



# BRIEFING

## Partners and dependent children of international students

<b>Date:</b>	29 March 2018	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	2422 17-18

Action sought		
	Action sought	Deadline
Hon Iain Lees-Galloway <b>Minister of Immigration</b>	Indicate your preferred options for policy settings for partners and dependent children of international students.	6 April 2018
Hon Kris Faafoi <b>Associate Minister of Immigration</b>	For your information.	N/A

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Siân Roguski	Manager, Immigration Policy	04 901 3855	s 9(2)(a)	✓
Paige Wilburn	Policy Advisor, Immigration Policy	04 987 3142		

The following departments/agencies have been consulted
Ministry of Education, Education New Zealand, New Zealand Qualifications Authority, and Ministry of Foreign Affairs and Trade.

Minister's office to complete:

- |   |  |
|---|--|
| <input type="checkbox"/> Approved             | <input type="checkbox"/> Declined            |
| <input type="checkbox"/> Noted                | <input type="checkbox"/> Needs change        |
| <input type="checkbox"/> Seen                 | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn           |

Comments

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## BRIEFING

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#### Purpose

This report:

- provides information on the current policy settings for partners and dependent children of international students, including previous work completed; and
- provides advice on a proposal to amend these settings to more closely align with government priorities.

#### Executive summary

Partners and dependent children of international students are eligible for open work and student visas respectively if the international student is studying towards a qualification at Level 7 in an area specified on the Long Term Skill Shortage List (LTSSL) or at Level 8 or higher.<sup>1</sup>

Previous Ministers raised concerns about the net benefit to New Zealand of international students when they bring their partners, and in turn the partner supports their dependent children for student visas, particularly as the dependent children are treated as domestic students for compulsory schooling. It was not clear that there was an issue with the net benefit to New Zealand given it was estimated that the cost of domestic schooling for the dependent child would be offset by the fees paid by the international student parent and the taxes paid by the working partner.

An opportunity has been identified to better align policy settings for partners and dependent children of international students with the government's objectives to:

- alleviate skill shortages and preserve and enhance the ability of businesses to get skilled workers to fill real skill gaps; and
- to improve consistency between the different cohorts of visa holders that are able to bring dependent children who have access to domestic schooling.

It is proposed that you consult on a proposal to require international students studying at Level 8 or 9 to be completing a qualification in an area specified on the LTSSL in order for their partners to be entitled to a work visa, and in turn the partners dependent children to be considered domestic students. Subject to your agreement, we recommend consulting on both this proposal and changes to post-study work rights at the same time.

This proposal could act as an incentive to encourage more international students to complete qualifications in areas of identified skill shortages. It will also signal to international students and the wider education sector which types of qualifications are most valuable to New Zealand, and

<sup>1</sup> Level 7 qualifications include diplomas, graduate diplomas/certificates and bachelor's degrees. Level 8 qualifications are bachelor's degrees with honours and postgraduate diplomas and certificates. Level 9 qualifications are master's degrees and Level 10 qualifications are doctorates.

therefore merit work and study rights for partners and dependent children. This proposal, should you agree to it, is unlikely to have a large impact on the international education sector as it affects a small number of international students (estimated to be around 1 per cent of the overall international student enrolments in 2016).

If you agree to proceed with the proposed change, it is recommended that it is consulted on with the proposals on post-study work rights.

## **Recommended action**

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The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** that partners of international students are eligible for open work visas if the international student is studying towards a qualification at Level 7 in an area specified on the Long Term Skill Shortage List (LTSSL), or at Level 8 or higher
- Noted*
- b **Note** that the partners of international students that are eligible for open work visas are able to support their dependent children for a student visa for them to be treated as domestic students for compulsory schooling
- Noted*
- c **Note** that advice was provided to previous Ministers that it is not clear that current policy settings allowing international students to bring their partners and dependent children undermine the net benefit to New Zealand of international students
- Noted*
- d **Note** that although we have not identified evidence that the current policy settings significantly undermine the net benefit of international students, there is an opportunity to better align policy settings with the government's objective to alleviate skills shortages and enhance the ability for businesses to get skilled workers
- Noted*
- e **Agree to:**
- EITHER
- i. maintain the current policy settings for partners and dependent children of international students
- Agree / Disagree*
- OR
- ii. consult on a proposal to require Level 8 or 9 qualifications to be in an area specified on the LTSSL in order for partners of international students to be eligible for an open work visa, and in turn allow the partners dependent children to be treated as domestic students.
- Agree / Disagree*

f **Note** that, subject to your preferred option under recommendation e, it is recommended that the any proposed change is consulted on with the proposals on post-study work rights.

*Noted*



Siân Roguski  
**Manager, Immigration Policy**

29 / 03 / 2018  
..... / ..... / .....

Hon Iain Lees-Galloway  
**Minister of Immigration**

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## Background

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1. In November 2017 you were provided with an initial briefing, *International Education Manifesto Commitments and Immigration Levers* [1104 17-18 refers], which sought your agreement to the immigration-specific international education work programme over the next 12 months.
2. The briefing signalled that you would be provided with information on changes previous Ministers agreed regarding partners and dependent children of international students.

### Current policy settings for partners and dependent children of international students

3. Partners of international students are eligible for a 'Partner of a Student' work visa if their international student partner is:
  - studying towards a qualification at Level 7 in an area specified on the Long Term Skill Shortage List (LTSSL)
  - studying towards a qualification at Level 8 or higher.
4. The LTSSL identifies occupations where there is a sustained and on-going shortage of highly skilled workers both globally and throughout New Zealand.
5. The 'Partner of a Student' work visa entitles the partner to work in any job (i.e. they are not subject to a Labour Market Test) as well as being entitled to study for up to 3 months. The partner's work visa is valid for the same duration as the international student's student visa.
6. The dependent children of the holders of 'Partner of a Student' work visas are eligible for a student visa to attend primary and secondary school in New Zealand and are regarded as domestic students (i.e. they are not required to pay international fees).

### Previous advice and decisions

7. Concerns were raised by the former Minister for Tertiary Education, Skills and Employment and the former Minister of Immigration about the net benefit to New Zealand of international students when the dependent children of their partner was treated as a domestic student for compulsory schooling. They considered this to be especially problematic in cases where the partner of the international student is not actually working and therefore not paying taxes.
8. International tuition fees paid by the student parent, and the taxes paid by the working partner, would likely be higher than the cost to New Zealand of dependent children being regarded as domestic students for compulsory schooling. Officials advice noted that the net benefit to New Zealand is difficult to quantify given that the partner may not be working.<sup>2</sup>

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<sup>2</sup> Health and other fiscal costs were not taken into account. It should be noted that doctorate students are not required to pay international fees.

9. Previous Ministers agreed in principle to change policy settings for Level 8 and 9 qualifications to require the international student to be studying in an area specified on the LTTSL in order for their partner to be eligible for a 'Partner of a Student' work visa, and, in turn, make the dependent children of the partner eligible to be treated as a domestic student.
10. This proposed change was informally consulted on at industry engagements late last year with various industry bodies. However, no formal feedback was sought from the sector.

## Discussion

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**Although we have not identified evidence of current policy settings significantly undermining the net benefit of international education to New Zealand...**

11. Previous advice did not provide a convincing argument that there is an issue with the net benefit to New Zealand because of these policy settings.
12. The cost to the government of domestic student schooling is \$7,451.01 per student per annum. This cost is offset in part by the export benefit to New Zealand of the tuition fees paid by the international student.
13. For example, the 2018 international tuition fees for postgraduate programmes for the University of Otago vary from \$13,056 for a Postgraduate Certificate in Teaching to \$62,400 for a Master of Dentistry. Fees also vary depending on the tertiary provider. At Massey University a Postgraduate Diploma in Business is \$28,980, whereas a Graduate Diploma course at the Southern Institute of Technology is \$18,000.
14. The number of dependent student visa holders who fall into this group is relatively small compared to the overall number of international students. It was estimated that 514 dependent children of partners of international students were studying as domestic students in primary and secondary school. This was compared to a total of 11,518 international students in primary and secondary school in 2016.

**.... there is an opportunity to better align policy settings for partners and dependent children of international students with government priorities.**

15. Prospective international students take into consideration, which types of visas they, and their partner and dependent children, will be eligible for when deciding where to study. This is especially true in regards to post-study and in-study work rights [2464 17-18 refers].
16. The settings for partners and dependent children of international students could be better aligned to the government's objectives to alleviate skill shortages and preserve and enhance the ability of businesses to get skilled workers to fill real skill gaps. There is an opportunity to use these settings as an incentive to encourage more international students study in areas better aligned to New Zealand's skill needs.



**New Zealand's settings for partners and children of international students are broadly internationally comparable**

17. Overall New Zealand's pathways to work for partners of international students are more easily accessible when compared to the United States and the United Kingdom. When compared to Canada and Australia, New Zealand settings are slightly tighter.
18. When compared to our key comparable countries New Zealand's immigration settings for dependent children are similar, as long as the international student has a partner to sponsor the dependent child's student visa (although Australia does require the dependent child to pay school fees). In cases where the international student does not have a partner New Zealand's settings for dependent children are much stricter than in our key comparable countries as we require the international student to be studying at PhD level.
19. Annex One provides a country comparison of policy settings for dependent children and partners of international students.

**Proposed change to settings for dependent children and partners of international students**

20. It is proposed that in order for partners of international students to be eligible for a 'Partner of a Student' work visa and, in turn, make the dependent children of the partner eligible to be treated as a domestic student, the international student's qualification must be at Level 8 or 9 and in an area specified on the LTSSL.
21. No change is proposed to settings for Level 7 and below or Level 10 qualifications.
22. Table one below outlines the difference in eligibility for partners and dependent children for different visas for each type of international student. The students affected by the proposed change are highlighted.

*Table one: Comparison of eligibility for partners and dependent children for different visas*

Qualification completed by international student	Partner eligible for a 'Partner of a Student' work visa and in turn dependent child eligible to be treated as a domestic student	
	Status Quo	Proposed change
Level 6 and below	NO	NO
Level 7 in area <i>not</i> specified on the LTSSL	NO	NO
Level 7 in area specified on the LTSSL	YES	YES
<b>Level 8 in area <i>not</i> specified on the LTSSL</b>	<b>YES</b>	<b>NO</b>
Level 8 in area specified on the LTSSL	YES	YES
<b>Level 9 in area <i>not</i> specified on the LTSSL</b>	<b>YES</b>	<b>NO</b>
Level 9 in area specified on the LTSSL	YES	YES
Level 10	YES	YES

### Impacts of the proposal

23. Our analysis provided with previous advice indicated that approximately 5,485 of the 7,413 student visa holders studying at Level 8 or 9 qualifications were not linked to the LTSSL. 1,302 of these students were linked to either a partner or dependent child or both.
24. Additional data on the number of international students, the main course types and providers that would be affected by this proposal is provided in Annex Two.
25. Partners and dependent children are still able to apply for a work, student or visitor visa in their own right. International students who would be affected by the proposed change may choose to come anyway without their family; come anyway and pay international student fees for their dependent children; undertake a qualification that meets the new requirements to bring family; or not come to New Zealand.
26. The proposal will not affect the relative accessibility to work rights for partners of international students, which will still allow New Zealand to be competitive with our key comparable countries.

#### *Addressing long term labour and skill shortages*

27. 24 per cent of the estimated 1,300 students whose partners or children would be affected by the proposed changes for Level 8 or 9 qualifications are studying business or management courses. The two most common qualifications studied are the Postgraduate Diploma in Management and the Postgraduate Certificate in Business (Level 8).
28. The Ministry of Education's *Moving Places: Destinations and earnings of international students* report indicated that the median earnings of Level 8 and 9 international graduates in management and commerce three years after graduation was \$42,490. This was below the median for all students at this level.
29. The proposal could act as an incentive for students studying at Level 8 and 9 to complete qualifications in areas of long term skills shortage in order to bring their partners and, as a consequence their dependent children, with them to New Zealand.

#### *Consistency with other immigration settings*

30. The current settings for international students with a partner on a 'Partner of a Student' work visa are also inconsistent with the requirements on other groups of visa holders in order for them to bring a dependent child to study in New Zealand.
31. The requirements for other cohorts are as follows:
  - In order for dependent children of international students to be regarded as a domestic student for compulsory schooling, when they do not have a partner on a work visa, the international student is required to be either:
    - enrolled in a Doctor of Philosophy (PhD) programme at a New Zealand University;



- be studying under a New Zealand Government Approved exchange programme; or
- hold a New Zealand Aid Programme Scholarship.
- Dependent children of holders of work visas may be granted student visas and regarded as domestic students, however Essential Skills work visa holders are required to meet minimum income thresholds. There are also exceptions for holders of work visas granted under certain categories, for example, foreign crew of fishing vessels and working holiday schemes.

*Impacts on the international education sector*

32. Although the impact of this proposal is unlikely to be large as it affects such a small number of international students, the data indicates that some providers would be more affected than others.
33. Our analysis found that students affected by the proposed change were enrolled at a relatively small number of providers. s 9(2)(b)(ii)

s 9(2)(b)(ii)

*Impacts on the labour market*

34. The proposed changes for Level 8 and 9 qualifications could result in up to 1,300 fewer partners granted 'Partner of a Student' work visas. We do not have any information about how many partners are actually working, and in what sectors, so we have not been able to directly assess the labour market impacts of the reduction in partners. However, we note that previous research has identified a small negative impact of temporary family category migrants on the employment of New Zealanders.

*Impacts on the compulsory schooling sector*

35. The proposed change could result in approximately 386 fewer domestic students in the compulsory school sector. It is not possible to accurately break down the impacts to individual schools or regions, as our data does not record the school or region of a dependent student visa holder. However, based on the providers of the linked international students, we can assume that in 2017 most dependent children were in Auckland and were likely to be slightly overrepresented in Southland and the Bay of Plenty. The number of these children at any specific school is likely to be small.
36. Based on the cost to the government of a domestic student (paragraph 12 refers) and the assumption that there could be up to 386 fewer domestic students in the compulsory school sector, there could be a savings to Vote Education of between \$2.3 million and \$2.9 million per year.

*Steps to mitigate the impact of the proposed changes*

37. To help mitigate the impact on migrants and education providers, officials recommend that transitional provisions be put in place to ensure that the transition to any new policy settings is managed smoothly, so that no current students and their partners or dependent children are disadvantaged. This will align with the grand parenting commitment made for any changes to post-study work rights.

**Next steps**

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38. Subject to your agreement to the proposed change, we recommend that consultation is undertaken on the proposal in conjunction with the proposals for post-study work rights.
39. As noted in the briefing *Proposed options to meet manifesto commitments regarding post-study and in-study work rights* [2464 17-18 refers], you will be provided with a draft consultation document by 19 April 2018.

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## Annex One: Country comparison of policy settings for dependent children and partners of international students

The following table provides information on the policy settings for dependent children and partners of New Zealand's key comparable countries.

Country	Eligibility/conditions for partners of international students	Eligibility/conditions for dependent children
New Zealand	<p>International students must be studying</p> <ul style="list-style-type: none"> <li>A qualification at Level 7 in an area of absolute skill shortage as specified in the LTSSL, or</li> <li>A qualification at Level 8, 9 or 10</li> </ul> <p>in order for their partner to be eligible for a Partner of an International Student open work visa.</p>	<p>Dependent children of international students are only eligible to be regarded as domestic students for the purpose of compulsory schooling if the international student parent is:</p> <ul style="list-style-type: none"> <li>studying towards a PhD (Level 10)</li> <li>studying under a New Zealand Government Approved exchange programme or</li> <li>are holders of a New Zealand Aid Programme Scholarship.</li> </ul> <p>However if the international student has a partner on a Partner of an International Student work visa, that partner's dependent children can be granted a student visa to allow them to attend primary and secondary school as a domestic student.</p>
Australia <i>(relatively easier settings than NZ)</i>	<p>Partners of international students studying towards a qualification of 12 months or longer receive the same work rights as the student, which are</p> <ul style="list-style-type: none"> <li>40 hours per fortnight if the partner is studying towards a bachelor degree, and</li> <li>unlimited for partners of students studying towards masters and doctoral qualifications.</li> </ul>	<p>Dependent children of international students are entitled to attend school, but they are required to pay fees, unless the international student is studying for a PhD (or a masters degree in Western Australia).</p> <p>Fees vary based on the age of the child and the state or territory the dependent child is studying in and range from A\$4,500 to A\$17,000.</p>
Canada <i>(relatively easier settings than NZ)</i>	<p>Partners of international students enrolled in</p> <ul style="list-style-type: none"> <li>a public post-secondary institution, such as college or university</li> <li>a private post-secondary institution that operates under the same rules and regulations as a public institution</li> </ul> <p>can obtain an open work visa for the same duration as the international student's visa.</p>	<p>Dependent children of international students and parents on a work visa are entitled to attend primary and secondary school at no cost.</p>
United States of America <i>(relatively tighter settings than NZ)</i>	<p>Partners of international students can obtain visas, but the partner cannot work.</p>	<p>Dependent children of international students are allowed to attend school.</p>
United Kingdom <i>(relatively tighter settings than NZ)</i>	<p>Partners of international students enrolled in</p> <ul style="list-style-type: none"> <li>a postgraduate degree or higher qualification that lasts for one year or more</li> <li>a government sponsored student on a course that lasts longer than 6 months</li> <li>a doctorate extension scheme student</li> </ul> <p>can obtain a visa that allows them to work.</p>	<p>International students can bring their dependent children, who can attend school, as long they are enrolled in a</p> <ul style="list-style-type: none"> <li>a postgraduate degree or higher qualification that lasts for one year or more</li> <li>a government sponsored student on a course that lasts longer than 6 months</li> <li>a doctorate extension scheme student</li> </ul>

## **Annex Two: Additional data on current international students who are linked to partners and dependent children**

This annex provides further data on current international students (as at 25 June 2017) who are studying towards qualifications at Level 8 or 9 that are not in an area specified on the LTSSL, and have partners and dependent children in New Zealand.

Table One below shows the main tertiary providers of current international students who would be affected by the proposal.

*Table One: Top 20 tertiary providers for international students potentially affected by the proposed change*

s 9(2)(b)(ii)



Table Two below shows the top courses being undertaken by current international students who would be affected by the proposed changes.

*Table Two: Most common courses for international students potentially affected by the proposed change*

Course Name	Fee paying international students	
	Number	Per centage
Postgraduate Diploma in Management	158	12%
Postgraduate Certificate in Business (level 8)	150	12%
Postgraduate Diploma in Business	111	9%
Post Graduate Diploma in Business Enterprise	106	8%
Post Graduate Diploma in Business Administration	95	7%
Postgraduate Diploma in Education (Early Childhood Education) (level 8)	42	3%
Postgraduate Diploma in Applied Management	40	3%
Postgraduate Diploma in Business Enterprise	38	3%
Postgraduate Diploma in Applied Professional Studies	35	3%
Post Graduate Diploma in Applied Informatics	22	2%
Postgraduate Diploma in Computing	22	2%
Postgraduate Diploma in International Business (Level 8)	21	2%
Postgraduate Diploma in Health Science	20	2%
Postgraduate Diploma in Applied Business (Management Practice) (Level 8)	19	1%
Master of Management	18	1%
Master of Professional Accounting	18	1%
Master of Applied Practice	17	1%
Postgraduate Diploma of International Studies	16	1%
Postgraduate Diploma in Science	15	1%
Master of Business Administration	13	1%
Postgraduate Diploma in Applied Business	13	1%
Postgraduate Diploma in Professional Accounting	12	1%
Others	301	23%
<b>Total</b>	<b>1,302</b>	<b>100%</b>

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