



COVERSHEET

Minister	Hon Erica Stanford	Portfolio	Immigration
Title of Cabinet paper	Immigration Fee and Levy Review	Date to be published	9 August 2024

List of documents that have been proactively released		
Date	Title	Author
27 June 2024	Immigration Fee and Levy Review – final proposed rates ECO-24-MIN-0117 Minute	Cabinet Office
19 June 2024	Immigration Fee and Levy Review – final proposed rates	Office of the Minister of Immigration
2 May 2024	2324-2878 Immigration fee and levy review – targeted consultation report back	MBIE
2 April 2024	2324-2695 Targeted consultation material – Immigration fee and levy review	MBIE
2 April 2024	Immigration Fee and Levy Review	Office of the Minister of Immigration
27 March 2024	Immigration Fee and Levy Review ECO-24-MIN-0040 Minute	Cabinet Office
4 March 2024	2324-1491 Immigration fee and levy review proposed rates and draft Cabinet paper	MBIE
1 February 2024	2324-1757 Further information on refugee support activities and reallocating ESOL costs	MBIE
31 January 2024	2324-1685 Options to address refugee and protected person claim processing challenges	MBIE
21 December 2023	2324-1069 Further advice on fiscal sustainability options for the immigration system	MBIE
27 November 2023	2324-0932 Fiscal sustainability options for the immigration system	MBIE

Information redacted

YES

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

Some information has been withheld for reasons of international relations; confidential advice to government; legal professional privilege; negotiations; confidentiality; free and frank opinions; maintenance of the law; confidential information entrusted to the government; and privacy of natural persons.



BRIEFING

Immigration fee and levy review: proposed rates and draft Cabinet paper

Date:	4 March 2024	Priority:	Medium
Security classification:	Budget - Sensitive	Tracking number:	2324-1491

Action sought		
	Action sought	Deadline
Hon Erica Stanford Minister of Immigration	Indicate your preferred option for inclusion in the Cabinet paper, for setting fees and levies Indicate your preferred option for repurposing the Crown funded tagged operating contingency to address Crown funded cost pressures Provide feedback on the attached draft Cabinet paper	7 March 2024

Contact for telephone discussion (if required)			
Name	Position	Telephone	1st contact
Jivan Grewal	General Manager, Employment, Skills and Immigration Policy	Privacy of natural persons	✓
Libby Gerard	Manager, Immigration (Border and Funding) Policy	Privacy of natural persons	
Stacey O'Dowd	Principal Policy Advisor, Immigration (Border and Funding) Policy	Privacy of natural persons	

The following departments/agencies have been consulted
The Treasury.

Minister's office to complete:

Approved

Declined

Noted

Needs change

Seen

Overtaken by Events

See Minister's Notes

Withdrawn

Comments



BRIEFING

Immigration fee and levy review: proposed rates and draft Cabinet paper

Date:	4 March 2024	Priority:	Medium
Security classification:	Budget - Sensitive	Tracking number:	2324-1491

Purpose

The purpose of this briefing is to provide you with:

- proposed fee and levy rates to achieve sustainable funding and fully recover costs, and
- a draft Cabinet paper, for your feedback, on the fee and levy review and using levy and Crown funding to address immediate cost pressures.

Executive summary

A total of \$133.7 million of Crown funded costs can be met by users of the immigration system who receive the benefits of services

Consistent with legal authority in the Immigration Act 2009 (the Act) and the cost recovery principle that those that receive the benefit or create the risk should incur the costs, it is proposed that the Crown cease funding the following activities and costs are instead recovered from users:

- immigration system activities (**\$73 million per annum**)
- English for Speakers of Other Languages (ESOL) programmes in schools (**\$41.3 million per annum** (representing 80 per cent of total ESOL costs))
- subsidising visa products (**\$19.549 million per annum**).

If the Crown funding for ESOL is reduced by 50 per cent, the total reduction of Crown funding would be \$118.2 million.

MBIE has modelled two options for setting fee and levy rates to recover more costs from users

The proposed fee and levy rates achieve sustainable funding, fully recover costs, address costs pressures, provision for uncertain visa volumes (using a 90% visa volume scenario) and balance the accounts over a four-year period.

We have modelled adjustments to rates based on two ESOL scenarios: funding 50 per cent of costs, or 80 per cent of ESOL costs through the immigration levy.

There is a trade-off between recovering a greater proportion of costs from users and staying within 90 per cent of Australia's charges for key visa products

Under the 80 per cent ESOL scenario, most temporary visa charges would remain within 100 per cent of Australia's charges, except Visitor and Entrepreneur. For residence charges, Skilled residence, Parent and Active Investor would be above 100%. Once secondary applicants are taken into consideration only the Entrepreneur visa is the outlier, and this is because the proposed charge reflects the cost to fully recover the direct and indirect costs of visa assessment and processing.

Under the 50 per cent ESOL scenario, most temporary visas would remain within 90 per cent of Australia's charges (except Visitor and Entrepreneur). When accounting for secondary applicants and comparing to the 100% benchmark, the charges are more competitive, although Entrepreneur remains the outlier.

We also seek your agreement on how many years of refugee cost pressures are funded using the tagged contingency

The Refugee Quota programme (\$1 million) and asylum claim cost pressures (\$1.3 million) can be addressed for 2023/24 using the Crown-funded tagged contingency from Budget 2023. The asylum proposal is for 2023/24 only because these costs are proposed to be met by users of the system in outyears. We recommend funding Refugee Quota programme cost pressures for 2023/24 to 2025/26. We seek your direction to finalise the proposal in the Cabinet paper.

A draft Cabinet paper is attached for your feedback

The attached Cabinet paper seeks Cabinet agreement to the proposed fee and levy rates, undertaking targeted consultation and managing immediate immigration system cost pressures. We seek your feedback on the paper. In order to meet the timeframes for introduction of the updated fees and levies, this paper will need to be circulated for Ministerial consultation between 8-18 March 2024 and the paper considered by Cabinet Economic Policy Committee on 27 March.

Recommended actions

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

Fee and levy rates

- a. **Note** that the approach to achieve sustainable funding, fully recover costs, address cost pressures and ensure charges are reasonable has been to:
 - i. account for uncertain visa volumes and revenue using a 90 per cent visa volume scenario
 - ii. set fee rates based on the estimated cost for visa assessment and processing ("cost-to-serve" or CTS)
 - iii. set the levy rate to reflect benefits received or risk created
 - iv. balance the levy account over a four-year period
 - v. minimise (where permissible) cross subsidisation to align with cost recovery principles and funding provisions in the Immigration Act 2009
 - vi. address artificially low visa charges as a result of historic subsidies
 - vii. remain within 90 per cent of Australia's charges (where feasible)

Noted
- b. **Note** that the proposed charges based on the CTS are higher than Australia's charges for some comparable products, we have adopted the CTS rate in order to fully recover costs and to be consistent with cost recovery principles

Noted
- c. **Note** that there is a trade-off between recovering a greater proportion of ESOL costs from users and staying within 90 per cent of Australia's charges for key visa products:
 - i. under the **50 per cent ESOL scenario** it is possible to remain within 90 per cent of Australia's charges for most temporary visas and within 100% when accounting for secondary applicants

- ii. under the **80 per cent ESOL scenario** it is only possible to remain within 100 per cent of Australia's charges when accounting for secondary applicants
- iii. under both scenarios, once accounting for secondary applicants, only the Entrepreneur visa is above Australia's charge (\$643)

Noted

d. EITHER

- i. **Confirm** your prior decision to fund 80 per cent of ESOL programmes in schools costs from the immigration levy [2324-1757 refers] (**recommended**)

Agree / Disagree / Discuss

OR

- ii. **Agree** that the immigration levy fund 50 per cent of ESOL programmes in schools

Agree / Disagree / Discuss

- e. **Note** that to improve transparency of the Pacific fee band rates we have applied a consistent approach to the discounted rates

Noted

- f. **Note** that there is an option for the Pacific Access Category (PAC) and Samoan Quota (SQ) visa rates to take effect from 1 April 2025 so the same fee applies for these applicants in 2024, with the fees memorandum account covering the shortfall (approximately \$190,000)

Noted

- g. **Agree** that the PAC and SQ rates take effect from 1 April 2025 with the shortfall being met by the fees memorandum account

Agree / Disagree / Discuss

- h. **Note** that because of the anticipated Accredited Employer Work Visa (AEWV) policy and associated fee changes being considered, these will be incorporated into final advice on proposed rates in June 2024

Noted

- i. Confidential advice to Government

Noted

Managing Crown funded cost pressures

- j. **Agree** to manage Crown-funded cost pressures by repurposing the tagged operating contingency (\$16.9 million), to

EITHER

- i. **Option 1:** Meet the asylum claims cost pressure for 2023/24 only (as costs are proposed to be levy funded in the future) and the Refugee Quota and related programmes cost pressures for 2023/24 and 2024/25 using \$8.6 million of the tagged contingency and returning \$8.3 million

Agree / Disagree / Discuss

OR

- ii. **Option 2:** Meet the asylum claims cost pressure for 2023/24 only (as costs are proposed to be levy funded in the future) and Refugee Quota and related programmes cost pressures for 2023/24 to 2025/26 using \$14.9 million of the tagged contingency and returning \$2 million (**recommended**)

Agree / Disagree / Discuss

- k. **Note** that for both options in recommendation j, MBIE will provide you with advice to support a Budget 2025 submission, including choices relating to complementary pathways, immigration measures to support settlement outcomes under the New Zealand Refugee Resettlement Strategy and a more sustainable funding model for the Refugee Quota

Noted

Draft Cabinet paper

- l. **Note** a draft Cabinet paper on the fee and levy review is attached at **Annex One**, which subject to any feedback and your direction on recommendations 'd', and 'j', is ready for consultation with your Ministerial colleagues

Agree / Disagree / Discuss

- m. **Note** that Departmental consultation will occur concurrently, which may mean adjustments to the paper based on any feedback

Noted

- n. **Agree** to undertake Ministerial consultation on the draft Cabinet paper between 8 – 18 March 2024 so the paper can be considered by Cabinet Economic Committee on 27 March (lodgement on 21 March).

Agree / Disagree / Discuss



Libby Gerard
**Manager, Immigration (Border and Funding)
Policy**
Labour, Science and Enterprise, MBIE
..04. / 03. / 2024..

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

Background

1. On 12 February 2024, you confirmed the Crown funded activities that should be met by users of the immigration system, reducing Crown funding required [2324-1757]. Specifically, that all refugee services will remain Crown funded and 80 per cent of funding for English for Speakers of Other Languages (ESOL) programmes in schools will be levy funded, subject to detailed modelling of fee and levy rates.
2. This briefing sets out information on the following:
 - a. a summary of costs proposed to cease being Crown funded and be met by users of the system
 - b. options for proposed fee and levy rates, including the projected balances of the fee and levy accounts and a comparison with Australia's charges
 - c. visa volumes, revenue and expenditure for the first half of 2023/24
 - d. the levy and Crown funded cost pressures to be addressed in 2023/24 (decision sought).
3. It also attaches a draft Cabinet paper (**Annex One**) that seeks agreement to targeted consultation with key stakeholders on the proposed rates, and managing immediate cost pressures using levy and Crown funding.

Costs proposed to be met by users of the immigration system

4. A priority for the immigration system is to achieve a funding model that is efficient, self-funding and sustainable.
5. We advised that Crown funding for immigration activities could cease based on legal authority in the Immigration Act 2009 (the Act) and consistency with the principle that those that receive the benefit or create the risk should meet the costs of such activities [2324-0932, 2324-1069 refer].
6. We identified that some activities currently funded by the Crown could be funded by users by adjusting immigration charges. We understand that as part of Budget 2024 decisions will be taken on reducing previously committed Crown funding by:
 - a. \$73 million per annum - currently spent on Crown funded immigration system activities
 - b. \$41.3 million per annum – projected spend (excluding cost pressures) on ESOL programmes in schools (80 per cent of total existing funding)¹
 - c. removing \$19.547 million per annum provided to subsidise visas.
7. We had previously identified \$76 million per annum of Crown funded activities that could be met by the users of the system. Due to both Crown and levy revenue being reported as Crown Revenue, it was identified that \$3 million of settlement and immigration advisers activities are levy, not Crown funded. Note that Budget 2024 processes are underway and final proposals are subject to decisions by Budget Ministers.

¹ 50 per cent of total funding for ESOL programmes in schools is \$25.8 million per annum.

Proposed fee and levy rates

8. The mechanism to recover the cost of services (in anticipation of current Crown funding ceasing for certain immigration activities) from users of the immigration system is through adjusting fee and levy rates.
9. The approach we have taken to adjust the fee and levy rates to achieve sustainable funding for the immigration system, fully recover costs and ensure total charges remain lawful and reasonable is set out below, with further detail in **Annex Two**:
 - a. account for uncertain visa volumes and revenue by applying a 90 per cent visa volumes scenario
 - b. balance the accounts over a four-year period (note a change from three years is required to fully recover costs)
 - c. set fee rates based on the cost-to-serve (CTS) rate (where available) for visa assessment and processing services²
 - d. cap fee increases to cover the CTS, with no levy rate applied where the CTS is at or above 90 per cent of Australia's rates
 - e. set the levy rate to reflect benefits received or risk created³
 - f. minimise (where permissible) cross subsidisation to align with cost recovery principles and funding provisions in the Act
 - g. address artificially low visa charges as a result of historic subsidies (further explained below)
 - h. remain competitive with Australia (within 90 per cent for key temporary visa categories where feasible).
10. The CTS is calculated based on forecast visa volumes, workforce productivity, and direct and indirect costs. Setting the fee at the minimum CTS rate is necessary to fully recover the costs of delivering immigration services and ensure sustainable funding. Setting charges below the CTS would have a significant impact on the fees memorandum account (if the shortfall was to be absorbed), particularly as visitor visas are high volume.
11. We have modelled adjustments to rates based on two ESOL scenarios: funding 50 per cent and 80 per cent of ESOL costs through the immigration levy (the latter being your preferred option [2324-1757 refers]).
12. **Table 1** below sets out the proposed fee and levy rates of key visa products for both ESOL scenarios, benchmarked to Australia's charges. **Annex Three** sets out the full fee and levy schedule and **Annex Four** includes a further comparison with Australia's charges.

² The CTS is available for 29 visa products, where there is no CTS, the current immigration charge has been retained.

³ Under the Immigration Act, it is possible to prescribe different amounts of methods of calculation of the levy in respect of different categories or classes of visa applicants.

Table 1: Proposed fee and levy rates and comparison to Australia

Key visa products	Current total immigration charges^ (GST incl)	Option 1: 80% ESOL		Option 2: 50% ESOL		100% Current Australian price (\$NZD)
		\$ price	% change	\$ price	% change	
		eTA (visitor)	23	23	0%	
Visitor*	211	310	47%	310	47%	202
Group visitor	55	255	364%	250	355%	-
Working Holiday	420	670	60%	605	44%	674
Fee-paying student	375	725	93%	675	80%	754
Post-study work	700	1,890	170%	1,810	159%	2,011
Partnership (work)	860	1,675	95%	1,530	78%	-
Accredited Employer Work Visa (AEWV) - migrant check	750	1,540	105%	1,395	86%	1,545
AEWV accreditation	3,870	3,900	1%	3,900	1%	-
AEWV job check	610	615	1%	615	1%	-
Limited Visa - Recognised Seasonal Employer (RSE)	325	355	9%	355	9%	377
Agreement to recruit under Recognised Seasonal Employer Scheme	290	290	0%	290	0%	-
Recognised Seasonal Employer Status	1,080	1,080	0%	1,080	0%	-
Entrepreneur (work)	3,920	10,810	176%	10,665	172%	6,779
Variation of conditions on a temporary entry class visa	210	440	110%	440	110%	-
Skilled Residence pathways (Resident)*	4,290	6,450	50%	6,440	50%	4,925
Partnership (Resident)	2,750	8,240	200%	8,240	200%	9,389
Parent (Resident)	5,260	6,660	27%	6,660	27%	5,297
Dependent Child (Resident)	2,750	3,230	17%	3,230	17%	3,238
Active Investor Plus (Resident)	7,900	30,150	282%	29,270	271%	18,226
Permanent Resident Visa	240	345	44%	345	44%	-
Samoan Quota	820	1,430	74%	1,430	74%	-
Pacific Access Category	1,300	1,470	13%	1,470	13%	-
Key:						
<div style="display: flex; gap: 10px;"> <div style="width: 15px; height: 10px; background-color: #d9ead3; border: 1px solid black;"></div> Within 100% </div> <div style="display: flex; gap: 10px;"> <div style="width: 15px; height: 10px; background-color: #f4cccc; border: 1px solid black;"></div> Below 100% when accounting for 1 secondary applicant </div> <div style="display: flex; gap: 10px;"> <div style="width: 15px; height: 10px; background-color: #f4cccc; border: 1px solid black;"></div> Above 100% </div>						

13. The figures below illustrate how the immigration accounts balance over time:

- a. **Fees memorandum account** surplus reduces, with the closing balancing trending towards zero. The deficit from FY2025 reflects using surplus revenue to meet expenditure.
- b. **NZeTA account** is projected to remain in surplus by the end of the period to provision for anticipated ICT investment (no investments have been made since NZeTA was implemented in 2019).
- c. **Levy hypothecation account** has a reduced deficit year-on-year, trending close to zero at the end of 2027/28.

Figure 1: Immigration fees memorandum account balance

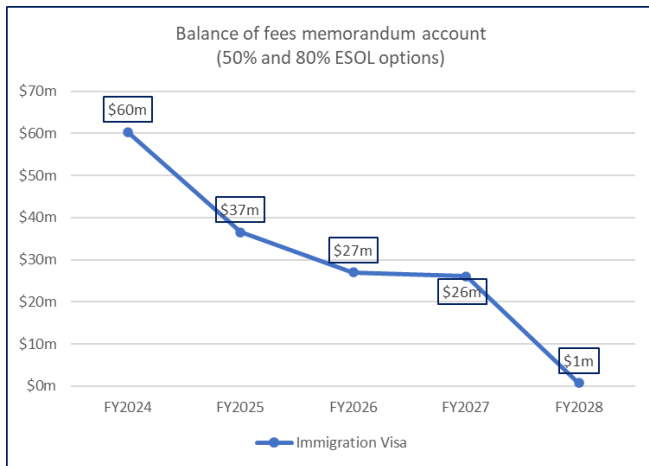


Figure 2: NZeTA account balance

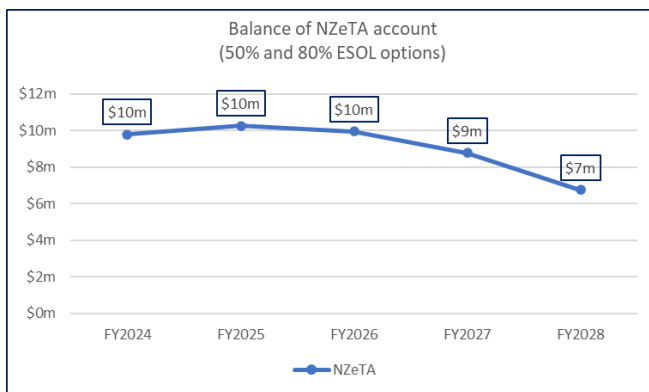
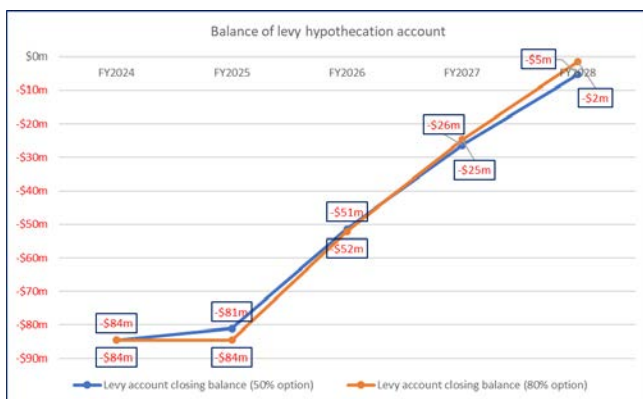


Figure 3: Levy hypothecation account balance



14. **Table 2** below sets a comparison of all three scenarios against the stated objectives in our earlier advice [briefing 2324-1069 refers].

Table 2: Comparison of options to stated objectives of the fee and levy review

	Recover costs, including cost pressures	Account for uncertain visa volumes	Remain competitive with Australia 90% for key temporary visa categories (visitor, student and work)
Option 1 (80% ESOL) Balance accounts over a four year period	✓	✓	✗ Most temporary visas remain within 100% of Australia's, except Visitor and Entrepreneur. Skilled residence, Parent and Active Investor would be above 100%. Once secondary applicants are included, Entrepreneur is the outlier, reflecting the CTS.
Option 2 (50% ESOL) Balance accounts over a four year period	✓	✓	✓ Most temporary visas remain within 90% of Australia's charges, except Visitor, RSE and Entrepreneur. Once secondary applicants are included, all charges are more competitive (within 100%). Entrepreneur is the outlier, reflecting the CTS.

Comparison with Australia's charges

Setting visa costs to remain competitive with Australia

15. The National Party manifesto sets out that visa charges should be kept at 90% of Australia's. In earlier meetings, you provided guidance that the benchmark to 90% of Australia was more important for key temporary visa categories (visitor, student and work). We have compared the proposed fee and levy rates to 90% of Australia, while shifting the benchmark for residence visa categories to 100% of Australia.
16. Under both scenarios, when accounting for secondary applicants, charges would be within, or below 100% of Australia's charges. The exception being the Entrepreneur visa (\$643) because of the CTS.
17. We note that the 2022 review did not increase charges for Visitor or Pacific related visas and a Crown subsidy was provided. The CTS for the Entrepreneur visa is driven by low visa volumes and the length of time to assess these visas due to complexity. We note your interest in reviewing the entrepreneur and investor visas, to ensure we have visas that are fit-for-purpose to attract investors as stated in your priority letter to the Prime Minister.
18. To finalise the draft Cabinet paper, we seek confirmation of your previous decision to cease Crown funding for 80 per cent of ESOL and increase charges to users, or to cease Crown funding for only 50 per cent of ESOL costs.

Shifting to the Australian approach to charge per individual within an application

19. We note your interest in exploring changes to the charging approach to charge a fee per applicant. The Act's charging provisions provide flexibility to charge an individual person.⁴
20. Based on the time required to scope and implement such changes, we recommend exploring such changes as part of a future fee and levy review. The ICT changes, for example, would

⁴ Section 393(1) of the Act.

be complex (and estimated to take six months) due to changes to multiple systems (revising fee calculations, accounting for different family compositions and enabling flexibility for when additional applicants are included following the submission of an application).

An updated approach to the Pacific fee band

21. Different charges for applications from the Pacific apply to recognise New Zealand's special relationship with the Pacific Island nations and commitment to support Pacific economic development. This is achieved through the Pacific fee band (applications submitted from Pacific Island nations), which sets charges for some visa products at a lower rate.
22. The historic approach has been a case-by-case approach to discounting rates resulting in a broad range of discounts and potentially artificially low rates for some visa products. We propose to reset the Pacific fee band by applying a consistent approach within visa product groups, leading to improved transparency.
23. Applying the CTS for Pacific-related visas would mean increases to fee rates as below. No levy rate would apply.
 - a. RSE: a 9 per cent increase (\$325 to \$355)
 - b. Pacific Access Category (PAC)⁵: a 13 per cent increase (\$1,300 to \$1470)
 - c. Samoan Quota (SQ)⁶: a 74 per cent increase (\$820 to \$1,430).
24. MBIE will work with MFAT during the consultation period to ensure international commitments are met.
25. We note that the PAC and SQ ballot is planned from mid-May to the end of June, with the draw around mid-July. There is then an eight-month invitation to apply (ending March 2025). To ensure fairness for successful applicants in the 2024 ballot, we recommend that the new rates take effect from 1 April 2025.
26. Taking this approach would require the shortfall (approximately \$190,000) to be met by the fees memorandum account surplus, as opposed to the Crown continuing to subsidise these visas.

Upcoming policy changes and investment proposals

27. Policy work on AEWV settings is underway, which includes reviewing fee rates to ensure charges reflect the level of assessment required. Our proposed approach is to incorporate adjusted AEWV rates as part of our final advice to Cabinet in June 2024. The future AEWV rates will not be part of the targeted consultation material.
28. In our earlier modelling we provisioned for costs including the **Confidential advice to Government** **[redacted]** Collective Bargaining and potential changes to the RSE scheme [2324-1069 briefing refers]. The proposed rates include Collective Bargaining and some **Confidential** costs only to not pre-empt Cabinet policy and investment decisions.
29. **Confidential advice to Government** **[redacted]**

⁵ A ballot is open to citizens from: Kiribati (75 places), Tuvalu (75 places), Tonga (250 places) and Fiji (250 places).

⁶ There are 1,100 places each year and a further 550 extra places each year until 2026.

30. Depending on Cabinet's decisions on the Confidential advice to Government, subsequent changes to fee and levy rates may be required to fund these investments. During targeted consultation we will signal that this work is underway.
31. We note MBIE is providing further information on policy and operational options to manage increased asylum claims [2324-2089 refers]. The modelled provision for costs of \$10.23 million.

Impacts of increased fee and levy rates on demand

32. The experience of past fee and levy reviews (and international studies) suggests that the impact of moderate increases to fee and levy rates on demand is likely to be low. This is because immigration charges are a small proportion of the overall costs for migrants considering travelling to New Zealand for holiday, work, study or permanently. The increases for visitor visas are more significant than in the past which makes it difficult to assess the demand impacts. The price for a visitor visa has been set to recover costs and remain competitive with Australia.
33. Feedback from operational and policy subject matter experts is that the proposed charges seem reasonable and unlikely to have a measurable impact on demand for visas. The scale of the increases for some visa products will likely generate some push-back from stakeholder groups.
34. Visa products, under the 80% ESOL scenario with significant increases include:
- Group visitor:** a 364% increase due to setting the rate at the CTS
 - Post-study work:** a 170% increase due to a combination of the CTS and levy rate increase, the total charge is within 90% of Australia's rate
 - Partnership resident:** a 200% increase due to the levy rate increase, the total charge is within 90% of Australia's rate⁸
 - Active Investor:** a 282% increase due to the CTS, combined with low visa volumes, the total charge is within 100% of Australia's rate.
35. We will test demand impacts during consultation with other agencies and as part of targeted consultation with key stakeholders. Consultation may also identify issues such as strong opposition or questioning of proposals on the basis that the justification for them appears unsound or unlawful. We note that following feedback from targeted consultation during the 2022 fee and levy review, proposed charges for Skilled Migrant Category were reduced and a Crown subsidy was provided.

⁷ Confidential advice to Government

⁸ Even after accounting for the fact that Australia provides Partnership resident applicants with a work visa for no additional charge.

Risks to manage

Revenue shortfall

36. One risk to manage is that revenue may not cover expenditure due to lower than forecast visa volumes. This risk is increased due to more costs now being funded by users of the system, and therefore susceptible to volume volatility. The approach to manage this risk is that:
- a. the visa fee and levy rates have provisioned for uncertain visa volumes (setting rates based on 90 per cent of forecast visa volumes). This amounts to an 11 per cent “buffer” in revenue (around \$73 million per annum over three years across fee and levy revenue) if 100 per cent of forecast visa volumes were to eventuate.
 - b. MBIE will develop and implement a financial management plan to support a sustainable immigration funding model and efficient and effective delivery of services. We propose to report back on the details of this plan in the second half of 2024.
37. MBIE will also provide you with further advice on amendments to the Act to improve the sustainability of immigration funding (i.e. Confidential advice to Government [2324-2111 and 2324-2168 refer].

Confidential advice to Government


- [Redacted]
- [Redacted]

Legal professional privilege

- [Redacted]
- [Redacted]
- [Redacted]

Addressing immediate Levy and Crown funded cost pressures

Crown funded cost pressures

43. As previously advised, the two Crown-funded cost pressures for 2023/24 are:
- managing a significant increase in asylum claims (**\$1.3 million**)
 - increased costs to deliver the Refugee Quota and related programmes (**\$1.0 million**, a reduction of \$2.0 million as advised in December 2023 [briefing 2324-1069 refers]).
44. We recommend that these cost pressures be addressed by repurposing some of the Crown funded tagged operating contingency of \$16.9 million provided for in Budget 2023. The funding was to maintain visa processing capacity in the context of uncertain visa volumes (and revenue), which is longer required because the fees memorandum account is in surplus.
45. The Minister of Finance and you agreed to extend the tagged contingency to allow for decisions on its use as part of the fee and levy review [briefing 2324-1490 refers]. We seek direction on your preferred option for how many years of the Refugee Quota cost pressures to cover using the tagged contingency:
- Option 1:** Covering the asylum claims cost pressure for 2023/24 only (as costs are proposed to be levy funded) and the Refugee Quota and related programmes cost pressures for 2023/24 and 2024/25 using \$8.6 million of the tagged contingency and returning \$8.3 million.
 - Option 2:** Covering the asylum claims cost pressure for 2023/24 only (as costs are proposed to be levy funded) and Refugee Quota and related programmes cost pressures for 2023/24 to 2025/26 using \$14.9 million of the tagged contingency and returning \$2 million.
46. Under both options, we will provide you with advice in time for Confidential advice to Government


Levy funded cost pressures

47. You agreed to use \$5 million levy funding to manage the shortfall for the immigration compliance and investigation workforce [briefing 2324-1069 refers]. This proposal is included in the draft Cabinet paper.

Six monthly report on visa volumes, revenue and expenditure

48. A requirement of funding from Budget 2021 was that MBIE report to the Minister of Finance and Minister of Immigration quarterly on visa volumes, revenue, and expenditure [CAB-21-MIN-0116.04]. We have attached the final report from July-December 2023 at **Annex Four**. Quarterly reports will be provided from May 2024.

We have prepared a draft Cabinet paper

49. The draft Cabinet paper attached at **Annex One** seeks approval to:
- Crown funded activities to be funded by third-party users of the immigration system
 - undertake targeted consultation with key stakeholders on proposed fee and levy rates
 - address immediate Crown-funded and levy-funded cost pressures.
50. To finalise the draft Cabinet paper we seek:
- direction on your preferred option to repurposing the tagged contingency for Crown funded cost pressures (as outlined in paragraph 45).
 - confirmation that 80 per cent of ESOL costs will be levy funded.

Next steps and timeframes for the Cabinet paper

51. The timeframes for the Cabinet paper are set out below. The proposal is for the paper to be considered by the Cabinet Economic Policy Committee (ECO) on 27 March, which allows sufficient time for stakeholder consultation ahead of final advice in June 2024.
52. We understand that the Minister for Tourism and Hospitality will be proposing a review of International Visitor Conservation and Tourism Levy (IVL) rate at ECO on 20 March 2024. You will be sent the draft Cabinet paper and Discussion Document for comment over the next two weeks. The IVL is currently set at \$35 and the revenue is split across the tourism and conservation portfolios. Cabinet will be asked to seek agreement to targeted consultation on the two options for a potential rate increase (\$50 and \$70).
53. We recommend looking for opportunity to align timeframes, including stakeholder consultation, with the immigration fee and levy review. MBIE Immigration and Tourism officials will continue to work closely on these reviews.

Table 3: Fee and Levy Review Cabinet paper timelines

Date	Milestone
4 March 2024	Draft paper provided to the Minister of Immigration
7 March 2024	Updated paper provided to the Minister of Immigration
8 – 18 March -	Ministerial and departmental consultation
19 March 2024	Final Cabinet paper provided to Minister of Immigration
21 March 2024	Lodge Cabinet paper (by 10am)
27 March 2024	ECO consideration
2 April 2024	Cabinet consideration
April	Targeted consultation with key stakeholders

Annexes

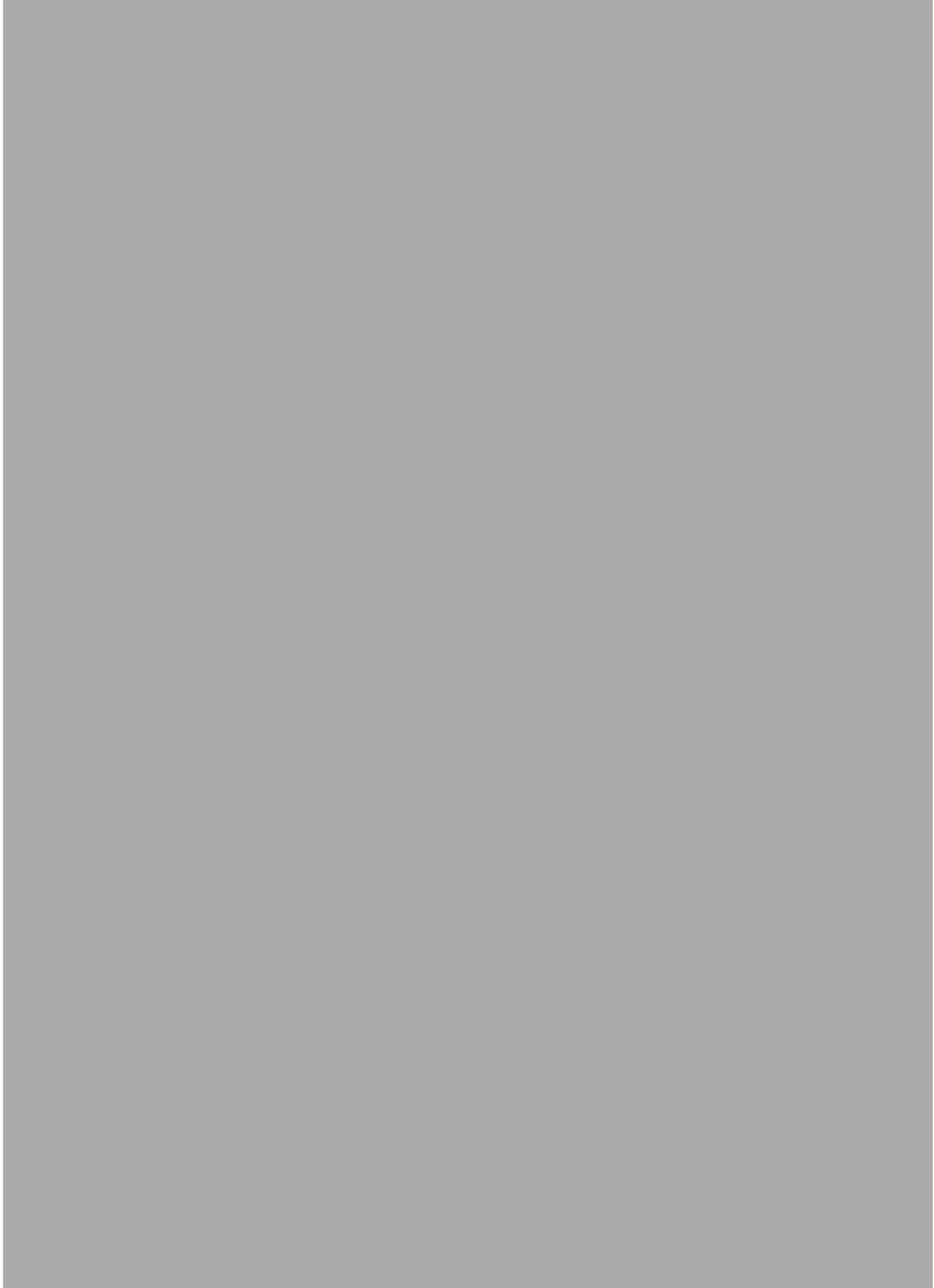
Annex One: Draft Cabinet paper

Annex Two: Approach to adjusting fee and levy rates

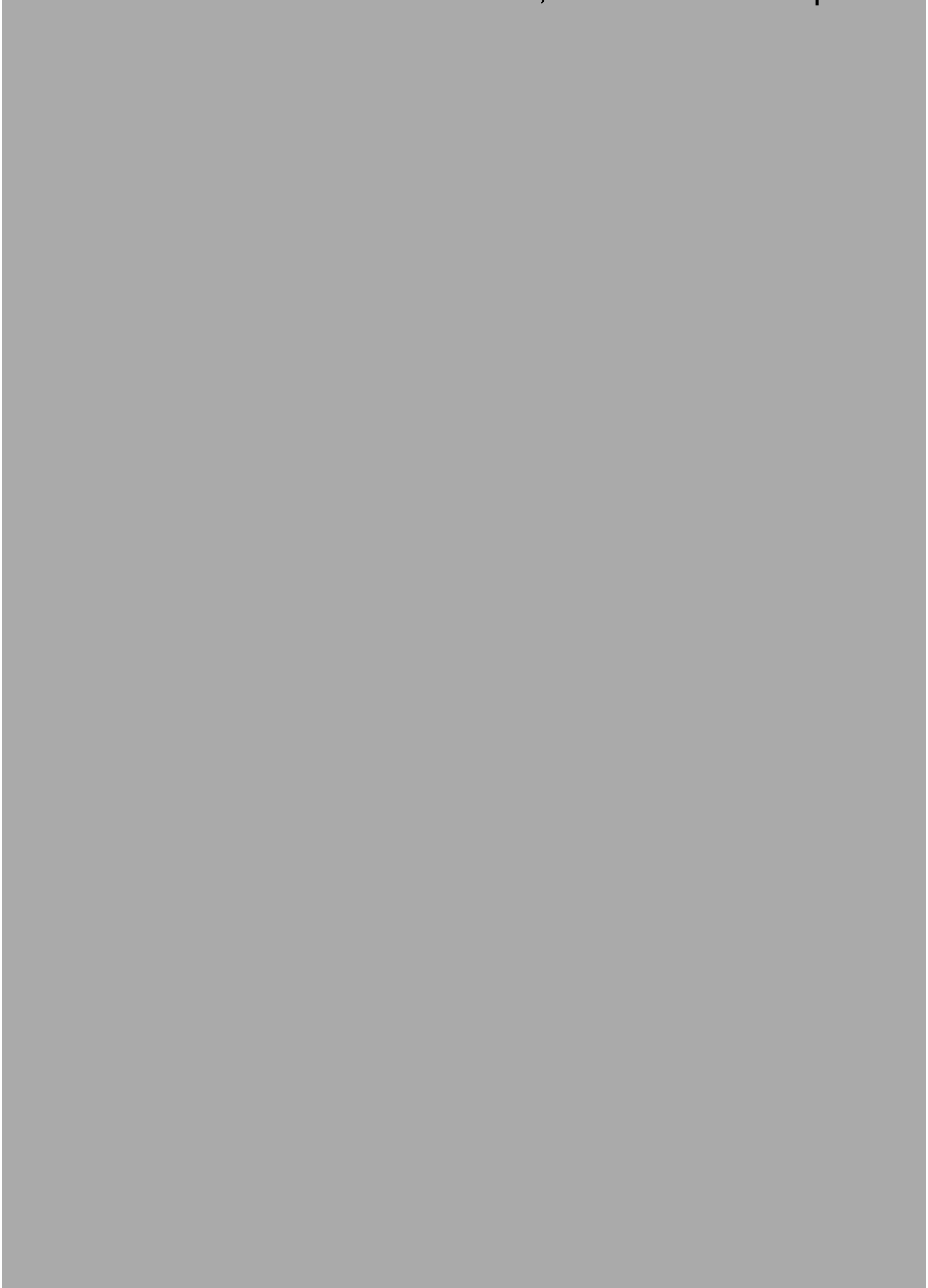
Annex Three: Proposed visa fee and levy rates

Annex Four: Comparison with Australia's charges

Annex Five: Six monthly report on visa volumes, revenue and expenditure





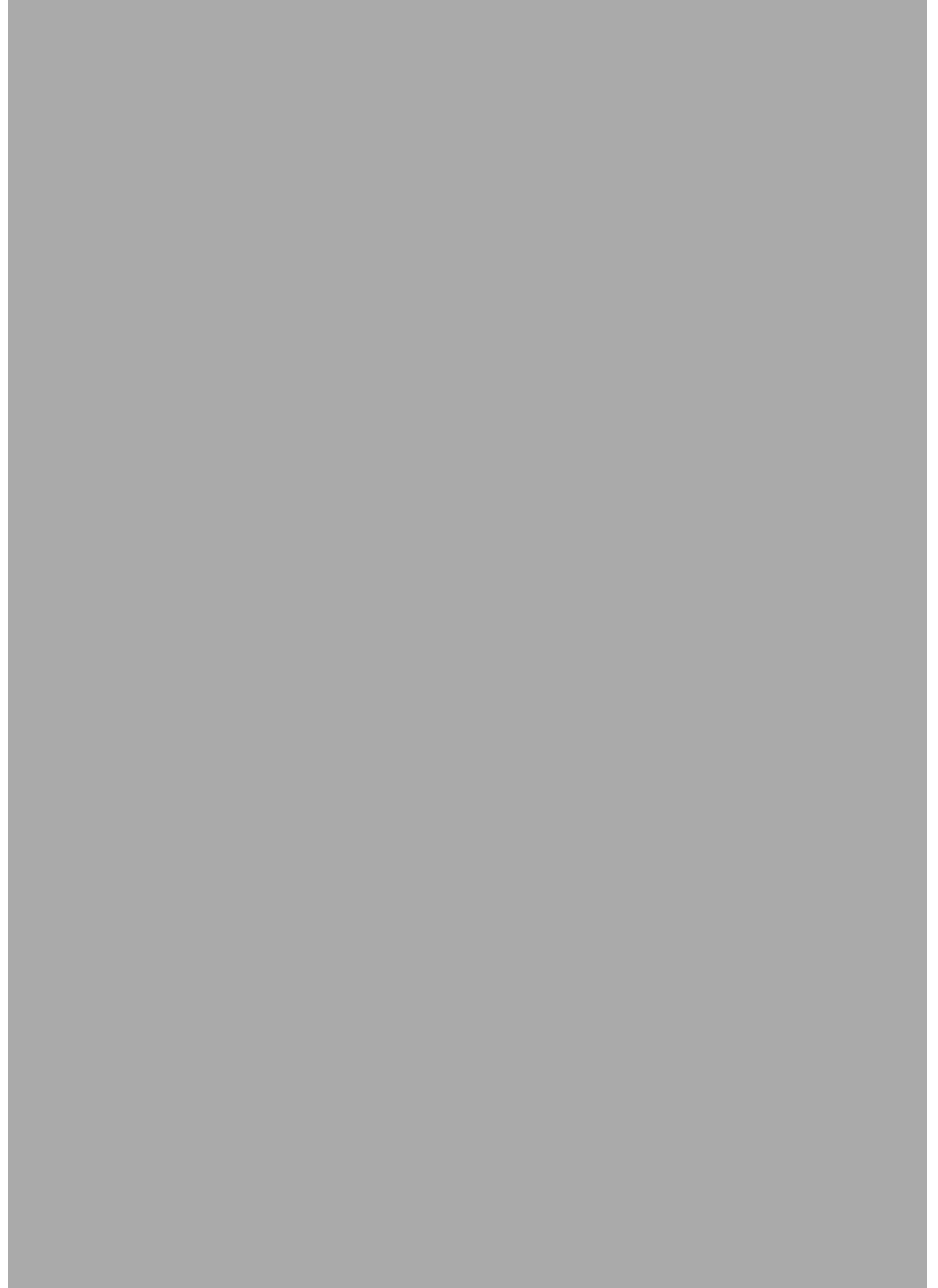


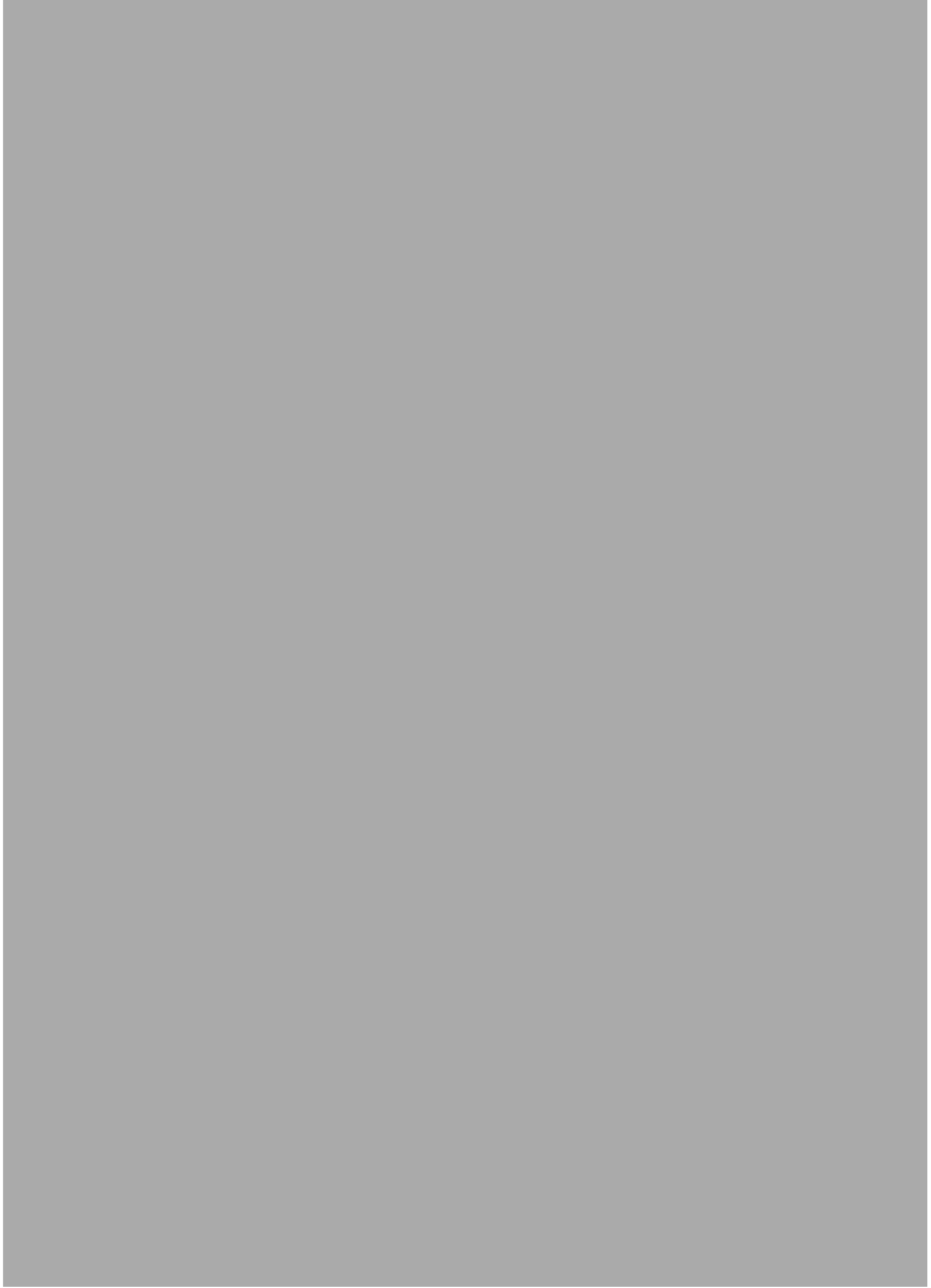
Confidential advice to Government, Free and frank opinions



Confidential advice to Government, Free and frank opinions

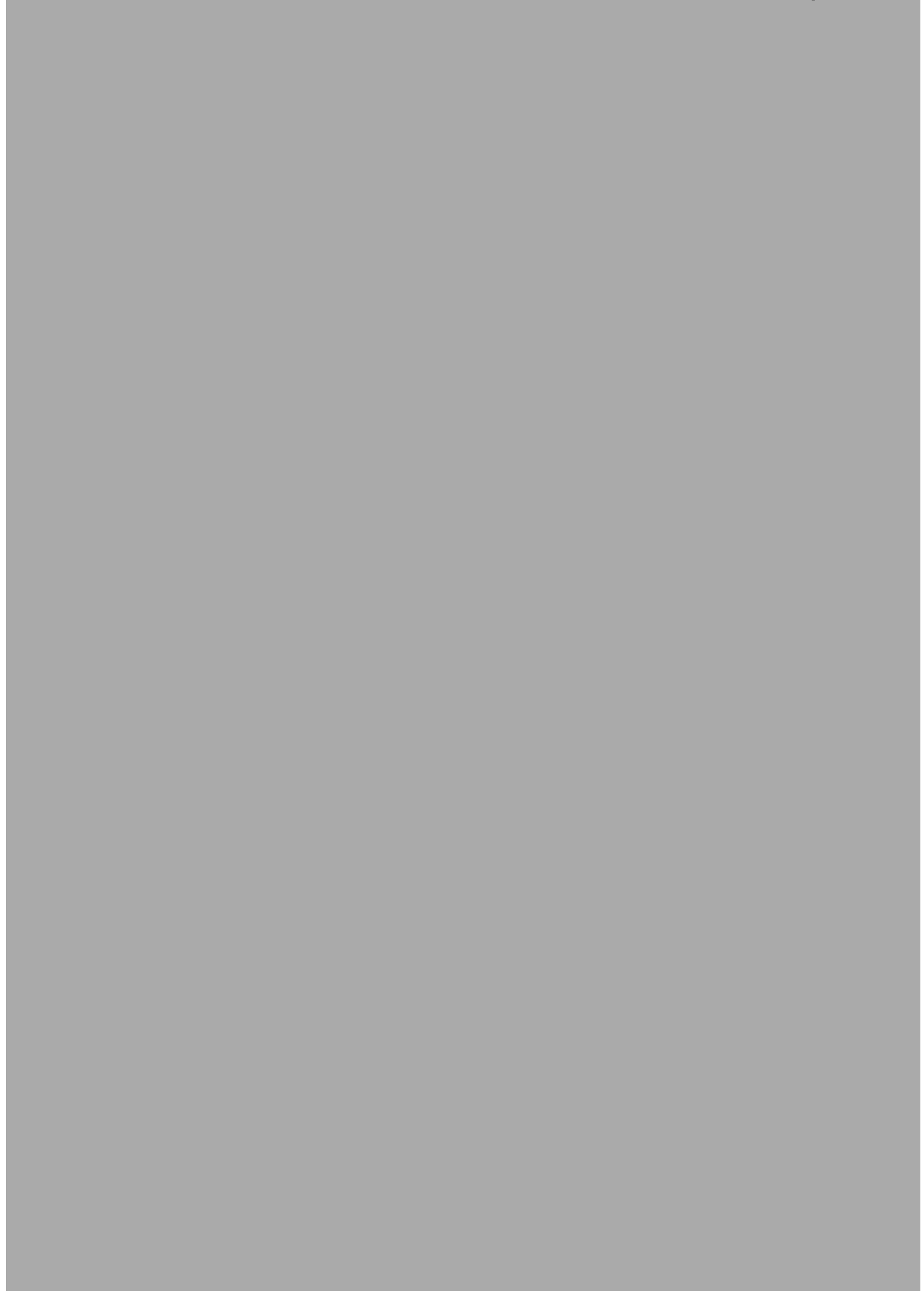




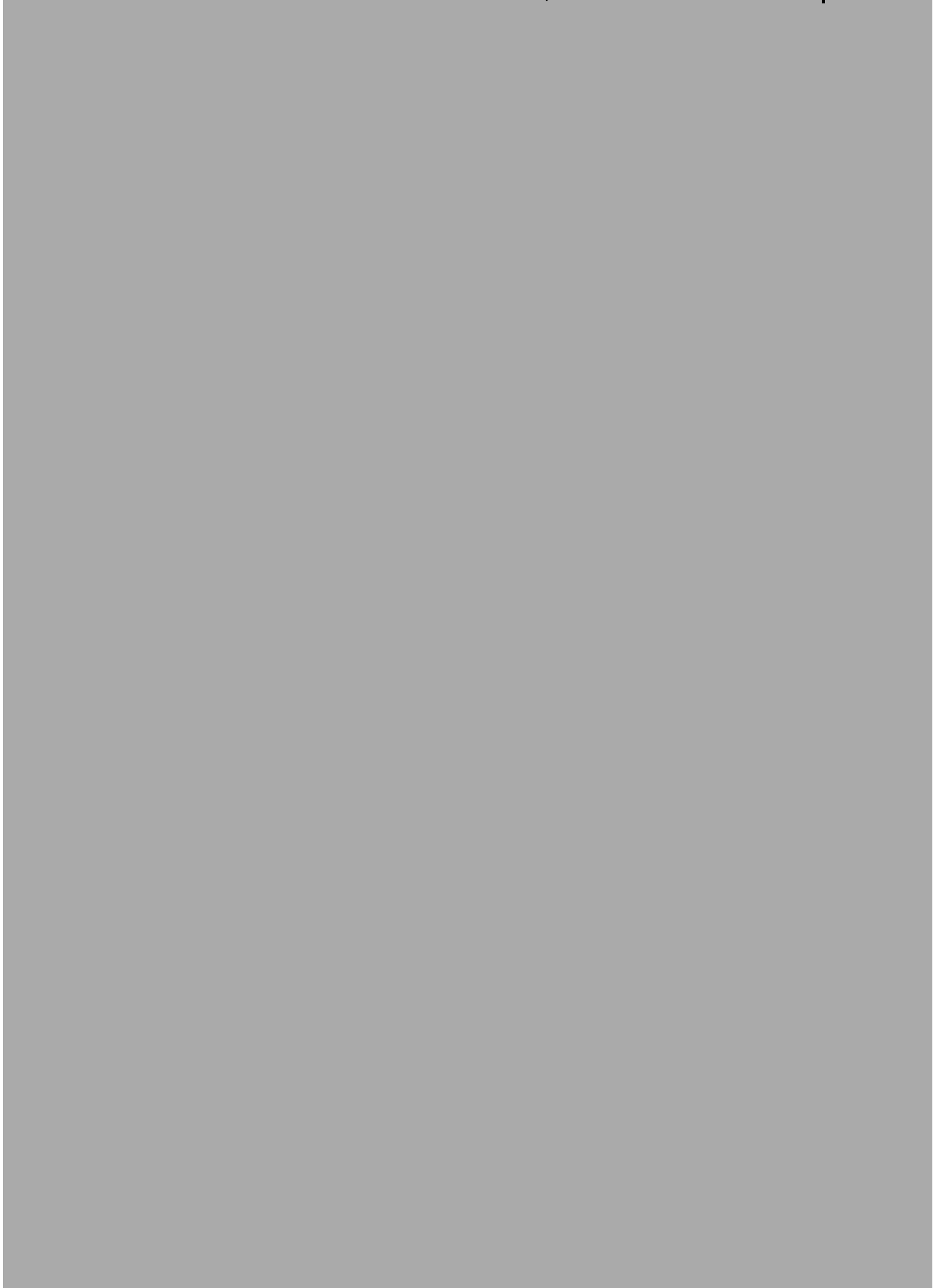


Confidential advice to Government, Free and frank opinions

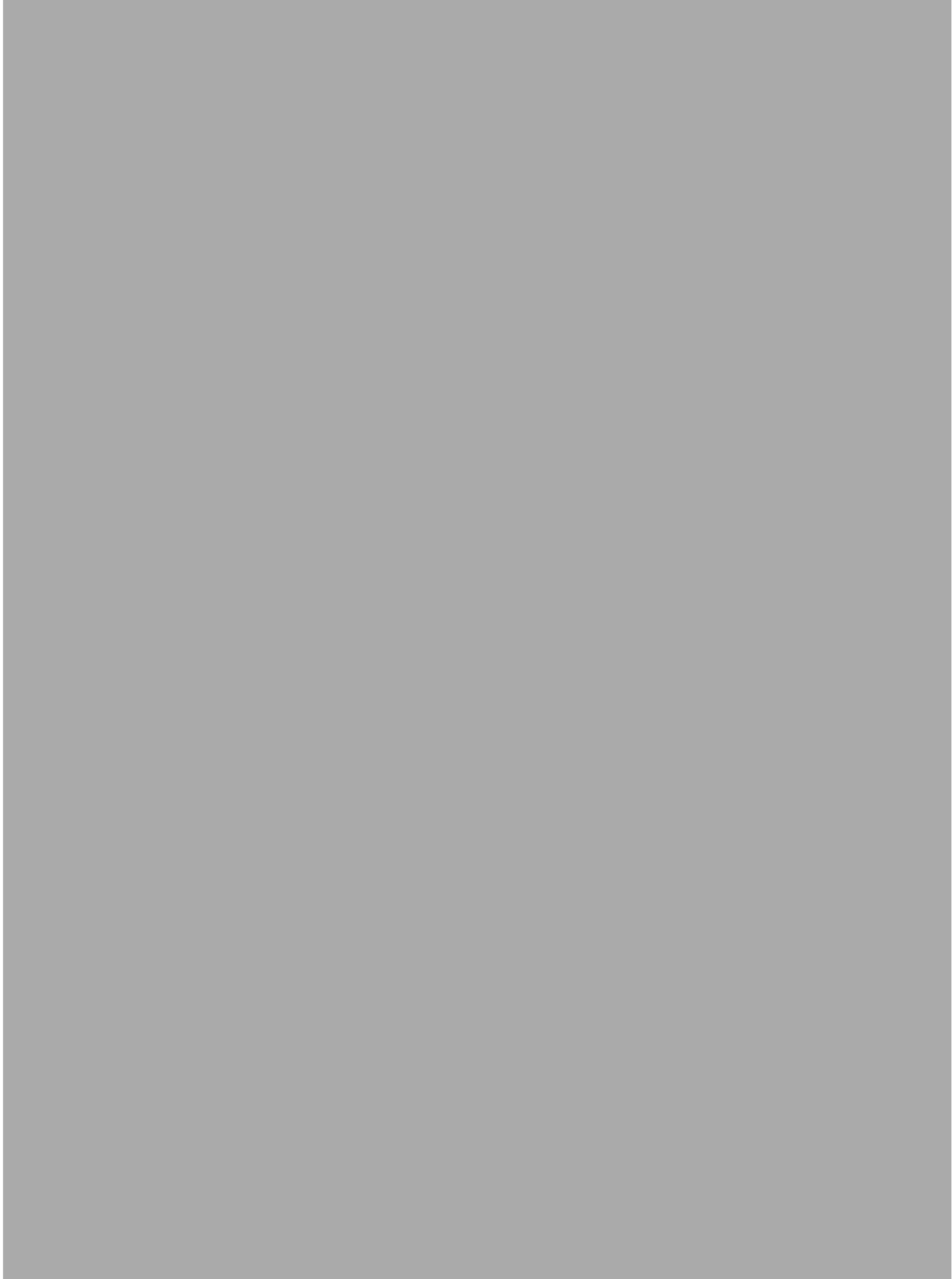
Confidential advice to Government, Free and frank opinions

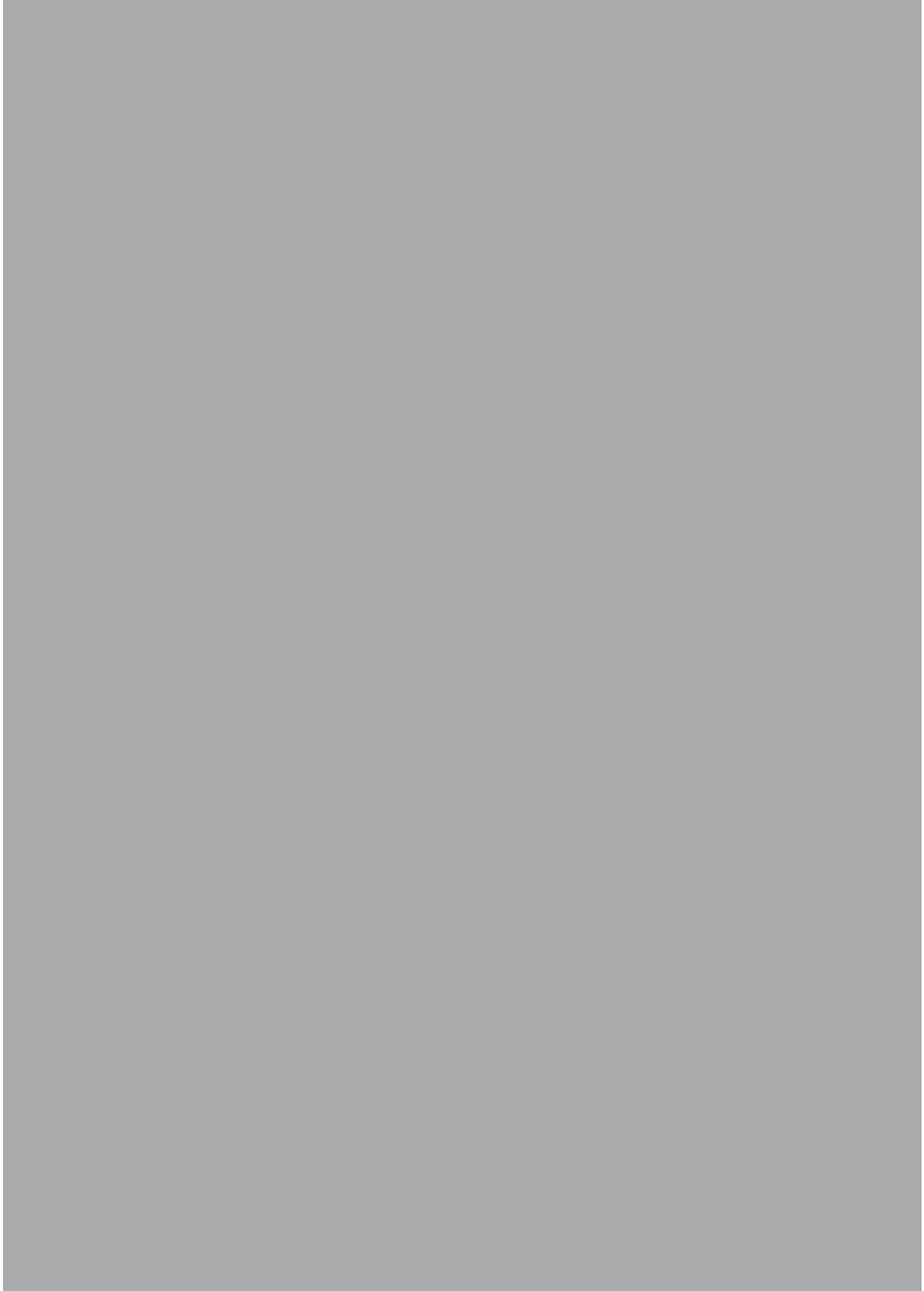


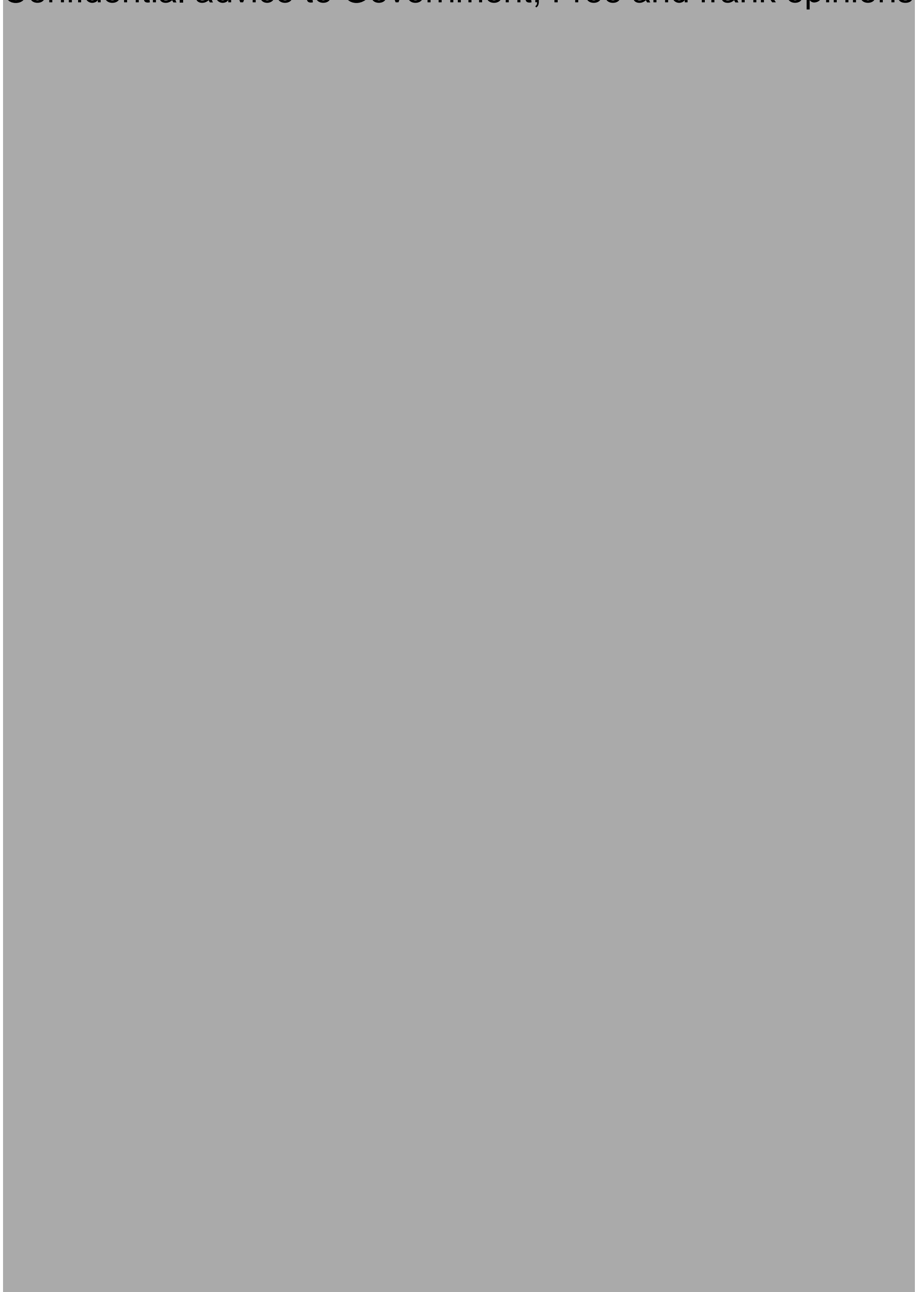












Annex Two: Approach to setting fee and levy rates

Approach to setting Immigration fees and levy rates

Context

Crown funding for services that benefit users of the immigration system can reduce

- Immigration system activities (\$73m pa)
- ESOL programmes in schools (\$41.3m pa).
- Crown funding provided to subsidise visas: (\$19.5m pa).

Immigration fee and levy rates would need to increase to meet these costs.

Proposed fee and levy rates have been set to achieve sustainable funding and to:

- Recover costs, address cost pressures from 2024/25 and to account for uncertain visa volumes and revenue.
- Rebalance fee and levy accounts balances over a four-year period.
- Remain competitive with Australia (within 90% where feasible).

Visa volumes, revenue and expenditure profile

Total	FY2024	FY2025	FY2026	FY2027	FY2028
Volumes	3,146,293	2,812,174	2,834,139	2,891,729	2,888,407
Revenue fee (\$m)	310.9	392.8	421.2	444.8	435.5
Revenue levy (\$m)	96.6	230.9	270.1	273.4	276.5
Revenue crown (\$m)	157.6	71.0	73.5	75.1	77.4
Total revenue (\$m)	565.1	694.7	764.8	793.4	789.3
Total expenditure (\$m)	(618.6)	(718.0)	(742.3)	(768.0)	(793.5)
Surplus/(Deficit) for the year (\$m)	(53.5)	(23.3)	22.4	25.4	(4.2)

Key inputs that have informed the fee and levy rates

1. **Immigration system five-year cost projection model** - (baseline costs, cost pressures). Includes updated ICT outyear costs by system to inform the total revenue required to recover costs.*
2. **Visa volumes and revenue forecasts** – to inform the cost-to-serve and levy allocation (the forecasts are generated using a statistical model that accounts for trends over time, including seasonal peaks/troughs. Adjustments are made based on policy and operational SME input.
3. **The cost-to-serve model** - to set proposed fee rates for each visa product.
4. **Levy allocation model** - to inform proposed levy rates (modelled for 50% and 80% of ESOL costs).

* **Confidential advice to Government** excluded from the fee and levy rates to not pre-empt Cabinet decisions. We have provisioned for Collective Bargaining outcomes and some outyear **Confidential a** while total costs are being finalised.

Key assumptions and managing risk

Visa volume uncertainty

- Demand for visas continues to be uncertain. Forecasts are that visa volumes will remain below pre-pandemic levels over the next two years.
- The proposed rates provision for uncertain visa volumes and revenue

Productivity

- The cost-to-serve productivity rate is based on the current immigration workforce remaining stable in outyears.
- The productivity rate for Visitor Visas and AEWV is assumed to change over time once General Instructions are removed for these categories and policy changes are made. This may mean the cost to process these visa increases.

Allocation of costs between fees and levies

- A higher portion of ICT costs will be fees funded **Confidential advice to Government** which reflects the variable cost model of ADEPT (Software as a Service).
- Risk and verification costs will be more fully fees funded as these are part of visa assessment

Setting fee and levy rates to achieve sustainable funding, fully recover costs and ensure total charges are reasonable

Fee rates have been set based on the cost to serve rate

The cost-to-serve (CTS) model calculates the future CTS based on:

- The **direct processing productivity rate** (FTEs processing visas - Immigration Officers and enabling functions – Verification and Support Officers).
- **A fixed ratio for support/non-processing functions** (Workforce Planning).
- **A % share of visa volumes for indirect costs** (System and operating costs, MBIE charges).

The fee was set at the CTS where available and capped if at or above 90% of Australia's rate. For charges with no CTS, the rate remains the same.

Setting the levy rate

- Residence visa categories incur a higher levy rate compared to temporary visas to reflect the benefits receive and ability to pay.
- To remain reasonable, we have compared total charges with Australia's.
- Levy rates are scaled to account for secondary applicants as only 1 levy rate is charged for an application with more than 1 applicant (as per Visa Regulations).

Provisioning for uncertain visa volumes and revenue

- We have built in a revenue contingency (as opposed to an expenditure contingency) to cover projected expenditure in the event that revenue is lower than forecast.
- Immigration charges have been set at 90% of forecast visa volumes to provision for revenue uncertainty (authorised under the Immigration Act 2009).
- If visa volumes are between 90% and 100%; there will be sufficient revenue to cover projected expenditure.

Comparison with Australia's charges

- New Zealand's visa regulations allow one fee to be charged for applications involving family members.
- Australia charges per applicant, plus partial charges for secondary applicants (except visitor visas): 50% for partners, and 25% for dependent children.
- We applied an adjusted Australian rate based on the average number of secondary applicants (varies between visa product) included in NZ applications to account for different charging approaches.

Annex Three: Proposed fee and levy rates

Annex Three: Proposed fee and levy rates

Type of application	Current charges					Proposed charges (80% ESOL) (4 year)					Proposed charges (50% ESOL) (4 year)				
	Current Fee rates (GST incl)			Current Immigration Levy	Total (Band A)	Proposed Fee rates (GST incl)			Proposed Immigration Levy	Total (Band A)	Proposed Fee rates (GST incl)			Proposed Immigration Levy	Total (Band A)
	Band A (New Zealand)	Band B (Pacific)	Band C (Rest of World)			Band A (New Zealand)	Band B (Pacific)	Band C (Rest of World)			Band A (New Zealand)	Band B (Pacific)	Band C (Rest of World)		
Residence class visa															
Skilled Migrant category	1,880	1,610	2,480	2,410	4,290	2,560	2,300	2,560	3,890	6,450	2,560	2,300	2,560	3,880	6,440
Entrepreneur Residence Category	3,710	3,710	3,710	3,150	6,860	9,690	9,690	9,690	3,890	13,580	9,690	9,690	9,690	3,880	13,570
Active Investor Plus Category	4,750	4,630	4,630	3,150	7,900	10,860	9,770	10,860	19,290	30,150	10,860	9,770	10,860	18,410	29,270
Residence from Work Category	1,090	-	-	3,150	4,240	2,620	-	-	3,890	6,510	2,620	-	-	3,880	6,500
Family Category	1,200	1,200	2,060	1,550	2,750	1,780	1,780	1,780	6,460	8,240	1,780	1,780	1,780	6,460	8,240
Dependent Child	1,200	1,200	2,060	1,550	2,750	1,670	1,670	1,670	1,560	3,230	1,670	1,670	1,670	1,560	3,230
Parent Retirement Category	3,710	3,710	3,710	1,550	5,260	3,740	3,740	3,740	2,920	6,660	3,740	3,740	3,740	2,920	6,660
Samoa Quota Scheme	820	800	-	-	820	1,430	1,430	-	-	1,430	1,430	1,430	-	-	1,430
Pacific Access Category	890	870	-	410	1,300	1,470	1,470	-	-	1,470	1,470	1,470	-	-	1,470
Employees of Relocating Business Category	1,200	1,200	2,060	3,150	4,350	1,780	1,780	1,780	3,890	5,670	1,780	1,780	1,780	3,880	5,660
Pitcairn Islanders	1,200	1,200	2,060	410	1,610	1,780	1,780	1,780	-	1,780	1,780	1,780	1,780	-	1,780
Any other residence category	1,200	1,200	2,060	*	*	1,780	1,780	1,780	*	*	1,780	1,780	1,780	*	*
Applications for:															
permanent resident visa (by a person holding resident visa or who previously held a resident visa)	240	240	240	-	240	345	345	345	-	345	345	345	345	-	345
A grant of second or subsequent resident visa	240	240	240	-	240	305	305	305	-	305	305	305	305	-	305
A variation of travel conditions on a resident visa	240	240	240	-	240	435	435	435	-	435	435	435	435	-	435
Expressions of Interest under Parent Category															
Hard Copy	550	550	550	-	550	555	555	555	-	555	555	555	555	-	555
Online	430	430	430	-	430	435	435	435	-	435	435	435	435	-	435
Registration under Pacific Access Category															
First year's registration	85	85	85	-	85	86	86	86	-	86	86	86	86	-	86
Second and subsequent year's registration	35	35	35	-	35	86	86	86	-	86	86	86	86	-	86
Temporary visa															
Visitor visa	190	150	190	21	211	310	260	310	-	310	310	260	310	-	310
Temporary Retirement Category visitor visa	3,710	3,710	3,710	80	3,790	3,740	3,740	3,740	-	3,740	3,740	3,740	3,740	-	3,740
Group visitor visa - Approved Destination Status (China) – offshore only	-	-	35	55	55	-	-	55	200	255	55	55	55	195	250
Other group visitor visa	55	55	55	55	110	86	86	86	200	286	86	86	86	195	281
Fee-paying student visa	280	220	300	95	375	465	395	465	260	725	465	395	465	210	675
Post-study work visa	490	410	490	210	700	350	295	350	1,540	1,890	350	295	350	1,460	1,810
Partnership/Work to Residence	650	650	650	210	860	555	555	555	1,120	1,675	555	555	555	975	1,530
Entrepreneur Work Visa	3,710	3,140	3,710	210	3,920	9,690	9,690	9,690	1,120	10,810	9,690	9,690	9,690	975	10,665
Working holiday scheme	210	-	210	210	420	250	-	250	420	670	250	250	250	355	605
Working holidaymaker extension	210	-	210	210	420	285	-	285	420	705	285	285	285	355	640
Accredited Employer Work Visa	540	540	540	210	750	420	420	420	1,120	1,540	420	420	420	975	1,395
Work visa – other	490	410	490	210	700	420	360	420	1,120	1,540	420	360	420	975	1,395
Reconsideration of decision to decline temporary visa	250	-	-	-	250	255	-	-	-	255	255	-	-	-	255
Limited visa															
Limited visa – student	280	220	300	95	375	465	395	465	260	725	465	395	465	210	675
Limited visa – Recognised Seasonal Employer	310	270	310	15	325	355	355	355	-	355	355	355	355	-	355
Limited visa – other	210	170	210	80	290	325	275	325	200	525	325	275	325	195	520
Transit visa															
Transit visa	180	180	180	-	180	300	300	300	-	300	300	300	300	-	300
Transit visa – group Chinese nationals (per person)	110	110	110	-	110	185	185	185	-	185	185	185	185	-	185
New Zealand Electronic Authority															
Request for traveller NZeTA made via INZ website	23	23	23	-	23	23	23	23	-	23	23	23	23	-	23
Request for traveller NZeTA made via mobile app	17	17	17	-	17	17	17	17	-	17	17	17	17	-	17
Request for transit NZeTA made via INZ website	23	23	23	-	23	23	23	23	-	23	23	23	23	-	23
Request for transit NZeTA made via mobile app	17	17	17	-	17	17	17	17	-	17	17	17	17	-	17
Request for crew NZeTA	17	17	17	-	17	17	17	17	-	17	17	17	17	-	17
Other matters – applications or requests by employers and organisations															
Approval in principle to recruit foreign crew of fishing vessels	6,310	-	-	-	6,310	6,370	-	-	-	6,370	6,370	-	-	-	6,370
Request for supplementary seasonal employment approval in principle	320	-	-	-	320	325	-	-	-	325	325	-	-	-	325
Recognised Seasonal Employer status	1,080	-	-	-	1,080	1,080	-	-	-	1,080	1,080	-	-	-	1,080
Agreement to recruit under Recognised Seasonal Employer instructions	290	-	-	-	290	290	-	-	-	290	290	-	-	-	290
Entertainment Industry accreditation (under Specific Purpose or Events instructions)															
First year's registration	2,200	-	-	-	2,200	2,220	-	-	-	2,220	2,220	-	-	-	2,220
Second and subsequent year's registration	620	-	-	-	620	625	-	-	-	625	625	-	-	-	625
Employer accreditation (under Accredited Employer immigration instructions) * [1]															
Employer accreditation (standard)	740	-	-	-	740	745	-	-	-	745	745	-	-	-	745
Employer accreditation (upgrade from standard to high volume)	480	-	-	-	480	485	-	-	-	485	485	-	-	-	485
Employer accreditation (high volume)	1,220	-	-	-	1,220	1,230	-	-	-	1,230	1,230	-	-	-	1,230
Employer accreditation (triangular employment)	3,870	-	-	-	3,870	3,900	-	-	-	3,900	3,900	-	-	-	3,900
Employer accreditation (franchisee)	1,980	-	-	-	1,980	2,000	-	-	-	2,000	2,000	-	-	-	2,000
Reconsideration of employer accreditation application	240	-	-	-	240	240	-	-	-	240	240	-	-	-	240
Job Check (under Accredited Employer immigration instructions)	610	-	-	-	610	615	-	-	-	615	615	-	-	-	615
Reconsideration of Job Check	240	-	-	-	240	240	-	-	-	240	240	-	-	-	240
Other matters – general															
Special direction	250	250	250	-	250	250	250	250	-	250	250	250	250	-	250
Residence class visa granted under section 61	1,080	-	-	-	1,080	1,390	-	-	-	1,390	1,390	-	-	-	1,390
Temporary entry class visa granted under section 61	460	-	-	-	460	590	-	-	-	590	590	-	-	-	590
Variation of conditions on a temporary entry class visa	210	210	210	-	210	440	440	440	-	440	440	440	440	-	440
Call-out fee where office is opened outside normal working hours in order to process immigration matter	360	360	360	-	360	365	365	365	-	365	365	365	365	-	365
Confirmation of immigration status	150	150	150	-	150	260	260	260	-	260	260	260	260	-	260
Transfer fee where visa stamp or label transferred from one passport or certificate to another	150	150	150	-	150	260	260	260	-	260	260	260	260	-	260
Endorsement indicating New Zealand citizenship															
First endorsement indicating New Zealand citizenship	170	170	170	-	170	260	260	260	-	260	260	260	260	-	260
Second and subsequent endorsement indicating New Zealand citizenship	110	110	110	-	110	260	260	260	-	260	260	260	260	-	260

Annex Four: Comparison with Australia's charges

Annex Four: Comparison with Australia's charges

This annex provides an overview of the New Zealand and Australian charging approaches and compares charges for key visa categories.

New Zealand

- New Zealand charges are based on cost-recovery principles, as set out under section 393(4) of the Immigration Act 2009: *fees may be prescribed in a way, or at a level or levels, or using 1 or more methods of calculation, that reflects the variable nature of the costs or potential costs that give rise to the need for each fee, and the range of factors that influence those costs.*
- Immigration fees and levies are set out in Immigration (Visa, Entry Permission, and Related Matters) Regulations 2010, in particular Regulation 4A, 4B, 4C and Schedule 4, 5 and 6.
- Regulation 20(1) outlines that New Zealand immigration charges are per applicant unless an application includes family members. Family members are included in a single application charge for visitor visas and family resident visas (excluding the Parent Retirement Resident visa, which only includes partners).
- For residence class visas, dependent children must be under 25 years old and for temporary visas dependent children must be 19 and under.
- Regulation 4B(4) states that: *if the application is not an application for a group visitor visa or group transit visa, only 1 levy fee is required for the application.*

Australia

- Australia's primary immigration legislation is not explicit about its approach to immigration charges.
- The Migration (Visa Application) Charge Act 1997 suggests that a non-strict cost-recovery approach is taken when setting charges, which likely has a higher degree of cross-subsidisation.
- Australia charges per applicant, with partial charges for secondary applicants where an application includes family members:
 - 50% for partners and
 - 25% for dependent children.
- Australia charges visa fees based on non-strict cost-recovery principles (as set out in the Migration (Visa Application) Charge Act 1997), aiming to recover *both*:
 - the *tangible* and direct cost of visa processing and other uses of government services; and
 - the *intangible* post-settlement costs of migration.

Accounting for the difference in charging approaches

- We know the percentage split of secondary applicants between partner and dependent based on INZ data, and have included in the table below the most common composition of applications for each visa category.
- We have compared the total costs for comparable visas under the Australian system with the proposed increased fee and levy rates in the Zealand system, based on the common scenario for number of individuals covered per application.
- Depending on the number of secondary applicants, New Zealand charges have scope to be higher than Australia's while technically remaining within 90% of Australia's fees.

Table 1: Comparison of New Zealand and Australia visa types (based on the 80% ESOL scenario)

This table sets out the different immigration charges for key visa products and compares the proposed rates with current Australian charges based on scenarios.

Visa product	Proposed New Zealand charge (NZD)	Equivalent Australian visa	Australian price (converted to NZD as at 21/2/2024)	Australian price for partner or dependent child over 18 (NZD)	Australian price for dependent child under 18 (NZD)	Scenarios taking account of Australia's charging approach
Visitor visa <ul style="list-style-type: none"> Applicants can stay for up to either six months if on a multiple entry visa or nine months if on a single-entry visa. 	310	Visitor Tourist Stream (subclass 600) <ul style="list-style-type: none"> Individual applications are required for partners and dependent children. Applicants can stay for up to 12 months. 	202	N/A	N/A	<ul style="list-style-type: none"> 25% of Visitor visa applications include a secondary applicant. Under the scenario of 1 principal applicant and 1 secondary applicant, the charges would be: <ul style="list-style-type: none"> AUS: \$404 NZ: \$310
Fee-paying student	725	Student visa (subclass 500)	754	562	186	<ul style="list-style-type: none"> Secondary applicants must apply for their own temporary visa. Charges for 1 applicant: <ul style="list-style-type: none"> AUS: \$754 NZ: \$725
Accredited Work Employer Visa <ul style="list-style-type: none"> Maximum length of stay for up to five years. Must have a job offer from an accredited employer. Initial accreditation for employers lasts 12 months, then upon renewal it will last for 24 months for standard businesses. 	1,540	Temporary Skill Shortage visa (subclass 482, short-term stream) <ul style="list-style-type: none"> Valid for five years from the date of approval. Employers must first be a Standard Business Sponsor (AUD \$420). Employers must also pay the Skilling Australians Fund levy (ranges between AUD \$1,200 - 9,000), depending on annual business turnover (below or above \$10 million) and length of employee stay. 	1,545	1,545	387	<ul style="list-style-type: none"> Secondary applicants must apply for their own temporary visa. Charges for 1 applicant: <ul style="list-style-type: none"> AUS: \$1,545 NZ: \$1,540
Recognised Seasonal Employer (RSE) visa <ul style="list-style-type: none"> Cap of 19,500 visa holders. RSE visa holders from most countries are allowed to stay in New Zealand for a maximum time of seven months in any 11-month period. Citizens of Tuvalu and Kiribati who also live there can stay an extra two months. 	355	Temporary Work (International Relations) visa (subclass 403) - Pacific Australia Labour Mobility (PALM): <ul style="list-style-type: none"> Two divisions – short term work contract work for up to nine months or long-term work contract for up to four years. Once approved under the PALM scheme, employers can recruit workers in any sector. 	377	N/A	N/A	<ul style="list-style-type: none"> Secondary applicants must apply for their own temporary visa. Charges for 1 applicant: <ul style="list-style-type: none"> AUS: \$377 NZ: \$355
Entrepreneur work visa <ul style="list-style-type: none"> Must make a capital investment of at least NZ \$100,000 or request a waiver the business is in science, ICT or high-value export sector (create five or more jobs and have a turnover of NZ \$500,000 in annual exports); OR The business shows a high level of innovation or short-term growth prospects. 	10,810	Business Innovation and Investment (Provisional) (subclass 188) visa in the Entrepreneur stream <ul style="list-style-type: none"> Entrepreneur activity must lead to the commercialisation of a product or service OR the development of an enterprise or business in Australia. Must not relate to residential real estate, labour hire, or purchase of an existing enterprise in Australia. 	6,779	3,388	1,697	<ul style="list-style-type: none"> 36% of applications include a secondary applicant (approximately 40% partners and 60% dependents). Under the scenario of 1 principal applicant and 1 secondary applicant (partner), the charges would be: <ul style="list-style-type: none"> AUS: \$10,167 NZ: \$10,810
Skilled Migrant Category (SMC) <ul style="list-style-type: none"> Must have a job offer from an accredited employer. Points for qualifications and skilled work in New Zealand. 	6,450	Skilled Independent (subclass 189) OR Skilled Nominated visa (subclass 190) <ul style="list-style-type: none"> Occupations on a skilled list, meet skills assessment. 90% processed within 12 months. 	4,925	2,462	1,231	<ul style="list-style-type: none"> 60% of applications include a secondary applicant (approximately 50% partners and 50% dependents). Under the scenario of 1 principal applicant and 1 secondary applicant (partner), the charges would be:

Visa product	Proposed New Zealand charge (NZD)	Equivalent Australian visa	Australian price (converted to NZD as at 21/2/2024)	Australian price for partner or dependent child over 18 (NZD)	Australian price for dependent child under 18 (NZD)	Scenarios taking account of Australia's charging approach
						<ul style="list-style-type: none"> ○ AUS: \$7,387 ○ NZ: \$6,450
Partnership – Resident <ul style="list-style-type: none"> • If the applicant's partner is a New Zealand citizen and the two have been living together outside of New Zealand for 5 years or more, they may be granted a permanent resident visa if the partner is either overseas when the applicant applies, or has been back in New Zealand for less than 3 months. • Separate temporary work visa with open work rights valid for two years (proposed price \$1675). 	8,240	Partner (subclass 309 100) <ul style="list-style-type: none"> • Australia's partner category is a temporary/resident combo where an applicant must apply for both visas at the same time (NZD \$9,389). • The temporary visa is valid until the permanent visa is finalised (90% of applications processed in 24 months). 	9,389	4,700	2,350	<ul style="list-style-type: none"> • Only 8% of applications have a secondary applicant. • Charges for one principal applicant: <ul style="list-style-type: none"> ○ AUS: \$9,389 ○ NZ: \$8,240
Parent Resident <ul style="list-style-type: none"> • Cap of 2,500 places per annum. 	6,660	Parent (subclass 103) <ul style="list-style-type: none"> • Parent visa applications with a queue date up to October 2011 due to a cap. • Current processing time is 29 years, which can be reduced to around 12 years if applicants make financial contributions of around NZD \$52,000. 	5,297	2,646	1,326	<ul style="list-style-type: none"> • 50% of NZ applications include a partner as a secondary applicant. • Under the scenario of 1 principal applicant and 1 partner, the charges would be: <ul style="list-style-type: none"> ○ AUS: \$7,943 ○ NZ: \$6,660
Active Investor Plus visa <ul style="list-style-type: none"> • Can apply for permanent residence four years after investing/keeping funds in New Zealand • Must invest a minimum of \$5 million NZD in acceptable NZ investments for a minimum of 48 months (or weighted equivalents to a \$15m threshold) 	30,150	Business Innovation and Investment (Provisional) visa (subclass 188) and Business Innovation and Investment (Permanent) visa (subclass 888) Significant Investor Stream <ul style="list-style-type: none"> • Provisional 5- year visa and permanent visa. • Must invest at least AUD \$5 million and have genuine intention to hold that investment for a five-year provisional visa period. 	18,226	9,113	4,556	<ul style="list-style-type: none"> • 56% of NZ applicants have 2 secondary applicants or more (approximately 37% partner, 63% dependent). • Under the scenario of 1 principal applicant and 2 secondary applicants (partner and a dependent), the charges would be: <ul style="list-style-type: none"> ○ AUS: \$31,885 ○ NZ: \$30,150

Confidential advice to Government