

NEW ZEALAND'S 'TARGETED' IMMIGRATION POLICY, 1991 TO 1996

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The tide of economic rationalism which has swept over New Zealand since 1984 included a new enthusiasm for business migrants and other well-qualified immigrants. In 1991 a points test was introduced to target these groups for selection but, while the overall intake had a nominal cap of 25,000 per annum, keen demand for places in the new program meant that the cap was soon exceeded by more than 100 per cent. Immigration became increasingly controversial. In October 1995 the points system was adjusted so that annual caps would not be exceeded, selection criteria were tightened, and steep fees were introduced for applicants with inadequate English. (This is the second installment of a two-part series on the recent history of New Zealand immigration. See vol. 4, no. 3, 1996, for the years 1986 to 1991.)

In New Zealand on 18 November 1991 the culmination of the move from a short-term, occupational 'gap-filling', to a long-term, human capital approach to immigration took effect.¹ This was a landmark in the history of New Zealand's immigration policy. The new 'targeted' immigration policy sought to attract larger numbers of 'quality immigrants' in the general and business investment categories from a wider catchment of countries. Meanwhile the family and humanitarian and refugee policies were retained to allow migrants and refugees to gain residence for social and humanitarian reasons.²

However, the new annual immigration 'target' was a goal which could be exceeded rather than a limit. The significance of this was emphasized nearly four years later when immigration to New Zealand, particularly from North Asia, substantially exceeded the Government's targets and sensitive immigration issues became so explosive that they threatened social cohesion. The consequent 'fine-tuning' of New Zealand's 'targeted' immigration policy and a reduction in the size of the immigration target in October 1995 soon resulted in a sharp decline in immigration in the general and business investment categories.

This paper sketches the developments in New Zealand's immigration policy during the five years from the introduction of the 'targeted human capital' approach to immigration in November 1991 to the general election on 12 October 1996 which brought to an end the 12 years of radical economic reform and liberalisation that constituted 'The New Zealand Experiment'.

A CONTRADICTIONARY IMMIGRATION TARGET AND PASS MARK

An important aspect of the new immigration policy has proved to be the contradiction between the intent of the immigration target and the effect of providing for a pass mark that guaranteed approval for applicants seeking residence under the general category points system. (See the 'autopass' aspect of the November 1991 policy discussed below.) The detailed residence policy published in the New Zealand Immigration Service manual confirmed the initial policy announcement by the Minister of Immigration, the Hon. W.F. Birch, that an objective of immigration policy was 'to achieve an annual net migration gain of 20,000 migrants (including New Zealanders leaving from, and returning to, New Zealand) but excluding any government quota for refugees.'³ This immigration target was 'based more on a judgement regarding the ability of New Zealand's economy and society to absorb migrants than on an overall population goal'.⁴ It was noted that to achieve the desired level of net migration 'a maximum immigration target for residence approvals' would be declared from time to time⁵ but the difficulty of measuring and monitoring the components of an annual net migration target⁶ were not addressed. The immigration targets for the periods 1 July to 30 June 1992-93 and 1993-94 were set at 25,000 residence approvals.⁷

The pass mark referred to the number of points that applicants for residence under the general category were required to achieve or exceed to be approved for residence, so long as they met New Zealand's health and character requirements.⁸ When the points system was introduced in 1991 it was believed that applicants should be guaranteed approval if the points they scored were substantially above the fail mark.⁹ Applicants with scores between the pass and fail levels would go into a pool where they would have four opportunities to be drawn and approved for residence. The Minister of Immigration was authorised to certify adjustments to the pass and fail marks.¹⁰

Initially there was no pass mark in the general category and all applicants who scored 20 or more points out of a maximum of 40 went into the pool which was to be 'swept regularly'.¹¹ The first applicants were approved on 5 February 1992,¹² with second and third intakes on 6 March 1992 and 1 May 1992 respectively when most of the approved applicants scored between 25 and 28 points.¹³ Thereafter pool draws were scheduled for 5 p.m. on the last working day of each month between February and November with a further draw on 15 January 1993.¹⁴ In reality only four pool draws were made in 1993¹⁵ because the monthly targets came to be filled by people who achieved or exceeded the pass mark, which was set at 28 points from July 1993.

This emphasized that the number of points required to qualify for automatic residence approval, the 'autopass' level, had virtually become the pass mark. It also became clear that there was no effective control over residence approval levels in New Zealand. Increasingly large numbers of prospective immigrants qualified for automatic residence approval and even when the pass mark was raised to 29 points from December 1994 and to 31 from July to October 1995 there was no effect on the number of applications for residence.¹⁶ In reality New Zealand's immigration target was a 'pierceable cap' similar to the United States' immigration ceiling.¹⁷

IMPLEMENTING THE 'TARGETED' IMMIGRATION POLICY

When the Minister of Immigration announced the new immigration policy in 1991 he emphasized that the implementation of the new approach to immigration would require 'a massive attitude change among Immigration Service officials' and retraining to enable staff to become 'more professionally-based'.¹⁹ It was important to change the traditional 'border guard approach' of New Zealand's Immigration Service²⁰ and to ensure that there was consistency in the way in which government policy was promulgated.²¹ For the first time copies of the Immigration Services manual containing the details of the new and continuing immigration policies were made freely available for inspection in the Services' processing offices and at overseas posts and missions.

The new immigration policy required marketing because it was intended to increase the number of quality immigrants from a broader range of countries at a time when New Zealand's economy, having been in the trough of a recession in mid-1991, was unattractive to potential international migrants.²² The Minister of Immigration continued to explain that a 'modest flow of skilled, quality migrants' could assist New Zealand to 'achieve sustainable economic growth' and help to reduce unemployment.²³ The Immigration Service launched a NZ\$100,000 pilot marketing programme in Britain on 18 June 1992 to promote New Zealand as a migrant destination.²⁴ A number of Asian countries were targeted in the following year and the success of these efforts increased the shift of residence applications lodged from onshore to offshore.²⁵ Private immigration consultants also played an important role in attracting and facilitating the entry of international migrants.

Within New Zealand there was a high level of community interest in the implementation of the new 'targeted' immigration policy. The Minister of Immigration stressed that 'if the new "active immigration policy" was to work and to be respected, the law would have to be enforced effectively'.²⁶ The Immigration Amendment Act 1991 enacted a new removal order procedure and established the right to appeal to an independent Removal Review Authority to cancel a removal order. The estimated 20,000 'overstayers' illegally resident in New Zealand were warned that if they failed to apply for a temporary residence permit by 18 November 1991 they would be served with a removal order. This particularly concerned Pacific Island-New Zealanders.²⁷

REVIEW OF THE 'TARGETED' IMMIGRATION POLICY

An assessment of the immigration target had been promised by the Minister of Immigration when the 'targeted' immigration policy was launched in November 1991, but there was no substantial review of the effects of the new policies until 1993/94.²⁸ The reality was that the Immigration Service lacked the necessary database to monitor the people approved for residence visas²⁹ and the findings of relevant research were not yet available.³⁰

In 1994 the Minister of Immigration, now the Hon. Roger Maxwell, made frequent

references to the immigration review and, on 20 December 1994, he announced that the Government was raising the pass mark to 29 points from 23 December 1994.³¹ In Australia, on 22 February 1995 at the Third National Immigration and Population Outlook Conference in Adelaide, he argued for a debate on what New Zealand's optimum immigration and population levels should be.³² As a starting point he proposed that the debate should focus on 'the merits of a one per cent annual gain in population from net migration'.³³ This challenge was welcomed by New Zealand population specialists who stressed that the migration debate needed to be part of a comprehensive review of population and social policy issues.³⁴

By May 1995 the long-awaited review of the general and business investment immigration categories was stated to be nearing completion and a summary background paper, *A Review of New Zealand's Residence Policies: The 'Targeted' Immigration Streams*, was made available to interested persons.³⁵ It reported that 'initial indications are that the policies are working well and delivering large numbers of highly skilled migrants'.³⁶ The paper argued that New Zealand's residence policy should continue to contribute to the Government's wider strategic goals by 'increasing the level of human capital through the selection of migrants with a broad range of skills ... helping New Zealand to develop and foster international linkages and attracting migrants with entrepreneurial skills and experience'.³⁷ There was recognition that immigration has labour-market and social impacts that may be uneven across different groups or regions and that the balance of the migrant skills mix might be narrower than is desirable. The paper demonstrated that New Zealand no longer had effective control over its residence approval levels because of the increasing number of immigrants who qualified for automatic residence approval.³⁸ It emphasized that the 'over-supply' of 'high quality' immigrants provided an opportunity to 'place greater focus on the applicant's commitment to New Zealand'.³⁹ The review also noted that an assessment of the selection and quota management mechanisms was needed and that, 'In the longer term, improved data collection and analysis from 1 October 1995 will inform the development of a robust monitoring and evaluation system'.⁴⁰

On 26 June 1995 the Government raised the general category pass mark to 31 points. This was explained as a 'temporary measure to control the flow of migrants and smooth the transition to a new regime'⁴¹ but it was criticised as a 'major anti-immigration move'.⁴² On 20 July 1995, the Minister of Immigration announced tightened immigration rules that were to take effect for new applicants under the business investment and general categories from October 1995.⁴³ The adjustments, made to 'enhance the contribution of Government's residence policies to the overall objective of economic growth whilst maintaining social cohesion',⁴⁴ constituted significant policy changes. They are discussed in detail in a later section of this article.

THE EFFECTS OF THE 'TARGETED' IMMIGRATION POLICY ON APPLICATION APPROVALS

Table 1 shows the substantial annual increases recorded between the 1991-92 to 1995-96 1 April to 31 March years in the net total migration and the net permanent and long-term migration figures. The magnitude of the increase in immigration to New Zealand in 1995 is emphasized further by the calendar year statistics that record a total net migration gain of 22,005 in 1994 and 36,178 in 1995.⁴⁵

Table 1: Net total migration and net permanent and long-term migration (PLT), New Zealand, 1991-92 to 1995-96

	Net total ^a	Net PLT ^b
1991-92	2,938	4,287
1992-93	8,080	6,848
1993-94	15,793	15,587
1994-95	20,401	21,697
1995-96	28,626	29,832

^a Total arrivals less total departures

^b Total number of arrivals declaring an intention to stay permanently or for one year or more, less the number declaring an intention to depart permanently or for one year or more

Source: Statistics New Zealand, *Demographic Trends 1996*, Wellington, 1996, pp. 94-95

Table 1 provides a general overview, but to gain a more detailed picture we have to depend on residence applications approvals data recorded by the Immigration Service by migration category. The major problem with using these data is that no information has been recorded on how many of the people who obtain resident visas actually take up residence in New Zealand. According to an Auckland immigration consultant it is usual for business investment immigrants to take 18 months to move to New Zealand.⁴⁶ The data used are derived from the monthly statistics on the number of persons approved for residence and the number of applications approved by category and nationality. They have been compiled for the years from 1 April to 31 March 1992-93 to 1995-96 to match the years used for the international migration statistics.

Table 2: Persons approved for residence by nationality, New Zealand, 1992-93 to 1995-96

Nationality	1992-93		1993-94		1994-95		1995-96	
	No.	%	No.	%	No.	%	No.	%

Total	28,465	100.0	30,887	100.0	46,649	100.0	57,520	100.0
Africa								
South Africa	602	2.1	3,646	11.8	3,306	7.1	1,958	3.4
Asia								
North Asia								
China	2,457	8.6	1,896	6.1	4,823	10.3	5,520	9.6
Hong Kong	3,671	12.9	2,786	9.0	2,605	5.6	2,893	5.0
Japan	343	1.2	267	0.9	281	0.6	359	0.6
Korea (South)	2,397	8.4	3,327	10.8	3,741	8.0	3,725	6.5
Taiwan	2,553	9.0	2,748	8.9	6,019	12.9	14,438	25.1
South Asia								
Bangladesh	67	0.2	144	0.5	532	1.1	1,097	1.9
India	1,009	3.5	1,336	4.3	2,615	5.6	3,569	6.2
Southeast Asia								
Malaysia	2,156	7.6	1,057	3.4	774	1.7	564	1.0
Philippines	578	2.0	476	1.5	731	1.6	1,278	2.2
Europe								
Germany	345	1.2	341	1.1	495	1.1	404	0.7
Great Britain	3,524	12.4	4,660	15.1	6,979	15.0	5,481	9.5
Russia	68	0.2	161	0.5	320	0.7	650	1.1
Yugoslavia	167	0.6	364	1.2	1,348	2.9	984	1.7
Middle East								
Iran	134	0.5	96	0.3	214	0.5	204	0.4
Iraq	35	0.1	303	1.0	828	1.8	2,318	4.0
North America								
Canada	259	0.9	205	0.7	306	0.7	286	0.5
United States	653	2.3	681	2.2	794	1.7	739	1.3
Oceania								

Fiji	1,004	3.5	676	2.2	870	1.9	912	1.6
Tonga	1,360	4.8	639	2.1	835	1.8	785	1.4
Western Samoa	1,643	5.8	969	3.1	1,415	3.0	2,229	3.9
Source: New Zealand Immigration Service approved applications data files 1/1/92 to 31/12/95 and approved applications 1/4/96 to 31/10/96 unpublished								

In 1992-93 and 1993-94, the first two April to March years of the ‘targeted’ immigration policy, the total number of persons in all the migration categories (general, business investment, family and humanitarian and refugee) approved for residence in New Zealand was 28,465 and 30,887 respectively (see Table 2). These totals were not a great deal larger than in 1988-89, the previous largest year since the beginning of the ‘New Zealand Experiment’ in 1984, when 27,462 persons were approved for residence.⁴⁷ But the total number of approvals increased by 51 per cent between 1993-94 and 1994-95, and by 23.3 per cent between 1994-95 and 1995-96. In 1995-96, 57,520 persons were approved for residence. This was substantially higher than the number required to reach the immigration target of a net migration gain of 20,000 migrants.

Table 2 also gives the number of persons approved for residence in New Zealand by 21 major nationality groups selected on the basis of the numbers approved and their percentage of the total approvals for each year between 1992-93 and 1995-96. The nine Asian countries listed together comprised 53.4 per cent of the approvals in 1992-93, 45.4 per cent in 1993-94 and 58.1 per cent in 1995-96. The increase in 1995-96 was largely due to the 140 per cent increase in the number of approvals of Taiwanese persons between 1994-95 and 1995-96. Approvals from the three Pacific Island countries, Fiji, Tonga and Western Samoa, declined from 14.1 per cent in 1992-93 to a low of 6.7 per cent in 1994-95.

The importance of the historical and political circumstances in the countries of origin is emphasized by the sharp changes recorded in the annual approval percentages. Thus Hong Kong ranked as the largest nationality group in 1992-93 (12.9 per cent), fourth in 1993-94 (9 per cent) and seventh in 1994-95 (5.6 per cent). South Africa’s share increased from twelfth in 1992-93 (2.1 per cent) to second in 1993-94 (11.8 per cent) and then declined to ninth in 1995-96 (3.4 per cent). The outstanding feature of the approvals data in 1995-96 was the rapid ascent of Taiwan nationals to account for 25.1 per cent of all the people approved for residence in New Zealand.

The residence approvals data by nationality and migration category reveal the extent to which the ‘targeted’ general and business investment categories enabled the rapid growth of relatively large immigration streams from countries that in the past have supplied very few immigrants to New Zealand. (See Table 3.)

Table 3: Residence approvals^a by migration category and major nationality groups,

New Zealand, 1992-93 to 1995-96								
Nationality and year	Number of approvals	Percentage distribution						
		BIC ^b	General ^c	Family	Human-	Refugee ^e	Other ^f	Total
		BIP GIC	General skills		itarian ^d			
South Africa								
1992-93	221	2.3	70.1	25.3	0.5	0.0	1.8	100
1993-94	1,121	3.0	85.1	11.3	0.4	0.1	0.1	100
1994-95	1,066	4..1	76.3	18.6	0.7	0.2	0.1	100
1995-96	678	2.7	70.9	24.3	1.3	0.3	0.4	100
China								
1992-93	1,365	7.3	37.1	33.6	2.3	6.2	13.4	100
1993-94	1,026	10.0	40.6	40.2	1.8	3.8	3.6	100
1994-95	2,566	3.2	48.0	21.6	1.3	2.5	23.5	100
1995-96	2,686	2.4	68.4	25.0	1.4	1.2	1.6	100
Hong Kong								
1992-93	1,430	41.1	45.7	10.2	0.6	0.0	2.4	100
1993-94	1,021	54.7	29.9	14.4	0.8	0.0	0.3	100
1994-95	1,031	46.6	24.4	27.4	0.7	0.4	0.5	100
1995-96	1,316	36.4	11.8	50.0	1.5	0.1	0.2	100
Korea (South)								
1992-93	826	25.7	65.4	5.8	0.1	0.0	3.0	100
1993-94	1,054	30.7	62.0	6.4	0.0	0.1	0.8	100
1994-95	1,232	21.7	66.9	11.0	0.2	0.0	0.2	100
1995-96	1,230	3.5	84.4	11.2	0.5	0.2	0.2	100
Taiwan								
1992-93	804	35.0	57.0	7.0	0.2	0.0	0.9	100

1993-94	870	38.2	51.3	10.2	0.2	0.0	0.1	100
1994-95	1,820	45.0	49.1	5.6	0.3	0.0	0.0	100
1995-96	4,201	37.2	58.4	4.3	0.1	0.0	0.0	100

Malaysia

1992-93	670	37.3	32.7	19.7	1.2	0.0	9.1	100
1993-94	341	14.4	50.1	26.7	1.2	1.2	6.5	100
1994-95	291	18.2	37.8	38.1	2.1	1.7	2.1	100
1995-96	231	13.9	33.8	45.0	3.0	3.5	0.9	100

Great Britain

1992-93	2,083	2.1	39.9	52.6	1.5	0.1	3.8	100
1993-94	2,421	3.6	43.6	49.6	2.1	0.3	0.8	100
1994-95	3,383	2.5	54.7	40.6	1.6	0.2	0.5	100
1995-96	2,738	2.2	51.5	44.2	1.4	0.4	0.3	100

^a Approved application-for-residence visas or permits from principal applicants and accompanying spouse or partner and dependant children under 20 years of age, and from individual principal applicants and children aged 20 years and over who must complete a separate residence application

^b Business investment category, business investment programme, general investment category, business investor

^c General (points system) and general skills

^d People with some family connection with New Zealand who fall outside the usual criteria whose circumstances are significantly worse than those of others in their community

^e Persons who meet the criteria for refugee status as set out in the 1951 United Nations Convention and 1967 Protocol on Refugee Status

^f Includes occupational priority list, non-occupational priority list, transitional and other

Source: New Zealand Immigration Service, Approved applications data file, 1/1/92 to 31/12/95 and approved applications 1/4/96 to 31/10/96, unpublished

Hong Kong and China had contrasting trends. The percentage of the Hong Kong approvals between 1992-93 and 1995-96 declined greatly under the general immigration category and increased under the family category. This change reflects a widely-observed trend in changing patterns of immigration elsewhere that, once a national origin group establishes a beach-head, family immigration increases in importance. By contrast the Chinese application approvals under the general category increased. The increase in the British application approvals under the general category between 1992-93 and 1994-95 may have been influenced by the Immigration Service's marketing initiative in Britain.

Table 3 also shows the importance of the 'targeted' business investment category application approvals in the Hong Kong, Taiwanese and Korean residence approvals. Hong Kong recorded the highest percentage of business investment category approvals each year between 1992-93 and 1994-95 and was only just exceeded by the Taiwanese percentage in 1995-96. In 1993-94 no less than 54.7 per cent of the Hong Kong application approvals were under the business investment category. The highest percentage of the Korean business investment application approvals was also recorded in 1993-94 (30.7 per cent) but the Korean drop in this category in 1995-96 (to just 3.5 per cent) was much greater than the decline in the share of the Hong Kong business investment approvals. This can be explained in terms of the impact of the changes made to the targeted immigration policies from October 1995 and the settlement experience of the Koreans in New Zealand. Application approvals under the business investment category accounted for a very small percentage of the residence approvals of British people (the largest share was 3.6 per cent in 1993-94). Clearly the 'targeted' immigration categories played a key role in the application approvals from Asia and led to distinct trends in application approvals by nationality.

CONTROVERSIAL IMMIGRATION POLICY ISSUES

The introduction of the new 'targeted' immigration policy in November 1991 was part of the radical and comprehensive programme of economic liberalisation constituting the 'New Zealand Experiment' that was rushed through between 1984 to 1991 and which caused great controversy before the benefits started to emerge at a time when 'the rest of the Western world was still in deep recession'.⁴⁸ The evidence shows that the 'targeted' immigration policy has had considerable success in attracting 'quality human capital' and business investors to New Zealand but immigration has continued to be a most sensitive and controversial issue.

A particularly New Zealand concern focuses on the effects of the targeted immigrants on the indigenous Maori population and the argument that, under the Treaty of Waitangi signed in 1840, the concept of partnership requires that Maori people are fully consulted on immigration policy. The Government noted the Maori concerns raised during the Labour Committee hearings on the Immigration Amendment Bill 1991⁴⁹ but it is claimed that many Maori speakers who spoke against the Immigration Amendment Bill 'were ignored'.⁵⁰ An anti-immigration group, Aotearoa New Zealand Action Campaign, was formed to develop a

‘Maori passport’⁵¹ and oppose ‘Government policy to boost new migrant numbers to 25,000 a year’. Many Maori people were ‘concerned about the sale of Crown land to Asian immigrants and considered it unfair that Asians were able to emigrate to New Zealand, but Asia was a "closed shop" to most New Zealanders’.⁵² In reality different Maori people have had different views on immigration⁵³ but it was the only Maori leader of a political party in New Zealand, the Hon. Winston Peters, who by 1994 was calling for a drastic reduction in immigration. He claimed that, ‘It is nothing short of insanity to keep letting foreigners in when there were not enough jobs for New Zealanders’ and that ‘New Zealanders were being forced to take their skills overseas because immigrants were getting jobs ahead of them’.⁵⁴

New Zealand’s Pacific Island communities also felt the impact of the highly educated, and frequently rich, ‘targeted’ immigrants deeply. There were many Pacific Island overstayers who were affected by the new removal order procedures introduced in November 1991. For many of them, paying the cost of the Immigration Service’s \$618 residency application fee was prohibitive and some were unable to exercise their rights to appeal against removal because of a new \$510 fee to appeal.⁵⁵ In Polynesian areas of South Auckland many of the Pacific Island people, who had become unemployed because of New Zealand’s economic restructuring, resented the growing competition in the Otara market from the new Asian immigrant stallholders.

For ‘middle’ New Zealanders the arrival of the highly educated, highly motivated and highly visible ‘targeted’ immigrants made immigration a potentially explosive issue, particularly in Auckland where most of the Asian immigrants were concentrated. Asian immigrants were seen to be able to purchase large mansion-style houses and expensive cars, to play golf and live pleasure-filled lives instead of going to work. They were thought to be taking advantage of New Zealand’s free, clean, green environment and to be not fully committed to New Zealand as some businesspeople settled their families in New Zealand and returned to their country of origin to continue their businesses. There were criticisms of ‘astronaut’ families, of immigrants who used social services funded by the New Zealand taxpayer and of Asian children who worked so hard at school that other children could not compete.

Many New Zealanders came to believe that New Zealand was experiencing both an ‘Asian invasion’ and a ‘South African invasion’. A Morgan poll of 1,010 people throughout New Zealand in May 1992 found that just over half of the people surveyed believed there were too many Asian immigrants in New Zealand.⁶¹ Their views were largely based on fears of unemployment. In April 1994 a survey carried out for the Ministry of Foreign Affairs and Trade found that 13 per cent of New Zealanders were against Asian immigration and 18 per cent against Asian investment, 58 percent were neutral or had mixed feelings about Asian immigration and 29 per cent were positive about it.⁵⁷ The findings again showed that the greatest concern was about the effects of immigration on unemployment and that this concern was greater among the less educated respondents. The surge of South African immigration in 1994 led to fears of importing racist attitudes from South Africa and to debate on the need for immigration officials to question all potential immigrants carefully.⁵⁸

Some of the most explosive issues centred on reports of verbal abuse ‘in the supermarket, on the road and at school’⁵⁹ and on occasional physical abuse.⁶⁰ Calls were repeatedly made for additional assistance in schools to help with large numbers of children who had little or no English and there were recommendations made in Parliament that ‘immigration funding should be used to pay for school-based English tuition for immigrant children’.⁶¹

Professional organizations called for better advice to be given to prospective immigrants ‘on their chances of getting jobs’ in New Zealand.⁶² It was becoming increasingly apparent that many professional people had had their qualifications recognized by the New Zealand Qualifications Authority for automatic points for an immigration application, but that these qualifications were not recognized by the relevant professional bodies for employment in New Zealand.

Immigration policy issues were also of deep concern to many of the targeted immigrants who had been attracted to New Zealand. The largest groups from Hong Kong, Taiwan, South Korea and South Africa all had political reasons for leaving their countries of origin and felt that the New Zealand Government’s active immigration policy offered them a genuine welcome in a country that had political stability, a mild climate, a stress-free lifestyle, a good educational system for their children and, for the Asian immigrants, no foreign exchange control so that people could bring in and take out their money freely. The reality they have found has not lived up to their expectations.⁶³ Those who came to New Zealand under the general category points system expected to find jobs in New Zealand. Many, including large numbers of medical doctors and engineers, have been confused and angered when they found that their overseas qualifications were not recognized and that New Zealand employers like to employ persons with New Zealand work experience. Developing businesses in New Zealand has been found to be extremely difficult. The English language barrier is often a problem for the Asian immigrants, particularly for those from Taiwan and Korea.

Table 4: The October 1995 points system — general and business investor categories

Points criteria		Summary of points scored	
		General skills category	Business investor category
Human capital factors			
	Qualifications	10 to 12	1 or 2
	Work experience	0 to 10	0
	Business experience	0	1 to 5

	Age	0 to 10	negative 4 to 10
	Job offer	(max 55 years)	(max 65 years)
	Accumulated earnings	5	0
	Direct investment	0	1 to 10
		0	3 to 5
Settlement factors			
Note on maximum points: there are nine points assessed in the settlement category but an applicant can only score a maximum of seven points.			
	Settlement funds	1 or 2	1 or 2
	Family sponsorship	3	3
	NZ work/business experience	1 or 2	1 or 2
	Spousal qualifications	1 or 2	1 or 2
Source: New Zealand Immigration Service, <i>New Zealand's Targeted Immigration Policies: Summary of October 1995 Policy Changes</i> , Wellington, 1995, p. 16			

Some of the disillusionment of the 'targeted' immigrants in New Zealand has been attributed to the activities of private immigration consultants. Their advertising overseas may create unrealistic expectations among new immigrants. Thus calls have been made over a number of years to establish a registration system for immigration consultants and to develop a code of ethics for them.⁶⁴

Passionate exchanges of views on all these controversial immigration policy issues reached a climax in the New Zealand media in April 1995. Immigration was officially recognized to be 'overshooting government targets, running at twice the 20-25,000 net migration level the Government had set' and the Minister of Immigration, the Hon. Roger Maxwell, repeatedly called for debate on immigration levels.⁶⁵ It was said that: 'Immigration policy had been too successful. How many immigrants does New Zealand need?'⁶⁶.

IMMIGRATION POLICY ADJUSTMENT: 30 OCTOBER 1995

The Minister of Immigration's policy adjustments announced on 20 July 1995, which took effect on 30 October 1995, made no changes to New Zealand's 1991 residence policy objectives 'to attract quality migrants from a wide variety of countries' and 'to contribute to the Government's growth strategies with social cohesion' while maintaining 'provision for migrants to enter New Zealand for social and humanitarian reasons'.⁶⁷ Rather, the purpose of the adjustments was to fine tune the targeted categories to allow 'better management of

migrant numbers, encourage a broader mix of skills and attract people with a genuine commitment to New Zealand'.⁶⁸

In future Government policy would be 'to deliver a Global Immigration Target from year to year'⁶⁹ that would no longer be a pierceable cap. The target set by the Government would include 'all persons approved for residence in the Targeted Migrant [i.e. general and business], Family and Humanitarian categories and the Refugee and Western Samoan quota levels' (800 and 1,100 persons respectively from 1 July to 30 June each year). The Effective Immigration Target is the Global Target minus the Western Samoan and Refugee quota levels. A Business Investor category sub-target would be set for persons approved in this category. The Effective Immigration Target is achieved by changing the pass mark on the last working day of each week on the basis of information available to the Immigration Service according to the formulae set out in the New Zealand Immigration Service *Operational Manual*. The pass mark is then applied to fully documented applications received in the following week. Because approvals deriving from each pass mark level span different Global Immigration Target periods, the Global Target for a particular period is either undersubscribed or oversubscribed. Decisions on individual applications are to be made more quickly than in the past and will no longer spend four months in a pool.

The two 'targeted' migrant categories were renamed. The general skills category became the general category and the business investment category became the business investor category. The general investment category no longer exists. A points-based ranking system now applies to applicants in both the targeted categories and the autopass was abolished (Table 4).

The new assessment criteria that apply to both the general skills and business investor categories require that new residents must have a 'modest command of English'. For the principal applicant this is defined as meeting a minimum standard of English offshore demonstrated by passing the General Module of the Intermediate English-Language Testing System (IELTS level 5). Non-principal applicants aged 16 years and over who do not meet the IELTS level 5 requirements would be required to pay a \$20,000 fee which would be refundable in full or part if the standard is reached within their first year in New Zealand.

Changes were made to the assessment of human capital factors to obtain a broader skills mix. Any equivalence to a base degree, trade or three-year diploma/ certificate would gain 10 points. Equivalence of a Masters degree or better would gain 12 points. Where applicable, professional registration is required before an applicant qualifies for points equivalent to their qualifications. Twenty-five occupations are listed in the *Operational Manual* for which registration is a compulsory statutory requirement in New Zealand. Here evidence of acceptable registration requirements is required before points will be awarded. Henceforth a minimum of two years work experience is required to qualify for work experience points and a job offer validated for at least six months gains five points.

Under the business investor category applicants must have direct investment funds of NZ\$750,000 to NZ\$1,750,000 to be invested in New Zealand for at least two years.

Applicants may gain 1 to 10 points for accumulated earnings funds of NZ\$750,000 to NZ\$3,000,000 if they meet the direct investment criteria. Points are available for business experience, qualifications and for New Zealand business experience (two points for two years experience in New Zealand on a lawful work permit).

Settlement factors are awarded points and a new close family sponsorship may gain five points. No points will be awarded for community sponsorship. Transferred settlement funds of NZ\$100,000 gain one point and NZ\$200,000 gain two points. Returning residents visas linked to New Zealand tax status were introduced for principal applicants.

Transition arrangements were made for the policy adjustments and a global immigration target was set for the period from 30 October 1995 to 30 June 1996 of 16,000 persons approved for residence. The first pass marks under the changes were announced in January 1996 at 25 for general skills and 12 for business investor category migrants.

POLICY ISSUES IN 1996

The New Zealand Immigration Service expected 'a flood of new applications' when the lower, first pass marks were announced.⁷⁰ It was recognized that the immigration criteria should permit the entry of person with the advanced trade qualifications needed in New Zealand. But less than two months after the announcement of the pass marks, in March 1996, it was clear that there had been a 'huge drop in applications' since the policy changes were made.⁷¹ In the three months to February 1996 there had been only 414 general applications compared with 1,088 in the same period during 1995 and only five business applications compared with 70 in the same period in 1995. Only two persons had lodged \$20,000 deposits under the English language scheme. The Minister of Immigration drew attention to the portrayal of the language requirement in the Asian media as being anti-Asian but the Immigration Service still expected there to be about 50,000 approvals in the July to June 1995-96 financial year.⁷²

The reality was that the policy adjustments implemented in October 1995 were so tough that immigrants were not coming to New Zealand.⁷³ Either one came from an English-speaking background or one had to sit the English language test. In some countries potential applicants had to wait many months to sit the three-hour test in addition to obtaining police reports, detailed medical tests and other documentation.

In the first five months of 1996 immigration applications under the general skills category declined by 70 per cent compared with the same period in 1995 and applications under the business investor category declined by 96 percent.⁷⁴ Immigration consultancies and the Immigration Service closed their offices in Taiwan and the drastic drop in the amount of money brought into New Zealand by investment residents received increasing attention in the media and financial papers.⁷⁵

Ironically, while immigration dropped in the first half of 1996 explosive immigration issues

dominated newspapers and radio talkback shows. These issues were expected to be a major issue in New Zealand's first Parliamentary General Election under the MMP (mixed member proportional) system held on 12 October 1996. In 1994 an Anti-immigration Political Party had been formed to contest the election and the New Zealand First Party, under the leadership of the Hon. Winston Peters, began its call to greatly reduce immigration. By April 1996 the immigration debate was the most controversial issue in New Zealand and Mr Peters emphasized that he was not 'racist' when the New Zealand First anti-immigration campaign was described as a 'threat to democracy'.⁷⁶

On 27 June 1996 the Minister of Immigration announced that New Zealand would have an immigration target of 35,000 persons for the year July 1996 to June 1997.⁷⁷ A sub-target of 500 persons was set for the business investor category. The immigration target was set at a level to include an estimated 6,000 persons from the former immigration policies that applied prior to 30 October 1995 as well as the Western Samoa and refugee quotas. This target was expected to result in a net migration increase of between 15,000 and 25,000 and 'to meet New Zealand's economic and social needs'.

The intensity of the immigration debate in New Zealand had lessened before the general election campaign got underway, but all the parties campaigning in the MMP election had a policy on immigration. By far the most detailed and considered policy was that of the Labour Party which prepared a paper on immigration policies and another on ethnic affairs. Labour promised to set an interim target of 15,000 immigrants a year under the general skills category, provide free English-language tuition to non-English speaking adults, and increase English-as-a-second-language funding to schools. The National Party believed that it now had the 'right balance' after its October 1995 policy adjustments. New Zealand First planned to cap permanent residency approvals at 10,000 a year, except on humanitarian and refugee grounds. Citizenship would be granted only after four years' probation and only if the applicant had not been convicted of a serious offence. It would introduce a limited amnesty to allow overstayers to return home without penalty. The Alliance Party promised to scrap the business migrant scheme and to monitor population flows to ensure that immigration levels did not exceed capacity. The Act New Zealand party would make the business migrant scheme a revenue earner by allocating a set number of places and tendering them out to the highest bidders. The Christian Coalition Party planned to explore techniques to encourage immigrants to settle in provincial areas and would give no welfare access to migrants until they took out citizenship or had been resident for two years. The United Party would maintain the *status quo*.

New Zealand had a caretaker government after the General Election and it was not until 10 December 1996 that it was announced that the National Party and the New Zealand First party had entered into a coalition to govern New Zealand for the next three years. Controlled immigration was one of the New Zealand First party's key election issues but the new Minister of Immigration, the Hon. Max Bradford, is a member of the National Party. The immigration portfolio has been upgraded compared with its position in the previous National Party government, in that the Minister of Immigration is a member of the Cabinet rather than

a minister outside Cabinet. The coalition government agreement states that a strict four-year probationary period would be introduced for immigrants and that there would be a limited amnesty for overstayers in addition to health screening of overseas visitors and a clamp-down on refugee scams.⁷⁸ But a commitment has been made to retain current immigration policies until a population summit is held in May 1997 to allow the public to 'have a say in setting New Zealand's optimum population'.⁷⁹ Time will tell to what extent New Zealand's immigration policy will be changed in the future.

There are many lessons that could be learned from New Zealand's immigration policy experience during the 'New Zealand Experiment'. The attempt to move from a short-term approach to a long-term 'targeted' human-capital approach is a significant change in the history of New Zealand's immigration policy but the two Governments that transformed the policy and tried to make the management of it more efficient did not explain it well enough to a great many New Zealanders. Consequently they failed to win their support for it. Similarly, many of the new residents believe that the image portrayed of New Zealand as a paradise is quite different from the realities and many are dissatisfied and disappointed. One lesson that has been learnt is that the consequences of international migration in a new global 'age of migration' deserve much more careful examination by all the parties involved than they have received in the past in New Zealand.

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