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 Tertiary Education
Commission
Te Amorangi Mātauranga Matua


Education Report: Information on the potential education sector impacts of proposed changes to post-study work rights for international students

To:	Hon Chris Hipkins, Minister of Education		
Date:	20 July 2018	Priority:	Medium
Security Level:	In Confidence	METIS No:	1136367
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of report

The purpose of this briefing is to provide advice on the potential impacts on the education sector of the proposed changes to post-study work rights for international students. This information is also to inform:

- your discussions with the Minister of Immigration on 24 July; and
- feedback on the Minister of Immigration's upcoming Cabinet paper, *Report back on consultation on proposed changes to immigration settings for international students and recommended final proposals*.

Summary

The Ministry of Education (MoE), Education New Zealand (ENZ) and the Tertiary Education Commission (TEC) have worked with the Ministry of Business, Innovation and Employment (MBIE) to provide you with advice on the potential impacts on the education sector of the Minister of Immigration's proposed changes to post-study work rights for international students. The New Zealand Qualifications Authority (NZQA) has also provided feedback.

Education agencies support the proposed changes as they are in line with our strategic direction to raise the overall quality and value of international education to New Zealand. The proposed changes to post-study work rights will help achieve the Government's new strategic direction for international education, as set out in the International Education Strategy. They are part of the broader work programme aimed at refocusing the international education sector on quality, student experience, sustainable growth and value.

Officials have been working to reconcile data produced by the immigration and tertiary education systems. We have undertaken more detailed analysis and found that, when

comparing like for like, the systems produce similar numbers. Any differences do not change our support for the proposed changes.

As a result of the changes to post-study work rights, we expect there to be an impact on the number of international students coming to New Zealand, and the value New Zealand derives from international education. It is not possible to quantify the exact impact of the changes, or how long the impact will last.

A decline in international student numbers will put additional pressure on parts of the sector. However, this transition is a necessary part of supporting the move to a high quality and sustainable international education system while also ensuring that international students are able to contribute to the skills and qualifications New Zealand needs.

To help offset some of the transition costs, we will be focused on a range of activities that will support the sector to successfully transition from a business model reliant on volume, to one that is focused on quality and generating increased value to New Zealand. This includes supporting any current international students who may be impacted by provider closures.

Recommended Actions

The Ministry of Education recommends you:

- a. **Note** that education agencies, in consultation with officials from the Ministry of Business, Innovation and Employment, have provided a consolidated view of the potential impacts on the education sector of the proposed changes to post-study work rights for international students
- b. **Note** that the proposed changes to post-study work rights for international students and the potential impacts on the education sector will be discussed at your meeting with the Minister of Immigration on Tuesday 24 July
- c. **Agree** to share this briefing with the Minister of Immigration prior to the meeting

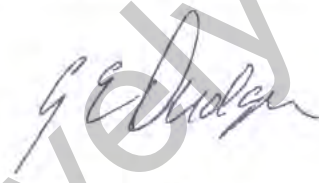
AGREE / DISAGREE

- d. **Note** that the proposed changes to post-study work rights for international students relate to broader considerations around the future of the Institute of Technology and Polytechnic (ITP) sector, and that the Tertiary Education Commission is drafting a Cabinet paper on the sector for your consideration, intended for Cabinet consideration in August
- e. **Note** that we will be providing further advice on how to anticipate and manage transition risks for both international education providers and international students, as they arise
- f. **Note** that we will also be providing further advice on ensuring that the Export Education Levy (EEL) is both responsive and sustainable over time



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20/07/2018



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Hon Chris Hipkins
Minister of Education

24, 7, 18

Background

1. In May 2018, Cabinet agreed to undertake public consultation on proposed changes to post-study work rights and the eligibility of international students' partners and their dependent children to work and study in New Zealand [CAB-18-MIN-0250 refers]. This consultation closed on 29 June 2018.
2. You have commissioned advice on the potential education sector impacts of the proposed changes. You have also asked officials to look closely at enrolment data and reconcile this with immigration data included in the Cabinet paper seeking permission to consult on the proposed changes.

Proposed changes to post-study work rights

3. The Minister of Immigration has revised the proposals based on the consultation feedback, and education officials have provided input to shape the final proposals that will be considered by Cabinet. Five proposals were consulted upon. Of these, one has been removed, one is progressed unchanged, and three progress with changes.
4. Education agencies are broadly supportive of the direction of the proposed changes. Effective immigration settings support your broader direction for international education, and are an important element of the International Education Strategy, which you are taking to Cabinet on 6 August. These changes support the move to ensure an excellent education and student experience, and that international students receive a high-quality education.
5. We understand that the Minister of Immigration's office has provided you with a copy of a briefing that outlines the consultation feedback and the rationale for these proposed changes [*Report back on consultation on proposed changes to immigration settings for international students and final recommendations for change* Ref 3893 17-18], and intends to provide you with a copy of the Cabinet paper [*Report back on consultation on proposed changes to immigration settings for international students and recommended final proposals*].
6. Table 1 summarises the changes in post-study work rights, from the point of view of students studying at different levels. Proposal Four, which would have required students at non-degree Level 7 to study for two years to be eligible for post-study work rights, has not been progressed.
7. The Minister of Immigration has also agreed to require international students studying Level 8 qualifications to be in an area specified on the Long Term Skills Shortage list in order for their partner to be eligible for an open work visa, and in turn the partner's dependent children to be eligible for fee-free domestic schooling.

Table 1: Summary of changes in post-study work rights

Type of qualification	Current post-study visas	Final changes	Change in entitlement	Types of students impacted
Level 7 degree and above qualifications	One-year open and two-year employer-assisted	Three-years open	Total number of years is the same	This includes Bachelor's, Master's, and other Postgraduate students, and is more favourable than current settings as they will not have to find a sponsoring employer

Type of qualification	Current post-study visas	Final changes	Change in entitlement	Types of students impacted
Non-degree Level 7 qualifications	One-year open and two-year employer-assisted	One-year open, and an additional year for Graduate Diplomas towards registration with a professional or trade body	Visa reduction of two years, except for Graduate Diplomas tied to registration who have a reduction of one year	Students undertaking a Graduate Diploma in nursing, engineering or teaching would likely be eligible for an extra year. Students doing more generic qualifications at Level 7 would only be eligible for one year
Level 4-6 qualification of minimum two years duration	One-year open and two-year employer-assisted	One-year open	Visa reduction of two years	These students still need to study for two years (so would often do a two level pathway programme), but would now only be eligible for one year of work rights.
Level 4-6 qualification of less than two years duration	None	None	None	No changes – students in these programmes would need to do a second year of study to be eligible for any work rights

We agree with the proposed changes to current post-study work rights settings

8. We believe that these changes will support the Minister of Immigration's stated policy objectives:
- ensuring that post-study pathways for international students are fit-for-purpose and contribute to the skills and qualifications that New Zealand needs
 - reducing the likelihood of students being exploited by unscrupulous employers, education providers and agents;
 - minimising the losses of genuine students to the export education industry.
9. We also believe that they will support the objectives of education agencies, including strengthening international student wellbeing, moving towards a higher-quality international education system (including reducing the risk of providers attempting to tailor their provision narrowly to support migration opportunities), and supporting sustainable development of the industry. We have provided further detail, including our feedback, on each of the proposals in Annex 1.

Quantifying the impacts of the proposed changes is difficult

It is not possible to predict the behaviour of different affected groups with any certainty

10. It is difficult to determine the potential impact of a particular policy change on the behaviour of (potential) international students with any degree of certainty, as there are a large number of factors influencing the decision to study overseas, and choosing the destination country. These factors include parents and family, the role of education agents, other

policy changes in New Zealand and in our competitor countries, international exchange rate fluctuations, and the wider geopolitical landscape.

11. The ability to work for a period after studying is part of the New Zealand international education proposition, and is also offered by competitor destinations. Overall, the proposed changes would maintain New Zealand's position against our key competitor countries: broadly aligned with Australia, more attractive than the UK and the USA, but less attractive than Canada. For students studying at Level 4 to 6 and in non-degree Level 7 qualifications, the proposed changes would make us moderately more restrictive than Australia (but still more generous than Ireland, the UK and the USA). For Bachelor's and above, the proposed changes would make our settings less restrictive than Australia, with only Canada more open than New Zealand.
12. It is important to note that these changes sit in the context of the wider immigration and labour market systems. Post-study work visas are not the only options for international students to stay in New Zealand post-graduation (especially if they are in an area of high demand, for example teaching). A one-year post-study work visa allows an international graduate time to find appropriate employment, before applying for another type of work visa.

There are different ways of counting the number of students potentially affected

13. We have been working with the Ministry of Business, Innovation and Employment (MBIE) to ensure the data produced by the two systems (immigration and tertiary education) is reconciled as much as possible, so that the short-term impacts and long-term gains of the policy changes are able to be considered in advice to Cabinet.
14. The two different data systems can produce different numbers as they were set up for different purposes and measure subtly different things. Immigration data uses student visa holders "finishing" tertiary study (ie successfully completing a tertiary qualification) in a particular year, whereas education agencies have used tertiary enrolment data. Each of these approaches gives a different perspective on the numbers of students potentially impacted.
15. When comparing like for like, we have found that the systems produce similar enough numbers to give us confidence that the overall assessment of the impacts of the proposed changes are broadly correct. There are some differences in the numbers studying at the affected sub-degree levels between the two datasets, but these are not material to our overall assessment of the general magnitude of the potential impacts.
16. The immigration system data suggests a range of 13,800 to 18,300 students affected by these changes, based on completions and transitions to post-study work visas. Enrolment data from the tertiary system suggests a slightly higher potential pool of students impacted, which could be up to 20,700 enrolled students at government-funded providers (other than universities).
17. In addition to the data on government-funded providers, we have some data that suggests a further pool of students studying at *unfunded* providers are potentially affected by these proposed changes. What we do not know about this pool is what they are studying and whether that makes them eligible for post study work rights. There are many variables (as outlined in this paper) that will impact on the number of affected students. The numbers in the unfunded sector introduce further uncertainties around the potential upper limits of these impacts.
18. Broadly, we expect that the international education sector may see a considerable short-term impact from these measures, focused on the PTE sector and some ITPs. On past experience, in line with MBIE's parameters, we expect it will take three to five years,

supported by concerted marketing and new market development, and education service responses, for the sector to rebound.

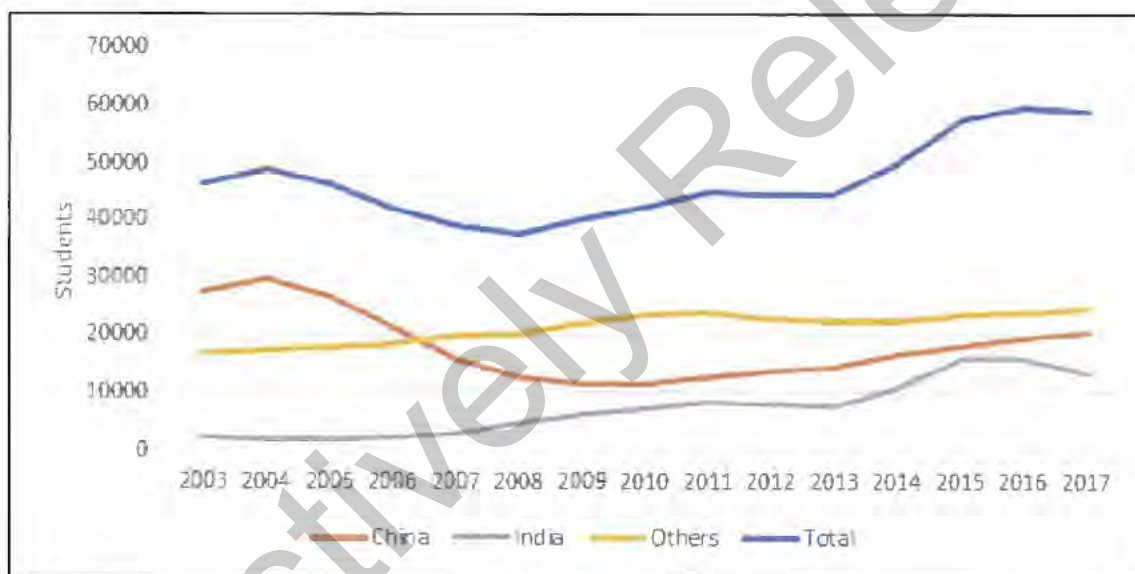
19. We will be providing further advice on how to anticipate and manage transition risks for both international education providers and international students, as they arise.

Potential impact on international student numbers

20. Our analysis is based on reasoned assessment as to what extent the changes to post-study work rights will impact on a student's decision to study in New Zealand, and their choice of programme and level. This includes looking at how the long-term trends in international student numbers have changed in response to previous policy changes, and how the responsiveness (or otherwise) to these types of changes differentially impacts on major source markets.

Long-term trends in international student numbers

Figure 1: Onshore international students at government-funded tertiary education providers (2003-2017)¹



21. International student numbers in New Zealand have fluctuated over the years (we have reliable data from 2003), due to domestic and geopolitical influences of one kind or another (see Figure 1). There was a peak of 48,900 onshore international students enrolled in government-funded tertiary education providers in 2004, which then declined by 23 per cent to 37,800 students in 2008, largely due to significant declines in the number of Chinese students.
22. In recent years, total international student numbers rose from 97,900 in 2013 to 131,600 in 2016 (including all levels of study). This largely reflected the impact of the *Leadership Statement for International Education's* goal of increasing student numbers and the resulting changes to policy settings, which included changes to entry settings and enhanced post-study work and residency pathways. Student numbers declined to 125,400 in 2017, following changes to NZQA's Rule 18², strengthened evidential requirements for

¹ The graph only shows onshore international students at government-funded tertiary providers, because we have reliable data back to 2003. Data which includes students at unfunded providers only starts at 2010. However, student tuition fee data corroborates this long-term trend for all international students.

² Rule 18 sets out the English language requirements for international students enrolling in a programme at Level 3 or above at a non-university Tertiary Education Organisation. It sets out the required English level for the

student visas, and Skilled Migrant Category visa changes. The effects of some of these changes are still making their way through the system.

23. Figure 1 shows that key markets can have a considerable impact on the total number of international students. The decline from 2005 to 2008 is primarily driven by falls in Chinese students' enrolments; the sharp rise in enrolments from 2014 to 2016 is primarily driven by increases in Indian students' enrolments. All other markets were relatively stable over this period.
24. This demonstrates that the overall patterns can be driven by a large single market. The rapid changes in enrolment numbers in dominating markets shows that the overall pattern of peaks and troughs depends on when these individual markets change, interacting with other factors that might impact all markets at once. Taking all this into account, it would appear that it takes about three to four years for an individual market to either drive down or build up overall enrolment numbers.
25. During the previous changes to immigration settings and post-study work and residence options, the Indian market was the most significantly affected (for both increases and decreases). As these changes also focus on immigration settings, it is reasonable to expect that this market will again be the most affected. We also expect that the China market will be affected by the changes.

Different institution types will be affected differently

26. Different institution types show different patterns of enrolments, and are therefore likely to be affected differently, due to their different student profiles (level of study, programme of study, typical pathway behaviour, and reliance on markets most likely to be affected by these changes). In the 2017 year, there were 9,900 onshore international students studying at affected sub-degree levels at government-funded PTEs, 10,800 at ITPs, and 7,120 at universities.
27. International students enrolling in level 4 certificates seem to use this as a bridging programme to higher-level study, and this level of study is popular at universities. As these students are more likely to go on to higher level study (especially Bachelor's programmes at universities), they are less likely to be impacted by the changes, and may even be incentivised by the more favourable settings for Bachelors graduates.
28. International students enrolled in level 5-7 certificates or diplomas are much less likely to progress to higher-level study, and most of this study occurs at PTEs and ITPs. Similar low rates of progression to higher-level study are seen for students enrolled in graduate certificates and diplomas, and again, study in these qualification types occurs primarily at ITPs. These students are more likely to be impacted by these changes.

Scenarios for the impact on Institutes of Technology and Polytechnics (ITPs)

29. The ITP sector has been coming under increasing financial pressure over recent years. Domestic enrolments have generally been declining, mainly due to buoyant economic and labour market conditions. ITP providers turned to international students to maintain student numbers, but recent changes in the broader international education sector have resulted in international numbers also declining. At the affected levels of study, declines have been seen in 2018 enrolments in certificates and diplomas at levels 4 to 7.

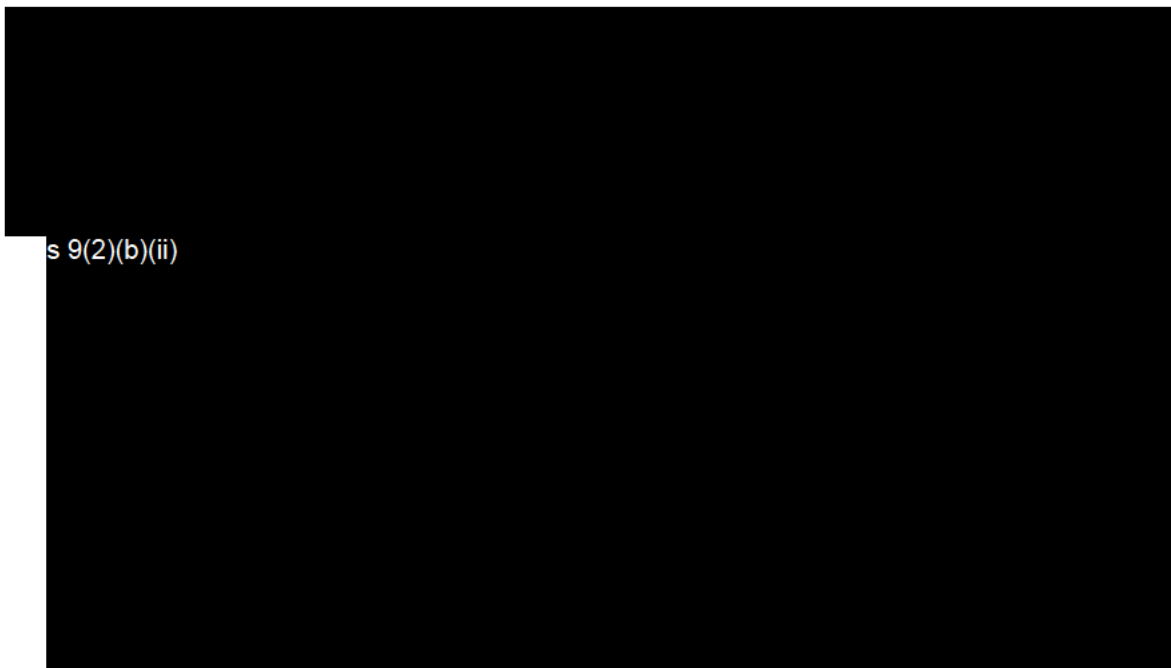
Estimated revenue impacts are significant

30. ITPs' submissions to you and the Minister of Immigration have noted that changes to post-study work rights at sub-degree level are likely to have a significant impact on their

programme level, and acceptable evidence (for example, a particular grade in an internationally standardised test).

international student numbers. Individual ITPs are forecasting declines in international EFTS ranging from 4% to 100% at sub-degree level, and 70% to 100% at Graduate Diploma level³. While the methodology used by each ITP has not been verified, ITPs are the best equipped to understand their enrolment patterns, international demographics, and international strategies, and how the proposed changes may influence enrolments.

31. TEC has also modelled scenarios at 30%, 50%, 75% and 125% of the sector's estimated impacts, in recognition of the level of uncertainty around predicting these impacts.



33. It is likely that the largest impact will be felt in 2019, as the ability to quickly adjust overhead expenditure in response to the expected downturn is limited, for a number of reasons:

- A reduction in international students is unlikely to lead to staffing reductions where students are incorporated into existing classes and programmes;
- ITP overheads are largely fixed, and not driven by student volumes;
- Where separate Auckland campuses have been established, exiting leases or sub-leasing arrangements may incur significant costs;
- Where staff numbers are reduced, restructuring costs are likely to occur.

34. In addition to the financial impacts, some ITPs may find that particular courses or programmes may become less viable if international student numbers drop significantly. Where international EFTS are concentrated in particular programmes or campuses (for example, separate campuses in Auckland), ITPs may potentially look to close programmes or campuses. This will have a flow-on impact on their offering to domestic students.

Some impacts will also be felt in 2018

35. Many ITPs hold large amounts of student fees in advance, as many international students pay fees in advance for their enrolment in the following year. Some ITPs' cash balances may reduce significantly before December 2018 if the upper level impacts eventuate. In addition, timing differences between revenue receipts and education agent commission

³ Forecasts were based on the original proposals to Cabinet. Some ITPs would possibly predict a lower decline with the modified changes, however many international students in Graduate Diploma programmes at ITPs are not in fields which would qualify for the additional year of work rights.

payments mean cash flow impacts will also occur in 2018, although it is difficult to assess to what extent. Over the course of 2018 and 2019, the total cashflow impact will be similar to the profitability impact.

Some ITPs will be more impacted than others

36. The level of financial impact for each ITP depends on the scale of their international EFTS, the levels of study these students are concentrated in, and how international students are integrated into the ITP.
37. The largest impacts are expected to be felt by s 9(2)(b)(ii) [REDACTED]. A number of these providers are already facing financial difficulties, and a large decline in international students is likely to exacerbate these challenges (see Annex 2 for further details).

Implications of these scenarios

38. The work being done with the ITP sector as the ITP Roadmap is an opportunity for the sector to transition to a more efficient and effective structure. This work is already responding to changes in enrolment patterns that have exposed underlying issues with the sector's structure and business models. Possible issues with the funding mechanisms in tertiary provision, which may not be working well for the areas of delivery ITPs are operating in, are being considered as part of the Vocational Education and Training (VET) system review.
39. The possible financial impacts from the post study work rights proposals are part of this overall picture. There is an emerging cost to government of the current structure, s 9(2)(g)(i) [REDACTED]. Any short term costs to the sector and government of this transition should be seen in the context of the long-term benefits of making it, particularly higher quality and more sustainable approaches to both international and domestic provision at ITPs.
40. The Ministry and TEC will provide you with advice about the broad funding implications for the VET system review next week, bearing in mind that the levels of funding required for viable delivery of domestic VET will depend to some extent on the role and structure of the sector following decisions on options from the ITP Roadmap project.

Wider impacts on the international education sector

41. There are also onshore international students studying at the affected sub-degree levels at unfunded tertiary providers, but we don't have data in sufficient detail to count these. Excluding students at English Language Schools, however, there were 15,000 onshore international students at these providers in 2017, at all levels of tertiary education, and estimates of the number studying at the affected levels range from 10,000 to 13,000 students. MBIE has estimated in the draft Cabinet paper that the PTE sector could lose between \$52 and \$69 million in tuition fee revenue⁵.
42. While some PTEs may be well-positioned to rapidly adapt their offerings, there is still likely to be a lag in their adjustment to the changes. When these changes are considered alongside other changes currently underway to support moves to a high-quality international education system, some PTEs may struggle to adapt or may even close. PTE closures will have an impact on their current students, and the New Zealand Qualifications Authority (NZQA) will assist both domestic and international students into alternative

s 9(2)(b)(ii) [REDACTED]

⁵ To reach these figures, MBIE used the average tuition revenue per PTE student of \$6,285. Based on PTE students making up 60 per cent of a possible total of 13,800 to 18,300 students affected, officials estimate the lost fee revenue would be between \$52 and \$69 million.

provision where possible. If the PTE becomes insolvent, there are a number of avenues that may be pursued. In this situation, it is highly likely that some international students currently studying may need to have tuition fees refunded from the Export Education Levy (EEL), which is already under considerable financial pressure [METIS 1129174 refers]. Work is underway to ensure that the EEL is both responsive and sustainable over time, which is likely to involve legislative change.

43. There may also be wider impacts, depending how this influences the overall perception of New Zealand as a welcoming, high-quality education destination in the minds of potential students. This could possibly impact students who may have studied in areas not affected by these changes, or who were considering a longer term pathway (for example, secondary school into tertiary study).

Future prospects for the international education sector

44. International education is one of New Zealand's key export industries, and is currently assessed to be the fifth largest export sector. In addition to tuition fees and students' living costs, the upstream and downstream impacts from students studying here can be significant, quadrupling the value to the economy from fees alone. Approximately 35% of foreign exchange earnings from international students flows into the economy outside of Auckland, delivering economic benefits and employment opportunities in the regions
45. Based on extensive global research on the future of international education and global student mobility⁶, ENZ believes the outlook for New Zealand's international education sector remains largely positive for the next 7-10 years. ENZ is confident that key markets will adapt over time to the proposed changes to post-study work rights for international students.
46. However, to minimise the short-term impact on quality providers and the New Zealand economy, and to support the sector successfully transitioning from a business model reliant on volume to one that is focused on quality and generating increased value to New Zealand (including and beyond economic value), ENZ is building a business plan which includes:
- Increasing ENZ's destination marketing activities in existing offshore markets that can supply suitable students to subsectors and qualifications that generate demonstrable value to New Zealand
 - Supporting quality providers to identify new higher value qualifications that meet the needs of international students and align with areas of current or future long-term skills shortages both in New Zealand and globally
 - Building enhancements to international student experience and wellbeing services to ensure that New Zealand is offering a world-class experience, and that international students are best placed to make the optimum contribution to New Zealand
 - Further developing New Zealand providers' and companies' capacity to offer products and services offshore and online, to increase the value of the sector without increasing numbers in New Zealand
 - ENZ's experience supporting the recovery of the international education sector in Christchurch after the 2011 & 2012 earthquakes demonstrated that with focused support, the sector was able to regrow international students to levels surpassing pre-earthquake levels in as little as three years, and in a way that is now seen as highly beneficial to the regional economy.

⁶ Education New Zealand (2018). *Strategic Scan of the Global International Education Environment*. Retrieved from <https://intellilab.enz.govt.nz/document/400-strategic-scan-of-the-global-international-education-environment>

- ENZ's marketing approach would position the changes to post study work rights as enhancements to New Zealand's global reputation for quality education (where typically student perceptions are of New Zealand lagging key competitor countries), in key source markets. ENZ is embarking on a brand refresh to reposition the ThinkNew brand to better support quality education and student experience messages
- There is an imperative to accelerate the push into emerging, high value markets such as the United States – where short term “study abroad” student numbers have been growing strongly – and to develop innovative market segments and products in areas such as edu-tourism and specialities aligned to New Zealand's areas of strength including primary industries, aviation and geothermal.
- The future ENZ approach also includes working with providers and other sectors to develop educational services and products aligned to the needs and opportunities of New Zealand's regions

47. ENZ has been progressively shifting people and resources in the directions outlined above.

Next steps

48. The Minister of Immigration's Cabinet paper *Report back on consultation on proposed changes to immigration settings for international students and recommended final proposals* will be circulated for Ministerial consultation. Feedback is due on 25 July 2018.
49. You are also meeting the Minister of Immigration on Tuesday 24 July, to discuss both the changes to post-study work rights for international students, and the International Education Strategy.

Proactive release recommendation

50. We recommend that this Education Report is proactively released, with appropriate redactions under the Official Information Act 1982.

Annex 1: Further detail on the proposed changes to post-study work rights

Proposal One:

1. All agencies agreed with the removal of the employer-assisted post-study work visas, to reduce the likelihood of international students being exploited by unscrupulous employers, education providers and agents.

Proposal Two:

2. We agree with a one-year open work visa for non-degree Level 7 qualifications, which has been modified to provide an additional year of post-study open work rights for students who complete Graduate Diplomas towards membership or registration with a professional or trade body (allowing a total of two years instead of one).
3. We were concerned about the impact the original proposal would have had on Graduate Diploma students, as those students usually already have a Bachelor's degree and are studying at advanced degree level, often in areas of importance to the labour market (eg nursing and teaching). However, we consider that the additional year linked to professional registration retains genuine students and supports their post-study pathways in areas of skills and qualifications that New Zealand needs, while still maintaining post-study options for students in more generic qualifications.

Proposal Three:

4. We support progressing the proposal to provide a three-year post-study open work visa for degree Level 7 or above qualifications. This change presents an enhanced opportunity for these students to stay and work in New Zealand. It supports the recruitment of genuine students, minimises the risk of exploitation as they no longer need to find a sponsoring employer, and may incentivise higher-level study.

Proposal Four:

5. We support removing the proposal to require students completing non-degree Level 7 qualifications to undertake at least two years of study in order to gain eligibility for post-study work rights. While this change would have provided work rights in line with both a student's level of study and level of investment in, and familiarity with, New Zealand (by being here for two years), it would also have prevented all Graduate Diploma students, including in areas such as nursing, engineering and teaching, from accessing any post-study work rights. We believe the changes under proposal two provide a good balance between the skills and qualifications that New Zealand needs, and minimising the risk of migration-motivated students being exploited by unscrupulous employers and education providers.

Proposal Five:

6. We support modifying this proposal to require international students studying Level 8 qualifications must be in an area specified on the Long Term Skills Shortage list in order for their partners to be eligible for an open work visa, and in turn the partner's dependent children to be eligible for fee-free compulsory schooling (instead of Levels 8 and 9, as in the original proposals). This continues support for genuine students studying at higher levels, who are often older and more likely to have partners and children.

Annex 2: Comparison between immigration and enrolment data calculations of potential student numbers impacted

1. We have been working with the Ministry of Business, Innovation and Employment (MBIE) to ensure the data produced by the two systems (immigration and tertiary education) is reconciled as much as possible.
2. MBIE have considered recent actual post-study work visa uptake rates, which are a good indicator of the importance of work rights to the decision making of potential students. MBIE have based the analysis of the students affected by the changes on the number of students in the 2016 cohort⁷ who completed their qualifications and then those who transition through to work visas. This reflects the pool of students who are *eligible* to take up post-study work rights, and the number who actually took them up in 2016. This is a good indicator of the importance of work rights to the decision making of potential students.
3. However, when considering the impact on the number of international students in tertiary education, enrolment data provides a broader perspective. Enrolments are always higher than completions because, while everyone strives to successfully complete their qualification, not all students do, for a variety of reasons. In addition, not all students will be on a student visa⁸. It is therefore likely that changes to work rights available to completing students could also affect students who don't complete their study on a student visa. The possibility of work rights may have factored into the decision-making of these students too, regardless of whether they actually take up these options post-study.
4. To reconcile enrolment numbers, MBIE and MoE compared study visa and enrolments for government-funded providers, as at 1 May 2017. Overall, the total number of students differed by one per cent. However, totals by level of study differed, due to different methods of determining students' level of study. MoE relies on information from the education providers enrolling the students. MBIE data, however, is based on the qualification name on the student visa, and many of these are difficult to clearly allocate to a study level.
5. For some levels (for example, Graduate Diplomas and Certificates), MBIE's data shows a higher number of students than MoE's enrolment data, while in other areas (for example, Bachelor's), MoE numbers are higher. This suggests that the numbers studying in levels affected by the changes may be lower.
6. We did not reconcile the numbers of students completing qualifications. MBIE count students moving from study visas to work visas, and who don't continue with a study visa, while MOE counts qualifications completed as reported by tertiary providers, some of which may continue with further study.
7. When comparing like for like, we have found that the systems produce similar enough numbers to give us confidence that the overall assessment of the impacts of the proposed changes are broadly correct. The differences in numbers studying at the affected sub-degree levels do not change our assessment that the proposed changes should be supported, or the general magnitude of the impacts.

⁷ The 2016 cohort was used, as a year's delay is required to track their post-study behaviour.

⁸ For example, international students may study for up to three months on a visitor visa, a working holiday visa, or a work visa, or longer with a Variation of Conditions. Students not on a student visa will not be eligible for post-study work rights.

s 9(2)(b)(ii)

