



Education Report: International Student Border Exception – July 2022

To:	Hon Chris Hipkins, Minister of Education Hon Kris Faafoi, Minister of Immigration		
Date:	10 February 2022	Priority:	High
Security Level:	In Confidence	METIS No:	1280981
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Messaging seen by Communications team:	No	Round Robin:	Yes – Minister of Education followed by Minister of Immigration

Purpose of Report

- 1 This report seeks your agreement on the proposed high-level eligibility and allocation of the 5,000 places in the international student border class exception agreed by Cabinet [CAB-22-MIN-0008].

Summary

- 2 As part of Reconnecting New Zealand, Cabinet has agreed to a border class exception for 5,000 international students. This exception will allow 5,000 students to enter New Zealand for semester two, between July and December 2022 ahead of student visa processing resuming.
- 3 The return of international students to New Zealand remains a critical part of the rebuild and recovery of international education.
- 4 Demand for students from providers is expected to exceed the 5,000 places. This demand can be managed through allocating places to sub-sectors and the addition of prioritisation and eligibility criteria.
- 5 The first choice is whether to spread the students across Universities, Schools, Te Pūkenga, English language schools (ELS) and Private Training Establishments (PTE) to allow all sectors to rebuild. Every sector considers that their demand will exceed a proportional allocation based on their share of pre-covid students in 2019. Depending on your goals there are cases for the share of each area to be increased, however this increase would come at the expense of another sub-sector.
- 6 The second choice is the extent of conditions to direct the sector to prioritise students and courses that move the sector to a high-value, high-quality sector. This can include conditions that match the last border exception for students, proposals in reviews, and conditions that prioritise high value courses and study in areas of skill shortages.

- 7 The third choice is the extent you wish each sector to self-manage their allocation. In the case of Universities and Te Pūkenga we recommend a high degree of self-management of their quota of students across providers due to their experience with previous cohorts, the structure of the sector, and the limited likely impact of active policy reviews underway.
- 8 In the case of schools and PTEs we recommend government official led panels organise and run an applications and prioritisation process.
- 9 Education agencies will prepare a draft implementation framework setting out the allocation process, eligibility criteria and process for education providers (February 2022). An application or allocation and nomination process will then be run for each sub-sector, resulting in student names to be provided to Immigration NZ so that visa processing can begin in April 2022.
- 10 Setting the parameters will allow further steps in the process to begin. Delays will impact on processing time for agencies, education providers and students, and risk entry for the 5,000 cohort being delayed.

Recommended Actions

The Ministry of Education recommends you:

1. **note** a new international student border class exception for up to 5,000 students, to enable travel to New Zealand for semester 2 (July 2022) start has been agreed
2. **note** that visa processing for the border class exception for up to 5,000 students would open during April 2022
3. **note** the Ministers of Education and Immigration have been authorised to confirm the details of eligibility for the class exception
4. **note** the Ministry of Education has engaged international education peak bodies and expects demand for the class exception to exceed the cap of 5,000 students
5. **agree** that the class exception will be allocated across international education sub-sectors to manage demand

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

6. **agree** to:

EITHER

6.1 allocate the class exception across sub-sectors based on their proportion of students pre-COVID in 2019

University	Te Pūkenga	School	PTE	ELS	Total
1,450	700	1,000	850	1,000	5,000

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

OR

6.2 increase the shares of some sub-sectors to achieve additional goals, with a corresponding reduction in other sub-sectors, by indicating an alternative split in the table below

University	Te Pūkenga	School	PTE	ELS	Total
					5,000

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

7. **note** in setting eligibility criteria or guidance you could apply criteria to focus on high value students in terms of the draft policy statement you have announced or allow the sub-sectors to select students within broader parameters.

University Sector

8. **note** the university sector has experience with three student class exception cohorts, a history of cooperation across providers, and a representative peak body in Universities New Zealand.
9. **agree** that the university sector has flexibility to nominate students without prioritisation by course, given the sub-sector's high rates of visa approval, high level courses, and the rate of pathway to higher education from non-degree courses

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

10. **agree** to delegate the allocation to providers to the sector through its peak body to self-manage, within a guiding principle that the allocation should be roughly proportional and the ability for the Ministry of Education to make a final decision if the proposal is not unanimous.

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

Te Pūkenga

11. **note** Te Pūkenga was established in 2020 and has made a commitment to high quality international recruitment aligned with government priorities.
12. **agree** that Te Pūkenga has flexibility to allocate places without external prioritisation given their draft international strategy, regional spread, and vocational focus.

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

13. **agree** to delegate the allocation to providers to the sector to self-manage, with a backup of the Ministry of Education to make decisions if this process fails.

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

School Sector

14. **note** the Ministry of Education is reviewing the policy settings regarding enrolment of international fee-paying students under Year 9, a proposed policy change out for consultation is to restrict enrolment of international fee-paying students under Year 9

15. **agree** to restrict eligibility for the class exception to Year 9 and above

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

16. **agree** education agencies (Ministry of Education and/or Education New Zealand) manage an application and allocation process for schools, with ranked goals of

- a. prioritising students intending to stay for over six months
- b. maximising the number of schools able to use the cohort, which will spread students across school deciles
- c. regional spread of students across New Zealand

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

17. **note** schools are unfamiliar with the border class exception process as are the two school peak bodies, a few schools are also not members of either peak body

18. **agree** to invite the two peak bodies (Schools International Education Business Association, Independent Schools NZ) to assist in an allocation process run by Education agencies for the schooling sector

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

PTE Sector, including English language Schools and Aviation

19. **note** the Ministry of Education and the Ministry of Business, Innovation & Employment are reviewing immigration policy settings for international students, several of the settings under review focus specifically on non-degree provision

20. **note** the diverse nature of the sector, including separate peak bodies and providers who are not peak body members

21. **agree** that education agencies run a panel process to prioritise students studying in programmes that are of highest value to New Zealand and international students, including applying criteria to target high value to achieve this

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

22. **note** student living cost requirements have not been updated since 2010, the Immigration Rebalance includes options to increase it to \$25,000 per year, with a lower amount for school students to be determined through consultation

23. **agree** to require student funds of ~~\$25,000~~ ^{\$20,000} rather than \$15,000 per year for the class exception where applicable, with a lower amount for school students being ~~\$20,000~~ ^{\$15,000} as an interim measure

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

24. **agree** that the Ministry of Education release this briefing in full once it has been considered by you.

Agree / Disagree
Minister of Education

Agree / Disagree
Minister of Immigration



Shelley Robertson
Group Manager
Te Puna Kaupapahere

10/02/2022



Hon Chris Hipkins
Minister of Education
12/ 2/ 2022

Hon Kris Faafoi
Minister of Immigration
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The living cost requirement should mirror the last class exception so as not to get ahead of possible Cabinet decisions on a future increase. It should stay at \$15k for school students, recognising that they generally have a lower cost of living. CH

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Agree Disagree
Minister of Education

Agree / Disagree
Minister of Immigration

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Agree Disagree
Minister of Education

Agree / Disagree
Minister of Immigration



Shelley Robertson
Group Manager
Te Puna Kaupapahere

10/02/2022



Hon Chris Hipkins
Minister of Education
12/2/2022



Hon Kris Faafoi
Minister of Immigration
22/2/22

The living cost requirement should mirror the last class exception so as not to get ahead of possible Cabinet decisions on a future increase. It should stay at \$15k for school students, recognising that they generally have a lower cost of living. CH

agree *CH*

Background

- 11 Due to the management of COVID-19 the border is closed to all but New Zealand citizens, residents, and persons entering through a class exception approved by Cabinet. This will begin to change as step 1 of Reconnecting New Zealand begins on 27 February.
- 12 Enrolment data shows that in 2019 the main source of International Students in New Zealand was from Asia (89,500) followed by Europe (4,000) and Latin America (3,000). The largest Asian markets were China (35,500), India (17,000) and Japan (11,700).
- 13 General visa processing for international student visas is planned to open in October 2022 as part of step five of Reconnecting New Zealand.
- 14 Ahead of the opening of the visa category, Cabinet has agreed to a new international student border class exception for up to 5,000 students from April 2022 with a view to facilitating study beginning in July 2022 (or before)
- 15 Three previous border exception cohorts of tertiary international students have been approved:
 - Cohort 1: 250 international PhD and postgraduate students, the cohort has reached its allocation and has now been closed
 - Cohort 2: 1,000 international returning tertiary students, the cohort has almost reached its allocation and has now been closed
 - Cohort 3: 1,000 international tertiary students, including degree, non-degree, and pilot training. 762 Student nominations have started immigration processing, reallocation of places that providers have not been able to fill to other providers will begin on 11 February.
- 16 The steps to implement a student class exception include:
 - setting the allocation of places across sub sectors
 - setting any additional eligibility criteria
 - assigning places to providers
 - student details collection by providers
 - providing information to INZ to begin visa processing
 - providing information and support to facilitate students travelling to NZ.
- 17 Cabinet has authorised the Minister of Education and Minister of Immigration to confirm the first two steps above covering the details of eligibility for the semester 2 international student exception. The Immigration Rebalance policy review currently out for consultation includes several proposed changes for international student visa eligibility.
- 18 Students entering through the medium-risk pathway will be required to undergo self-isolation of 7 or 10 days along with testing requirements. We expect providers will be able to find options within the Ministry of Health guidelines for self-isolation. Expected guidance includes:
 - Allowing isolation with guardians, whānau or friends, this means unaccompanied Children 17 years old and under can travel alone and then form a bubble with a guardian. This will be an option for the schooling sector.
 - Shared accommodation can be used for travellers arriving on the same day – they can form a bubble. This looks like it could work with a floor of student accommodation, providing it complies with the next point.

- Hotels, motels, and other commercial accommodation can be used – with the provision that people who are self-isolating will not be able to use facilities including kitchen, bathroom, and recreational facilities with people outside of their bubble, other than access ways and other permitted areas.
- People can travel from the airport to their place of self-isolation with no restrictions on any mode of transport, but are encouraged to use private transport.

Implementing a student border class exception

Demand for international student places in New Zealand

- 19 Engagement with the international education sector, international surveys, and a controlled border since 2020 all point to strong demand from international students to study in New Zealand. Given the size of the sector pre-pandemic it is likely that demand for the 5,000-student class exception will exceed places. This paper proposes and seeks agreement to an allocation method across and within international education sub-sectors. Travel connections, source country conditions and self-isolation requirements may somewhat reduce potential demand, given that the intention is for most of the students to be in New Zealand for a July 2022 start.
- 20 A capped class exception approach has been needed due to managing flows across the border and the need for processing to remain operationally feasible for Immigration New Zealand.
- 21 Previous international student border class exceptions have been filled relatively quickly, with over 200 students of Cohort 1 arriving over 5 months, and 560 of Cohort 2 arriving over 5 months. This was in the context of entering MIQ.

Principles for Allocation

- 22 The approach outlined in this paper has been designed to achieve the following objectives:
 - Maximise the number of students able to enter from July to December 2022, ahead of entry for 2023 enabled by the general reopening of processing in October 2022
 - A fair allocation of students across subsectors, to ensure all subsectors can begin to rebuild a pipeline of students
 - A policy direction in line with Government policy reviews and statements.
- 23 It is noted that should a visa application be declined, that place won't be reallocated. This is necessary to avoid the immigration system processing more than 5000 visa applications when the system has other Government priorities to deliver on, as well as to avoid a 'volume' approach to the border expectation, where some providers or agents may continue to nominate, until someone is approved.

Proposed Allocation

- 24 Previous cohorts have been allocated across international education sub-sectors. An alternative to allocating this way would be to open the category on a first come first served basis.
- 25 The base case for allocating places is to proportion them across sectors based on the number of international students each sector had in 2019 (pre COVID). Enrolment data has been used, the only adjustment has been to remove primary and intermediate school students based on the ongoing review.

26 The base case produces an allocation as follows:

University	Te Pūkenga	School (Y9- Y13)	Private Training Establishments	English Language Schools	Total
1,450	700	1,000	850	1,000	5,000

27 There are reasons to increase the shares of some sectors from the base case, depending on any additional goals. Increases for any sub-sector from the base case would be achieved by reducing the share of the other sectors.

28 Potential adjustments could be made to reflect the following:

- An increase to the university sector to recognise that a pool of more than 5,000 students enrolled offshore will likely enable a fast response and recognise the pre-existing relationship with students.
- An increase to Te Pūkenga to reflect the significant changes to the institution since 2019, a change in strategic direction and the regional spread of teaching. Te Pūkenga are seeking 1,500 places.
- An increase to the schooling sector considering the tertiary focus of previous border cohorts and the impact it could have on saving jobs in the school subsector. It would also help to build the pipeline into tertiary education in future years.
- An increase to the English Language Sector to reflect their reliance on international students given the nature and specialisation of the subject area, however the ELS sector could benefit from opening to visa waiver visitors in July. In addition to the 100 English language or Foundation students from an earlier cohort, it would help to build a pipeline of students who can then pathway into further education.
- An increase to the PTE sector to reflect their reliance on international students.

29 Reallocation is necessary when a provider that has been assigned places is unable to nominate students to match their allocation. For the last student class exception this reallocation was redistributed within sub-sectors, and then evenly across the other sub-sectors. We propose a flexible reallocation process in May that reallocates places for this exception class to sub-sectors and providers that have filled their quota and have students interested at short notice.

30 As flexibility has been required in each of the previous cohorts regarding reallocation of places, we propose that the subsector allocation is not detailed in immigration instructions. This would remove the need to amend these instructions and obtain Ministerial approval for a process that can be managed from within education agencies.

Allocation Framework

31 The proposed allocation will be implemented by the Ministry of Education and Education New Zealand. The agencies intend to issue an Implementation Framework to International Education peak bodies. The framework will include:

- The allocation of students across sub-sectors
- The process for allocating places to education providers within each sub-sector

- Any criteria that students nominated by providers should meet.

32 This paper seeks high level decisions to guide the Ministry of Education's work with Education New Zealand in preparing a draft Implementation Framework. This framework will require rapid consultation with government agencies and international education sector peak bodies prior to it becoming finalised.

Universities

33 We propose that university places are distributed amongst the eight universities. The distribution would be completed in consultation with Universities New Zealand and the eight university international directors. The distribution would be based on the 2019 distribution of students amongst the sector but altered if necessary to maximise the entry of students for July.

34 Universities would be able to nominate students to any degree level course and above. There is a choice on whether to allow universities to nominate for non-degree courses or to restrict nominations to non-degree courses that have been approved by the Ministry of Education as high value. This paper proposes asking the universities to judge and prioritise high value themselves, particularly given the scarcity of places relative to demand.

Te Pūkenga

35 Te Pūkenga is a newly established Crown owned institute and has made a commitment to high quality international recruitment aligned with government imperatives. This is articulated in a draft international strategy and Te Pūkenga targeted high value in the approach to nominations for cohort three.

36 Past recruitment (2019) may not be reflective of the quality and proportional quantity of recruited students Te Pūkenga could potentially reach in 2022. Therefore, we propose that Te Pūkenga self-manages its own allocation of places.

School Sector

37 The school sector has not been prioritised in previous student class exceptions, in part due to need in the tertiary sector, but also in part due to the complications of managing MIQ for young people under 18.

38 An allocation to schools can be managed through education agencies (Ministry of Education and/or Education New Zealand) and sector representatives running an application and allocation process for schools, with ranked goals of:

- prioritising students intending to stay for over six months
- maximising the number of schools able to use the cohort, which will spread students across school deciles and types of school
- regional spread of students across New Zealand.

39 In addition to the prioritisation proposed, around 50 international students are participating in distance education with New Zealand schools while overseas, after their New Zealand education was disrupted by border measures. The exact number and enrolment status of these students is to be confirmed. We consider these students should be prioritised for re-entry to continue receiving New Zealand education in person if they wish to return by October 2022.

- 40 The Ministry of Education is reviewing the policy settings regarding enrolment of international fee-paying students under Year 9. A proposed option out for public consultation until 11 March 2022 is to restrict enrolment of international fee-paying students under Year 9. On this basis a recommended option has been provided to restrict eligibility to year 9 and over for the class exception.
- 41 Restricting eligibility to year 9 and above avoids what could be difficult arrangements to support younger students to enter, self-isolate and navigate testing in a new and foreign environment. It also avoids starting a new cohort of younger international students two years behind other international students and potentially with no new international student peers of a similar age when the review is completed. However, it is likely that a restriction will be seen as pre-empting policy decisions that are still under consultation and consideration.
- 42 As part of the process the Ministry of Education will seek assurance that schools applying for places have plans in place to meet their pastoral care obligations for international students regarding supporting their self-isolation. We will also work with MBIE to investigate visa settings to ensure guardians can accompany students to enter the country.
- 43 The Ministry of Education has previously provided advice on the option to allow the re-entry into New Zealand of international school students who are currently studying in New Zealand as part of a border class exception [METIS 1278676]. This is now possible under Step 3 of Reconnecting New Zealand from 13 April 2022.

PTE Sector including English language Schools and Aviation

- 44 The diverse nature of the sector, including separate peak bodies and providers who are not peak body members lend this sub-sector to an application for places process led by education agencies. In addition, simply allocating places based on the 2019 distribution may not reflect changes to the capacity and capability of providers during the last 3 years.
- 45 The proposed allocation to English Language schools refers to schools that only seek places for English Language programmes. Other providers that have ESOL courses could qualify under a PTE allocation.
- 46 The Ministry of Education and the Ministry of Business, Innovation & Employment are reviewing immigration settings for international students as part of the wider Immigration Rebalance. Several of the settings under review focus specifically on non-degree level 7 and below and seek to ensure provision is high value.
- 47 Enrolment data indicates that, in 2019, 33,900 international students studied at a non-degree level in New Zealand. 24,000 of these were at private training establishments including English language providers, 7,200 at Te Pūkenga and 2,600 at universities.
- 48 Given your high value focus in the Immigration Rebalance, you may wish to direct that a prioritisation process for PTE places is used. The process would use eligibility criteria and assessment guidance based on the value of the courses as an alternative to a proportional approach. This would be like the approach for the last student exception.
- 49 The Government expects that immigration rebalance policy settings for non-degree will be in place before student visa processing resumes (October 2022).

Living cost requirements

- 50 The Immigration Rebalance includes a proposal to increase student living cost requirements to \$25,000 per year, with a lower amount for school students to be determined through consultation. This compares to \$15,000 a year under current settings, and \$20,000 set for the previous student class exception.
- 51 This paper proposes student funds of \$25,000 per year for the class exception where applicable, with a lower amount for school students being \$20,000 as an interim measure. Setting living costs at this level will ensure students have the funds required to live in New Zealand but may impact demand and comes ahead of Immigration Rebalance decisions. Alternatively, living cost requirements can be set as the status quo (\$15,000) or to match the last student class exception (\$20,000).

Consultation

- 52 The following agencies have been consulted on the proposals in this report: MBIE, Immigration, ENZ, NZQA, MFAT and TEC.

Next Steps

- 53 Following the confirmation of the sub-sector allocation, the next steps include:
- a) Education agencies will prepare a draft implementation framework setting out the allocation process, eligibility criteria and process for education providers (February 2022)
 - b) Each sub sector will have an allocation process, in the case of panels this will include an application process where providers indicate the number of places they are seeking to fill (late February/ early March 2022)
 - c) Providers will be informed of the number of places they have, following the relevant process for the sub-sector (mid-March 2022)
 - d) Student details will be provided to Immigration NZ (April 2022)
 - e) Reallocation as required (May 2022).