THE VALUE OF INTERNATIONAL EDUCATION

Final Report

Joint Submission to the Productivity Commission Inquiry into Immigration

17 December 2021

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Summary

Background

This response to the Productivity Commission's Inquiry into Immigration Settings has been prepared jointly by the Auckland University of Technology (AUT), Lincoln University, the University of Otago and the University of Waikato, and has been endorsed by Victoria University of Wellington and University of Canterbury.

Key Points

- We welcome the opportunity to respond to this inquiry and acknowledge the important relationship between immigration policy, economic development, national international education strategy and New Zealand's long-term productivity and wellbeing.
- While the economic value of international education to New Zealand is significant, international education contributes to both the growth and diversity of our economy and helps build our research and innovation, cultural capital and capabilities, supporting a thriving education sector, workforce and society.
- Although COVID-19 has had a detrimental impact on international student enrolments, international education still has the capacity to be important for the future and should be part of our recovery planning.
- To remain competitive, New Zealand's businesses, economy and government need to be able to interact with a variety of different demographics and cultures. The diversity in experience, education and thought that international students bring to our country enriches the New Zealand education system, and society more broadly.
- International post graduate research students are making a significant contribution to New Zealand's research and innovation endeavours, with many focused on addressing the world's most pressing challenges. This is recognised by the Government's decision to trat doctoral students as domestic for fees purposes, and without this contribution there is a risk that New Zealand's standing in the world will diminish.
- Although half of all international students leave New Zealand immediately after studying, many stay to work and live here, making critical contributions to New Zealand's labour market and economy.
- The provision for an international student to work during and after studying is in keeping with offering manaakitanga, and shifting to an emphasis on developing a longer term relationship and away from an 'extraction of value' approach.
- While the value of international education extends far beyond its economic contribution, international students studying at universities are making an increasing contribution to fees. Fees paid by international students to universities have increased from $270 million in 2009 to $580 million in 2019. These fees play an important role in supporting our institutions and the domestic students, including supporting the uplift of facilities and enabling universities to offer a wider variety of programmes due a wider demand base.

Key points that should be considered

When considering issues relating to immigration settings and international education the Productivity Commission, MBIE and Government more broadly should recognise that:

- International education is a global market and has value in its own right.
- Work rights are important to international students, and any changes should be carefully considered and consequences fully understood.
- There is a need to take a more nuanced and coordinated approach across Government to facilitate market access and diversification.
- International education helps bring the benefits of highly skilled immigration to multiple regions across New Zealand.
- There is a need to maintain a focus on supporting international student welfare.

Preliminary findings and recommendations

In response to your preliminary findings report, we focus specifically on recommendations 2 and 4 which we believe are most relevant to the international education sector but acknowledge the wider importance of the report.

- On recommendation 2, that the Immigration Act should be amended to require the Minister to regularly develop and publish an Immigration Government Policy Statement:
    - We agree with the recommendation for an overarching policy statement which sets out overall direction of the system, including the role of visa settings for students during or after study, will provide a useful tool to provide more certainty for international students and universities. It will be essential that this policy statement is not developed is isolation from Education New Zealand and the Ministry of Education. We also support the alignment of this policy statement with te Tiriti o Waitangi.
    - We suggest that particular consideration is given to the frequency and timing of these statements and changes to the statements should not be too regular or too ad-hoc. For universities and our international students, considerable planning time is needed, including the time associated with programme and visa applications.
    - We consider that it will be important that any policy statement process is well defined, including clear consultation arrangements to ensure that affected sectors have opportunities to input. Ideally this would provide for early engagement throughout the policy development process, as well as more formal mechanisms to submit on specific proposals.
- On recommendation 4, that the Ministry of Business, Innovation and Employment should develop and publish an evaluation programme for major visa categories, to assess their net benefits:
    - We suggest that this evaluation programme would include student work visas and post-graduation visas which are essential for the international education sector.
    - We recognise the merit in regular evaluation of policy settings, but believe it is important that any evaluation of post-study work rights is carefully scoped to ensure it considers the vital role of post-study work rights to the international education sector, and the wider benefits that the sector brings to New Zealand’s economy and society. Similarly, any evaluation should consider the post-study work rights settings in key international competitor markets.

- We recommend that the scoping of the evaluation should include robust engagement with key parties in the sector including the voice of international students in any process. We are aware that Education New Zealand is developing a new methodology for measuring the contribution of international education to New Zealand and any additional evaluation should be consistent with the work that is already planned.

Key questions from issues paper

In response In response to relevant questions from the Productivity Commission's initial issues paper:

- While we are not opposed to the criteria being reviewed, we would like to ensure that the scope of any review is carefully considered and avoids inadvertently causing harm to students already holding these rights in New Zealand. Consideration should be given to upholding New Zealand's competitive positioning for attracting international university students. *(Question 24)*
- Work rights during study are important to allow students to support themselves during study and minimise the risk of exploitation. Our opinion is that work rights during study should continue to be allowed within the current settings and that any reductions would likely result in negative outcomes for student wellbeing *(Question 25).*
- We see merit in visa applicants who have gained a New Zealand qualification receiving a special preference for residence. Students who spend up to 5 years studying and working in New Zealand have likely developed a deep understanding of New Zealand's social and cultural workings and have established networks. Students will understand the importance of the principles and practical real world adaption of Te Tiriti o Waitangi*. (Question 26).*
- We do not consider that work rights should be restricted to specific sectors or aligned too closely to skills shortage lists. Students make decisions to come to New Zealand years in advance – the skills shortage lists are likely to change in the space of 4-8 years. Additionally, these skills shortage lists are not a silver bullet. There are transferable skills and abilities that students develop in tertiary education such as critical thinking that are increasingly valuable in our globally competing market *(Question 27).*
- There is already differentiation in post study work rights and further differentiation in post-study work rights may provide a useful mechanism to help prioritise work rights for groups that are likely to offer particular benefit to New Zealand. However, we caution that these should be positive changes (for example, making it easier to stay for longer) for priority groups, rather than removing rights for other groups*. (Question 28)*

Introduction

Context

This response to the Productivity Commission's Inquiry into Immigration Settings has been prepared jointly by the Auckland University of Technology (AUT), Lincoln University, the University of Otago and the University of Waikato, and has been endorsed by Victoria University of Wellington.

We welcome the opportunity to respond to this inquiry and we acknowledge the important relationship between immigration policy, economic development, and inclusive growth, and recognise the breadth of the Commission's inquiry and the focus on Aotearoa/New Zealand's long-term productivity and wellbeing.

We are also conscious that alongside this inquiry there are other current policy discussions that are relevant to the international education sector, including the Ministry of Education's draft policy statement for high-value international education and recent announcements on the timing and arrangements for the reopening of New Zealand's international borders.

The cumulative impact of these processes and decisions on the international education sector should not be overlooked, particularly the message it sends to internationals students, their families and overseas agents about New Zealand's openness and welcome for international students.

While we recognise that the international education ecosystem is comprised of many sub-sectors with important interactions between each sector, our response is focused on international students studying in universities. This response focuses on the specific issue of international students as this is a matter of significance to our universities, and is where the impacts of COVID-19 and associated border closures have been most acutely felt.

These impacts include:

- Significant lost revenue for universities.
- Diminished output and capacity for research and innovation.
- Negative effects on the wellbeing of our current international student body.
- Uncertainty for future international students who are considering New Zealand as one of any number of potential countries in which to study.

With the above context in mind, we have considered both the Productivity Commission's *Issues Paper* and *Preliminary Findings and Recommendations*. Our submission responds to both these documents, but more generally, takes the opportunity to set out the value of international education to New Zealand and its regions, and how this value extends beyond the simple supply of labour and skills.

Background

In April 2021, the New Zealand Government set out the terms of reference for an inquiry into immigration settings for New Zealand's long-term prosperity and wellbeing[1]. The terms of reference invite the Productivity Commission to explore what working-age immigration policy settings would best facilitate long-lasting economic growth in New Zealand, as well as promote and support the overall wellbeing of New Zealanders. The Commission was asked to look at the value to New Zealand of productivity growth, skills development, capital investment and labour market opportunities among specific working-age migrant groups, and assess the impact of low-skilled migration on wages, working conditions and business models in certain sectors, including the impact of the reduced access to migrant workers, due to the COVID-19 pandemic.

The Commission was asked for recommendations on how immigration policy, institutional arrangements and other settings could be enhanced by adjustments and improvements to migration settings across multiple sectors. Whilst international students are a group not specifically referred to within the terms of reference, it is the view of the four universities involved in this joint response, that the inquiry raises some significant issues, many of which go beyond immigration policy, and which require a response.

We have considered your preliminary report, *Immigration – Fit for the future*[2]*,* which set out your findings, recommendations and questions on immigration policy, raising human capabilities, systemic impact on wellbeing and productivity, and considerations for the future. There are two recommendations that we would like to specifically respond to.

Recommendation 2: The Immigration Act should be amended to require the Minister to regularly develop and publish an Immigration Government Policy Statement.

These amendments should specify that a GPS must include:

- short-term and long-term objectives, and relative priorities
- performance measures or indicators
- how it recognises the Treaty of Waitangi interest in immigration
- a description of how the demand for temporary and residence visas will be managed over the period of the GPS, and
- specification of planning ranges for new residents over the period covered by the GPS, and a description of how the planning range will affect other government policy objectives.

Recommendation 4: The Ministry of Business, Innovation and Employment should develop and publish an evaluation programme for major visa categories, to assess their net benefits.

- Uncapped visa categories and those that offer open work rights, such as the various bilateral working holidaymaker schemes and student work visas, should be priorities for evaluation. The Investor 1 and 2 migrant categories would also merit evaluation.

1 New Zealand Productivity Commission (2021), 'Terms of Reference' – New Zealand Productivity Commission Inquiry into Immigration Settings for New Zealand's Long-Term Prosperity and Wellbeing. Available from https://www.productivity.govt.nz/assets/Documents/Terms-of-reference-v5.pdf

2 New Zealand Productivity Commission. (2021). Immigration – Fit for the future: Preliminary findings and recommendations. NZPC. Available from www.productivity.govt.nz/inquiries/immigration-settings

We have also provided responses to several questions from the June 2021 issues paper, *Immigration, Productivity and Wellbeing*, and initial call for submissions[3]. The issues paper identified twelve key lines of inquiry, broadly covering productivity and wellbeing, population growth and immigration systems performance, which included a section directly related to international students.

While all the questions contained in the issues paper are of importance, it included five focused on immigration settings for international students – and in particular the right of international students to work in New Zealand, both while studying and after study. These questions were not further explored as part of the preliminary findings (beyond a broad discussion about the need to evaluate open work rights); however, we consider that they remain important, and we provide responses to them as part of this submission.

24 Are the current criteria for obtaining post-study work rights satisfactory? What criteria should be added or removed (and on what basis)?

25 To what extent should international students have rights to work in New Zealand?

26 Should visa applicants who have gained a New Zealand qualification receive a special preference for residence?

27 Should there be any restrictions on the kinds of sectors or occupations students can work in during or after study? Why, or why not?

28 Should the level or nature of qualifications that students are studying affect work rights during or after study? Why, or why not?

Before looking at these issues and recommendations in more depth, it is important to outline the role that international education plays in New Zealand, and its importance to our economy and society.

[3] New Zealand Productivity Commission (2021), Immigration, productivity and wellbeing: Issues paper. Available from www.productivity.govt.nz/inquiries/immigration-settings

The value and role of international education

International education broadly defines the exchange of students from one country to another for educational attainment. It refers to international students coming here to study among other New Zealanders at schools or universities, and New Zealanders travelling to other countries to experience a global component in their own education.[4]

The value of international education in New Zealand, from an export earnings perspective is significant. International education contributes to both the growth and diversity of our economy. However, it also plays a wider role in New Zealand, helping build our cultural capital and capabilities, and supporting a thriving education sector, workforce and society.

International Education also plays an important role in supporting our universities to be the best that they can be. Analysis of Times Higher Education university rankings shows that New Zealand universities have the seventh highest average score in international outlook, and the highest amongst the main English-speaking destinations (UK, US, Canada, Australia and NZ). Strong internationalisation has helped distinguish NZ universities against their peers in other countries.[5]

International Education is something we do well, and was our fifth largest export pre COVID-19[6].

International students are attracted to New Zealand for a variety of reasons. One of these is the quality of our education system, with all eight universities in New Zealand ranked among the top 3% or 500 best universities worldwide[7]. This global standing, combined with New Zealand being a safe and attractive place to study allows us to attract many international students every year. In 2019, there were 110,000 international fee-paying students in New Zealand, 26% of whom were enrolled in university education in New Zealand[8].

Although COVID-19 has had a detrimental impact on the university sector, and international student enrolments specifically, international education still has the capacity to be one of New Zealand's economic strengths into the future.

4 While International Education can also include students studying at offshore campuses, for the purposes of this submission we are mainly concerned with internationally mobile students; i.e., those who travel to study in New Zealand.

5 University rankings provide an evidence-based appraisal of higher education quality within countries and play an important role in attracting high quality international students from all key markets.

6 Stats NZ. Goods and Services trade by country: Year ended March 2020. https://www.stats.govt.nz/information-releases/goods-and-services-trade-by-country-year-ended-march-2020 https://www.topuniversities.com/university-rankings/world-university-rankings/2016

7 QS World University Rankings

8 Education counts. Export Education Levy: Full year statistics 2020

Prior to COVID-19, university students studying in New Zealand from abroad were paying around $1.25 billion per year in fees; university related export earnings make up around 1.2% of New Zealand's GDP annually[9]. Although these direct effects, and further economic contributions to the New Zealand economy are strong, the flow-on impacts of a thriving international education system are far reaching; this sector contributes to the social, economic, and cultural capital of New Zealand and aids in the diversification of our exports.

Figure 1: Reputation and choice

Wayne Zeng, the Group Managing Director for Chancellor Construction Ltd, chose to study for a Master of Business Administration at AUT. After considering number of potential universities, Wayne choose AUT because of the reputation of its MBA programme. The programme was well respected in the banking industry and the flexibility offered allowed Wayne to balance study with full time employment. Chancellor Construction Ltd has won a number of awards, including being ranked fifth on the Deloitte Fast 50 Master of Growth index in 2019 and winning the Westpac Auckland Business Awards in 2016.

https://www.aut.ac.nz/student-profiles/wayne-zeng

International education provides diversity of thought and opinion and contributes to innovation and research.

New Zealand Government policy's broader strategic objectives are to have a sustainable, productive and inclusive economy[10]. International education directly contributes to the cultural and linguistic diversity of New Zealand; high quality students in New Zealand enhance our cultural capital. There is no doubt that diversity in thought, opinion, and culture enables New Zealand to become more inclusive, and more open to and aware of other cultures and languages. Increased cultural and linguistic awareness helps New Zealand better engage in the sustainable, productive and inclusive economy outlined by the New Zealand Government.

Our economy operates in a global context, in 2021, New Zealand universities collaborated on over 50,000 research papers with affiliates in 160 countries from 160 different institutes[11]. This research has significant impact on New Zealand's profile and reputation and supports innovation and the commercial interests of many of our key sectors and businesses. New Zealand faces fast growing competition from other countries' exports. To remain competitive, New Zealand's businesses, economy and government need to be able to interact with a variety of different demographics and cultures. The diversity in experience, education and thought that international students bring to our country enriches the New Zealand education system, and society more broadly.

9 Universities NZ. Growing New Zealand's economy.

10 MBIE, Economic plan: for a productive, sustainable and inclusive economy. Available from https://www.mbie.govt.nz/assets/economic-plan.pdf

11 Scopus

Figure 2: Addressing society's most significant challenges

International students provide much needed expertise to address some of New Zealand's most pressing challenges. From 2014 to 2019, eight Lincoln University international PhD graduates specialising in bioprotection, have gained employment with the Ministry for Primary Industries. While at Lincoln University, these graduates hone their expertise in a commercial research environment, making them highly sought-after by organisations that focus on addressing sustainability challenges and protecting the land for generations to come. During their studies, they work closely with the organisation, Bioprotection Aotearoa, a New Zealand Centre of Research Excellence which has a strong presence on the university's campus and works to educate emerging scientists across the country. Positions occupied by Lincoln University PhD graduates at the Ministry for Primary Industries include senior advisory roles in molecular plant pathology, biosecurity intelligence, risk assessment, agricultural compounds and veterinary medicines.

Increasing global trade, links and investment is one of the key benefits of education for New Zealand

Universities support the notion of global citizenship and recognises the contribution that international education and international students make to our society. Chinese and Indian nationals made up around 50% of New Zealand's international students in 2019[12]. These countries also represent two of our major trading partners. Education is an important way to create global citizens, along with lasting trade and economic relationships with our trading partners. International Education provides stronger global connections, research links, and business partnerships for New Zealand.

Education offers a mutually beneficial relationship between student and provider country. Students who come to New Zealand for their education will sometimes stay and contribute to the New Zealand economy. They will also develop the skills, knowledge and capabilities to be global citizens, and may continue and deepen partnerships and connections between New Zealand and other countries in the future.

Figure 3: Building mutually beneficial cross-cultural collaboration

Like most New Zealand Universities, AUT has established strong links with the Chinese market and welcomes international students across all faculties. The benefits of this not just to AUT but to wider economy and society are clear with students building long term reciprocal relationships. For example, Yue (Joyce) Liu graduated with a Masters of Design from AUT in 2013 and went on to found Touchpoint Chinese Creative Agency with her classmate Ting Chen. Touchpoint focuses on connecting New Zealand brands with Chinese culture and helping them enter the Chinese market. The business model was inspired by their last assessment at AUT and from establishing the agency as a start up with no clients in 2013, the Agency has regular work with large corporates across New Zealand including ASB, Placemakers, Fonterra and Sugartree, and utilises design thinking and cultural awareness of consumers to unlock opportunities.

https://www.aut.ac.nz/student-profiles/yue-joyce-liu

[12] Education NZ. International education strategy. Available from https://enz.govt.nz/assets/Uploads/International-Education-Strategy-2018-2030.pdf

International education enhances the skills and productivity of the workforce

Although half of all international students leave New Zealand immediately after studying, many stay to work and live here; some will even remain for the long-term. An international student with a bachelor's degree or higher, is automatically eligible for a post-study work visa, allowing them to remain here for up to three years. Both the students who remain, and those who leave, make and retain valuable contributions to New Zealand.

Approximately 20% of those who enter New Zealand on a student visa, eventually move on to a skilled work visa, providing high quality working contributions to New Zealand long term[13]. According to Universities New Zealand, in 2018, the top employment categories for skilled work visas were:

1 Resident medical officer
2 Accountant
3 Early childhood teacher
4 Retail manager
5 Café or Restaurant manager
6 Marketing specialist
7 ICT customer support officer
8 Secondary school teacher
9 Developer programmer, and
10 Software engineer[14].

The international education sector attracts international students who want to move to or reside in New Zealand long term, and who gain professional and vocational qualifications or skills that the New Zealand labour market needs. These positive contributions to our labour market enable our long-term skill shortages to be met, and ensure we can meet labour demands in short-supply areas.

In addition, not only do students make significant contributions to New Zealand through their education fees and spending but, along with their families and friends, they also promote and support our inbound tourism sector. These students also help counteract the effects of domestic students moving overseas for study or employment.

Figure 4: Addressing key skills shortages

Across New Zealand international graduates are making a direct contribution to addressing established skills shortages, often in science and technology-based sectors where Universities have recognised research strengths. Lincoln University for example s extremely strong in the food science disciplines. Lincoln food science qualifications cover food biochemistry, food microbiology, food engineering and food processing, food quality, food law, and farm production, to provide a professional training for students interested in careers in the food industry, ranging from major food processors through to retail chains and regulatory agencies.

The University partners with Crown Research Institutes, including Plant & Food Research, to facilitate a more sustainable future for the food industry. Lincoln University's Centre for Food Research and Innovation focuses on manipulating food chemical composition and processing to create high-quality new products, improving the microbiological safety of foods and understanding the engineering principles behind food processing technologies.

Through this outstanding level of education and research and coupled with a high demand for food science graduates within the industry, 95 Lincoln University International graduates have gained employment with the food and fibre sector between 2012 and 2020. Of these 95 graduates, 88 were postgraduate students with 61 of these students graduating from the Master of Science in Food Innovation degree. The companies employing the highest number of Lincoln University international graduates included Fonterra, Oceania Dairy, Synlait Milk and Westland Milk.

13 Universities New Zealand, International Students Post Study

14 Universities New Zealand, International Students Post Study

International education makes an important financial contribution to our education institutions

International students studying at universities are making an increasing contribution to fees. Between 2009 and 2019, fees paid by international students to tertiary education organisations grew from $540 million to more than a billion dollars. During the same period, the share received by universities increased from 47% ($270 million) to 57% ($580 million).

This is reflected in higher average tuition costs for international students at Universities compared to other sectors, with average tuition costs of $27,572 (excluding GST), which is 31% higher than the average tuition costs for tertiary students across all sectors.

Five key themes to consider

Immigration settings and the design of student visas play a significant role in determining which students can come to New Zealand, for how long, and what they can study and do while they are here.

Before responding directly to your recommendations and key questions, we have identified five main themes that should be considered when thinking about student visa settings:

1 International education is a global market and has value in its own right.

2 Work rights are important, and any changes should be carefully considered.

3 We need to take a more nuanced and coordinated approach to market access.

4 International education helps bring the benefits of highly skilled immigration to multiple regions.

5 Maintaining a focus on supporting student welfare.

1. International education is a global market and has value in its own right

The productivity commission has raised questions about whether students are studying (or should be studying) within the fields of highest need for New Zealand. This includes discussion about the lack of feedback mechanisms, and the role of the skill shortage lists, the new Regional Skills Leadership Groups and Workforce Development Councils in decision-making.

International education is a global market

While skills shortages are an important issue, it should also be recognised that international education is a global market, and New Zealand institutions compete for students around the world and that most international students do not choose to stay in New Zealand post study.

For international students and their families, overseas study is an investment and a life experience. Tertiary institutions need to be able to respond to this and offer the type of education that international students demand, which may or may not align with New Zealand's immediate workforce skills demands.

The market is currently undergoing significant disruption due to COVID-19 – how we reopen, the education offering, and the wider settings that support us will play an important role in our ability to reengage with students, their families, and their agents. We know that competitor markets are already making the changes necessary to ensure that they remain competitive, providing an immediate boost to the sector and activating offshore markets in preparation.

Australia, for example, has recently confirmed that from 1 December 2021, fully vaccinated eligible visa holders, including international students, can enter Australia without needing to apply for a travel exemption. It has been suggested that this change will allow more than 200,000 international students to return without an exemption. This policy change has been welcomed by students and overseas agents, providing certainty for students and institutions alike. The Australian States and the tertiary sector are working closely with Federal Government to prepare for international student arrivals for the first Semester of 2022.

Changes to New Zealand's settings for international students – or not keeping up with the wider international market - risks that the sector loses ground and the current temporary decline in export education performance becomes permanent. New Zealand risks damaging its reputation as an open and welcoming destination for international students, who bring much more to our society and communities than just fees. Demonstrating manaakitanga to our international students should be a fundamental principle.

Figure 5:Bringing global insights

Intercoast Programme member and University of Bremen doctoral student Lisa Marquardt is spending nine months in New Zealand investigating current proposals to dredge Tauranga Harbour and the processes involved in making a decision. She is part of a group of students on the Intercoast Programme, a partnership between the Universities of Waikato and Bremen in Germany to study the marine systems of the Bay of Plenty and better understand the significant changes taking place in our coastal environment. Her research will compare the German and New Zealand processes, looking in particular at public consultation and the input sought from potentially affected parties, and the criteria upon which decisions are made. The projects aim to provide long-term data modelling and impact analysis to aid decision making by regional and environmental planners.

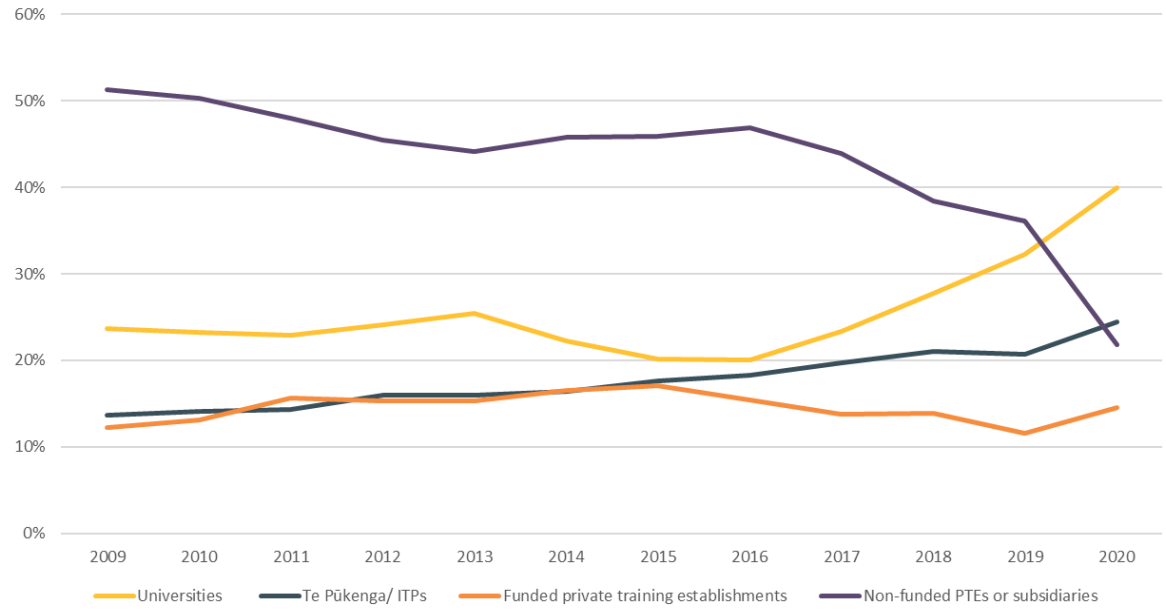
https://www.waikato.ac.nz/news-opinion/media/2011/bremen-university-student-investigates-tauranga-harbour-proposal

Universities provide academic and higher-level learning

As set out earlier, international education plays a different and broader role than immigration generally and is not simply a mechanism to meet employer demand. Education and academic study have value in their own right and universities provide academic and higher learning opportunities which may not always align with specific employer needs.

In recent years, the universities' share of tertiary level international education has increased significantly, from 24% in 2009 to 40% in 2020.

Figure 6: Share of tertiary-level international students by tertiary sub-sector



Source: Export Education Levy Full Year Statistics, 2003-2020

International students studying at Universities are more likely to pursue higher level qualifications, and many of our post graduate internationals students are making an important contribution to New Zealand's research and innovation efforts. The number of international students undertaking bachelor level and post-graduate level study has also increased substantially between 2013 and 2017.

In 2017, 55% of international university students were studying at bachelor level (compared to 43% for ITPs and 12% for PTEs), and 40% studying at postgraduate level (compared to 12% for ITPs and 7% for PTEs). Of the post-graduate qualification levels, this included 9% at Honours level, 16% at Masters, and 16% at doctorate – or around 12,000 students at post-graduate level.[15] Related to this, the current fee policy of charging domestic fees for international students studying at doctoral level is an important policy lever in attracting high quality international students and should remain.

The value of international education cannot be captured entirely within migration settings. Education has a value beyond preparing people for specific roles and current gaps in the workforce. Some international students are seeking a broad-based education, and this should also be seen as valuable. Many students' study in (or combine their studies with) the fields of humanities and business. This training provides students with critical thinking abilities and other transferable skills that are relevant across all sectors, and around the world. Many courses include work integrated or practical components – which bring benefits for the students participating, but also for the host companies, who by taking on an international student can help grow their international networks and perspectives. Businesses have reported significant benefit in the two way cultural exchange that occurs when employing international graduates[16].

Figure 7:Addressing globally significant challenges

Waikato graduate Alan Chew moved to New Zealand from Malaysia, having chosen New Zealand over the UK and Australia. Alan graduated with a Batchelor of Management Studies with Honors, majoring in accounting and went on not only to have a successful career in the technology sector, but also to work with philanthropic funders and to develop his own ideas and innovations to support communities. During the first level 4 lockdown, Alan's company, Houston Productivity Solutions developed a prototype QR code to be used for combatting COVID-19. The output of this work was provided free of charge to the Ministry of Health, who took inspiration from this idea to develop the QR code system that was ultimately rolled out across New Zealand,

https://www.rnz.co.nz/national/programmes/voices/audio/2018809644/from-poverty-to-helping-trace-covid-19

We should avoid the temptation to make international education only about meeting the needs of our industries

As outlined earlier, education offers a diversity of transferable skills and experiences. International education brings cultural benefits to students, international and domestic. There are opportunities for New Zealand to benefit from recently gained skills and gain from innovation and job creation. Our international students provide us with international connections and valuable research links.

15 ENZ Intellilab

16 ENZ, Employer Perceptions of Hiring International Graduates, July 2019

It is also important to consider the perception of New Zealand and New Zealanders as welcoming, tolerant, innovative and friendly. This perception has been informed by generations of students and their families studying here, travelling here, and residing here. The social capital and soft power that is generated by international education has long term benefits for New Zealand which should not be ignored.

2. Work rights are important, and any changes should be carefully considered

As stated, international education is a global market and students are customers who have a choice of countries and institutions. Students and families that are investing in their education experience and should have the ability to choose the courses that best meet their need, whether here or in a competitor market. Equally, they need certainty to choose and plan their work pathways that best meet their life stage. These decisions will be influenced by whether they have the flexibility to stay in New Zealand, or not, in the future.

As students consider their education options, the ability to work during and after their period of study is one of several considerations, and New Zealand needs to compare favourably against other study destinations, as such post study work rights should not become narrow and restrictive but remain open and flexible.

Post study work rights should not be simply used as a migration tool or lever but also a selling point for a New Zealand education, thus ensuring that our international education system is high value and globally competitive.

Most international university students return home within five years

While work rights are an important consideration for international students, analysis by UniversitiesNZ has shown that after graduation, 45% of international graduates of universities leave New Zealand immediately, while about 13% stay to travel (extending their visa to travel visas). About 40% of transition from a student visa to a post-study work visa. Within 5 years, 71% of original graduates had left the country and 21% had transitioned into more permanent, skills-based work visas.[17]

For international students considering coming to New Zealand, the opportunity to work, both post study and while studying has become increasingly important and has risen noticeably over the last year.[18] The right to work is ranked as one of the top five factors in students' decisions to study in New Zealand[19]. This suggests that for universities, work pathways are not always the sole deciding factor, but we know that students find the option important.

[17] A remaining 2% move into other visa categories, mainly relationship-based visas.

[18] International Student Barometer survey of international students.

[19] Education New Zealand, International Student Experience Survey, 2021

But work rights remain important to provide flexibility and market competitiveness

When considering work rights for students, we recognise that students and their families are making an often significant investment, both of time and of money, with varying implications such as:

- Students will often seek the ability to support themselves and connect more widely with the local community while studying.
- Post-study work rights provide the student an opportunity to pay back the initial investment that has been made in their education in New Zealand.
- Changes can have drastic impacts on overall attractiveness of New Zealand as a destination, as students and family are comparing overall packages across a range of destinations. We know that Canada and the UK recently improved the post-study work rights that they offer due to the clear connection to creating a strong value proposition in the global market.

Relative settings affect our competitive positioning within the market and ability to attract the best students.

Students will look for certainty – as they are making plans over a long period.

While post-study work rights are only actively used by a minority of international students studying at University, we know that access to those rights are an important consideration when weighing options on which country to study in and which institution to choose.

- A bachelor or post-graduate degree is a multi-year commitment. A visa pathway that is too closely aligned to short term skills needs risks shifting the goal posts for higher level students as labour market requirements change over the course of a person's study.
- Students and their families begin planning for where and what they will study many years in advance. It is difficult to undertake this planning if visa pathways and settings are uncertain.

Removing certainty around access to work rights by too closely aligning it to short term skills needs risks shutting the door on highly skilled international students who could make significant contributions to New Zealand.

3. We need to take a more nuanced and coordinated approach to market access

Market diversification is important to help lower the risk of over dependence on one market, noting that there have been concerns previously that international education was too exposed to the Chinese and Indian Markets or that there was a risk that international education was being marketed as an immigration pathway. While it is important to be mindful of this risk, this is not the approach generally taken by our universities.

With respect to market diversification, this should not be simply comparing the numbers coming from a country, but also considering different regional markets, the level of study (postgraduate vs. undergraduate), the mode of delivery (online, offshore, hybrid), and the pathway to study in New Zealand, that is by way of a articulation agreement or another kind of arrangement.

Nevertheless, the university sector is responsible for providing a pathway for highly qualified graduates to live onshore for years after graduation. The profile of international students, in terms of their destination of origin, does however reflect the overall shape of the market and the nature of relationships between New Zealand and our trading and diplomatic partners.

International education has high concentrations in students from Asia.

Asia is a key market for international students – both for the wider sector and for universities. For universities, the number of students has grown strongly since 2012, while the number from Europe have been slowly reducing. In 2019, the breakdown of international fee paying students and foreign research-based post graduate students was distributed as follows:

- 83% (23,305) of international students at universities were from Asia
- 8% (2,220) of international students at universities were from North America
- 3% (820) of international students at universities were from Europe
- 1% of international students at universities were respectively from Africa (210), Latin America (320), and Oceania (340).[20]

New Zealand has strong trading and international relationships with Asia, and this relationship should be seen as a strength, not as an over-dependence. While historically some subsectors had issues with low quality students targeting a residency pathway, this has largely been addressed through reforms since 2016, and efforts by the government to remove low-quality providers.

Since 2016, there has been a significant reduction in student numbers in some subsectors, as well as and student numbers from specific markets for those subsectors.

Breaking into new markets takes coordinated effort – and support from government agencies

Individual providers find it difficult to break into new markets and need consolidated efforts and a whole of Government approach is required. For example, we know that in 2019, Nepal was Australia's third highest market with more than 40,000 international students. 30% of these enrolments were in ICT, and nearly 20% in Health[21]. This market, as well as others, presents a real opportunity for New Zealand, but we need the support of a wider range of agencies to explore and address market constraints.

[20] Education Counts, Export Education Level Full Year Statistics 2020

[21] IDP Connect, Subject Demand 2020

While many of these efforts are supported by Education New Zealand, there is an important relationship between our general trade and immigration settings and our ability to diversify the international education market. This again highlights the need for a joined-up approach, across Government and in partnership with the sector.

There is also a need to recognise that international education in sending countries utilises an agent model, with the view of agents on the attractiveness of New Zealand affecting their likelihood to engage or refer students to our institutions. Similarly to student and parents, agents will be influenced by the timeliness and clarity of the visa process, including the speed and likely outcomes for students from specific markets. Faster processing times would result in higher student numbers and anecdotal feedback suggests that, even prior to COVID-19, agents prefer to recommend countries other than New Zealand due to faster visa processing times.

4. International education helps bring the benefits of highly skilled immigration to multiple regions

As universities are situated throughout the regions in New Zealand, and attract international education students, the students are dispersed around the country reflecting the footprint of our institutions.

This provides real benefits to our regions, even if the majority of students do not stay in New Zealand over the longer-term. International students at universities are more likely to be highly skilled – overall, more than 40% of international students at Universities are studying at post-graduate level.

Table 1: Regional distribution of international students at Universities

2017	Auckland		Waikato		Manawatū-Whanganui		Wellington		Canterbury		Otago	
Level	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Below Bachelors	946	6%	425	19%	220	14%	646	18%	147	4%	181	6%
Bachelors	8304	57%	1043	46%	752	47%	1867	52%	1730	46%	1841	62%
Postgraduate	6094	42%	913	40%	684	43%	1218	34%	1920	51%	995	33%
Total	14652		2257		1598		3612		3729		2977	

Source: ENZ Intellilab

In some regions, international education is an important source of talent for key local industries, and this may be reflected in the courses offered at that institution. In Auckland, international students contribute to commerce of the city centre, where many of them live, study and work. They also contribute to the vibrancy and cultural diversity of our largest city, where international cultural festivals and celebrations attract large crowds, and contribute to the hospitality and tourism workforce. For some locations, the absence of a traditional international student labour pool has seen positions not being able to be filled and a general impact on economic output.

In other regions, international students are a valuable source of labour and skills for the horticulture or other primary industries. For example, Plant & Food Research places a high value on its relationship with universities in New Zealand. The organisation is constantly seeking research graduates with innovative ideas and skills to help create the planet's most sustainable food systems. Plant & Food regularly employs international graduates who show great passion, knowledge and creativity as they work to solve some of the most crucial issues facing the world today. The current post-study work visa for international students makes the recruitment process and decision to employ a lot easier.

Figure 8:Bringing benefits to New Zealand's regions

The University of Otago maintains a strong relationship with its host communities , especially Dunedin where its main campus is based. The University is a foundation member of Study Dunedin (the City's export education peak body) and is working closely with the City on the Centre of Digital Excellence (CODE) Project, and an Education New Zealand funded Pathways project which connects the University, Study Dunedin, Dunedin City Council and the local High Schools. These initiatives are all linked one way or another to the export education market and the recruitment of international students to Dunedin education institution, and for some a pathway to employment and residency.

5. Maintaining a focus on supporting student welfare

As Universities we play an important role in supporting international student wellbeing, which has been a priority through the COVID-19 pandemic, as well as the wider integration of our international students into the community. This frequently includes ensuring that international students have an awareness of te Tiriti o Waitangi, te reo Māori and te ao Māori which are in turn reflected across our curriculum and research practices.

Any suggested changes to the immigration system and settings that may affect international students must maintain a focus on the welfare of students that are already here – a point which has been front of mind for education institutions as we have supported students through COVID-19.

International students bring an important contribution to the educational institutions, the regions, and to their fellow classmates, but international students can be vulnerable. They are far away from their homes, families and support networks. They may have made significant investments and sacrifices to be here and feel pressure to succeed. It is important to balance immigration objectives with this built-in vulnerability. Research has also shown that feeling included is key to a young person's development and the opportunity to be part of the local workforce is part of this process[22].

[22] Employers Perceptions of hiring international graduates, July 2019

Reducing the risks of exploitation and supporting integration

There has been recent discussion regarding the vulnerability of international students to exploitation in the labour market – which has been associated with work rights tagged to specific employers.[23]

We need to ensure that our immigrations settings do not place people at risk. The need for certainty around future work settings is also an important dimension for student wellbeing and avoiding exploitative practice. As such, we support the suggestion to remove the removal of conditions that tie migrants to specific employers.

In addition, this means that we need to also provide students the opportunity to work and support themselves during study. Removing this ability is likely to have perverse outcomes, both for students and for New Zealand. Students may be more likely to turn to grey or black-market employment options and expose themselves to the risks of migrant exploitation.

Besides the clear financial need, working while studying improves students' ability to integrate into New Zealand society for any post-study work, by helping develop an understanding of New Zealand culture.

Figure 9: Juggling study, work, and volunteering

Giri Gonsai, an international student from India, studied post-graduate Computer and Information Science at AUT, and drew on broader employability and careers support from AUT's 'Employability Lab' to build networks and get ready for his future career.

While initially it was a huge challenge to keep juggling all these different commitments, Giri found that his time management skills improved, and his productivity grew as the year continued.

"These helped me gain knowledge about how to show employers I am more than a student when I step into the real world."

A year later, Giri is employed as a software test engineer for Planit Software Testing and believes the extra-curricular activities he did through the Employability Lab, such as volunteering and seminars, not only made uni life more interesting but taught him how to connect to industry and land his job.

https://employability.aut.ac.nz/post/2021-jan-feb/enriched-experience-through-employability-and-careers

[23] See Christina Stringer and Francis Collins, Temporary Migrant Worker Exploitation in New Zealand, 2019. https://www.mbie.govt.nz/dmsdocument/7109-temporary-migrant-worker-exploitation-in-new-zealand

Response to specific recommendations and questions

Immigration – Fit for the Future - Preliminary findings and recommendations

Your preliminary findings report contained 13 key findings, 7 supplementary questions and 9 recommendations. Our response focuses specifically on the two recommendations which we believe are most relevant to the international education sector but acknowledge the wider importance of the report.

Recommendation 2: The Immigration Act should be amended to require the Minister to regularly develop and publish an Immigration Government Policy Statement.

Recommendation 4: MBIE should develop and publish an evaluation programme for major visa categories to assess their net benefits

Recommendation 2

Recommendation 2 suggests that the Government develop a Government Policy Statement (GPS) for Immigration, similar to the GPS used in the Land Transport Management Act 2003, which is updated three-yearly. This would set out objectives and align other strategies (including the Treaty of Waitangi) to the immigration system as a whole, support short- and long-term planning, provide a platform for accountability and allow business and the public to engage with the policies.

Our response

We agree with the recommendation for an overarching policy statement. As highlighted, we believe that international students need and deserve certainty. A Government Policy Statement which sets out overall direction of the system, including the role of visa settings for students during or after study, will provide a useful tool to provide more certainty. It will be essential that this policy statement is not developed is isolation from Education New Zealand and the Ministry of Education.

We also support the alignment of this policy statement with te Tiriti o Waitangi. Universities have been building treaty education and a treaty perspective into our curriculum for some time, in all fields of study.

We suggest that particular consideration is given to the frequency and timing of these statements and changes to the statements should not be too regular or too ad-hoc. For universities and our international students, considerable planning time is needed, including the time associated with programme and visa applications.

In addition, we consider that it will be important that any policy statement process is well defined, including clear consultation arrangements to ensure that affected sectors have opportunities to input. Ideally this would provide for early engagement throughout the policy development process, as well as more formal mechanisms to submit on specific proposals.

Recommendation 4

Recommendation 4 regards the development of an evaluation programme for major visa categories in order to properly assess their net benefits. Currently there is little hard evidence on the net positive and negative impacts of these visa categories, and the suggestion is that rigorous evaluation would contribute an evidence base for visa categories, policy changes and the potential GPS.

Our response

This evaluation programme would include student work visas and post-graduation visas which are essential for the international education sector.

While there is merit in regular evaluation of policy settings, it is important that any evaluation of post-study work rights is carefully scoped to ensure it considers the vital role of post-study work rights to the international education sector, and the wider benefits that the sector brings to New Zealand's economy and society. Similarly, an evaluation should consider the post-study work rights settings in key international competitor markets.

This scoping should include robust engagement with key parties in the sector including the voice of international students in any process. We are aware that Education New Zealand is developing a new methodology for measuring the contribution of international education to New Zealand and any additional evaluation should be consistent with the work that is already planned.

Key questions from issues paper

Recognising the original terms of the inquiry, we have responses to make to some of the questions contained in your issues paper, specifically the five that are most relevant to international education work rights. Our responses to these questions reflect the key issues we set out earlier in this submission but are provided here for the sake of clarity and completeness.

24 Are the current criteria for obtaining post-study work rights satisfactory? What criteria should be added or removed (and on what basis)?

While we are not opposed to the criteria being reviewed, we would like to ensure that the scope of any review is carefully considered and avoids inadvertently causing harm to students already holding these rights in New Zealand. Consideration should be given to upholding New Zealand's competitive positioning for attracting international university students.

Timeframes should be aligned with the current residence and study timeframes. It is important to take into consideration the lead-time and need for certainty required by students to plan their future studies away from home.

25 To what extent should international students have rights to work in New Zealand?

Work rights during study are important to allow students to support themselves during study and minimise the risk of exploitation. Our opinion is that work rights during study should continue to be allowed within the current settings and that any reductions would likely result in negative outcomes for student wellbeing.

Work rights post-study are a crucial mechanism to support student attraction to New Zealand. The flexibility of this allows newly educated people the opportunity to stay and contribute to our country's economy and cultural development. This also offsets migration of New Zealanders overseas and supports employment into areas of skills shortage. New Zealand benefits from the skills gained when, for example, PhD students continue in New Zealand to undertake research (also creating valuable future international connections for our research sector).

26 Should visa applicants who have gained a New Zealand qualification receive a special preference for residence?

Our group sees merit in this approach. Students who spend up to 5 years studying and working in New Zealand have likely developed a deep understanding of New Zealand's social and cultural workings and have established networks. Students will understand the importance of the principles and practical real world adaption of Te Tiriti o Waitangi – many will have learnt to recognise and use te reo Māori.

27 Should there be any restrictions on the kinds of sectors or occupations students can work in during or after study? Why, or why not?

We do not consider that work rights should be restricted to specific sectors or aligned too closely to skills shortage lists. Students make decisions to come to New Zealand years in advance – the skills shortage lists are likely to change in the space of 4-8 years. Additionally, these skills shortage lists are not a silver bullet. There are transferable skills and abilities that students develop in tertiary education such as critical thinking that are increasingly valuable in our globally competing market.

We note the reference to a concentration of international students working in the hospitality and retail sectors. While it is true that international students are highly represented in these sectors, the sectors provide important opportunities for students to support themselves while studying, while also providing the much-required flexibility in work hours. This sector can more readily provide part time and flexible hours which assists with study schedules and keeps within the, the 20 hour/week cap set by their visa.

28 Should the level or nature of qualifications that students are studying affect work rights during or after study? Why, or why not?

Differentiation already occurs:

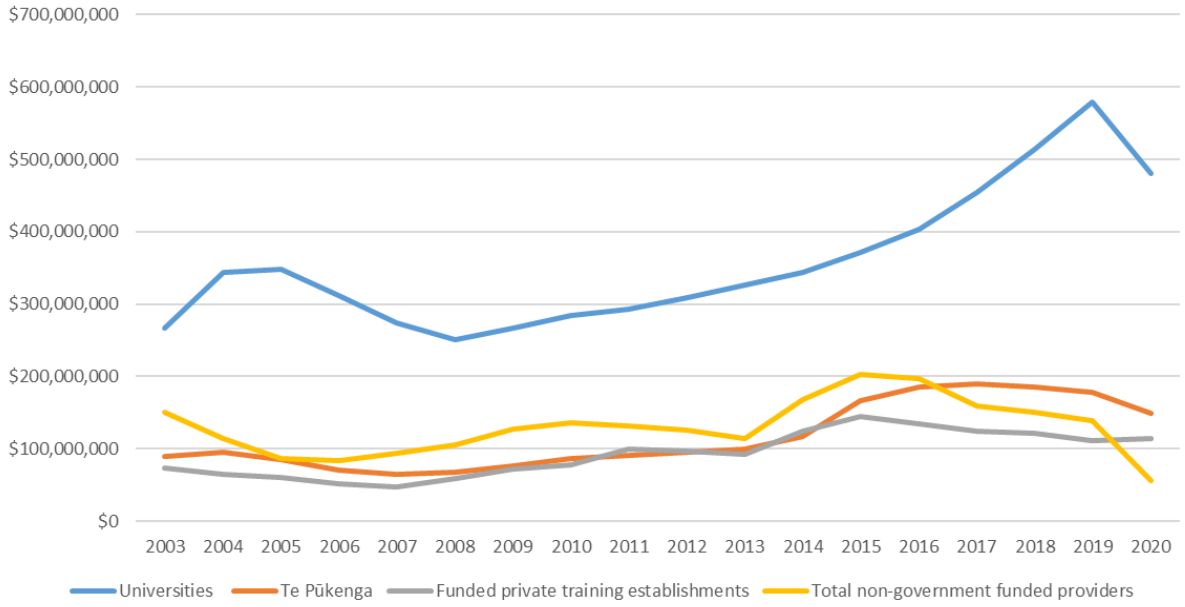
- ***for post-study work rights*** already occurs for qualifications below L7, and
- ***for during study*** - most notably for Masters and PhD students who are allowed to work full time during their study.

Further differentiation in post-study work rights may provide a useful mechanism to help prioritise work rights for groups that are likely to offer particular benefit to New Zealand. However, we caution that these should be positive changes (for example, making it easier to stay for longer) for priority groups, rather than removing rights for other groups.

We acknowledge and support, for example, the Commission's note that more generous targeted rights could help improve the contribution of international education to New Zealand's innovation eco-system. Other approaches could include offering more generous rights to postgraduate or PhD students to help attract and retain the most highly skilled or those who could provide a greater contribution to New Zealand's research base.

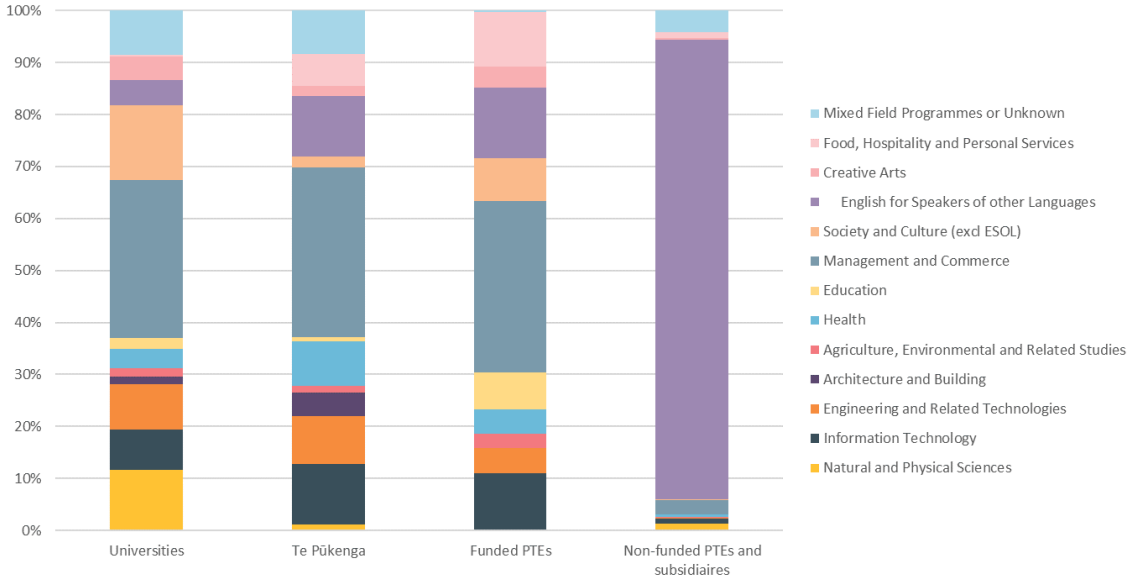
APPENDIX 1: SUPPORTING DATA

Figure 10: International Education Fees for tertiary education organisations



Source: EducationCounts Export Education Levy Full Year Statistics

Figure 11: Fields of study of international students, by provider type



Source: EducationCounts Export Education Levy Full Year Statistics

Table 2: Field of study for international students at university, total and proportions 2012 and 2019

Field of study	2012 total	2012 %	2019 total	2019 %
Natural and Physical Sciences	2,825	15%	3,800	13%
Information Technology	1,060	6%	2,535	9%
Engineering and Related Technologies	1,420	8%	2,855	10%
Architecture and Building	245	1%	465	2%
Agriculture, Environmental and Related Studies	285	2%	515	2%
Health	1,030	6%	1,195	4%
Education	665	4%	705	3%
Management and Commerce	6,000	33%	9,910	35%
Society and Culture (excl ESOL)	4,030	22%	4,690	17%
English for Speakers of other Languages	1,390	8%	1,575	6%
Creative Arts	850	5%	1,485	5%
Food, Hospitality and Personal Services	145	1%	70	0%
Mixed Field Programmes or Unknown	1,620	9%	2,790	10%
Total	18,355		28,150	

Source: Education Counts Export Levy. Shaded cells show increase greater than the average increase (53%)

Figure 12: Level of study – all international students

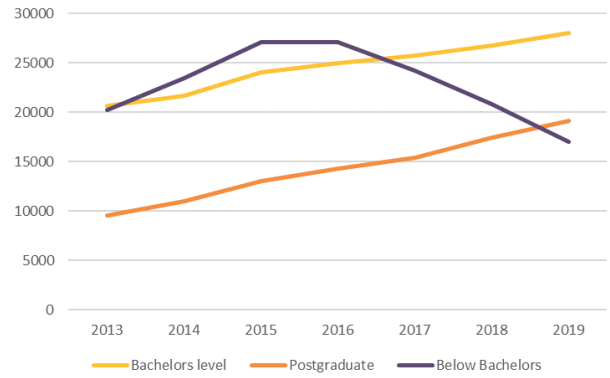


Figure 13: Level of study – int. students at university

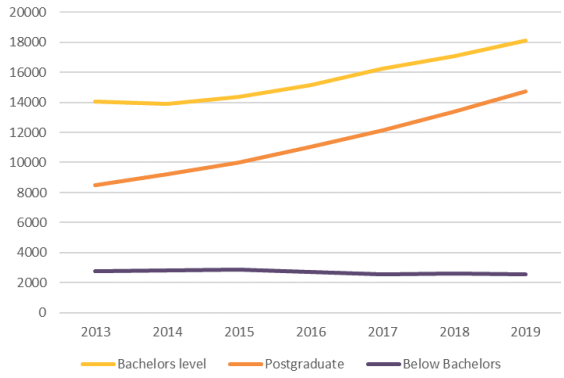
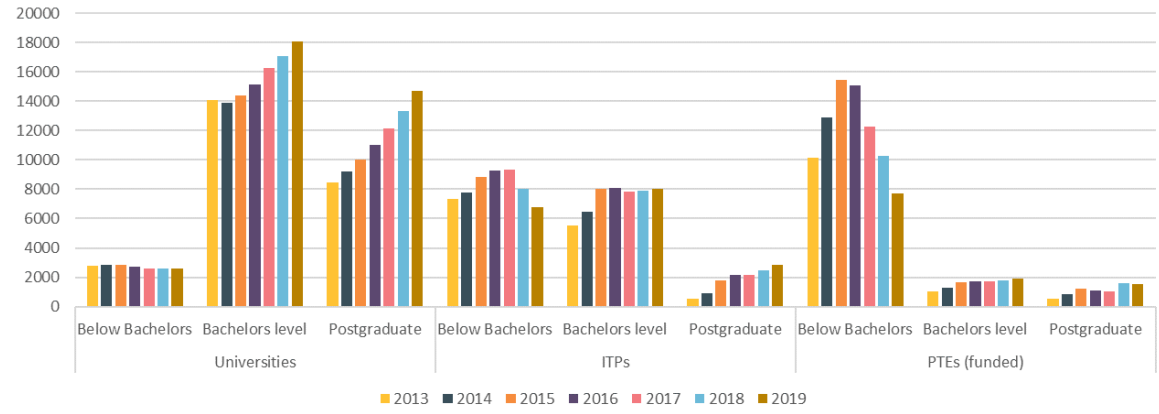


Figure 14: Level of study - by subsector



Source: ENZ Intellilab

Notes: Level of study data is only available in the universities, ITPs and PTEs (funded) sectors. Students are counted in each level they enrol in, so the sum of the levels may not add to the total.

Figure 15: International Student source country: Universities

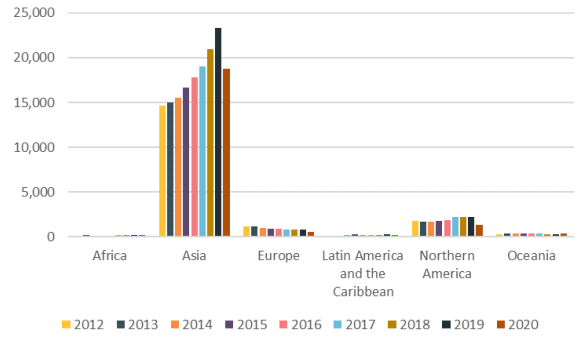
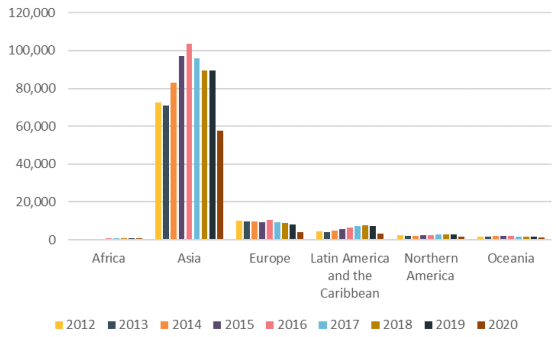


Figure 16: International student source country: whole sector



Source: ENZ Intellilab