



Briefing Note: Covid-19 – Advice on support for international students facing hardship

To:	Hon Chris Hipkins, Minister of Education		
Date:	13 May 2020	Priority:	High
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Messaging seen by Communications team:	No	Round Robin:	No

Purpose of Report

This paper responds to your request for further information on providing support for international students facing hardship as a result of Covid-19, and whether it could be funded via the Export Education Levy (EEL) [METIS 1227265 refers].

Recommendations

We recommend that you:

- a) **Note** that funding to support international students facing temporary hardship as a result of Covid-19 will support international student wellbeing and is important to the sector's future.

Noted

- b) **Note** that the EEL currently funds international student wellbeing initiatives (up to \$0.75m annually) under Section 238R(1)(a)(v) of the Education Act 1989, and that the most important current wellbeing issue is financial hardship.

Noted

- c) **Agree** that the remaining \$0.63m of wellbeing funding budgeted for 2019/20 and 2020/21 is allocated to Education New Zealand, for distribution to education providers and sector groups to support international students facing hardship.

Agree

Disagree

- d) **Agree** that up to \$0.4m from ENZ's other EEL funding (\$3.2m annually) be used for international student hardship support, this would bring the total available for international student hardship support up to \$1m.


Agree / **Disagree**

- e) **Agree** that this Briefing will be proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Agree / **Disagree**

Summary

- Many international students in New Zealand are currently facing unanticipated financial hardship due to Covid-19, through no fault of their own. Much of this is temporary.
- How we treat our international students now will be an important part of the international education sector's recovery. A small amount of funding could support current students to stay enrolled for the rest of 2020, and promotes New Zealand's global reputation as a desirable study destination for future students.
- The Export Education Levy (EEL) currently funds international student wellbeing initiatives (under Section 238R(1)(a)(v) of the Education Act 1989). As the most pressing current wellbeing issue is financial hardship, it is appropriate to allocate this funding to addressing Covid-19 related international student hardship.
- As the need is immediate, prompt distribution is important. We recommend that EEL funding allocated for wellbeing initiatives be provided to sector organisations and education providers, via Education New Zealand (ENZ), for distribution to students in the form of grants, short-term loans, or relevant goods.
- Contractual arrangements would ensure appropriate eligibility criteria and strong accountability and monitoring of funds, including repayment of any underspend.


Belinda Himiona
Group Manager
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13/05/2020



Hon Chris Hipkins
Minister of Education

14/5/2020

A Covid-19 International Student Hardship Fund will help support the sector's recovery

How we treat our international students now is important to the sector's future

1. New Zealand has a strong international reputation as a desirable study destination and for taking good care of our international students. How we treat our international students during our Covid-19 response will be an important part of the international education sector's recovery.
2. With international border closures and a global financial downturn, the international students currently in New Zealand are likely to make up the bulk of industry revenue in 2020. A relatively small amount of financial support could enable some students to continue their studies, rather than withdrawing from study and applying for a different visa type or returning home. It may also reduce the risk of students being pressured into informal and/or exploitative working arrangements.
3. Our international education sector relies on our reputation for high-quality pastoral care, and the support offered now will help determine how we are seen against our competitor countries in the future. Other countries, including Australia, Canada and the USA, have a variety of hardship supports available to international students.

International students are facing unanticipated hardship

4. International education agencies are aware of increasing reports of international students facing financial hardship as a result of the national and global response to Covid-19. Many have been caught out by the uncertain, rapidly changing situation, and have been unable to make alternative plans to support themselves, as they likely could have under normal circumstances.
5. There are three main types of international student hardship:
 - Temporary financial issues due to reduced or lost employment in New Zealand (eg where students were supplementing their living costs with part-time work, in line with their visa conditions)
 - Temporary financial issues due to difficulty accessing funds from overseas (eg temporary international fund transfer restrictions)
 - Longer-term financial issues due to a significant change of circumstances (eg funds from parents are no longer available) and inability to travel home due to lack of appropriate flights
6. The exact scale of the hardship is not possible to determine [METIS 1227265 refers]. Anecdotally, however, we are aware of examples of hardship from students at all levels of study (schooling and tertiary) and in a wide range of providers (see examples in Appendix One). While education providers and community groups are providing some support, resources are being stretched and this is not sustainable. **s 9(2)(g)(i)**
7. We expect that once Covid-19 restrictions are lifted many students in temporary hardship will be able to support themselves again. Any funding provided would be specifically for temporary needs, such as food, accommodation and bills, to allow international students to continue their studies in New Zealand.
8. Students whose financial situation has substantially changed and is unlikely to improve in the short-medium term should return home, with the option to resume their studies at a later date should their situation change. International education agencies are

working with foreign embassies and education providers to ensure that students are aware of the consular support available, including facilitation of options to return home.

The use of the Export Education Levy for a Covid-19 International Student Hardship Fund

EEL funding currently supports international student wellbeing projects and Education New Zealand's work on student experience

9. You have requested that officials investigate whether the EEL can be used to fund a Covid-19 International Student Hardship Fund [METIS 1227265 refers].
10. The EEL is a percentage of international student tuition fees paid by education providers enrolling international students. This levy is passed on to the students. Section 238R of the Education Act 1989 (the Act) sets out the purposes for which the EEL funds may be used, including "the development, promotion and quality assurance of the export education sector, which may include (without limitation) ... support (financial or otherwise) or other bodies engaged in the development, promotion, or quality assurance of the export education sector" (Section 238R(1)(a)(v)).
11. Supporting international student wellbeing, and assisting international students in hardship, is aimed at providing a safe and supportive learning environment while studying in New Zealand. This acts as an incentive for international students to come to New Zealand, and is therefore a kind of promotional activity which the EEL is able to fund.
12. Each year, up to \$0.75m is budgeted from the EEL to be used for initiatives to address international student wellbeing in New Zealand, under the International Student Wellbeing Strategy. For FY2019/20 and 2020/21, \$0.87m has been spent or committed, leaving \$0.63m which could be reallocated for a hardship fund.
13. Financial hardship is the most immediate, pressing wellbeing need facing international students at the moment, and for many, it will also impact on their physical and mental wellbeing, as well as compromising educational achievement. It is therefore appropriate to reallocate the EEL funding earmarked for wellbeing funding to address immediate hardship.
14. Education New Zealand (ENZ) currently receives \$3.2m annually from the EEL. This money is used, in part, for activities to support and enhance the international student experience in New Zealand. ENZ has strong existing relationships with sector groups, including providers, peak bodies, and student and multicultural groups.
15. The outstanding \$0.63m of wellbeing funding could be reallocated to ENZ, as one-off, additional funding, to be distributed to initiatives addressing international student hardship. Combined with up to \$0.4m from ENZ's other EEL funding, this would bring the total available for international student hardship support to \$1m.

The EEL is already under considerable financial pressure, but this is reallocating planned expenditure

16.

s 9(2)(f)(iv)

17. It is possible that we will see more Private Training Establishment (PTE) closures as a result of Covid-19 border closures and lower international student fee revenue. However, so long as these closures are not due to the quality with the education already delivered, the Student Fee Protection Rules should ensure that any claims on the EEL are manageable.
18. It has been agreed that a \$7m cash injection will be made to 'shore up' the EEL over the next 12-18 months. This will cover planned expenditure for 2020 and 2021. It includes provision for covering costs of possible PTE closure.
19. There is a risk that hardship funding could be seen as new expenditure, which is outside of the agreed uses of the cash injection. However, hardship is a wellbeing issue, and it is not additional to the planned wellbeing spend. This therefore falls within the parameters of current planned spending.

Operationalisation of the funding

20. The additional \$0.63m of wellbeing funding which will be provided to ENZ will be clearly required to be spent solely on addressing international student hardship resulting from Covid-19 (i.e., not general hardship due to other reasons). As it is a relatively small amount of money compared to what some competitor countries are offering, ENZ could consider using underspend in other areas to increase the fund, in line with demand.
21. This would fit clearly within ENZ's legislative functions, which include "to administer any international programmes or activities that are consistent with the Government's policy on international education" (Section 270(2)(f) of the Act) and "to work with other agencies to ensure that international students are adequately supported while living and studying in New Zealand" (Section 270(2)(i) of the Act).
22. Funding would be required to be distributed to students via providers, peak bodies, and student and community groups. These groups are uniquely placed to best understand the financial need in their student communities and to contact students directly. They are also able to provide additional wrap-around pastoral care support, for example connecting students with community groups or consular assistance, and/or other financial support, such as access to study resources or tuition fee payment plans. This will also support students to stay connected with their education provider and remain enrolled.
23. In addition, we know that due to cultural differences and concerns about enrolment and visa status, many international students are reluctant to ask for help. Channelling funds through providers and other groups, rather than a government organisation, may help to ensure the money reaches students most in need.
24. Student eligibility criteria will be clearly established and included in contractual arrangements to ensure funds reach international students most in need. Funds could be used for direct cash transfers to students, to cover things such as food, rent, power or other living costs they are unable to meet due to the consequences of Covid-19. It could also be used to purchase relevant goods, or provide short-term loans, if that was a more suitable approach for student groups in hardship.
25. We will also ensure clear monitoring and evaluation criteria are included in all contractual arrangements. Any underspend or repaid loans will be required to be returned to the EEL.

Sector support

26. Many providers, sector groups and peak bodies have been requesting additional support for international students facing financial hardship, both to the Ministry and in public, so we believe that this will be largely welcomed by the sector.
27. However, there is a small risk that some providers may not support use of the EEL for this purpose, particularly given that the EEL rate was increased in 2019 to cover additional closure-related costs, and the Crown (via the Ministry) made a temporary advance to the EEL which needs to be repaid. Providers may be unhappy if they believe that part of their higher levy rate is being used to support other providers' international students, especially if they themselves have already funded their own hardship funds (for example, most universities). We believe this can be mitigated by ensuring that the parameters of available funding ensure broad coverage of all sub-sectors and groups, and that all funding is targeted to students in genuine need.

Next Steps

28. As the current need for hardship support is immediate and pressing, officials will begin to action plans to operationalise the distribution of funding as soon as possible after your agreement. This will include a soft launch by the Ministry and ENZ. We will ensure you are updated as appropriate.

Appendix One: Examples of international student hardship

- A PTE student from s 9(2) arrived on 19 March to begin studies and was in self-isolation (unexpected additional accommodation expense) when the country went into lockdown. He has been unable to open a bank account and transfer funds from home due to the lockdown, and has used the initial cash he brought with him. He has borrowed from a friend, had accommodation support from the provider, and food assistance from Auckland City Mission and s 9(2)(a) community.
- A PTE student studying hospitality who lost her part-time job in a fast food outlet just before lockdown when her casual contract wasn't renewed, so she wasn't eligible for the wage subsidy. She has the necessary funds required by her visa, but expenses exceed the funds required (as with most international students) so she relies on part-time work to cover living costs. The sudden job loss with no option to look for a new one meant she was unable to plan, save money, or get another job as she would have been able to in normal circumstances. She expects to be able to get another job once restrictions are eased, but it may take some time.
- An ITP student from the s was working in temp roles (child care and horse riding lessons) so she wasn't eligible for the government wage subsidy. She has been doing childcare for an essential worker but this ends at Level 2. Her partner was due to return to work at Level 2 but was injured on the weekend and will be unable to work for another 6 weeks.
- ITP students on a visitor visa studying a 12 week Nursing Competency Course, to get overseas nursing qualifications validated for professional registration in New Zealand. A key component of the course is a work placement, which hasn't happened under lockdown. The students cannot therefore receive credentials to allow them to take up offers of employment in New Zealand, they only had funds to cover the planned duration of the course and a small buffer so funds are running low, it is difficult to get extensions or alternatives to their short-term accommodation, and they can't get flights home.
- A Masters student living with her husband (on a work visa) and 8 year old daughter. The husband lost his job just before lockdown and due to restrictions hasn't been able to find new employment. After over 6 weeks their savings are running low. The landlord has temporarily reduced the rent (but wants reimbursement) and the university is supporting the family with food. The husband is not eligible for the wage subsidy or other support, but expects to find work again at Level 2.
- A 15-year-old student at the end of her school programme but has had to stay longer as flight home was cancelled and not yet refunded. They need to pay for an expensive flight. She has already incurred additional costs for fees and accommodation, and family overseas can't afford more until she is able to get home.