

Immigration Alert

Investor Category Visa changes to enhance economic benefits to New Zealand



Potential migration to New Zealand is clearly a global topic. In the wake of Brexit and the United States election, there have been numerous statistics and articles published about increased interest in relocating to New Zealand. As a country, therefore, we are in an enviable position as we can potentially take our pick from wealthy and experienced investors who may bring many benefits to the economy.

One of the key roles that our immigration system plays is to contribute to the economy by facilitating the entry of talent and capital. The challenge is to achieve this in a way that balances the interests of New Zealanders and honours our international obligations.

In terms of immigration policy, it is important that rules are reviewed regularly to ensure they meet the objectives they were designed to meet and that they continue to be fit-for-purpose in a world that is changing at an unprecedented rate. We have seen various changes over the last year aimed at both managing the strong demand for resident visas and ensuring talented individuals are given easier immigration routes including:

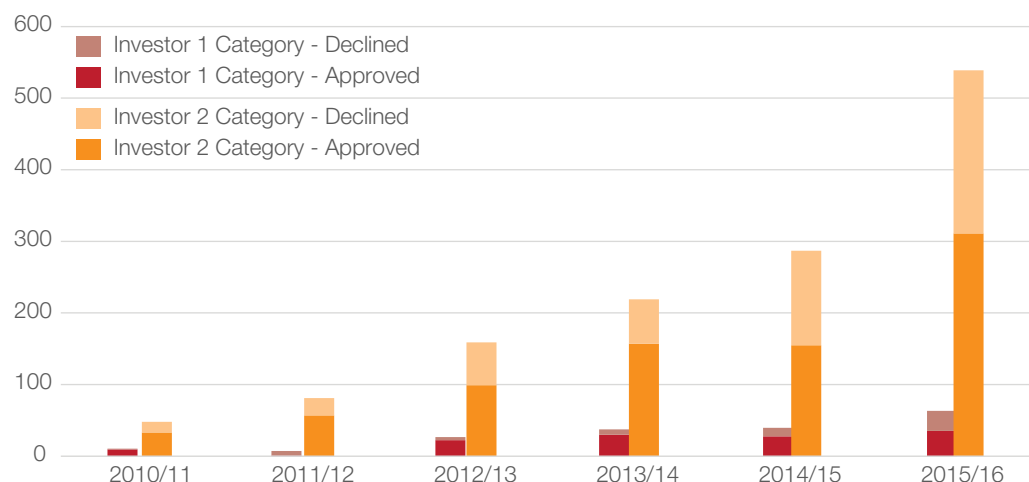
- temporary closure of the parent category
- increasing the points needed to get automatic selection as a skilled migrant
- introduction of the Global Impact Visa.

The [announcement](#) made on 7 December 2016 about changes to the Investor policy was not a surprise. The policy was implemented in 2009 and, given the strong ongoing demand for these types of visas, it is an opportune time to refine the requirements. With \$2.9 billion invested since the Investor categories were launched in July 2009 and a further \$2.1 billion in funds committed, Immigration Minister Hon. Michael Woodhouse has no doubt that these categories are performing well.

Generally, investor migrants may be granted a resident visa if they make qualifying investments in New Zealand for three or four years. There are two categories - Investor 1 applicants must invest at least \$10m and Investor 2 applicants must invest at least \$1.5m (plus have other funds available to live on).

More information on the current categories can be found in our 2015 Q&A guide for investor migrants, which you can download [here](#).

Number of approved and declined investor category applications: 2010-2016



As it stands, around two thirds of investments are placed in bonds. There is a desire to try and rebalance this towards growth-oriented investments. The proposed changes aim to increase the amount and type of investments while better recognising the non-financial contribution (business expertise and networks) of migrant investors. These changes will be effective from 22 May 2017.

What is changing?

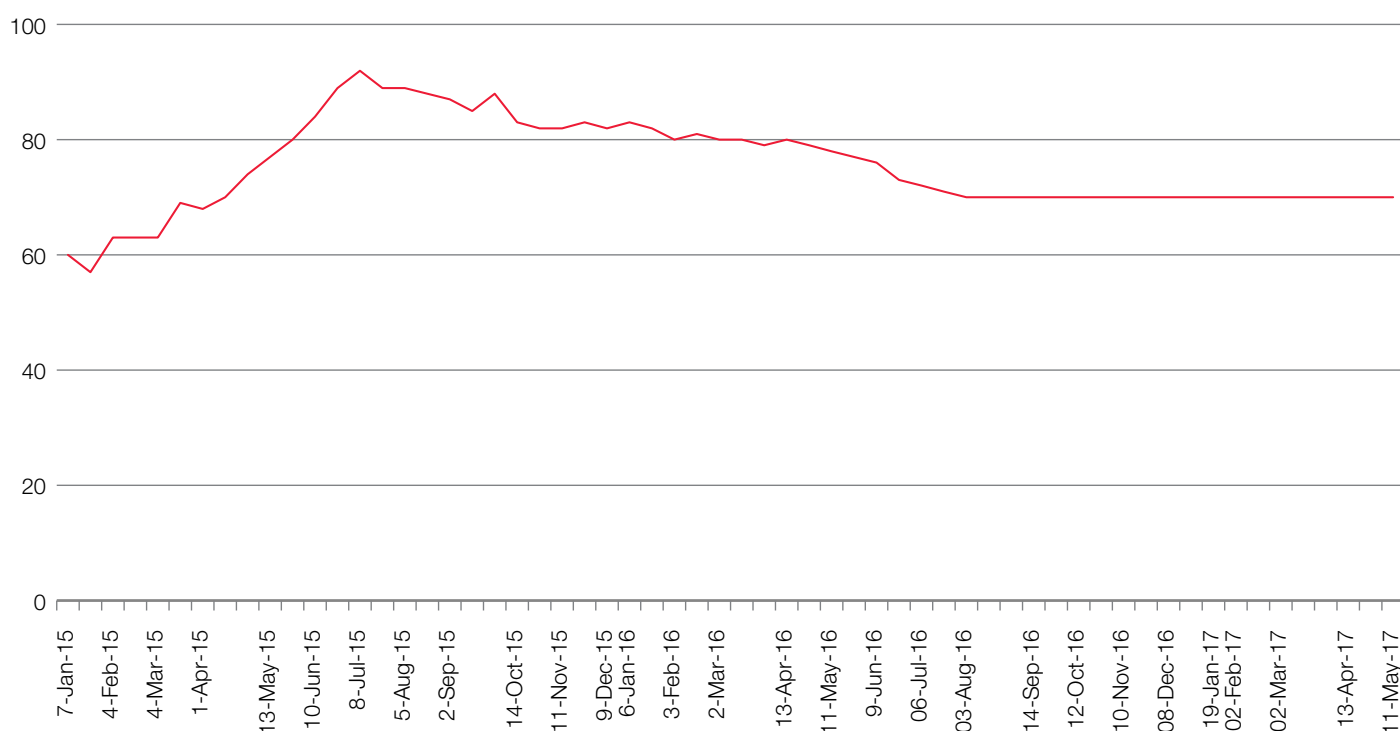
Key requirement	Investor Plus (Investor 1 Category)		Investor (Investor 2 Category)	
	Current requirement	Changes effective 22 May 2017	Current requirement	Changes effective 22 May 2017
Maximum age	No requirement	No change	65 or younger	No change to the maximum age, but the points system has been adjusted
Business experience	No requirement	No change	Minimum of 3 years	Minimum of 3 years, but more points can be claimed for more years of business experience
Minimum investment funds	NZ\$ 10 million invested in New Zealand for 3 years	No change	NZ\$ 1.5 million invested in New Zealand for 4 years	NZ\$ 3 million invested in New Zealand for 4 years
Settlement funds	No requirement	No change	NZ\$ 1 million (transfer not required)	No longer required
English language	No requirement	No change	An English speaking background; or IELTS test report with an overall band score of 3+; or a competent user of English	No change to the minimum English language requirement, but more points can be claimed for higher English language ability
Minimum time in New Zealand	44 days in New Zealand in each of the last 2 years of the 3 year investment period	88 days over 3 year investment period (if 25% of investment is growth-oriented)	146 days in New Zealand in each of the last 3 years of the 4-year investment period	438 days over 4-year investment period (if 25% of investment is growth-oriented)
Annual quota (maximum number of resident visas that can be approved per year under the category)	No cap	No change	300	400
Health and character	Applicants under either category must meet health and character requirements – no changes here			
Acceptable investment	<p>Capable of a commercial return; not for personal use; invested in New Zealand in NZD; compliant with relevant laws; has the potential to contribute to New Zealand's economy; must be in on or more of the following:</p> <ul style="list-style-type: none"> • bonds issued by New Zealand government or local authorities • bonds issued by New Zealand firms traded on the New Zealand Debt Securities Market • bonds issued by New Zealand firms with at least a BBB- or equivalent rating from internationally recognised credit rating agencies, e.g. Standard and Poor's • bonds issued by New Zealand registered banks • bonds in finance companies • equity in New Zealand firms (public or private) • equity in New Zealand registered banks • residential property development • eligible New Zealand venture capital funds <p>Changes to both categories:</p> <p>Applicants are allowed to invest up to 15% of their nominated investment funds in acceptable philanthropic investments, which include:</p> <ol style="list-style-type: none"> 1. registered charities with a track record and with IRD donee status; and 2. not-for-profit organisations that provide social, cultural or economic benefits for New Zealand and as approved by the Immigration Operations Manager. <p>Changes to incentivise investment into growth-oriented investments (equity, commercial property or new residential builds, managed funds):</p> <ol style="list-style-type: none"> 1. Investor 1 applicants who invest 25% in growth-oriented investments can spend their required time in New Zealand more flexibly: 88 days over 3 years (as opposed to at least 44 days in each of the last 2 years of the 3-year investment period) 2. Investor 2 applicants who invest 25% (or more) of their funds in "growth" investments may: <ul style="list-style-type: none"> • claim 20 bonus points • spend their required time in New Zealand more flexibly – 438 days over 4 years (as opposed to at least 146 days in each of the last 3 years of the 4-year investment period) • enjoy "priority" processing by Immigration New Zealand 3. Investor 2 applicants who invest 50% (or more) of their funds in "growth" investments may receive a "financial discount" (a reduction of \$ 0.5 million in their nominated funds) 			

How has the points system of the Investor 2 category been adjusted?

We have illustrated the changes in three examples set out below.

	Applicant A			Applicant B			Applicant C		
	Value	Points (old system)	Points (new system)	Value	Points (old system)	Points (new system)	Value	Points (old system)	Points (new system)
Age	28	32	20	42	18	10	56	4	5
Business experience	3 years	9	9	10 years	30	30	20 years	30	45
English language	IELTS score 3	1	1	IELTS score 5	10	10	IELTS score 8	10	20
Investment amount	3m	40	10	3.25m	45	15	3.5m	50	20
Proportion of investment in Growth Investments	30%	No bonus points in old system	Bonus points = 20	0%	No bonus points in old system	Bonus points = 0	25%	No bonus points in old system	Bonus points = 20
Total points		82 points	60 points		103 points	65 points		94 points	110 points

Lowest score of selected Expressions of Interest under Investor 2 Category



We expect that EOIs with 70 points will not be sufficient to be selected after 22 May 2017.

What do I need to know if I want to apply for a New Zealand resident visa under Investor 2 category?

Make sure you fully understand the new points system and details around the changes introduced before submitting an Expression of Interest from 22 May 2017.

If the increased minimum investment required is a hurdle, potential applicants may wish to consider a different visa option, such as the Entrepreneur Visa or the new Global Impact Visa where a smaller capital investment may be required and a commitment to innovation-based ventures and start-up teams would be given credit.

Our view

Immigration continues to be a hot topic internationally and we expect it to feature regularly in the New Zealand media over the coming year with an election looming. Unfortunately, there is still a lot of confusion among many commentators and the public as a whole as to how certain wealthy individuals are able to apply to move to New Zealand and gain residence visas (or, in limited circumstances, citizenship). We consider the investor category visas to be an important part of the NZ immigration system and applaud the changes as a positive move. Policies aimed at attracting experienced individuals who can make productive investments should help New Zealand to continue to achieve its growth aspirations.

Let's talk

To discuss any of the above, please contact the **PwC Immigration Team**.



Tom McCallum
Director

Licensed Immigration Adviser: 201600215
T: +64 4 462 7154
E: tom.j.mccallum@nz.pwc.com



Jaq A Chong
Manager

Licensed Immigration Adviser: 201200301
T: +64 9 355 8102
E: jaq.a.chong@nz.pwc.com

