



## Changes to residence visa rules for skilled migrants

### Snapshot

The New Zealand Government has announced **changes** to the New Zealand Residence Programme (NZRP) for the next two years in response to the high demand for New Zealand residence visas.

As part of its latest review of the NZRP, the Government has decided to reduce the total number of people who will be awarded residency, lowering the number of target residence approvals for the two years from 1 July 2016 to 30 June 2018. The Government is targeting a range of 85,000 to 95,000 residence approvals over this period compared with 90,000 to 100,000 in the previous two years.

To help achieve the target levels, the automatic selection threshold for residence under the Skilled Migrant Category (SMC) has been raised from 140 to 160 points and a new formal English language test introduced. (Additionally, the number of places under the capped family visa categories will be reduced from 5,500 to 2,000 per annum while the Parent Category will be temporarily closed to new applications.)

These changes will impact prospective migrants, including those currently working in New Zealand, and New Zealand employers.

**Highly qualified and experienced migrants should be able to meet the new 160 point threshold for residence. Those with different skillsets, such as those in some trades, may find it more difficult to qualify**

**At a time when NZ needs to substantially increase housing and infrastructure build, particularly in Auckland, it is not clear whether the higher points hurdle will deter those with the appropriate skills from coming here**

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## The changes in detail

The SMC is a points-based residence scheme for people who wish to work and live permanently in New Zealand. A person who wishes to apply under the SMC must first submit an Expression of Interest (EOI) to Immigration New Zealand (INZ) and can "claim" points for various factors such as their age, academic qualifications, work experience and employment or an offer of employment in New Zealand.

Until recently, EOIs with a score of 140 points or more were automatically selected to submit an application for a residence visa. EOIs with scores of between 100 and 139 were also eligible for selection where points are claimed for either a valid New Zealand job offer or current employment in New Zealand.

From 12 October 2016, only EOIs with 160 points or more will be automatically selected. According to INZ, the change is due to the high current demand for places under the SMC. The previous points threshold would have resulted in more visas being granted than the new target range allows.

Changes have also been introduced to the way SMC applicants must demonstrate that they meet the English language requirements. Applicants will now need to undertake a prescribed English language test, whereas previously they were able to meet the English language requirement if they:

- had studied for a recognised qualification where English was the medium of instruction;
- had at least one year of skilled employment in New Zealand; or
- were required to communicate in English at their place of employment or with family members.

There will be limited exceptions (e.g. for citizens of Canada, the Republic of Ireland, the United Kingdom and the United States who have worked or studied there for at least 5 years).

INZ considers the revised English language requirements will add clarity to the assessment process and ensure consistency amongst applicants granted a residence visa under the SMC. In addition, it will help ensure that all new migrants are well equipped to settle and adapt to life in New Zealand.

### Transitional rules

For those applying under the SMC if:

#### ***Your EOI was lodged prior to 12 October 2016, but you have not been selected***

Your EOI will be assessed based on the points threshold at the time of the selection draw. That is, if your EOI was lodged prior to 12 October, but the selection draw occurs on or after this date, the points threshold for selection will be 160.

#### ***You have been selected, but not invited to apply for a residence visa***

Your application will be based on the old points threshold. However, if you have not been invited to apply on or before 11 October, the new English language requirements will apply.

#### ***You have been invited to apply for a residence visa***

The new points threshold and English language requirements will not apply to you. You should follow the document checklist and the instructions provided in the invitation to apply. Your application must be submitted within 4 months of receiving the invitation.

#### ***You have submitted an application for a residence visa***

The requirements that were in place at the time you submitted your application will continue to apply.

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## Who's impacted?

### Impact on new migrants

Those employed in "lower skilled" roles, without tertiary qualifications, or lacking significant relevant work experience will be impacted, as they are likely to struggle to meet the new 160 point threshold. The roles most likely to be affected by the new rules are in the hospitality and retail sectors, although some roles in information technology and the trades may also be impacted.

### Impact on employers

Employers may be impacted in a number of ways:

- It may be more difficult to attract employees from overseas to sectors where the new residence requirements could have a disproportionate impact, such as to fill roles in certain trades.
- Existing employees from overseas may find it harder to obtain residence and therefore may reconsider their willingness to commit to New Zealand for the long term.
- If current or prospective employees from overseas are unable to qualify under the SMC, employers will have to support their temporary work visa applications on a more frequent basis. In the past, an employee would generally have been able to move to a residence visa in a fairly short period of time. Re-applying for temporary visas can be a costly exercise as, depending on the role offered and the work visa category, employers will have to regularly re-advertise the role or engage the assistance of recruitment consultants to show there is no suitable New Zealand replacement.
- Some employers based outside of Auckland may benefit from the changes to the SMC criteria, as prospective migrants may seek opportunities in the regions in order to be eligible for the 30 bonus points for employment outside of Auckland.

## Our view

Higher demand for New Zealand residence, less Kiwis leaving and more returning, coupled with the impact of rising net migration on infrastructure and housing appears to have given Government pause to look at immigration settings.

While an important debate to have, it is vital that New Zealand's immigration policy is based on the best available data and is set objectively rather than being clouded by emotion. Some of the factors contributing to current migration levels will reverse (e.g. as growth in the global economy, and in particular Australia, improves), so these levels can be expected to fluctuate over time.

The changes to the SMC are aimed at walking a tricky middle line. Highly qualified and experienced migrants should be able to meet the new 160 point threshold for residence. Those with different skillsets, such as those in some trades, may find it more difficult to qualify. At a time when New Zealand needs to substantially increase housing and infrastructure build, particularly in Auckland, it is not clear whether the higher points hurdle will deter those with the appropriate skills from coming here.

Rather than being focussed solely on numbers, our immigration policy must be based on what skills New Zealand, and business, need to compete globally in the 21<sup>st</sup> century. At the same time, it must be borne in mind that New Zealand is not alone in competing for skilled migrants – they will have other options. Overly stringent requirements will be counter-productive.

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### For further information

We can work with you to determine how these changes will impact your business and help navigate you through the rules to ensure you and your employees are well supported. Please do not hesitate to contact us with any queries.

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