

# Immigration Alert

## Changes to New Zealand's residence programme



Immigration levels in New Zealand have been a hot political topic over the past year. Concern has focussed primarily on the impact on housing demand and the perceived potential suppression of wage growth. On 11 October, in a surprise move to many, the New Zealand Government announced several immediate changes to the New Zealand Residence Programme (NZRP). While some commentators are already saying this move will have little impact generally and is too little too late, the changes are significant for some future migrants, for those already in New Zealand hoping to stay long term and for businesses wanting to retain the services of highly valued employees.

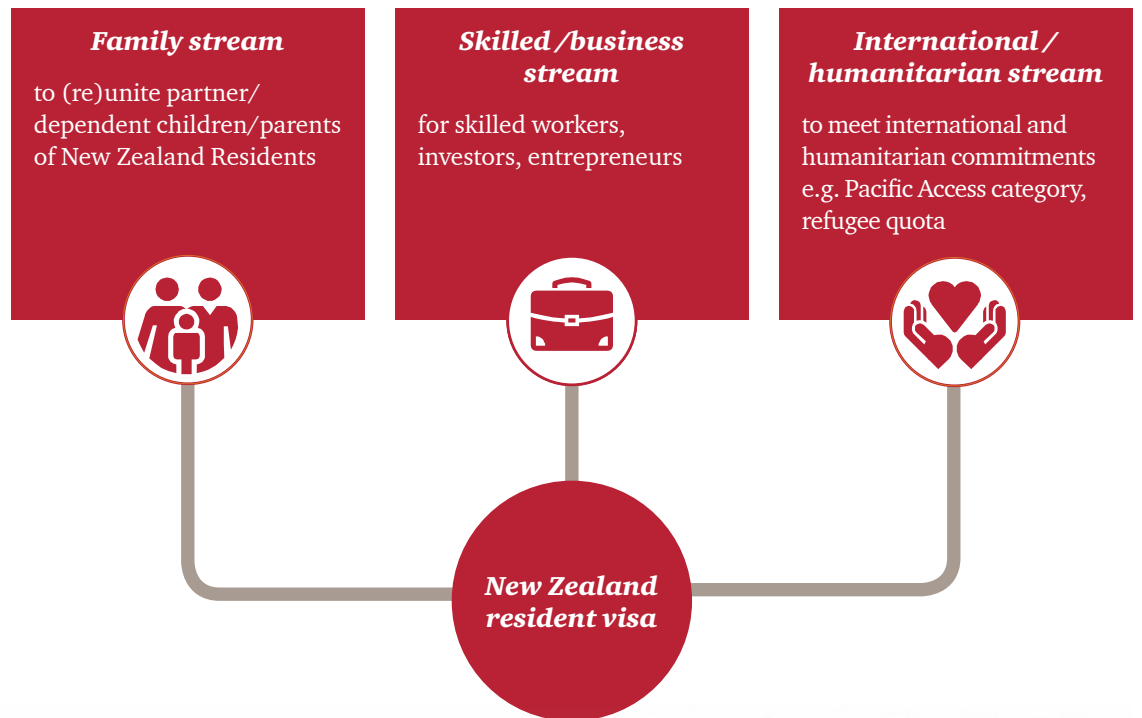
To put the changes in context, we provide a brief overview of the New Zealand immigration system below.

The changes announced on 11 October affect this middle section.



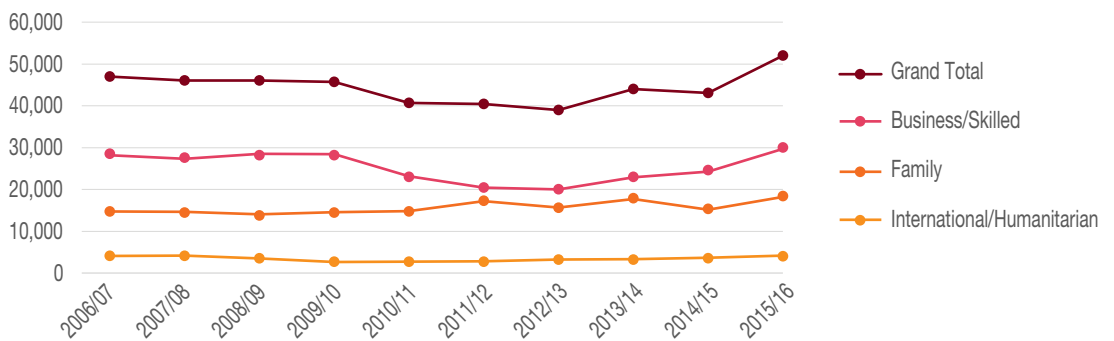
*On 11 October, in a surprise move to many, the New Zealand Government announced several immediate changes to the New Zealand Residence Programme (NZRP).*

The NZRP manages resident visa approvals and is structured in three streams to reflect the Government's objectives:



Over the last ten years, the number of people approved residence per year has varied between just under 39,000 and just over 52,000.

Number of people approved New Zealand residence (per annum) over the last 10 years



Based on Immigration New Zealand's resident visa approvals forecast for the current year, and if no changes were made to policy or processes, the approvals will likely be over 54,000 – an increase of over 2,000 on last year's figures.

The question is, if the Government allowed that to happen, would that be a responsible and pragmatic approach to managing immigration at a time when there is increasing pressure to address other issues such as housing and child poverty?

To strike the right balance, the Government announced a change to reduce the planning range for residence approvals to 42,500 to 47,500 per year for the next two years, down from the range of 45,000 to 50,000 per year for the last two years.

In order to achieve this, several changes affecting the Skilled Migrant Category (SMC) and the Parent Category have been announced. The changes include:

- increasing the threshold for automatic selection for migrants applying under the SMC from 140 to 160,
- changing the way SMC applicants may prove how they meet English language requirements, which would require more people to undertake formal English tests,
- reducing the annual cap of residence applications that may be approved under the Parent Category from 5,500 to 2,000. As there are already a number of these applications currently being processed, the Parent Category will be closed for new applications until further notice.

## Why target these 2 categories?

Apart from setting a planning range for the total number of resident visas approved for a period, the NZRP also determines the proportion of residence places allocated to the different residence streams to balance economic and social benefits.

The largest single category is the Skilled Migrant Category within the Business/Skilled stream, which makes up around half the number of the entire residence programme.

The number of applications under the SMC is growing. Increasing the points required will moderate this demand by prioritising access for higher-skilled SMC migrants.

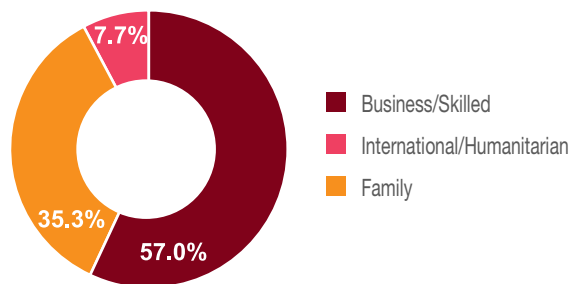
*To strike the right balance, the Government announced a change to reduce the planning range for residence approvals to 42,500 to 47,500 per year for the next 2 years, down from the range of 45,000 to 50,000 per year for the last two years.*

## Impact for businesses

What do these changes mean to New Zealand businesses who need to employ skilled workers from overseas to support business growth?

- The changes announced do not affect temporary visa applicants so businesses may continue to support work visa applications of skilled workers they need to hire from overseas.
- Businesses with employees who currently hold work visas and who are intending to apply for a resident visa via the SMC may want to consider providing some additional support to these workers to ensure they meet the higher threshold to be successful in the SMC residence application. The support could be in relation to:
  - providing access to immigration advice, or
  - the cost associated with engaging the New Zealand Qualifications Authority (NZQA) to assess their international qualifications in order to claim points for “relevant qualifications”, or
  - study leave provision if the employee needs to undertake the International English Language Testing System (IELTS) before they apply for residence under the SMC when they may not have had to under the old requirements.
- Businesses may want to consider whether they are eligible for, and should apply to become, an ‘accredited employer’ with Immigration New Zealand. Future employees may then be able to obtain Talent (Accredited Employer) work visas giving them, potentially, a more straightforward path to residence a couple of years later.
- Businesses with migrant employees who intended to sponsor their parents under the Parent Category to New Zealand will not be able to submit an application now (until further notice). Migrant workers without their family network in New Zealand may be less likely to stay long term, e.g. due to struggles with childcare support while they work, so businesses with migrant employees may need to consider providing some additional support there.
- International students who have graduated from New Zealand tertiary education institutions and are on a Study-to-Work pathway leading towards eligibility for SMC residence may find they need to work for a few more years before they are able to claim enough points to be successful in their SMC residence application. Businesses with employees in this category may have to support more of such work visa applications before these employees may obtain residence.

Proportion of Residence approvals by stream over the last 10 years



---

## Our view

We consider the changes to be a sensible, measured approach consistent with Immigration New Zealand's policy objectives. There is no impact on the ability of businesses to support temporary work visa applications to address immediate skill shortages. However those businesses should plan ahead and consider what steps can be taken to help ensure valued employees can obtain further work visas or residence visas to enable them to stay longer term. Raising the bar to obtain residence is a prudent measure and should be one that is taken in conjunction with a focus on training New Zealand residents and citizens to address skill shortages longer term.

For more information or to discuss how these changes could impact your current or future workforce please contact *Tom McCallum* or *Jaq Chong*.

---

## Get in touch



**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

