



## Growth beyond Auckland

**The Government is proposing to make it more attractive for new immigrants to settle in towns and cities outside Auckland**

It will do this by:

- Increasing the number of points new migrants will receive for seeking employment or setting up a business outside Auckland;
- Streamlining the 'labour market' test for employers to provide greater certainty; and
- Providing a pathway to residence for a limited number of work visa holders in the South Island, from mid-2016.

You can read the Government's immigration announcement [here](#).

While the stated aim is to *"improve the spread of workers, skills and investment across New Zealand"*, and this should benefit business and the economy in the regions, these proposals and the Budget announcements to introduce a new test for taxing residential property investment and require IRD numbers and NZ bank accounts for property transactions are at least partly aimed at reducing the pressure on Auckland and its property market. This remains a political hot potato for Government.

**New Zealand business need capital to grow.**

**Capital and expertise from those looking to make New Zealand their home will be an important driver in helping to fuel New Zealand's prosperity.**

**The Government's immigration announcements, to the extent they will help deliver these objectives, should be welcomed.**

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## What does this mean for business and new migrants?

### Additional points for setting up outside Auckland

There are already bonus point incentives for new migrants to settle outside of Auckland. Practically, however, the current bonus points scheme rarely has a material impact on visa eligibility. This should change with the new points on offer.

#### *Entrepreneurs – from 20 to 40 points*

The proposal is particularly beneficial for entrepreneurs setting up business in New Zealand. They are currently required to have 120 points before becoming eligible to make a visa application. Those points are allocated based on a number of factors including the entrepreneur's age, business experience, types of business they wish to set up, capital invested, employment opportunities they create, and location of the business. This change will mean that if an entrepreneur sets up a business outside of Auckland, they will automatically get 40 points, instead of 20.

Putting that in context, an additional 20 points for an entrepreneur will be the equivalent of creating 2 new full-time employment opportunities, a NZ\$300,000 capital investment, NZ\$300,000+ turnover for an approved export business, 3 years of relevant business experience, or 10+ years of other business experience.

When Immigration New Zealand changed the entrepreneur visa policy in 2014 to introduce the point system, the number of entrepreneur investor applications dropped significantly from an average of over 600 per year to just over 100 for 2014/15. This latest change is a reflection that the tightening of the entrepreneur resident visa category may have gone too far.

For most entrepreneurs, location of their new business will be relatively flexible and, therefore, the additional points on offer are likely to be a strong incentive for setting up outside of Auckland.

#### *Skilled migrants – from 10 to 30 points*

The minimum points to qualify for residency, under the skilled migrant category, is 100. This is based on a range of factors relating to the person's age, skills, employment and close family connections in New Zealand.

For skilled migrants, the change shifts the focus from the migrant's age, qualification and work experience to the location of their employment. It broadens the range of eligibility for people who may not have qualifications or work experience.

For most skilled migrants, meeting the 100 point requirement is relatively straightforward as they get 50 points for a skilled job regardless of location, 50 points for a relevant qualification, before adding more points for their age and other factors.

Once the changes come into effect, from November 2015, a skilled job outside of Auckland will gain them 80 points alone. The remaining 20 points can be more easily obtained from other areas. This presents an opportunity for employers in the regions to target foreign skills.

The proposal does not distinguish between the major centres outside Auckland and provincial New Zealand. For example, finding employment in Christchurch will still count for 30 points, even though arguably there may not need to be the same incentives to attract new migrants given the ongoing rebuild.

### Labour market test for employers streamlined

Current immigration rules require employers to consider existing New Zealand citizens and permanent residents first for a job vacancy. Employers need to advertise the job, and often check with Work and Income New Zealand, before they can offer it to a migrant. These rules are in place to ensure New Zealanders are given priority.

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However, this process can create unnecessary delays and uncertainty for employers and negatively impact on their business operations and profitability. Therefore, the idea of streamlining the labour market test is attractive. However, it is unclear what form this streamlining will take. The devil is likely to be in the detail.

#### Permanent residence for certain migrant workers in the South Island

The proposal is to allow a fixed number of longer term migrant workers in the South Island, who commit to the region, to settle in New Zealand permanently. This provides an opportunity for those whose pathway to New Zealand residence may otherwise be limited to settle here, in recognition of their roots and their economic contribution.

#### Why are these changes relevant?

New Zealand business need capital to grow. Capital and expertise from those looking to make New Zealand their home will be an important driver in helping to fuel New Zealand's prosperity. The Government's immigration announcements, to the extent they will help deliver these objectives, should be welcomed.

#### For further information

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