around half of the entire residence programme. The second largest is the Partnership Category within the Family Stream, which makes up around a fifth of the total.

<sup>1</sup> In May 2012 significant changes were made to the Parent Category, and the Sibling and Adult Child Categories were closed but there are still some historic applications awaiting processing.

**The NZRP is not strongly related to changes in overall net migration in the short term**

- 12 Net migration is the difference in any year between the number of permanent and long term (PLT) arrivals and departures. People who arrive and depart from New Zealand are only included in PLT numbers if they:
- arrive in New Zealand and declare on their arrival card that they intend to stay in New Zealand for 12 months or more and have been outside New Zealand for 12 months or more
  - depart New Zealand and declare on their departure card that they intend to stay outside New Zealand for 12 months or more and have been inside New Zealand for the previous 12 months or more.
- 13 Net migration includes New Zealand citizens, Australians, long-term permanent residents and citizens of other countries, including people on temporary visas. The current high levels of net migration have been largely driven by a historically low net loss of New Zealand citizens and historically high levels of inward migration of foreign nationals (mostly temporary visa holders). The Ministry of Business, Innovation and Employment (the Ministry) has forecast that the growth in net migration will slow or reduce but will remain high for the next couple of years before returning closer to the long run average (about 12,000 net positive per year). Net migration in the year to July 2016 was slightly down on the year to June 2016.

Figure one: Net PLT for New Zealand, 1991 – present

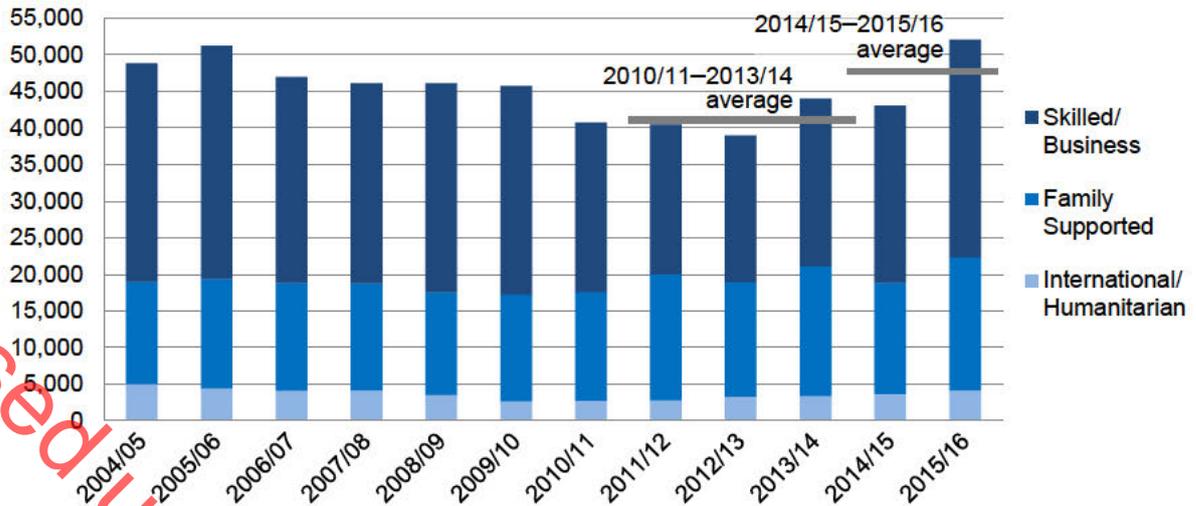


- 14 PLT migration of foreign nationals is largely made up of temporary visa holders (visitors, students, and workers). The NZRP does not strongly influence PLT arrivals in the short term, as most NZRP places (72 per cent in 2014/15) are filled by people on temporary visas, who have been in New Zealand for some time and applied for residence from within New Zealand. Of the approximately 94,000 PLT arrivals of non-New Zealand citizens in the year to July 2016, only around 16 per cent were resident class visa holders, and of those, some will be long-term New Zealand residents returning to New Zealand after an absence. However, the ability to progress to residence may be an incentive for some temporary migrants to move here.

**Residence planning ranges under the NZRP have remained stable but demand is now growing**

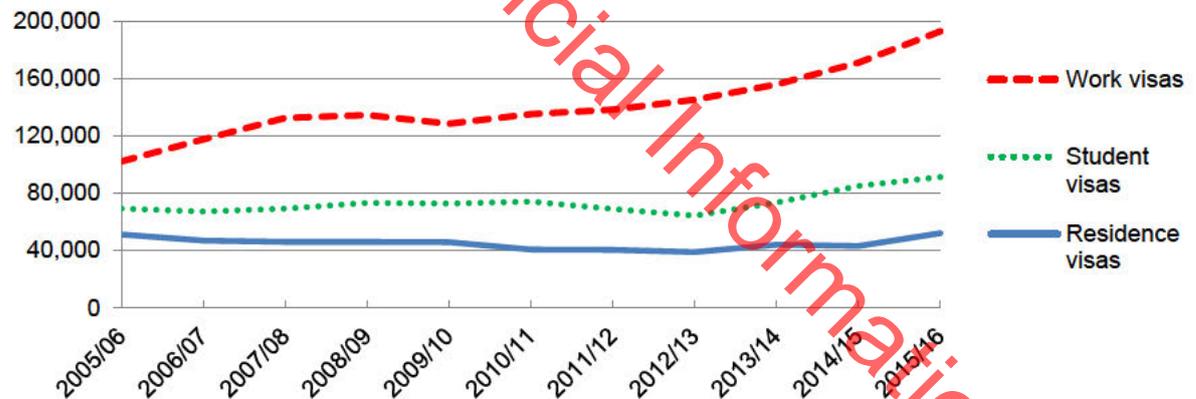
- 15 Residence planning ranges under the NZRP have been broadly consistent from year to year, with average annual planning ranges of around 45,000 – 50,000 since 2001. Following the Global Financial Crisis (GFC), approval numbers dropped below this range, but demand has been increasing since 2012/13. In 2015/16 over 52,000 people were approved under the NZRP, which brought the two-year NZRP within its planning range.

Figure two: Annual resident visa approvals and proportions 2004/05 – 2015/16



- 16 The number of people granted work and student visas has increased since the GFC, as more people have sought to gain qualifications and experience in New Zealand. A proportion of these workers and former students are now seeking to gain residence, mostly under the SMC. The large pool of people in New Zealand on temporary visas is increasing the demand for NZRP places. The Ministry has estimated that, based on current trends and absent any changes to the criteria used in the SMC or other processing changes, the number of NZRP approvals is likely to be over 54,000 in the current (2016/17) year. Figure three shows the recent increase in students and workers, to 30 June 2016.

Figure three: People granted work, student and resident visas, 2005/06 – 2015/16



## Decisions for the 2016/17 and 2017/18 NZRP

### Size of the NZRP

- 17 I have considered three options for the size of the NZRP planning range for 2016/17 and 2017/18. The three options are:
- Maintain the NZRP planning range at 90,000 to 100,000 over two years
  - Reduce the NZRP planning range to 85,000 to 95,000 over two years
  - Reduce the NZRP planning range to 80,000 to 90,000 over two years
- 18 As previously noted, the forecast for the current year indicates that approvals are likely to exceed 54,000. As the NZRP is not a hard cap, changes to the constituent visa categories will be needed in order either to maintain or lower the NZRP planning range over the next two years. As there are a number of applications already in progress, and the current year is already part way through, there would be a lag before the impacts of any policy changes

would bring numbers down. It is therefore likely that numbers would be lower in the second year than the first year of any agreed planning range. Table two below summarises the impacts of the options:

Table Two: summary of NZRP options

Description of the option	Changes required to achieve the planning range	Benefits and Risks
<p><b>Option A: maintain the NZRP planning range at 90,000-100,000 over two years</b> This would mean NZRP approvals would be around 50,000 in the current year before reducing slightly to ensure the planning range is met in the second year</p>	<ul style="list-style-type: none"> <li>• Raise the points level for selection under the SMC to 160 points immediately to stabilise numbers for the current year (the appropriate points level will then be reviewed in 2017 in light of the wider changes to SMC proposed below)</li> <li>• Clarify the proxies to meet the English language requirements under the SMC</li> <li>• Amend the SMC by amending the points system and definition of skilled employment to ensure that it prioritises higher-paid and higher-skilled migrants (would only be in place for the second year)</li> <li>• Reduce the cap for the capped family categories to 2,000 per year (from 5,500 in the last NZRP) and temporarily close the Parent Category for new applications</li> <li>• INZ may need to carry over some approvals from the first year to the second year due to the number of applications already in progress</li> </ul>	<p><i>Benefits</i></p> <ul style="list-style-type: none"> <li>• This option maintains the status quo in terms of the planning range and would send a signal to the market that the Government favours stability</li> <li>• The changes would improve the average skill level of migrants approved under the SMC</li> </ul> <p><i>Risks</i></p> <ul style="list-style-type: none"> <li>• Changes would be required to stay within the planning range for the current year</li> <li>• The changes to SMC would significantly reduce the number of migrants selected in the short to medium term. This would impact on employers and migrants who have an expectation of residence</li> <li>• The change to capped family categories would temporarily remove the ability of New Zealand residents and citizens to sponsor their parents</li> </ul>
<p><b>Option B: reduce the NZRP planning range to 85,000-95,000 over two years (recommended)</b> This would mean NZRP approvals would be between 45,000 - 50,000 in the current year before reducing to below 45,000 in the second year</p>	<ul style="list-style-type: none"> <li>• The same changes to SMC and capped family categories as outlined above would be required</li> <li>• Once the SMC points system had been realigned, the points level for selection would be adjusted in the second year to achieve the lower NZRP planning range but would need to be kept higher than for Option A</li> </ul>	<p><i>Benefits</i></p> <ul style="list-style-type: none"> <li>• This would send a signal that the Government is managing residence numbers but would avoid overcorrection in the current year</li> <li>• The changes would improve the average skill level of migrants approved under the SMC</li> </ul> <p><i>Risks</i></p> <ul style="list-style-type: none"> <li>• Reducing the planning range would mean that the bar for skilled migrant selection would need to be kept higher for longer</li> <li>• It would be more difficult to maintain the historical stream proportions as no changes would be made to uncapped family applications (partners and children of New Zealanders) which may continue to increase while SMC would be reduced</li> <li>• An ongoing reduction in SMC numbers could put pressure on other categories (for example, temporary visas or Partnership Category) as temporary migrants will be likely to look for alternative pathways</li> <li>• The change to capped family categories would temporarily remove the ability of New Zealand residents and citizens to sponsor their parents</li> </ul>

<p><b>Option C: Reduce the NZRP planning range to 80,000 - 90,000 over two years</b></p> <p>This would mean NZRP approvals would need to be around 45,000 in the current year before reducing to below 45,000 to ensure the planning range is met in the second year</p>	<ul style="list-style-type: none"> <li>• The same changes to SMC and capped family categories as outlined above would be required, except that it is likely that no new SMC selections would be made until mid-2017 (i.e. temporarily closing the SMC for new applications)</li> <li>• Once the SMC points system had been realigned, the points level would be kept high in order to achieve the lower NZRP planning range</li> <li>• Additional changes to tighten uncapped family categories (Partnership and Dependent Child) would need to be made to achieve the NZRP and keep the stream proportions balanced</li> </ul>	<p><i>Benefits</i></p> <ul style="list-style-type: none"> <li>• This would send a strong signal that the Government is looking to manage down residence numbers</li> <li>• This would improve the average skill level of migrants approved under the SMC</li> </ul> <p><i>Risks</i></p> <ul style="list-style-type: none"> <li>• NZRP approvals would need to be significantly reduced on what has been forecast which may result in overcorrection in the current year (i.e. closing the SMC for new applications)</li> <li>• An ongoing reduction in SMC numbers would put pressure on other categories (for example, temporary visas or Partnership Category) as temporary migrants will be likely to look for alternative pathways</li> <li>• The change to capped family categories would temporarily remove the ability of New Zealand residents and citizens to sponsor their parents</li> <li>• Tightening the criteria for partners and dependent children of New Zealand Citizens and Residents could impact on some expatriate families planning to return to New Zealand</li> </ul>
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19 I propose that Cabinet agrees to Option B. Option B proposes a lower overall planning range over the two years but would allow numbers to reduce gradually over the two years. This would mean NZRP approvals would be between 45,000 - 50,000 in the current year before reducing below 45,000 in the second year. This would signal that the Government is taking a managed approach to immigration and is raising the overall skill level of permanent migrants. While this would have no significant direct impact on PLT net migration (residents only make up a small proportion of PLT arrivals), in the medium to long term temporary PLT arrivals may reduce if migrants perceive that residence pathways have been restricted.

20 I have carefully considered Option C, which would reduce the NZRP further. However, I consider that this would require a significant overcorrection as numbers would need to drop almost 20 per cent on the forecast for the current year. As the year is already underway this would effectively mean closing off the SMC until mid-2017 when new SMC criteria would come into effect. It would also require some changes to the criteria for partners and dependent children of New Zealand citizens and residents to reduce approvals in the Family Stream. Under this option a significant number of applications would need to be carried over to 2017/18, which would make it difficult for INZ to process applications in a timely manner and affect their ability to reduce the numbers further in the second year. On balance, I do not think that the benefits of a further reduction in the NZRP would outweigh the risks.

**NZRP stream proportions**

21 As noted above, I propose a lower NZRP planning range for the next two years. In addition, I also propose to keep the stream proportions largely the same as in previous years i.e. 60 per cent Skilled / Business, 32/33 per cent Family and 7/8 per cent International / Humanitarian.

22 Some flexibility may be needed regarding the stream proportions as it is easier and quicker to reduce some streams than others. This paper proposes changes to the SMC and capped family categories. However, the Partnership Category within the Family Stream is growing and is uncapped. A large component of the International / Humanitarian Stream, is the Refugee Quota which Cabinet has recently set for 2016/17 to 2018/19. As I am not proposing any changes to these streams there may be some variance in the stream

proportions (i.e. Skilled / Business may reduce, Partnership is still growing and International / Humanitarian will stay largely the same). I therefore propose that Cabinet invite the Minister of Immigration to allow the stream proportions to be varied for any given year in order to meet the overall planning range.

### **Proposed changes to Resident Visa categories to achieve the proposed planning range and maximise the NZRP's benefit to New Zealand**

23 High levels of demand for residence in New Zealand, coupled with good information about migrant outcomes, provide an opportunity to improve both policy settings and selection criteria to maximise the NZRP's benefit to New Zealand. In order to achieve the proposed planning range, changes to the SMC and the capped family categories are needed. The proposed changes include some that can be implemented quickly and will have an impact on the current year (changes to the SMC selection mark and reducing capped family numbers) and some that will take longer to implement. The longer term changes to the SMC will ensure that the SMC is still able to meet Government objectives within reduced overall numbers i.e. to allow higher skilled and higher paid sectors to continue to recruit skilled migrants.

#### **Changes to the SMC to achieve the proposed NZRP in the short term**

##### *Increase the automatic selection mark under the SMC*

- 24 In order to ensure that the demand for SMC can be managed within the NZRP for 2016/17 and 2017/18, the automatic selection mark would need to be increased from 140 to 160 points until broader policy changes are made to improve the skill composition of the SMC for out years (paragraphs 34 to 49 below). The automatic selection mark would then be adjusted by the Minister of Immigration as necessary to manage the overall NZRP planning range.
- 25 It is estimated that increasing the selection mark would reduce the number of people approved under the SMC by approximately 5,200 people (principal applicants and dependants) on the forecast numbers for this year. However, even with the increased selection mark it is expected that more SMC migrants would be approved in 2016/17 than were approved in 2015/16.

Table Three: estimated reduction to approved SMC visas in 2016/17 if the automatic selection criteria is set at 160 points

	Already approved or in-train	Current selection criteria		Impact of raising selection to 160 points		
		To be selected	Total	To be selected	Total	Decrease at 160
Expected volumes of people approved in 2016/17 (including dependants)	23,990	8,800	32,790	3,560	27,550	-5240
Expected volumes of principal applicants approved in 2016/17 (excluding dependants)	12,190	4,470	16,660	1,810	14,000	-2660

26 Raising the selection mark will have a significant effect on the number of migrants who would otherwise have been selected between now and the end of 2016/17. The migrants affected would be across a range of occupations. It is not possible to model the direct impact on occupations affected in 2016/17 because no occupation data is held on those SMC applications that have not yet been approved. However, based on the number of approvals for 2015/16 that scored below 160 points, the three most affected occupations would be likely to be chefs, retail managers and café and restaurant managers (see Table Four). These occupations are amongst the lowest-paid occupations in the SMC.

27 While the overall effect of raising the points would be to improve the average quality of the SMC, the change would also be likely to affect some migrants with jobs in skill shortage areas, such as ICT professionals (although, in general, a lower proportion of these roles scored below 160 points in 2015/16). This issue is likely to be temporary as changes proposed to the SMC points system and processes below would ensure that higher-paid and higher-skilled migrants are prioritised for selection from mid-2017. In addition, migrants who are not selected this year would not necessarily leave the New Zealand labour force as temporary work visas may still be available where there are no New Zealanders available.

28 Table Four shows the top ten occupations approved that scored below 160 points in 2015/16 and, for each of those occupations, the proportion of total approvals that scored below 160 points, and the number of principal applicants that scored 160 points and above. The table shows full year approvals for 2015/16. The number of actual applicants affected in 2016/17 would be significantly lower across all occupations. The proportion of each occupation that is below 160 points is indicative of the likely scale of impact within occupations. As noted above, however, it is not possible to model the proportion of the expected decrease in SMC applications for 2016/17 by occupation.

Table Four: main occupations for approved skilled principal migrants (excluding dependants) that scored below 160 points in 2015/16<sup>2</sup>

Top 10 ANZSCO Occupations (6 digit classification)	Number of approved principal migrants that scored below 160 points	Proportion of approved principal migrants in that occupation that scored below 160 points	Number of approved principal migrants that scored 160 points or more
Chef	778	90%	82
Retail Manager (General)	525	78%	149
Cafe or Restaurant Manager	481	81%	117
ICT Customer Support Officer	269	72%	103
Carpenter	263	94%	18
Registered Nurse (Aged Care)	257	49%	263
Software Engineer	235	73%	88
Baker	201	94%	12
Developer Programmer	163	61%	104
ICT Support Technicians nec	155	75%	51
<b>Total</b>	<b>9664</b>	<b>74%</b>	<b>3430</b>

29 This change could be implemented soon after a Cabinet decision but will require careful communication to the market.

*Clarify the proxies for meeting the English language requirements under the SMC*

30 All SMC migrants must meet a minimum standard of English, equivalent to an International English Language Testing System (IELTS) average bandscore of 6.5. Existing Immigration Instructions also allow immigration officers, on a case by case basis, to consider alternative evidence of an applicant meeting the minimum standard of English (i.e. that they have a standard of English equivalent to the IELTS level). In general, this allows immigration officers to consider that people from an English-speaking background meet the standard of English.

31 However, some types of evidence immigration officers can consider under current Immigration Instructions are not good proxies for high-level English ability. I have therefore

<sup>2</sup> It should also be noted that a points change in November 2015 that significantly increased the points awarded for skilled jobs outside Auckland means that the proportions above 160 for 2015/16 may not be directly applicable to 2016/17.

agreed to changes which will clarify the way in which applicants can demonstrate that they meet English language requirements. The changes will simplify Instructions and require more people to undertake formal tests. These new evidentiary requirements will come into effect in November 2016 and include:

- clarifying that applicants meet the relevant English language standard if they are citizens of the UK, Ireland, Canada or the United States (US), and have resided in those countries, or have gained degree or higher qualifications in New Zealand, Australia, the UK, Ireland, Canada or the US
- removing the Immigration Instruction under which applicants who have worked for a year in New Zealand can meet English language requirements, and
- removing the Immigration Instruction which enables an applicant to provide other evidence to satisfy an Immigration Officer that they have an acceptable standard of English.

32 This change will be likely to reduce the number of SMC migrants who are approved this year, but it is not possible to accurately estimate the exact impact on numbers. There will be a short term impact as prospective applicants delay submitting an Expression of Interest while they sit English tests. It is likely also that many will not pass the tests.

#### ***Changes to the SMC to improve the skill composition of the SMC***

33 Increasing the selection mark for SMC will resolve some of the pressure on the NZRP for the current year and can be done quickly. However, while it will predominantly impact migrants in lower-paid and lower-skilled jobs it will also affect some migrants in higher-paid industries as demonstrated in Table Four above. This is because the current points system and processes do not effectively prioritise higher-paid and higher-skilled migrants.

34 While there are still highly-skilled and highly-paid migrants coming through the SMC, the current skill composition of SMC migrants does not fully reflect the Government's wider objectives to lift skills levels and incomes. Three of the top six SMC occupations are chefs, café and restaurant managers and retail managers. There is a risk that lower-earning SMC migrants may be competing with New Zealand workers, including recent graduates, for lower-level supervisory and managerial roles in some industries.

*The definition of skilled employment, and the points awarded under the Skilled Migrant Category will be amended to ensure the category is providing maximum benefit to New Zealand*

35 To keep SMC numbers from exceeding the planning range and ensure that the SMC prioritises higher-wage and higher-skill migrants, the policy criteria need be revised. The current points system, developed in 2003 when the category opened, appears to no longer be effectively prioritising the highest value migrants. Changes to the SMC require changes to operational systems and therefore could first be implemented in 2017, so would not have an impact on the current year.

36 The SMC awards points under three main areas that indicate skills: skilled employment in New Zealand (a job offer or existing employment), work experience (both overseas and in New Zealand), and qualifications. Bonus points are available under each area, as well as for having close family already in New Zealand.

37 The three main areas used to indicate skills are still fit for purpose, but the way they are applied and balanced can be improved. The proposed changes focus on:

- redefining 'skilled employment' and how it is used within the policy to award points to applicants, and

- realigning the points system to put more emphasis on characteristics associated with better outcomes for migrants.

### Skilled employment

- 38 Skilled employment in New Zealand is defined as current employment (or a job offer) in an occupation classified as 'skilled' under the Australia and New Zealand Standard Classification of Occupations (ANZSCO). There are five occupational levels, and levels one, two and three are currently classified as skilled. ANZSCO also defines a minimum qualification or work experience required to do the work, and applicants must meet this to claim the points for their skilled employment in New Zealand.
- 39 While ANZSCO provides an objective and consistent classification of skills, it is not an accurate description of the actual level of skills required for a particular job or the skills of a person employed in a particular job. It cannot be easily used to differentiate between more senior and junior roles (particularly in managerial positions).
- 40 The growth, over the last five years, in SMC migrants who work in lower-income occupations (for example, chefs, ICT support technicians, retail managers, café and restaurant managers) indicates that some jobs that meet the ANZSCO definition of 'skilled work' may not in fact be highly skilled. On the other hand, there have been examples of migrant workers in highly paid positions unable to use SMC when their job description matches a 'low skilled' occupation under ANZSCO.
- 41 Introducing salary/income as a complementary indication of skill level would address this deficit in ANZSCO definitions in two ways:
- a minimum salary threshold would exclude applicants whose pay rate indicates their role is not yet at a skilled level. It is a more targeted response than broadly excluding specific occupations – i.e. skilled and well-paid chefs and retail managers will still meet the requirements, and
  - a high salary threshold could also be used as an alternative to the ANZSCO skill level requirement, to recognise migrant workers whose skill level is reflected by their income more than their job description.
- 42 To operationalise this change, INZ will have to strengthen some of the mechanisms it uses to verify information. This may include requiring evidence of work experience that confirms the salary level as appropriate, as well as the ability to check that an applicant's remuneration is (or has been) in line with their employment agreement. Such mechanisms would contribute to preventing fraudulent offers of employment and to protecting vulnerable migrants.

### Realigning the points system

- 43 Current settings prioritise current employment and qualifications over skilled work experience. This does not align with existing evidence on the relationship between the quantity and quality of a migrant's work experience and their employment outcomes.
- 44 Two research reports on SMC migrants<sup>3</sup> found positive returns for migrants with higher levels of work experience. There was strong evidence that the skill level of previous employment also leads to positive outcomes. I propose that the points within SMC be realigned to shift the focus toward skilled work experience. This will include realigning the definition of 'work experience' for the purpose of claiming SMC points, from 'relevant' (to the job offer or the qualification) to 'skilled'.
- 45 An overall realignment to focus the SMC on highly skilled and highly paid migrants would include:

<sup>3</sup> DOL, *Points of Difference* (2012), and MBIE *Labour Market Integration and Retention of Skilled Migrants* (2015)

- additional points awarded for other factors assessed as having a positive impact on employment outcomes (for example, points for high salary/income levels), and
- adjusting the points awarded for age, to reflect increased skill levels in the 30-39 age-group (rather than points for age only reflecting youth and the outlook for time in the workforce).

46 Where points are awarded under the SMC, they can also be used by INZ to prioritise EOIs (for selection) and applications (for processing). This could allow INZ to offer priority processing to the most highly skilled and highly paid migrants as part of attraction efforts.

47 Once the new points system is in place, the selection of EOIs would continue to be limited to those meeting the automatic selection level (as suggested to manage the 2016/17 NZRP above). I propose that from 2017/18 and for out years, the selection level be flexible in order to meet the NZRP set by Cabinet, adjusting it from time to time as necessary to manage demand based on the planning range. The current alternative selection criteria would no longer be required.

#### Implementation

48 It is proposed that detailed design decisions on the changes proposed above will be made by the Minister of Immigration, in consultation with the Ministers of Finance, and Tertiary Education, Skills and Employment by the end of 2016. To ensure that final proposals for changes to the SMC are practical and workable, officials will undertake consultation with selected key public stakeholders. Consultation will include stakeholders such as immigration advisors, Business NZ and affiliates, Council of Trade Unions and education peak sector bodies. The changes can be implemented by early mid-2017.

#### ***Changes to capped family categories***

49 In order to bring the NZRP within the proposed planning range and maintain the approximate stream proportions, the capped family categories within the Family Stream would need to be reduced to 4,000 places over two years, a reduction of 7,000 places on the previous NZRP. The capped family categories include Parent Category (Tier One and Tier Two), historic applications under the previous Parent Category (pre 2012), and the disestablished Sibling and Adult Child categories.

50 This reduction will mean that demand will exceed the number of available places. There are currently around 4,000 people who have applications being processed, have EOIs that have been selected, or have already been approved this financial year. It will therefore take two years just to clear the current caseload (assuming 2,000 are processed per year). In addition to the number of migrants whose EOIs have been selected or have applications in train, there is also a queue of around 4,000 Parent Category EOIs that have not yet been selected.

51 Reducing the capped categories to 4,000 places over two years will mean that this queue of Parent Category EOIs will continue to grow as no new EOIs can be selected in the short to medium term. I therefore propose to temporarily close the current Parent categories (Tiers One and Two) from the date the NZRP is announced. NZRP places within the cap will be made available to grant residence to people with capped family applications (including EOIs that have been selected or invited to apply) in train on that date. Previous reviews of the Parent Category found that parent migrants impose fiscal costs to New Zealand. They have low labour market participation, high rates of benefit uptake, and high health costs.

52 Parents and grandparents of New Zealand citizens and residents will continue to be able to apply for residence under the uncapped Parent Retirement category (which requires investment in New Zealand) and for long-term temporary visits under the Parent / Grandparent Visitor Visa (a three-year multiple-entry visa). Ministry officials will undertake a

review of Parent categories in order to ensure that we can manage demand under the new lower cap without inviting very long queues. I propose to report back to Cabinet in mid-2017.

### **Uncapped Family Categories to be reviewed**

- 53 At this stage I do not propose changes to the uncapped family categories (mainly partners and non-New Zealand children of New Zealand citizens or residents) or international humanitarian categories (mainly refugees and Pacific categories). Some of the growth in the number of Partnership Category applications in recent years has been driven by increases and changes in demographic composition of the SMC (it has become younger and more single over time). I would expect the SMC changes to reduce demand under the Partnership Category over time (although possibly not within this proposed NZRP period).
- 54 This may lead to the historical stream proportions not being achieved in this NZRP. To ensure that we continue to prioritise genuine family-linked cases I therefore propose that officials review our partnership and dependent child settings. I will report back to Cabinet on the review in mid-2017.

### **Work is underway which will lift the skill levels of temporary migrants in New Zealand**

- 55 Changes to the NZRP will not have a significant impact on PLT arrivals, as discussed in paragraph 14. High PLT arrivals, particularly of international students and Essential Skills workers, put pressure on the NZRP as more people seek to transition to residence and gain the right to remain in New Zealand permanently. To reduce pressure on the NZRP and ensure that the immigration system continues to support our New Zealanders first approach, I have directed officials to investigate a range of changes to the Essential Skills work visa category for workers and families that will better align the policy to Government objectives. These changes may also reduce overall temporary arrivals and thereby reduce the pressure on the NZRP.
- 56 I will shortly be taking a paper to Cabinet on a one-off pathway to residence for some long-term temporary workers in the South Island that has already been announced. This paper will seek decisions on changes to temporary visa settings to prevent future cohorts of temporary migrants and their families who do not have a pathway to residence from being able to stay here indefinitely. The paper will also seek Cabinet's endorsement for further exploration of changes to the Essential Skills work visa category.

### **Consultation**

- 57 The following government agencies were consulted during the development of this paper and their views have been incorporated: The Treasury, the Ministries of Education, Foreign Affairs and Trade, Health, and Social Development; Education New Zealand; the Department of Internal Affairs; and the Office of Ethnic Affairs. The Department of the Prime Minister and Cabinet was informed. No external or public consultation was undertaken.

### **Financial Implications**

- 58 Changes to the size of the NZRP would have financial implications for Immigration New Zealand. However, the reduction in third party fees and levies would be offset by the corresponding reduction in work. Changes to visa settings would have implementation costs, including systems changes. These can be met from existing baselines.

### **Human Rights, Legislative, and Regulatory Implications**

- 59 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act of 1993. There are no legislative implications.

## Implementation and Publicity

- 60 The new NZRP will be implemented through Immigration Instructions as soon as practical after Cabinet makes decisions on the NZRP. Changes to increase the selection mark for the SMC and to reduce capped family categories will be implemented at the same time. English language changes will be implemented in November 2016 and wider SMC changes could be implemented by July 2017 (subject to agreement by the Minister of Immigration and other Ministers).
- 61 The NZRP planning ranges for each stream will be published on the INZ website and in an amendment circular. Other changes will be publicised as appropriate.

## Recommendations

- 62 It is recommended that Cabinet:
- 1 **note** that the New Zealand Residence Programme (NZRP) sets the total level of residence approvals, as well as the planning number of residence places allocated to each residence stream;
  - 2 **note** that the 2014/15 – 2015/16 NZRP ended on 30 June 2016;

## Decisions on the NZRP

- 3 **agree** to an NZRP planning range of 85,000 to 95,000 for the two year period from 2016/17 to 2017/18;
- 4 **note** that the proposed planning range would be a reduction on the previous NZRP and would signal that the Government is taking a managed approach to immigration and is raising the overall skill level of permanent migrants;
- 5 **note** that Immigration New Zealand will manage the NZRP to an upper limit of approximately 50,000 in the current year and 45,000 for 2017/18;
- 6 **note** that it is proposed that the stream proportions stay largely the same as in previous years i.e. 60 per cent Skilled / Business, 32/33 per cent Family, and 7/8 per cent International / Humanitarian but that some flexibility may be needed regarding the stream proportions as it is easier and quicker to reduce some streams than others;
- 7 **invite** the Minister of Immigration to vary the stream proportions for any given year in order to meet the overall planning range;

## Mechanisms to give effect to the planning range decision

- 8 **note** that as a result of high temporary visa numbers in recent years, if current settings and INZ processes are retained then forecasts indicate that more than 54,000 people would be granted residence under the NZRP in 2016/17;
- 9 **note** that the high levels of demand for residence in New Zealand, coupled with good information about migrant outcomes, provide the opportunity to improve both policy settings and selection to maximise the NZRP's benefit to New Zealand;

## Skilled Migrant Category changes to be implemented in 2016

- 10 **agree** to raise the automatic selection mark for Expressions of Interest (EOIs) to be drawn from the pool from 140 to 160 points;
- 11 **note** that INZ will limit selections from EOIs under the SMC to the selection mark agreed by the Minister of Immigration;
- 12 **invite** the Minister of Immigration to adjust the automatic selection mark for EOIs in 2016/17, as necessary to manage the achievement of the overall NZRP planning range;

- 13 **note** that the Minister of Immigration has agreed to an English language package which will be rolled out in November 2016;

*Skilled Migrant Category changes to be implemented in 2017*

- 14 **agree** to introduce the ability to identify people on the basis of skill and income level for the purpose of selection and prioritisation;
- 15 **agree** to amend SMC settings to better recognise skilled applicants by adjusting the points and selection mechanisms to:
- 15.1 focus more on skilled work experience, including by:
    - 15.1.1 better balancing points between skilled employment and work experience; and
    - 15.1.2 refocusing 'work experience' points so that experience is required to be in skilled employment;
  - 15.2 adjust the points awarded for age to reflect increased skill levels in the 30-39 age group;
  - 15.3 remove points no longer aligned with Government priorities;
  - 15.4 award additional points for high salary levels;
  - 15.5 introduce the option of using remuneration levels to determine whether employment in New Zealand is skilled, including by:
    - 15.5.1 excluding certain jobs that are currently considered skilled but that are paid below a certain level;
    - 15.5.2 allowing jobs paid above a certain level to be considered skilled (including some that are not currently considered skilled);
- 16 **agree** to strengthen mechanisms to enable INZ to test whether the claimed remuneration was actually paid to the applicant;
- 17 **agree** that once the points and selection mechanisms have been amended (recommendations 14 – 16) the points level required for selection be adjusted regularly as necessary in order to meet the NZRP and the current alternative selection criteria be removed;
- 18 **invite** the Minister of Immigration to make other adjustments to improve selection criteria and streamline application or operational processes that are consistent with the decisions above, in consultation with the Ministers of Finance, and Tertiary Education, Skills and Employment;

*Family categories*

- 19 **agree** to set a cap for the capped family categories (largely comprising Parent Category applicants) of 4,000 places over the two years, a reduction equivalent to 7,000 places on the previous NZRP;
- 20 **agree** to temporarily close the current Parent Category (Tiers One and Two) from the date of announcement of the NZRP, noting that NZRP places will need to be made available to grant residence to capped family applications in train (including EOIs that have been selected or invited to apply) at that point;
- 21 **note** that parents and grandparents of New Zealand citizens and residents will continue to be able to apply for residence under the Parent Retirement category (which requires investment in New Zealand) and for long term temporary visits under the Parent / Grandparent Visitor Visa (a three-year multiple-entry visa);

- 22 **invite** the Minister of Immigration to undertake a review of the Parent Category and to report back to Cabinet Economic Growth and Infrastructure Committee (EGI) by the end of July 2017;
- 23 **invite** the Minister of Immigration to undertake a review of Partnership and Dependent Child settings and report back to EGI by the end of July 2017;

**Communications**

- 24 **invite** the Minister of Immigration to develop and implement a communications strategy to announce these changes, which may include the proactive release of this paper.

Authorised for lodgement

Hon Michael Woodhouse  
Minister of Immigration

## Additional Information for the New Zealand Residence Programme 2016/17 – 2017/18

### Purpose

1. This note provides additional information requested by Cabinet Economic Growth and Infrastructure Committee to accompany the submission *New Zealand Residence Programme 2016/17 – 2017/18* [EGI-16-SUB-0246 refers].

### Forecast residence approvals and NZRP options

2. In 2015/16, over 52,000 people were approved under the NZRP (the total approvals over the two years were within the planning range). Based on current trends and absent any changes to the criteria used in the Skilled Migrant Category (SMC) or other processing changes, the number of NZRP approvals has been estimated as being likely to be over 54,000 in the current (2016/17) year. As that level of NZRP approvals would be at the limits of Immigration New Zealand's (INZ) processing capacity, the same level of NZRP approvals could be assumed as potential demand in 2017/18.
3. Table One below compares the options in the NZRP Cabinet paper against a potential demand and processing capacity of 108,000 people for approvals in 2016/17 and 2017/18. It is noted that based on the current trends in temporary visa approvals this could be a conservative estimate (potential demand could be higher). The proposed options for the 2016/17 and 2017/18 NZRP would represent reductions from potential demand as follows:

Table One: The impact of the NZRP options against total potential demand

Option A. Maintain the NZRP planning range at 90,000 to 100,000 over two years	Reduction against potential demand of 8,000 to 18,000 over two years
Option B. Reduce the NZRP planning range to 85,000 to 95,000 over two years <b>(proposed)</b>	Reduction against potential demand of 13,000 to 23,000 over two years
Option C. Reduce the NZRP planning range to 80,000 to 90,000 over two years	Reduction against potential demand of 18,000 to 28,000 over two years

4. INZ can achieve the proposed NZRP planning range (Option B) if the proposed policy changes are made and decisions on the NZRP are made in September 2016. If decisions are delayed it will become harder for INZ to achieve any reduction based on current inflows.

### Further assessment of Option C

5. In order to achieve Option C (an NZRP of 80,000 to 90,000) NZRP approvals over the two years would need to be reduced by at least 18,000 on the current forecasts (i.e. 108,000). To manage the reduction over the two years it is likely that INZ would need to make around 45,000 to 47,000 approvals in the current year and 43,000 to 45,000 in the second year.
6. Because it is already part way through the 2016/17 year and there are a significant number of applications already in train under all the streams, reducing numbers any further in the current year would not be possible without slowing down processing significantly. The effect of slowing down processing would be to carry over approvals to subsequent years, making it more difficult to reduce numbers in out years.
7. To achieve 45,000 to 47,000 NZRP approvals in the current year SMC approvals would need to be no more than 23,200 to 25,200 (SMC makes up around half of the NZRP). There are already 23,990 people who have been approved or have applications (including EOIs selected and invited to apply) underway that are likely to be approved this year. In 2017/18,

SMC approvals would need to range between 11,800 and 21,800 (unless changes to family stream applications are made).

8. In order to achieve the overall reduction required to achieve Option C (as described above) the following additional changes would be required:
  - for 2016/17, it is likely that the SMC selections would need to be suspended until 2017 (at 180 points SMC approvals in 2016/17 would still be around 26,000 see Table Four) or
  - once the SMC points system had been realigned as proposed in the Cabinet paper, the points selection mark would need to be kept high in order to achieve the lower NZRP planning range (further analysis would be needed to identify what the SMC selection mark would need to be set at, to achieve these ranges of SMC approvals, and what the composition of the SMC would be for these ranges), and
  - additional changes to tighten uncapped family categories (Partnership and Dependent Child) would need to be made to achieve the NZRP especially if Ministers wish to keep the approximate stream proportions at the current levels.
9. Table Two below shows the likely annual approvals required to achieve Option C. This would involve a forecast of approximately 24,000 SMC approvals in 2016/17 and an overall NZRP for 2016/17 of approximately 45,800 (incorporating forecast Family and International/Humanitarian approvals).

Table Two: Possible NZRP scenarios for Option C

	2016/17	2017/18
SMC	24,000	11,800 – 21,800
Other Business	3,600	3,600
Family – capped	2,000	2,000
Family - uncapped	12,200	12,800 (or lower if changes are made)
International / Humanitarian	4,000	4,000
<b>Total</b>	<b>45,800</b>	<b>34,200 – 44,200</b>

### Likely impacts on SMC of Option C

10. To date the SMC options have been presented based on achieving the proposed NZRP (85,000 to 95,000). This requires lifting the selection mark for SMC applicants to 160 points until broader policy changes are made to improve the skill composition of the SMC for out years. This results in a reduction of approximately 5,200 people (SMC principal applicants and dependants) on the forecast numbers for 2016/17.
11. Given current processing of NZRP approvals in the 2015/16 year, to achieve Option C, much more significant reductions to the SMC would be required. It is likely that SMC selections would need to be suspended until 2017 when new SMC criteria would come into effect. After that the selection mark would need to remain higher under Option C than under the proposed NZRP option.
12. Table Three below shows the estimated impacts of raising the selection mark on approvals for 2016/17. As noted below, even raising the selection mark to 180 points would likely not be enough to reduce SMC numbers to the required 24,000 for 2016/17 (as noted in Table Two).

**Table Three: Estimated reduction to approved SMC visas (including dependents) in 2016/17**

(Including dependants)	Already approved or in-train	To be selected and approved	Total	Decrease
Expected volumes of people approved in 2016/17	23,990	8,800	32,790	0
Expected volumes of people approved by raising the selection mark to 160 points	23,990	3,560	27,550	-5,240
Expected volumes of people approved by raising the selection mark to 180 points	23,990	1,992	25,982	-6,808
Expected volumes of people approved by suspending SMC selections	23,990	0	23,990	-8,800

13. Table Four shows the top ten occupations approved that scored below 180 points in 2015/16 and, for each of those occupations, the proportion of total approvals that scored below 180 points, and the number of principal applicants that scored 180 points and above. It is not possible to model the direct impact on occupations affected in 2016/17 by a selection mark at 180 because no occupation data is held on those SMC applications that have not yet been approved. The number of actual applicants affected in 2016/17 would be significantly lower across all occupations.
14. The impact of stopping all selections from the SMC would be to exclude all potential SMC migrants at least until the middle of 2017. Selection could be resumed after the wider policy changes are in place.

**Table Four: Main occupations for approved skilled principal migrants (excluding dependents) that scored below 180 points in 2015/16<sup>1</sup>**

Top 10 ANZSCO Occupations (6 digit classification) (excluding dependents)	Number of approved principal migrants that scored below 180 points	Proportion of approved principal migrants in that occupation that scored below 180 points	Number of approved principal migrants that scored 180 points or more
Chef	837	97%	23
Cafe or Restaurant Manager	575	96%	23
ICT Customer Support Officer	335	90%	37
Carpenter	279	99%	2
Developer Programmer	216	81%	51
Baker	211	99%	2
ICT Support Technicians nec	194	94%	12
Accountant (General)	182	91%	17
Early Childhood (Pre-primary School) Teacher	145	95%	7
ICT Project Manager	130	95%	7
<b>Total all occupations</b>	<b>11,854</b>	<b>91%</b>	<b>1,240</b>

<sup>1</sup> It should also be noted that a points change in November 2015 that significantly increased the points awarded for skilled jobs outside Auckland means that the proportions above 160 for 2015/16 may not be directly applicable to 2016/17. It is also likely that some migrants may not have claimed all of the points they may be entitled to.

## Impact of NZRP changes on approximate stream proportions

15. Of the three NZRP streams, the International/Humanitarian stream is the most difficult to change. It includes the Refugee Quota (recently increased by Cabinet), the Samoan Quota and Pacific Access Categories (which would have foreign affairs implications if changes are made), and Ministerial discretion cases and asylum claims (which we accept under our international obligations). INZ is forecasting around 4,000 approvals per year under this stream.
16. The NZRP paper currently proposes that the reduction in the NZRP be met through changes to the SMC (which is already somewhat flexible to allow for NZRP changes) and the Parent Category (which is already capped). With these changes, the proposed NZRP can be achieved without a significant impact on the approximate stream proportions and with no changes to uncapped family categories.
17. It would be possible to consider changes to tighten the requirements for the Partnership and Dependent Child Categories. This could enable more SMC applications to be approved under each option for the overall NZRP planning range. However, tightening the criteria for partners and dependent children of New Zealand Citizens and Residents could impact on some expatriate families planning to return to New Zealand.
18. The paper notes that the uncapped family stream will be reviewed in 2017 to ensure that we continue to prioritise genuine family-linked cases. It also notes that the SMC changes will reduce demand under the Partnership Category over time, as fewer recent SMC migrants will be supporting partners.
19. Under Option C, it would be harder to keep the approximate proportions the same. Under this option unless the SMC is significantly reduced (which would reduce the overall economic impact of the NZRP) then further changes to the family stream would be required.

## Impacts of Skilled Migrant Category changes on the ICT sector

20. The NZRP paper proposes to increase the selection mark under the SMC to 160 points. This change is necessary to ensure that the proposed reduction in the NZRP (Option B) can be achieved. If this change is not implemented, or there are significant carve outs made, then the proposed NZRP number may be at risk.
21. While it is impossible to directly model the occupational impacts of this change, the main occupations that are likely to be affected, based on 2015/16 approvals, would be chefs, retail managers and café and restaurant managers. However, because the current points system accepts all occupations at skill levels 1-3 (based on the Australia New Zealand Standard Classification of Occupations) as skilled and because migrants can score points for various different characteristics the changes will also have some impacts on migrants in higher-skilled and higher-productivity occupations.
22. Software engineers and developer programmers were in the top ten approvals below 160 points in 2015/16. Skilled telecommunication workers engaged in the ultra fast broadband rollout could also be affected, but in smaller numbers.
23. The actual number of jobs directly affected will be considerably smaller than the numbers in Table Four of the NZRP paper because:
  - the table includes full year statistics (approx. 13,000 principal applicants) whereas the number of principal applicants that are expected to be affected by this change in 2016/17 is around 2660

- a significant proportion (more than half) of the migrants in skilled ICT occupations approved in 2015/16 with less than 160 points did not have jobs or job offers in New Zealand when they were approved, and
- most migrants are already working in New Zealand when they apply for residence, those people in skilled ICT roles are likely to be able to stay here on temporary visas.

24. While there would be impacts on a small number of skilled workers in higher-productivity industries such as ICT this impact would be temporary. The wider SMC changes proposed would ensure that migrants in skilled ICT roles can continue to qualify for residence. These changes would be in place by mid-2017. At that time the new points system will be able to prioritise those migrants in skilled and highly paid ICT roles.
25. INZ will work with the ICT industry, including through the Digital Technology Skills Forum, to ensure any negative impacts of the changes are minimised. This will include, for example, advice on temporary visa options for migrants and other support for employers. Submissions for occupations to be added to the skills shortage lists can also be considered to facilitate the entry of temporary workers where there is evidence of a shortage of New Zealand workers.

### **Implementation of wider SMC changes**

26. As noted above the changes proposed to the SMC points system and skills assessment is expected to be implemented by mid-2017. It would be difficult to bring forward the implementation of these changes because:
- the decisions sought in the NZRP paper are still relatively high-level and further decisions on detailed design would still need to be made by the Minister of Immigration in consultation with relevant Ministers (decisions are expected in November)
  - some consultation with industry stakeholders would be preferable, particularly on any salary thresholds, and
  - the changes are expected to require significant changes to INZ's IT systems and operational processes that would have significant lead in times (up to six months).

### **Key messages to migrants about family reunification**

27. INZ will ensure that the reduction to the Parent Category is communicated to current and prospective migrants, including those approved under the SMC, to ensure that they have realistic expectations of their chances of being able to bring their parents to New Zealand.



# Cabinet

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### New Zealand Residence Programme 2016-17 – 2017-18

**Portfolio** Immigration

On 26 September 2016, following reference from the Cabinet Economic Growth and Infrastructure Committee (EGI), Cabinet:

#### Background

- 1 **noted** that the New Zealand Residence Programme (NZRP) sets the total level of residence approvals, as well as the planning number of residence places allocated to each residence stream;
- 2 **noted** that the 2014/15 – 2015/16 NZRP ended on 30 June 2016;

#### Decisions on the NZRP

- 3 **agreed** to a NZRP planning range of 85,000 to 95,000 for the two year period from 2016/17 to 2017/18;
- 4 **noted** that the planning range would be a reduction on the previous NZRP and would signal that the government is taking a managed approach to immigration and is raising the overall skill level of permanent migrants;
- 5 **noted** that Immigration New Zealand (INZ) will manage the NZRP to an upper limit of approximately 50,000 in 2016/17 and 45,000 for 2017/18;
- 6 **noted** that:
  - 6.1 it is proposed that the stream proportions stay largely the same as in previous years (i.e. 60 per cent Skilled / Business, 32/33 per cent Family, and 7/8 per cent International / Humanitarian);
  - 6.2 some flexibility may be needed regarding the stream proportions as it is easier and quicker to reduce some streams than others;
- 7 **invited** the Minister of Immigration to vary the stream proportions for any given year in order to meet the overall planning range;

**Mechanisms to give effect to the planning range decision**

- 8 **noted** that as a result of high temporary visa numbers in recent years, if current settings and INZ processes are retained then forecasts indicate that more than 54,000 people would be granted residence under the NZRP in 2016/17;
- 9 **noted** that the high levels of demand for residence in New Zealand, coupled with good information about migrant outcomes, provide the opportunity to improve both policy settings and selection to maximise the NZRP's benefit to New Zealand;

**Skilled Migrant Category changes to be implemented in 2016**

- 10 **agreed** to raise the automatic selection mark for Expressions of Interest (EOIs) to be drawn from the pool from 140 to 160 points;
- 11 **noted** that INZ will limit selections from EOIs under the SMC to the selection mark agreed by the Minister of Immigration;
- 12 **invited** the Minister of Immigration to adjust the automatic selection mark for EOIs in 2016/17, as necessary to manage the achievement of the overall NZRP planning range;
- 13 **noted** that the Minister of Immigration has agreed to changes to the English language requirements which will be rolled out in November 2016;

**Skilled Migrant Category changes to be implemented in 2017**

- 14 **agreed** to introduce the ability to identify people on the basis of skill and income level for the purpose of selection and prioritisation;
- 15 **agreed** to amend SMC settings to better recognise skilled applicants by adjusting the points and selection mechanisms to:
- 15.1 focus more on skilled work experience, including by:
    - 15.1.1 better balancing points between skilled employment and work experience; and
    - 15.1.2 refocusing 'work experience' points so that experience is required to be in skilled employment;
  - 15.2 adjust the points awarded for age to reflect increased skill levels in the 30-39 age group;
  - 15.3 remove points no longer aligned with government priorities;
  - 15.4 award additional points for high salary levels;
  - 15.5 introduce the option of using remuneration levels to determine whether employment in New Zealand is skilled, including by:
    - 15.5.1 excluding certain jobs that are currently considered skilled but that are paid below a certain level;
    - 15.5.2 allowing jobs paid above a certain level to be considered skilled (including some that are not currently considered skilled);

- 16 **agreed** to strengthen mechanisms to enable INZ to test whether the claimed remuneration was actually paid to the applicant;
- 17 **invited** the Minister of Immigration to report back to EGI on the details of the proposed remuneration levels to be used to determine whether employment is skilled, as proposed in paragraph 15.5 above;
- 18 **agreed** that once the points and selection mechanisms have been amended (paragraphs 14 – 16) the points level required for selection be adjusted regularly as necessary in order to meet the NZRP and the current alternative selection criteria be removed;
- 19 **invited** the Minister of Immigration to make other adjustments to improve selection criteria and streamline application or operational processes that are consistent with the decisions above, in consultation with the Minister of Finance and the Minister for Tertiary Education, Skills and Employment;

### Family categories

- 20 **agreed** to set a cap for the capped family categories (largely comprising Parent Category applicants) of 4,000 places over the two years, a reduction equivalent to 7,000 places on the previous NZRP;
- 21 **agreed** to temporarily close the current Parent Category (Tiers One and Two) from the date of announcement of the NZRP, noting that NZRP places will need to be made available to grant residence to capped family applications in train (including EOIs that have been selected or invited to apply) at that point;
- 22 **noted** that parents and grandparents of New Zealand citizens and residents will continue to be able to apply for residence under the Parent Retirement category (which requires investment in New Zealand) and for long term temporary visits under the Parent / Grandparent Visitor Visa (a three-year multiple-entry visa);
- 23 **invited** the Minister of Immigration to undertake a review of the Parent Category and to report back to EGI by the end of July 2017;
- 24 **invited** the Minister of Immigration to undertake a review of Partnership and Dependent Child settings and report to EGI by the end of July 2017;

### Communications

- 25 **invited** the Minister of Immigration to develop and implement a communications strategy to announce these changes, which may include the proactive release of the submission under CAB-16-SUB-0500.

Michael Webster  
Secretary of the Cabinet

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Hard-copy distribution (see over)

**Hard-copy distribution:**

Prime Minister  
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