

Immigration and International Education: A regional perspective

As a basis for discussion with Ministers and officials in central government

June 2018

Mayors standing together for Canterbury.

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Introduction

1. This discussion paper is a contribution from **regional New Zealand** to the development of central government policies on immigration and international education.
2. **We are not proposing special policies for Canterbury.** Rather, as New Zealand's largest region by land area and second-largest by population, we are advocating for policies that will work for regional New Zealand (particularly the South Island), as well as for the country as a whole.
3. The paper proposes seven areas for policy development, and seeks to demonstrate that regionally appropriate policy settings are in the national long-term interest:
 - 3.1. International education
 - 3.2. Regional skills shortage lists
 - 3.3. Income thresholds
 - 3.4. Time limits and stand-downs
 - 3.5. Investor resident category
 - 3.6. Pathways to permanent residency
 - 3.7. Parent category resident visas.
4. The paper has been prepared by the Canterbury Mayoral Forum, with the Canterbury Employers' Chamber of Commerce and ChristchurchNZ, and in consultation with tertiary education providers. An appendix (pp 15–20) provides background and context on what is at stake for us, why we care, and alignment with our regional development strategy and priority actions for the local government term, 2017–19.
5. We offer the paper as a contribution to the policy development process, and we seek opportunities to discuss it with central government officials, and with the Minister of Education and the Minister of Immigration.



Lianne Dalziel
Mayor, Christchurch City
Chair, Canterbury Mayoral Forum

Policy options: A regional perspective

1. International education

Current policy settings

Fee-paying international students require:

- an offer of place or confirmation of enrolment from an approved provider
- evidence of sufficient funds to pay fees and living costs while in New Zealand.

Foreign-government supported international students require:

- evidence that their fees will be paid by a foreign government loan or scholarship
- an offer of place for confirmation of enrolment from an approved provider
- evidence that the loan or scholarship covers living costs while in New Zealand.

Pathway Student Visas require:

- an offer of place from an approved Pathway education provider
- the full cost of the first course/year, and evidence of ability to pay for further courses/years.

International students on a Student Visa may be able to work part-time, up to 20 hours per week, and full-time during scheduled holidays. The most common requirements for a Study+Work Visa are:

- the study programme is for at least two years
- the study leads to a New Zealand qualification that gains points under the Skilled Migrant Category
- taking an English language course that meets conditions approved by Immigration New Zealand.

Government policies

Labour Party 2017 election policy:

- stop issuing student visas for courses below a bachelor's degree which are not independently assessed by the TEC and NZQA to be of high quality
- remove the ability to work for international students in low-level courses except where the work is approved as part of their study
- limit the *Post Study Work Visa – Open* after graduating from a course of study in New Zealand to those who have studied at Bachelor-level or higher.

Labour-NZ First Coalition Agreement:

- ensure work visas issued reflect genuine skills shortages and cut down on low quality international education courses
- take serious action on migrant exploitation, particularly of international students.

We note the changes proposed for international student post-study work rights on 2 June 2018, and we plan to develop a regional submission on the consultation document by 29 June.

Regional proposals

- Canterbury's Mayors support strong quality regulation that enforces standards in both education and employment, but immigration policy is the wrong tool to address quality and regulatory compliance issues:
 - quality education provision and demonstrating employment outcomes is an issue for NZQA and TEC
 - workplace exploitation is a matter for the labour inspectorate.
- Distinguish carefully between the *quality* and *level* of education: a qualification at a level below Level 7 is not necessarily low quality or of low value.
- Continue offering opportunities for international students to work while studying:
 - *applied learning* is particularly important in vocational and professional courses (at Ara Institute, for example, every student does a 600-hour project in their third year)
 - existing regulation and advice about the funds students must bring with them is probably inadequate to support them without working.
- Continue offering opportunities for international students to stay and work in New Zealand after studying, particularly those looking to stay in regions with skills shortages – and align post-study work rights with regional skills shortages.

Rationale / evidence¹

- International education is a key contributor to New Zealand's global connectivity – especially important given our geographical isolation and distance from markets.
- In 2016, there were 11,428 students in Canterbury from 72 different countries, bringing a total economic value add to the region of \$310m. Our strategic target is to double the number of students and increase the economic value add to \$1b by 2025.
- According to current city and industry investment in destination marketing, for every \$1 spent there is an economic value add to the region of \$23.
- International education is New Zealand's fourth largest export earner, and supports 30,000 national and 5,000 regional high value jobs.
- Around one-third of students at Lincoln University are international students – their ability to study here is critical to the sustainability of New Zealand's specialist land-based university.
- The average student spends \$43,000 per year. This includes tourism spending during vacations.
- 60% of all fee-paying students are visited by a friend or family each year, usually during the shoulder seasons, which aligns well with the CREDS visitor strategy objective of addressing seasonality, as also Tourism New Zealand and Tourism Industry Aotearoa strategic priorities.
 - These visitors spend on average \$3,600 per visit, significantly more than the average spend per visit for visitors Visiting Friends and Relatives (VFR).

¹ Source: ChristchurchNZ

- In Canterbury, with 4,728 extra VFR arrivals visiting tertiary full fee-paying students, the region benefits from a spend of around \$17m per year.
- Canterbury needs skilled workers, now and in the future.
 - Up to 41% of our international graduates aspire and stay and work after they complete their study.
 - Around 20% of full-fee paying international students gain permanent residency.
 - 43% of skilled migrant category principal applicants were previously on a student visa in Canterbury.
- New Zealand is a 5th preference in the English-speaking international education market.
 - Any change to immigration policy will give students the impression that New Zealand is closing the borders.
 - Students are not likely to read the fine print that only some work rights will be adjusted. Adjusting the post-study work visa will make all students nervous about investing in their education in New Zealand. Not all students stay, or want to stay, but if they are going to invest over \$150,000 in a degree, they want the option of gaining some work experience here.
 - Even if the changes are only intended to impact on level 6 and under diplomas, they may also impact on higher diplomas and degree programmes, due to students' perceptions of the changes.

2. Regional skills shortage lists

Current policy settings

MBIE compiles and maintains three skill shortage lists:

- Long Term Skill Shortage List (updated annually)
- Immediate Skill Shortage List (updated annually)
- Canterbury Skill Shortage List (updated four monthly).

There is a South Island Contribution Work Visa (30 months) for people who hold an Essential Skills Work Visa and have been employed in the South Island for five years or more. It provides a pathway to residency for those who remain employed in the same industry and region. Applications are open only until 23 May 2018.

Government policies

Labour 2017 election policy:

- regionalise and rationalise skills shortage lists and ensure employers hire Kiwis first
- introduce a KiwiBuild visa, and an Exceptional Skills visa
- strengthen the Labour Market Test for work visas and for jobs outside of skills shortages lists, and issue visas only when a genuine effort has been made to find Kiwi workers
- encourage and support trades training.

NZ First 2017 election policy:

- focus on attracting highly skilled migrants and reduce numbers to around 10,000 p.a.
- develop strategies to encourage the regional dispersion of immigration to places other than Auckland and the main centres.

Labour-NZ First Coalition Agreement:

- ensure work visas issued reflect genuine skills shortages.

Regional proposals

- develop regional skills and labour shortage lists
- improve the evidence base to inform updating of regional skill and labour shortage lists
- offer incentives to migrants to settle in the regions; e.g. extra points, variable regional income thresholds and/or work visas conditional on residence outside Auckland
- consider retaining the South Island Contribution Work Visa.

Rationale / evidence

The Canterbury Skill Shortage List was introduced to support earthquake rebuild and recovery, and it has worked well without adverse unintended consequences.

We need to understand the labour market at sub-regional levels. Regional labour market data is predominantly derived from surveys, so disaggregation to TA-level is problematic. While Canterbury as a region had an unemployment rate of 3.5% in the March 2018 quarter

(cf. 4.4% for New Zealand as a whole), modelling indicates an actual unemployment rate in Canterbury outside Christchurch City that is considerably lower than this.

A South Canterbury labour market survey was conducted in 2016. Skill shortages are in both low-skilled and high-skilled occupations.

With unemployment so low, we cannot find people to fill jobs, which is limiting our communities' business aspirations and potential to generate wealth (and additional tax revenue).

3. Income thresholds

Current policy settings

Skilled Migrant Category (from 15 January 2018):

Threshold at ANZCO 1–3	\$24.29+ per hour (or equivalent annual salary)
Threshold at ANZCO 4–5	\$36.44+ per hour (or equivalent annual salary)
Threshold to earn bonus points	\$48.58+ per hour (or equivalent annual salary)

Essential Skills Category (from 15 January 2018):

Threshold for mid-skilled, ANZCO 1–3	\$20.65+ per hour (or equivalent annual salary)
Threshold for higher skilled in any occupation, including ANZCO 4–5	\$36.44+ per hour (or equivalent annual salary)

Government policies

Labour Party 2017 election policy:

- no specific policies

NZ First 2017 election policy:

- no specific policies

Labour-NZ First Coalition Agreement:

- no specific commitments.

Regional proposals

- set income thresholds for each region against actual average wages by occupation by skill level in that region
- review ANZCO levels against occupations in consultation with industry and unions
- use variable income thresholds to incentivise migrants to settle in regions outside Auckland – i.e., the calibration should not be against absolute levels of income, but against regional levels of income.

Rationale / evidence

- Concerns have been raised across some industries that the ANZCO skills ratings do not align with the levels of skills required.
- Average weekly income by region (Household Labour Force Survey, year to June 2017)

Canterbury	\$799
Nelson, Tasman, Marlborough, West Coast	\$731
Otago	\$695
Southland	\$719
New Zealand	\$811
Auckland	\$868

4. Time limits and stand-downs

Current policy settings (from 14 January 2018)

Essential Skills Work Visa:

- lower skilled: one year, renewable up to a maximum of three years
- mid-skilled: three years
- higher-skilled: five years.

Long-term Skills Shortage Visa:

- 2.5 years, with the opportunity to apply for permanent residency after two years.

Government policies

Labour-NZ First Coalition Agreement:

- ensure work visas issued reflect genuine skills shortages.

Regional proposals

- review time limits and stand-down periods in relation to income thresholds and regional skill shortage lists, and consider regional policy settings (like the South Island Contribution Work Visa)
- develop policy through consultation with Mayors and key industries on the impact of churn in migrant labour – e.g.:
 - training and health and safety in the workplace
 - educational achievement for children of migrant workers
 - social cohesion in local communities.

Rationale / evidence

When considering newcomer and migrant settlement, Canterbury's Mayors are focused on two objectives: skilled workers, and cohesive communities. Churn in migrant workers is undesirable on both counts, and is unlikely to impact positively on the lives of migrant workers and their families.

New Zealand can learn from the experience of European countries with *Gastarbeiter* ('guest workers'): "We sent out the call for workers, but what came were people" (Max Frisch).

5. Investor resident category

Current policy settings

Investor 1 Resident Visa:

- an applicant must invest \$10m into an acceptable investment in New Zealand for a minimum three-year period
- the applicant must spend 44 days in New Zealand in each of the final two years of the three-year investment period, 88 days at any time over the three-year investment period if they have invested a minimum of NZ\$2.5 million in growth investments.

Investor 2 Resident Visa:

- the applicant must invest \$3m into an acceptable investment in New Zealand for a four-year period
- the applicant must spend 146 days in each of the final three years of the four-year investment period, or the 438-day qualifying period can be split unevenly over the four-year period if \$750k is invested in growth funds
- a quota of 400 applications per annum applies.

Government policies

Labour Party 2017 election policy:

- increase the minimum investment required to \$5 million for the Investor Visa and \$15 million for the Investor Plus Visa
- require at least the minimum investment amount to be invested in Government-issued infrastructure bonds
- double the minimum investment period to eight years for the Investor Visa and six years for the Investor Plus visa with residency only available after that period if investment criteria are met
- offer faster pathways to residency for investors who make additional productive investments that help to grow businesses and create jobs.

Regional proposals

- consider creating a fund with groups of 20-30 Investor 2 applicants at a time, supplemented by institutional investors
- the resulting fund (say, \$150m) could be used for infrastructure projects of regional and/or national significance
- investors participating in the fund could then apply for visas under Investor 2 requirements but benefit from the easier residential requirements of the Investor 1 Resident Visa
- the fund would need to generate a commercial return and would need a mixed portfolio in order to do this
- institutional investors could expect a slightly higher share of financial returns generated by the fund, as individual investors would get the benefit of qualifying for a visa with a less onerous residency requirement.

Rationale / evidence

- The Investor 2 Resident Visa has been under-subscribed and could deliver better value to NZ Inc.
- The requirement to spend 438 days in New Zealand over the four-year period is onerous and is not attracting the sort of international business person the scheme was designed to bring to New Zealand.
- There is precedent for investors accepting lower returns in order to meet residency requirements. In Canada, for example, there is a scheme that requires a proportion of the qualifying investment to be put into the State of Quebec for five years, effectively as an interest-free loan to the State.
- Christchurch City Council has previously established that ASEAN Advisory and Malcolm Pacific Immigration are prepared to work on developing and promoting such a fund.

6. Pathways to permanent residency

Current policy settings

Long-Term Skills Shortage Work Visa:

- a visa is granted for up to 2.5 years, with an opportunity to apply for Permanent Residency after two years.

Essential Skills Work Visa:

- application may be possible through the Skills Migrant Resident Visa (points based).

Government policies

Labour Party 2017 election policy:

- remove the Skilled Migrant Category bonus points currently gained by studying or working in New Zealand and standardise the age points to 30 for everyone under 45
- introduce an Exceptional Skills Visa to enable people with exceptional skills and talents that will enrich New Zealand society — not just its economy — to gain residency.

Regional proposals

- Consider retaining Skilled Migrant Category bonus points for those who have studied and worked in New Zealand and who commit to continuing to live and work in the South Island (for x years).

Rationale / evidence

- Many regions (including Canterbury) do not have the problems with housing, transport and other infrastructure that have occurred with the rapid growth of migration into Auckland.
- Canterbury, for example, needs skilled workers, now and in the future.
 - Up to 41% of our international graduates aspire and stay and work after they complete their study.
 - Around 20% of full-fee paying international students gain permanent residency.
 - 43% of skilled migrant category principal applicants were previously on a student visa in Canterbury.
- For sustainable regional development, we need people – and incentives – to encourage skilled migrants to settle permanently in our regions.

7. Parent category resident visas

Current policy settings

- Since May 2017, selections from the Expression of Interest pool have been suspended. A review is to be completed by June 2018.

Government policies

Labour Party 2017 election policy:

- no specific policies

NZ First 2017 election policy:

- ensure immigration under 'family reunion' is strictly controlled.

Regional proposals

- As part of the review, consider the following options for Parent Category residence visas:
 - conditional on continued sponsorship from children working in New Zealand
 - qualifications on access to public health services
 - increase the residence requirement for NZ Superannuation eligibility
 - pre-purchase of ESOL tuition – at the maximum charge for those who are not able to speak English at all, or who do not take an approved test.

Rationale / evidence

- Particularly for skilled migrants who grew up under the People's Republic of China one-child policy, closing off the Parent Category resident visa is a significant obstacle to staying in New Zealand long term and raising their families here. At some point they may feel it is their duty to return to China and care for ageing parents.
- We recognise past difficulties with this visa category, including:
 - subsequent breakdown in family sponsorship
 - older migrants not speaking or learning English – and not integrating into host communities
 - potential impact on public health services and NZ Superannuation.
- We think policy can be designed to mitigate the risk of these unintended consequences.

Appendix: Background and context

Canterbury Mayoral Forum

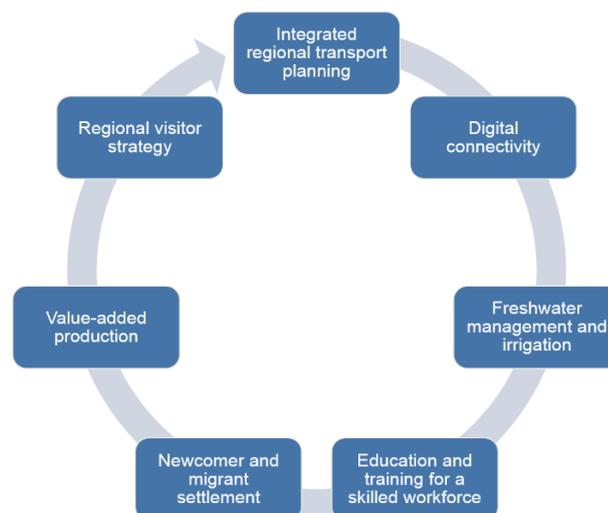
- The Mayoral Forum comprises the Mayors of the 10 territorial authorities (TAs) in Canterbury, from Kaikōura in the north to Waitaki in the south, and the Chair of the regional council (Environment Canterbury).
- The Mayoral Forum is the primary mechanism for delivering on the Canterbury Local Authorities' Triennial Agreement. It is supported by a Chief Executives Forum, Policy, Corporate and Operations Forums and regional working groups, and a permanent secretariat hosted by the regional council.

Canterbury region

- Canterbury is New Zealand's largest region by land area, and second largest region by population (after Auckland).
- Canterbury has an estimated resident population of 612,000 (June 2017) – 55% of the population of the South Island, and 13% of New Zealand's total population.
- Canterbury generates around 13% of national GDP.

Canterbury Regional Economic Development Strategy (CREDS)

- The Mayoral Forum developed the CREDS in partnership with the Canterbury Employers' Chamber of Commerce, ChristchurchNZ, Te Rūnanga o Ngāi Tahu and the Committee for Canterbury, and in consultation with key industry sectors and other stakeholders with 'skin in the game'.
- The Forum launched the strategy in August 2015, and refreshed it for the 2017–19 local government term in June 2017.²
- Central government has partnered with the Mayoral Forum through the Regional Growth Programme since May 2016.
- The CREDS has seven interdependent work programmes.



² <http://canterburymayors.org.nz/creds/>

Regional (20-year) vision

A region making the most of its natural advantages to build a strong, innovative economy with resilient, connected communities and a better quality of life for all.

Over-arching objectives for 2017–19

1. Position the Canterbury region for long-term, sustainable prosperity
2. Complete/progress earthquake recovery and re build in greater Christchurch and in North Canterbury
3. **Attract and retain businesses, capital, skilled workers, students and visitors**
4. Strengthen and capitalise on interdependencies between the Christchurch and Canterbury economies.

Policy on international education and immigration relates particularly closely to CREDS work programmes on:

- **education and training for a skilled workforce**
- **newcomer and migrant settlement (skilled workers, cohesive communities).**

Objectives: Education and training for a skilled workforce

- Canterbury has an appropriately skilled and educated workforce
- Business, education and local government sectors are aligned, working together to make Canterbury a great place to study, live and work.
- Education and training institutions deliver an integrated education programme that maximises benefits to the institutions and to Canterbury.

Why we care

- We want to keep our young people in the region and ensure they have the knowledge and skills to secure rewarding, productive work now and in the future (a higher wage, higher skill economy).
- We want to attract international students to our schools and tertiary education organisations. Research undertaken by University of Canterbury students for the Mayoral Forum in Beijing during November–December 2017 indicated the importance of student exchanges and international education at school level, in order to attract international post-graduate students and skilled workers.

Priority actions 2017–19

- Support youth transition to the workplace and reduce the NEET rate across the region through strengthening partnerships between education organisations and businesses
- Increase the number of international students attending Canterbury education organisations, and broaden the focus beyond current source markets
- Identify opportunities to support businesses with language and cultural competence to expand or enter into trade with Asia

What we are doing

- In partnership with the Ministry of Social Development, Aoraki Development is leading a pilot Youth Transitions programme in South Canterbury, and extending this to mid-Canterbury in mid-2018.

- With funding from the Regional Growth Programme, we are extending the Job Ready programme with international student graduates from Christchurch to the whole region (2018–19).

Objective: Newcomer and migrant settlement

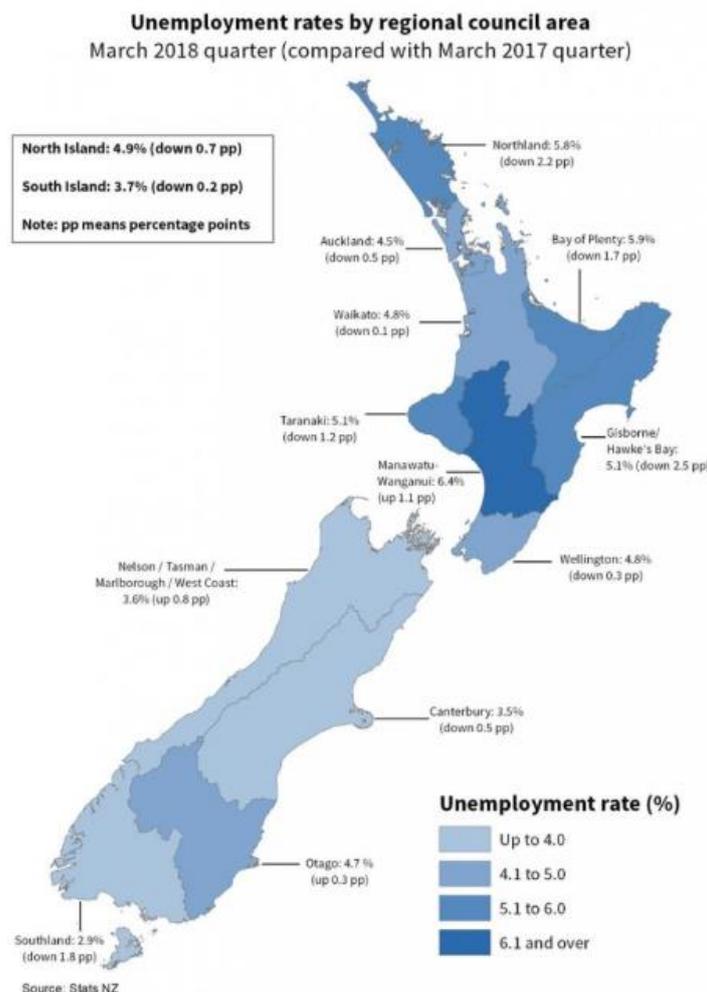
- Skilled workers, cohesive communities: newcomers and migrants are attracted to Canterbury and feel welcomed and supported to settle quickly and well, contribute in the workforce and call Canterbury home.

Priority actions 2017–19

- Participate in Immigration New Zealand’s Welcoming Communities pilot programme
- Continue to advocate with government on policies affecting migrants and the availability of skilled workers for Canterbury employers.

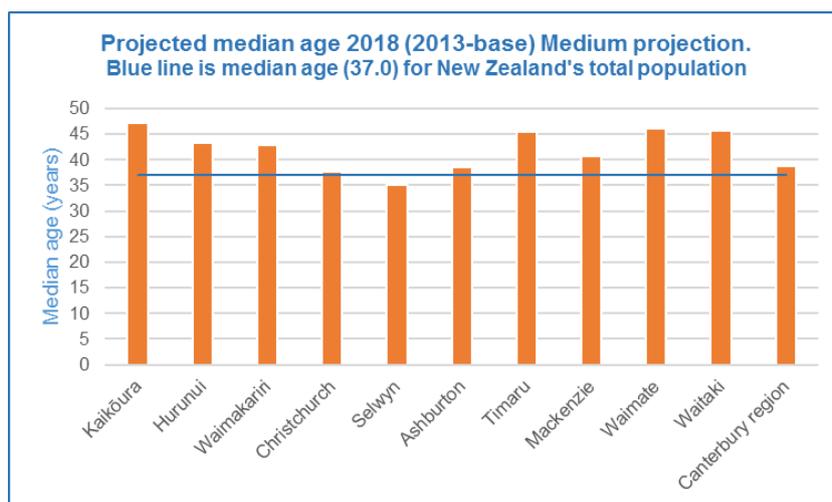
Why we care

Canterbury, and the South Island generally, has a lower rate of unemployment than the North Island, and Canterbury outside Christchurch City has a lower unemployment rate than the region as a whole.

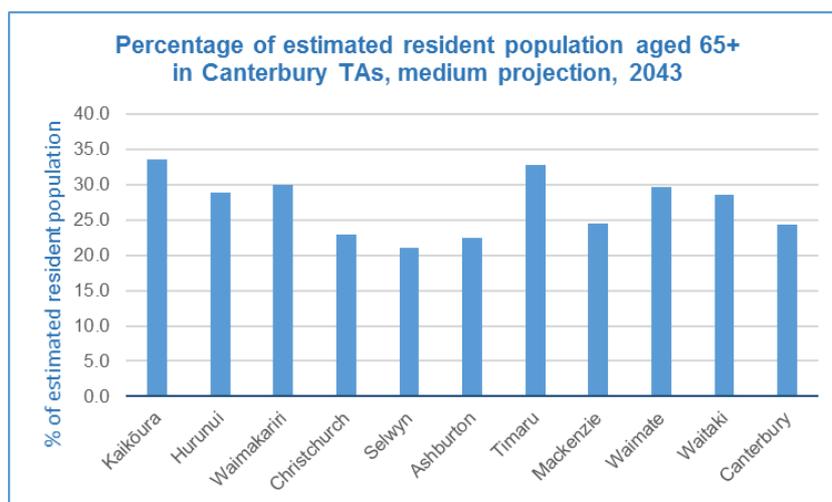


Source: Statistics New Zealand

Canterbury’s population also has a higher median age than New Zealand’s total population.



The region’s median age is projected to increase to 43.5 years by 2043, but seven of the 10 territorial authorities will have median ages higher than the overall median age for Canterbury.³ On Statistics New Zealand’s medium projection, people aged over 65 years will comprise more than 25% of the estimated resident population in six of ten districts in Canterbury by 2043.⁴

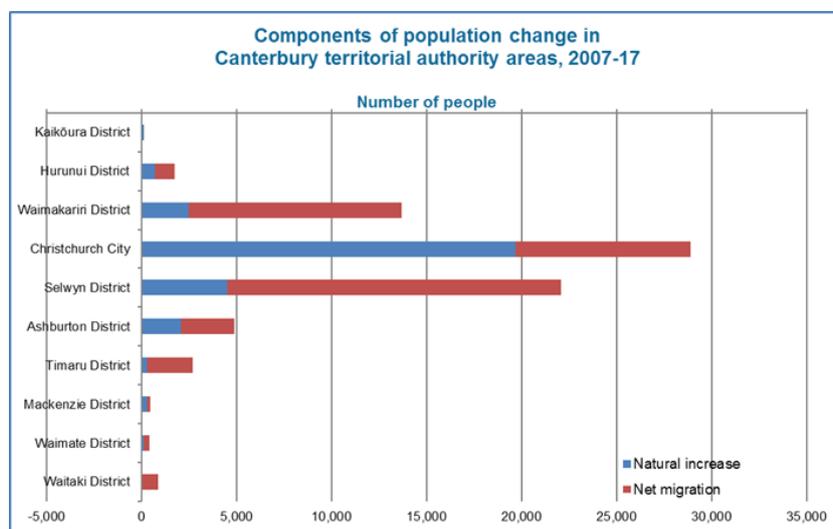
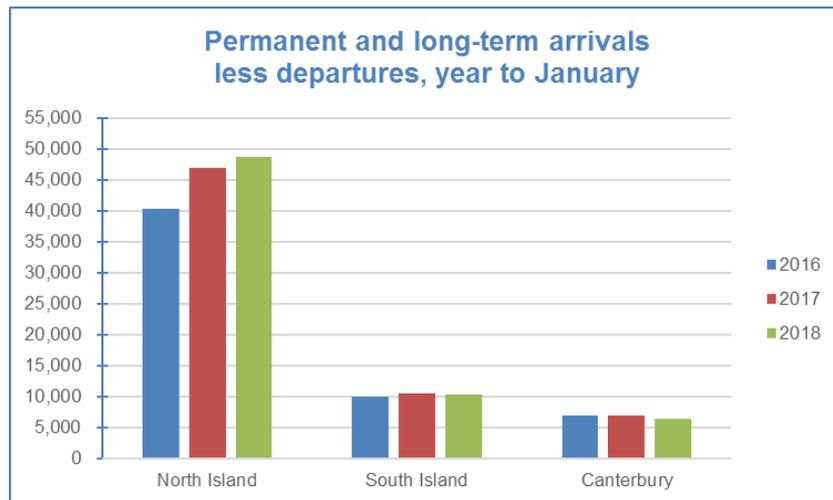


Skills shortages are a significant risk to high-value production across all districts within our region.

As Canterbury’s population ages, we are increasingly dependent on net migration to meet skills shortages and maintain the viability of our towns and communities. Canterbury welcomes migrants – whether Kiwis moving here from other regions or returning home from overseas, or international migrants.

³ The three TAs with a projected median age younger than that for the region as a whole are Christchurch City, and the Selwyn and Ashburton Districts.

⁴ On the 50th percentile (median) projection, 23% of New Zealand’s total population is projected to be aged 65+ years by 2043.



Modelling by the Canterbury Development Corporation (2017) indicated that Christchurch will have a 73,000 labour shortage gap by 2031. For Canterbury to maintain even modest economic growth we need, at a minimum, 105,989 migrants (from New Zealand and overseas) over the next 15 years – equivalent to 6,600 new people moving to the region each year. This is similar to post-quake migration levels and well above historic levels of around 3,500 new people each year. By occupation, the need for new workers to replace those retiring is in **both high-skilled and low-skilled occupations**.

Projections by Statistics New Zealand indicate a one-in-three chance of population decline by 2068, but this will play out differently across New Zealand’s regions and communities. We anticipate increasing global competition for skilled labour, and want central government to work with the regions on a planned approach to population policy that responds to both current and future needs.

Canterbury’s Mayors are mindful that achieving good settlement outcomes requires adjustment on the part of host communities, as well as by migrants themselves. For this reason, the CREDS work programme on newcomer and migrant settlement focuses on ensuring both good settlement outcomes for newcomers and cohesive communities.

While ethno-cultural diversity is increasing rapidly in Canterbury, this is off a very low base. The region is less ethno-culturally diverse than New Zealand as a whole, and migrants who have settled here long term have predominantly been from the United Kingdom, Ireland and Australia. This suggests Canterbury has 'head room' to welcome and integrate a greater number of migrants without compromising social cohesion or good settlement outcomes for newcomers.

What we are doing

- Participating in the Welcoming Communities pilot (Ashburton and Selwyn District Councils)
- Delivering MBIE's Regional Newcomers Skills Matching and Job Assistance Programme (SkillsConnect Canterbury) at the Canterbury Employers' Chamber of Commerce
- Working with the Canterbury Employers' Chamber of Commerce, ChristchurchNZ and BusinessNZ to advocate for policy settings that will work for regional New Zealand over the long term.