



COVERSHEET

Minister	Hon Michael Wood	Portfolio	Immigration
Title of Cabinet paper	Immigration Rebalance: Proposals for International Students	Date to be published	2 August 2022

List of documents that have been proactively released

Date	Title	Author
April 2022	Immigration Rebalance: Proposals for International Students	Office of the Minister of Immigration
13 April 2022	Immigration Rebalance: Proposals for International Students SWC-22-MIN-0073 Minute	Cabinet Office

Information redacted

YES

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Some information has been withheld for the reason of Confidential advice to Government.

In Confidence

Office of the Minister of Education

Office of the Minister of Immigration

Cabinet Social Wellbeing Committee

Immigration Rebalance – proposals for international students

Proposal

- 1 This paper sets out proposed changes to immigration settings for international students and seeks decisions on proposals that support the Immigration Rebalance (the Rebalance) intent of contributing to the skills New Zealand needs.

Relation to government priorities

- 2 The proposals support the direction of the Rebalance which aims to encourage:
 - 2.1 The provision of more jobs and training for New Zealanders by incentivising employers to fill vacancies from the domestic labour market where possible and invest in better workforce planning, allocation and development,
 - 2.2 Business and sector recovery from COVID-19 impacts, by ensuring that as our borders re-open they can access migrant labour for genuine skill shortages,
 - 2.3 Economic resilience, transformation and increased productivity through reduced reliance on migrant labour, shifts to more capital-intensive production, improved business models and a higher skilled population,
 - 2.4 Better matching between employer needs and migrant talents and aspirations.

Executive Summary

- 3 On 12 July 2021 Cabinet agreed to a rebalance of immigration settings that would pursue a lower overall volume of migrants and better mix of temporary and skilled migrants, compared to the pre-COVID-19 trajectory [CAB-21-MIN-0279 refers]. This would require changes to settings for migrant workers, partners, students, onshore migrants and skilled residence pathways.
- 4 We seek agreement to a package of changes, aligned with the broader intent of the Rebalance, to address the sustained growth of international students which were a significant contributor to the pool of lower skilled and lower paid migrant workers prior to border restrictions. While most international students do not remain in New Zealand after their studies, we want settings to ensure

that those who do stay are those who bring the most value to New Zealand by filling skill shortages.

- 5 These changes focus on work rights and conditions applied to student and post-study work visas, which are the primary levers for addressing the flows of international students and immigration risk around compliance and exploitation. We seek agreement to limit eligibility for post-study work rights from non-degree level study to areas of labour market need. Initially, need will be identified as qualifications that directly lead to roles on the newly created Green List. This change to post-study work rights will bring New Zealand into line with other international education offers.
- 6 Students studying at non-degree level in an area not linked to labour market need will continue to receive in-study work rights and may be able to transition to another visa type at the end of their study. However, wider system changes arising from the Rebalance will restrict post-study work options for many lower skilled students. This will be clearly communicated to the sector as part of announcing these changes.
- 7 This will send a clear signal that students are welcome to come to New Zealand for non-degree study while mitigating the possibility of students continuing to use study as a pathway to work in New Zealand, particularly where this is contributing to the flow of migrants into lower skilled and paid roles, or lower skilled roles being used to provide pathways Confidential advice to Government
[REDACTED] We considered further restrictions to limit eligibility for sub-degree study to a few areas or to require sub-degree students to leave New Zealand at the end of their study. While we do not consider these further restrictions are necessary, officials will continue to monitor international student uptake of sub-degree courses, and what students do after study, to identify if it is being used as a pathway to enter and stay in New Zealand by any means.
- 8 We also recommend additional changes to tighten settings further for post-study work rights. Students with non-degree level qualifications eligible for post-study work rights will be required to work only in a role relevant for their qualification. Post-study work rights for students (except those studying towards a Master's or PhD) will mirror the duration of their study in New Zealand. This addresses existing issues around offshore and online study, and places a premium on the education experience in New Zealand.
- 9 Students at degree level will continue to have access to post-study work rights at the end of their study. Workers undertaking vocational training or upskilling as part of their role will also be unaffected. All students coming into New Zealand for extended durations will retain the in-study work rights that they have now. This reduces the risk of working illegally or being exploited.
- 10 We are taking the opportunity to introduce these changes now so that the sector and potential students have certainty about the rules and types of students we are looking to attract to New Zealand as we re-open to student flows from Step 5 of Reconnecting New Zealanders (RCNZ). Immigration New Zealand will communicate decisions to the sector in April, following Cabinet

decisions, so there is time for providers and students to respond ahead of re-opening student visa processing – currently planned for October 2022.

- 11 We are also proposing to increase the living costs requirement to support student wellbeing and reflect changes to living costs in New Zealand. We propose new rates of \$20,000 for tertiary and English language students and \$17,000 for students in compulsory education. These rates are informed by sector views, the rates advised for domestic students, and are consistent with the rate for the border exception cohort.

Background

We are pursuing change across both the immigration and education systems

- 12 In December 2021, Cabinet agreed the settings for employer-assisted visa holders and partners, which will deliver the Rebalance objective of achieving a higher skill migrant workforce with the right skill mix to support our economic recovery from COVID-19, and the transition to a more productive and sustainable economy. This involves changing the mix of migrants who come to New Zealand, particularly by reducing the flow of low-skilled migrant workers.
- 13 Rebalance policy proposals for migrant workers currently in development aim to attract highly skilled migrants and those able to fill long-term skill shortages. Adjusting immigration settings for students is necessary to support and align with this broader system shift.
- 14 Changing settings for students is key to achieving some of the aims of the Rebalance. This includes:
 - 14.1 limiting employer access to, and therefore growth of, migrants for lower-skilled, lower-paid roles,
 - 14.2 addressing areas of weakness in the immigration system that enable high growth of migrants, and
 - 14.3 enabling a managed regrowth of migrant flows so that temporary migrants do not exceed the absorptive capacity of the economy or create a larger pool of lower skilled and settled onshore migrants than our future residence programme will ever support.
- 15 The changes proposed to immigration settings for students are also intended to support a higher value international education sector. The Social Wellbeing Committee is also considering two policy papers regarding the future of international education. One is a refresh the International Education Strategy. The other informs Cabinet of the outcome of the review of the enrolment policy for international students under year 9. These papers collectively set a direction for the sector as the border re-opens.

Change is needed to address consequences of growth in student numbers

- 16 International students come to New Zealand as consumers of education services. International education provides significant value to New Zealand, including:
 - 16.1 Generating economic benefits to the national and regional economies,
 - 16.2 Increasing global trade, investment links, and international collaboration,
 - 16.3 Enhancing the skills and productivity of the New Zealand workforce,
 - 16.4 Increasing cultural capital and cultural diversity, and
 - 16.5 Supporting our research and innovation systems, with international students making up around half of all PhD students in New Zealand.
- 17 However, there was significant growth in the number of international students prior to the border restrictions. International students also represented a significant portion of temporary migrant labour with students and post-study work visa holders making up around a third of all working migrants in New Zealand. In July 2019:
 - 17.1 23,000 people were working in New Zealand on student visas, accounting for 12 per cent of the temporary migrant worker population,
 - 17.2 33,000 people were working on post-study work visas, accounting for 17 per cent of the temporary migrant worker population, and
 - 17.3 34,000 were working as partners (some of students or post-study work visa holders), accounting for 17 per cent of the temporary migrant worker population.
- 18 International students were a significant contributor to the pool of lower skilled and lower paid workers. Student visa holders work in similar industries to domestic students, but post-study work visa holders remain overrepresented in lower paid and lower skilled sectors with few entry and training requirements, despite having gained a qualification. Nearly 8,000 post-study work visa holders were working in the accommodation and food services sector in 2019, with over half in Auckland. More than 5,500 were working in retail jobs, more than any other visa type.
- 19 Work rights and conditions applied to student and post-study work visas are the primary levers for addressing the flows of international students and immigration risk. New Zealand's work rights are very generous (see Appendix One for current settings). Currently, people can apply for a post-study work visa if they have completed an acceptable qualification in New Zealand. Depending on the qualification and where they study, they can work for any employer between one and three years and do almost any work. Post-study work visas for non-degree study are of one year duration.

IN CONFIDENCE

- 20 The Ministry of Business, Innovation and Employment (MBIE) worked in close consultation with the Ministry of Education to develop this package of improvements. There is a specific focus on non-degree tertiary level study but some minor changes will apply to all students.
- 21 For the purpose of this policy, 'non-degree level' is defined as provision at levels 1 through 7 on the New Zealand Qualifications Framework (NZQF), excluding degrees.
- 22 In December 2021, we agreed to officials undertaking a targeted consultation with peak bodies in the international education sector on proposals for:
- 22.1 aligning post-study work rights for international students at non-degree level with labour market needs,
 - 22.2 changing eligibility for international students to come to New Zealand for non-degree programmes of study,
 - 22.3 adjusting living costs requirements for student visas to ensure student wellbeing, and
 - 22.4 a suite of further adjustments to other immigration settings which would apply to all international students, supporting broader system shifts to strengthen regulatory controls for international students.
- 23 MBIE and the Ministry of Education carried out a targeted consultation with international education sector peak bodies in February 2022. To summarise peak bodies feedback on the proposals:
- 23.1 There was mixed support for aligning non-degree post-study work rights with labour market need. Some submitters recognised the merit in reducing student numbers, but were concerned about the responsiveness and currency of existing mechanisms that guide skill shortages.
 - 23.2 There was no support for limiting eligibility in certain areas of non-degree study. This position was not unexpected given that it would likely impact significantly on some providers.
 - 23.3 Submitters recognised the need to increase living costs but considered a lower level than what was proposed would be appropriate. There was a general consensus for \$20,000 as being appropriate for tertiary students with a lower level for non-tertiary students.
- 24 In general, submitters noted concerns about the potential impact of these proposals on New Zealand's attractiveness as an international education destination. This feedback helped to shape the package of improvements discussed further below. These recommend:
- 24.1 aligning non-degree post-study work rights with labour market need, with some further adjustments to some post work rights settings for all students,

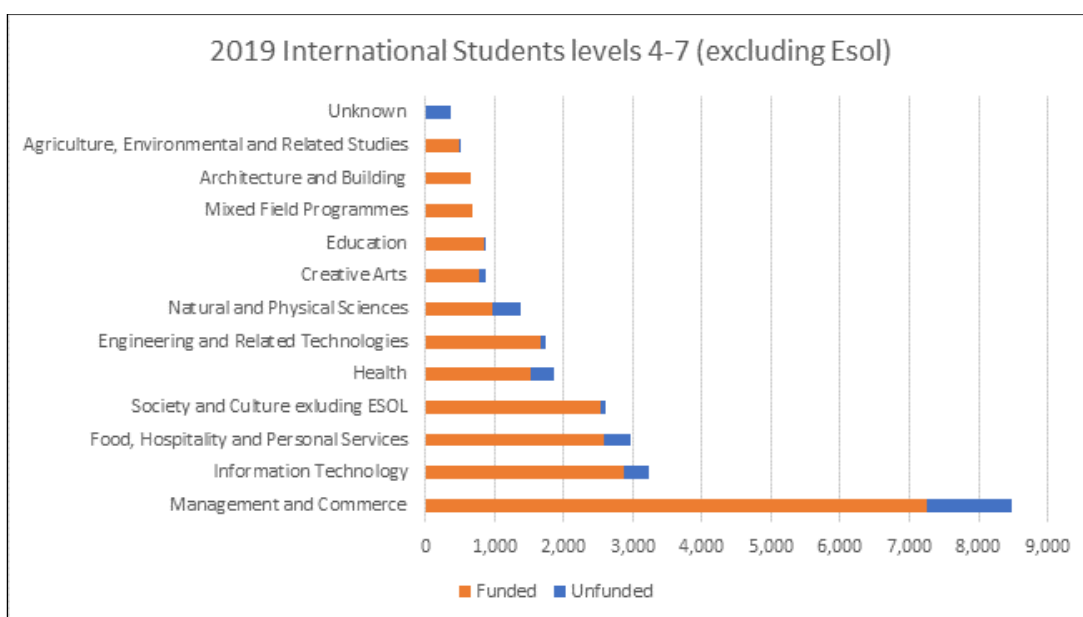
- 24.2 using the option of a limited visa rather changing eligibility to study at non-degree level,
- 24.3 making changes to living costs requirements, and
- 24.4 some further work to support broader system shifts and provide tighter regulatory controls for student visa applications.

Analysis

Proposed changes to work rights focus on non-degree study

- 25 The proposed changes look to shift non-degree study to skill areas more valuable to the New Zealand labour market.
- 26 Students studying at non-degree level represent just under a third of all (fee paying) students. In 2019 there were around 34,000 international students studying non-degree provision (Levels 1-7 non-degree) in New Zealand.
- 27 Ministry of Education research shows that higher level qualifications provide significant earnings and income benefits. International graduates who complete higher level qualifications earn more on average than those who complete lower ones. While non-degree courses can have an education value to the student, the labour market value to New Zealand can be low. Few of the courses favoured by international students at non-degree level correspond with skill needs in the economy (see Table 1 below). Business and management courses have been the most popular discipline for international students from Level 5 and up (to Master’s degree). At Levels 4-7 these courses accounted for more than 40 per cent of international student enrolments overall (or 8,500 students) in 2019.

Table 1: International student numbers by area of study



* ESOL – English for speakers of other languages ** Funded – students at government funded providers

Concerns about immigration risk and non-degree study

- 28 Prior to the border restrictions, MBIE identified two concerning patterns of behaviour occurring in relation to non-degree study:
- 28.1 A misuse of work rights and fraudulent behaviour, and
- 28.2 The attraction of workers seeking open work rights and residency via the student pathway, many of whom chose to study in non-degree areas of limited value to the New Zealand economy and labour market and which create unrealistic expectations of gaining residency.
- 29 We acknowledge that international education can bring benefits beyond economic and labour market needs, such as international connection and cultural diversity. However, the behaviour patterns described in paragraph 30 create exploitation risks, reduce immigration system integrity and result in poor outcomes for New Zealand. They also provide a flow of workers into lower skilled roles that we are trying to reduce through the Rebalance changes.
- 30 There is risk that these behaviours will resume as the border re-opens. We consider it necessary to address this risk now by providing clear signals about the future value focus we want for the international education system, the purpose of international education and the role of work rights within this offering, particularly in the context of the Rebalance objectives.

Recommended changes to immigration settings for students

- 31 To support and align international education with the broader goals of the Rebalance and address immigration risk, we intend to make changes that will align post-study work rights more closely to the skills New Zealand needs.

Aligning post-study work rights for non-degree study with skills New Zealand needs

- 32 We recommend limiting eligibility for post-study work rights at non-degree level to students who study in areas of labour market need as identified by the Government. We also recommend allowing for post-study work rights for a small number of graduate diplomas at Level 7, where aligned with specific areas of labour market need.
- 33 International students who choose to study a qualification that does not lead to a shortage role may still apply for a student visa to study, but they will not be eligible for a post-study work visa at the end of their study.
- 34 This approach sets a clear position that the main benefit of non-degree international education in New Zealand is the education itself, not subsequent work or a pathway to residence, except for specified courses and skills New Zealand needs. While retaining study options for genuine students, this approach will reduce the pre-COVID-19 flow of students from low value courses into low paid temporary work with no pathway to stay in the long-term, or into roles like retail managers that had a pathway to residence. In

doing so, it is expected to improve migrant exploitation risks by reducing the number of students who are motivated by migration rather than education and use non-degree study to as a pathway to work in New Zealand.

Establishing areas of shortage to qualify for post-study work rights

- 35 With the border re-opening imminent and sector demand for international education to resume, there is a need to signal and implement potential changes before students return and commence non-degree study on the expectation of receiving post-study work rights. Three potential approaches were identified to establish areas of labour market need where post-study work rights would be available:
- 35.1 Using an existing skills list (or combination of existing lists) and their qualifications requirements,
 - 35.2 Developing a new, stand-alone list, or
 - 35.3 Delaying implementation until improved mechanisms to determine skills requirements and relevant qualifications are in place (with either the status quo or no post-study work rights for non-degree study until the list is in place).
- 36 International students commit to study programmes for a range of factors, including work and the prospect of residency. For the most part, study in areas of skills shortages requires significant, multi-year study. This, combined with time required for providers to adjust to changes to settings and re-orient their overseas recruitment partners, means a clear and stable pipeline of available options is required to ensure New Zealand is able to attract suitable migrant students for areas of need.
- 37 Existing policy settings are in a state of flux, with the Rebalance and Reform of Vocational Education (RoVE) programmes underway, migration and labour market disruption from COVID-19, and a review of existing skills shortage lists underway for a June 2022 DEV report back [CAB-21-MIN-0554 refers]. As a result, we recommend using the newly created Green List as the best start on current longer-term skills shortages for which it makes sense to get export education benefit and allow a flow of low experience new workers. The creation of a residence Green List was agreed by Cabinet in December 2021 [CAB-21-MIN-0554 refers]. The Minister of Immigration is also seeking confirmation of the detail of the list at SWC on 13 April.
- 38 The Green List, an updated Long Term Skills Shortage List, covers 56 separate roles that are globally competitive and nationally significant. It was developed through review and analysis of existing lists, border exceptions, industry transformation plans and discussions with government agencies with sector responsibilities and a targeted group of sector peak bodies.

- 39 Of the 56 roles, twenty roles listed in Table Two below have non-degree pathways available:

Table Two: Green List roles that have non-degree pathways available

Construction Project Manager
Project Builder (including Building Project Manager and Site Foreman)
Specific engineering roles: Chemical Engineer, Civil Engineer, Electrical Engineer, Electronics Engineer, Environmental Engineer, Geotechnical Engineer, Industrial Engineer, Materials Engineer, Mechanical Engineer, Production or Plant Engineer, Structural Engineer, Engineering Professionals (not elsewhere classified)
Civil Engineering Technician
Electrical Engineering Technician
Secondary School Teacher
Early Childhood (Pre-primary School) Teacher
Automotive Electrician
Diesel Motor Mechanic (including Heavy Vehicle Inspector)

- 40 The Green List includes few trade, primary industry, or construction roles. This reflects its focus on roles subject to global shortages and which New Zealand is seeking to provide an attractive residency package. The ability to recruit over median wage once the border re-opens should be sufficient to resolve labour needs for many roles in shortage (such as dairy farm workers, agricultural and horticultural mobile plant operators, and accountants).
- 41 The Immigration Minister’s paper proposes that the Green List is reviewed after 12 months. We recommended that additions to post-study work rights eligible non-degree qualifications also be considered at this time, alongside developments with workforce development councils and skill pathways.
- 42 To give effect to this change, a list of eligible qualifications will be provided to Immigration New Zealand. An initial list of qualifications directly leading to the list of eligible roles in Table Two is set out in Appendix Two. We recommend that Cabinet delegate amendment and finalisation of the eligible qualifications list to officials, provided these are consistent with the policy approach set out in this paper.

Exceptions for specific Graduate Diplomas at Level 7 on the New Zealand Qualifications Framework

- 43 Targeted consultation proposed excluding post-study work rights from non-degree qualifications at Level 7 on the NZQF. This did not necessarily reflect

graduate outcomes for these students but reflects the short length of study and student and provider behaviour, particularly in more generic graduate diplomas (such as business and management). Feedback from the sector was supportive of retaining work rights for these students, noting a quarter of international graduate diploma students progressed to higher study.

- 44 We consider it appropriate to restrict access to post-study work rights for graduate diploma study to achieve the objectives of the Rebalance, but recommend post-study work rights for graduate diploma study for roles on the Green List (where available). This supports supply of graduates in these areas more effectively and reflects that graduate diplomas are currently acceptable to registration bodies for many of these roles. While reducing the overall pool of graduate diploma students who may progress to higher study, this change also does not prevent genuine graduate diploma students from progressing to higher study.

Removing open post-study work rights at non-degree level

- 45 As outlined, current post-study work rights are open, allowing holders to work for any employer in almost any job for up to three years, irrespective of alignment with their previous study. Consistent with the proposed shift to align post-study work rights with areas of skills shortage, we also recommend that post-study work visas allow for work only in a role relevant to their qualification. Holders would not be required to have an offer of employment but will no longer be able to work for any employer in any role. This shift will ensure these non-degree level students supplement the workforce in areas they have been trained for, and support students to get relevant qualification-specific work experience in New Zealand.
- 46 While there are recognised exploitation risks associated with limiting available work options, we consider the risk of exploitation is minimal for these specific post-study work visas. Holders will not be tied to a specific employer (only a relevant role) and have labour mobility with skills needed in both New Zealand and internationally. There are also now adequate protections in place through improved immigration processes designed to counter exploitation risk.

Tightening brings New Zealand into alignment with other countries' offers

- 47 Tightening access to post-study work rights would bring New Zealand more in line with other international education offers. Aside from Canada, New Zealand is the only country that confers post-study work rights for non-degree level study currently. Adopting the proposals outlined in this paper would align New Zealand's settings with Australia. Australia offers post-study work rights at non-degree level only for students whose skills are assessed by industry and relevant to an occupation on Australia's Medium and Long-Term Skills Shortage Lists.

Other changes to post-study work rights settings

- 48 We recommend that the duration of post-study work rights mirrors the duration of study in New Zealand except for Master's and PhD students, where it would remain three years as currently.
- 49 At present, post-study work rights are determined by type of qualification and length of programme, regardless of whether most study is completed on or offshore. With offshore/online study increasing as well as cross-crediting, current settings mean some students are only in New Zealand for 30 weeks before obtaining their post-study work visa of three years' duration. Making this change places a premium on experiencing New Zealand education in context.
- 50 We have decided to retain the current settings for Master's and PhD students, because the evidence on their economic contribution is very clear. They have none of the concerning characteristics being targeted through the Immigration Rebalance. We do not consider there is a clear rationale to reduce the ability of universities to recruit Master's or PhD students, or the students' ability to transition to work.
- 51 We recommend removing the ability to apply for a second post-study work visa. Current settings enable a student to study for 60 weeks and qualify for six years of open work rights depending on the level of qualification. This is a significant period of time to not require a labour market test.
- 52 Graduates unable to meet requirements to remain in New Zealand permanently following their first post-study work visa have been high users of the second post-study work visa. A snapshot of those who held a second post-study work visa in September 2021 showed that most obtained their second post-study work visa following study in the areas of business and management. For those second post-study work visa holders who had held essential skills work visas prior to returning to study, the most common roles held were Retail Manager and Supervisor, Café or Restaurant Manager, ICT support and Marketing Specialist.
- 53 This change will align post-study work visas more effectively as a pathway to residence and work visas. Graduates should be able to move through the labour market test once they have completed their post-study work visa. Those who are highly skilled will likely meet residence requirements. Those who wish to undertake further study for the educational value are able to apply for a further student visa.

No changes to in-study work rights for non-degree study at this time

- 54 In developing these proposals, options to further limit non-degree level study were considered to address the immigration, exploitation, and economic risks of people studying in areas of low value to the labour market and going on to remain in low-paid work or using study primarily as a pathway to residency in New Zealand. Some students have viewed study in New Zealand as an easier pathway to work permanently in New Zealand than other pathways requiring

higher skill tests. Unfortunately, some students have come on false promises of pathways after incurring debt to do so, and may be at higher risk of exploitation if trying to remain with more limited access to post-study work opportunities. Particular areas of concern have been information technology, hospitality, business and commerce – all significant areas for non-degree study in terms of student numbers.

- 55 We considered, and MBIE supported, options to further limit access to some areas of sub-degree study and address concerns about pathways to residence, including:
- 55.1 Restricting entry to all but a very limited list of non-degree study (e.g. aviation, short courses, English language) to prevent students coming for some courses;
 - 55.2 Providing limited student visas for sub-degree courses outside areas of labour market need that required the student to leave, allowing the sector to continue to provide export education offerings where it was clear to the student they were only coming for the study.
- 56 Officials consulted on the restricted entry option (identifying high value fields of study outside labour market need), offering possible criteria to guide where entry should be enabled. There was no support for this proposal from sector peak bodies. Feedback suggested that proposed criteria would not be sufficient to give students clarity and certainty about which programmes would be considered eligible for visas. Peak bodies considered that linking post-study work rights to labour market need should be enough to mitigate a return to pre-COVID numbers.
- 57 We therefore do not propose any further restrictions on students studying at non-degree level in areas outside labour market need at this time. Consistent with the primary approach recommended, these students will continue to receive in-study work rights, but they will not be eligible for post-study work rights. While these students will be eligible to apply for further study or work visas at the completion of study, broader system changes being implemented through the Rebalance will make the pathway to work for many non-degree level students more restricted. This will be clearly signalled in communication to the sector once Rebalance announcements are made. We consider that this is the appropriate balance at this time between managing expectations around pathways to stay in New Zealand and allowing the sector to rebuild where there are education offerings of value to international students.

Monitoring

- 58 While changes are not recommended at this time, there remains a risk that students entering for non-degree study will seek any avenue to remain in New Zealand. This is particularly relevant for the many students who study courses that do not provide a pathway to stay in New Zealand due to wider Rebalance changes (e.g. hospitality courses that have previously led into hospitality roles that would now not be ineligible for work visas as the roles pay below median wage, Confidential advice to Government

- 59 We therefore recommend that Immigration and Education officials closely monitor international student study trends, tracking both student enrolments and what the students do after study. Access to non-degree study will be further reviewed if behaviour indicates non-degree study continues to attract people seeking entry for work rather than education.

Raising living costs requirements for all students

- 60 We recommend increasing the minimum amount of funds required for students to support themselves while in New Zealand. This increase supports pastoral care obligations and student wellbeing. It ensures that students will not experience financial hardship while studying here as well as encouraging compliance with visa conditions. Students carry an increased risk of working in breach of their visa conditions and may be vulnerable to exploitation if they do not have access to adequate funds while studying in New Zealand.
- 61 Current settings for student visa applications require that incoming students must provide evidence that they can cover their living expenses while studying in New Zealand. The amount of funds required depends on the length of study. Applicants must evidence funds of at least \$15,000 per year (prorated for courses less than 36 weeks). These requirements were set in 2010 and do not align with the current cost of living.
- 62 We recommend new rates as follows:
- 62.1 Tertiary students and English language students: will be required to demonstrate \$20,000 for living costs as part of their visa application (prorated for courses less than 36 weeks).
 - 62.2 Students in compulsory education (Years 1-13): will be required to demonstrate \$17,000 for living costs as part of their visa application (prorated for courses less than 36 weeks).
- 63 There is some merit in setting a higher rate (e.g., \$25,000), which would be more consistent with the median spend of international students, would better support mitigating student wellbeing risks (particularly as the cost of living is increasing), and acknowledges that once set, it will not be reviewed for three years. MBIE recommended this level.
- 64 However, on balance we propose the adjusted rate, as it is within the range recommended by domestic institutions while maintaining competitiveness with other jurisdictions (Appendix 3 sets out domestic and international guidance on living costs). Reflecting feedback from the sector, this rate mitigates the impact on students if they are borrowing money to support their international education. It is also consistent with the rate for the 5,000-student border exception cohort entering from mid-2022.
- 65 To support these changes, we also recommend:
- 65.1 requiring students, unless specifically allowed by immigration instructions, to pay tuition fees for the first year, or first programme,

whichever is shorter. This means that students must prove living costs requirements upfront. It would remove the current practice of some students paying fees semester by semester,

- 65.2 implementing a three-yearly review of living cost requirements so that these do not fall behind future rises in the cost of living. A three-yearly review is appropriate so that students have some certainty for financial planning, and
- 65.3 setting minimum funds required when applying for a post-study work visa to the equivalent of three months living costs (based on the new rate and any subsequent adjustments).

Other changes to immigration settings for students

- 66 The Minister of Immigration intends to make some further changes within his Ministerial responsibilities that will support broader system shifts and provide tighter regulatory controls for student visa applications. This will include:
 - 66.1 Defining summer vacation periods,
 - 66.2 Carrying out further work on student welfare risks and internships/practical work experiences,
 - 66.3 Adjusting enrolment periods for English language students and in-study work rights for Research Masters and PhD students and 'study abroad' students,
 - 66.4 Refining offers of place guidance and evidentiary requirements for English language ability,
 - 66.5 Setting expiry dates for student visas to align more closely with the study end date, and
 - 66.6 Clarifying the rules for granting of student visas for online or remote learning.
- 67 Officials sought feedback on these varied proposals as part of the targeted sector consultation. MBIE and Ministry of Education will use this feedback and further engagement to refine and progress change in these areas.

Impacts of the proposed changes

Consistency with the Immigration Rebalance and better outcomes for migrants

- 68 These changes aim to contribute to lower volumes of temporary migrants and ensure that those who choose to stay in New Zealand can access employment opportunities that support their wellbeing, while also contributing the skills that New Zealand needs.

Shifting the export education sector from high volume to high value

- 69 Recognising that export education value encompasses social and cultural dimensions as well as economic, these changes are designed to improve export education's labour market contribution to New Zealand.

Provider and student impact

- 70 The international export education sector has changed significantly since COVID-19 emerged two years ago. Some Private Training Establishments and unfunded providers have closed and other tertiary education organisations have pivoted their provision towards domestic students or online/offshore delivery. There is limited current data to determine the likely impact on providers and domestic learners if they lose revenue from non-degree international students.
- 71 Based on 2019 data, non-degree international student made up three per cent of the provision from funded tertiary education organisations. The number of non-degree international students studying in 2019 for each sub-sector was:
- 71.1 11,847 students at Te Pūkenga, 71 per cent of international students and 9 per cent of all students.
- 71.2 8,695 students at Private Training Establishments, 83 per cent of international students and 15 per cent of all students.
- 71.3 3,410 students at universities, 10 percent of their international students and 2 per cent of all students.
- 71.4 A further 31,500 international students were enrolled at unfunded providers. However, unlike the provision at funded providers, much of this provision is English language carrying no post-study work rights.
- 72 The changes to non-degree post-study work rights will most likely be concentrated on the Private Training Establishment sector. We estimate that a significant fall in demand at this level could mean that up to 25 funded Private Training Establishments will need to change their offerings or face financial pressures. The Ministry of Education will work with the Tertiary Education Commission to monitor the viability of these funded Private Training Establishments, particularly those who will be affected by other system changes as a result of the Reform of Vocational Education.
- 73 We cannot accurately predict the effects of linking the duration of post-study work rights to the length of onshore study. This is because online provision has grown significantly since 2019. However, the largest impact will likely be on universities that currently have a combined 8,105 international students studying offshore. Some of these students' post-study work rights will reduce from 3 years to 1 year, depending on how much onshore study they do.
- 74 Detailed analysis on impacts for domestic learners is not available.

Implementation

- 75 It is important that these changes are communicated promptly to the sector so providers and potential students can plan and adjust before students start to make decisions on the expectation of receiving post-study work rights. Immigration New Zealand will update the sector on Cabinet's decisions and new rules in late April.
- 76 To give effect to these changes, we recommend that:
- 76.1 Changes will take effect from the date of announcement for any future international enrolments and visa applications.
 - 76.2 Students already enrolled in a qualification that is eligible for a Post-Study Work Visa (PSWV) under the current rules, and who hold or have applied for a visa for that specific programme, at the date of announcement will be able to progress under the current PSWV rules.
 - 76.3 Students who are part of the 5,000 border re-opening cohort will progress through the system under current rules.
 - 76.4 To support transitional arrangements, old rules will expire within three years from the date of announcement.
- 77 This approach will make it clear that from the date of announcement any students who make a new application will be subject to the PSWV rules that are being introduced as a result of this Cabinet decision. Immigration instructions to give effect to these changes are expected to be confirmed after the date of announcement.

Financial Implications

- 78 This paper has no financial implications.

Legislative Implications

- 79 This paper has no direct legislative implications.

Impact Analysis

Regulatory Impact Statement

- 80 This paper does not require a Regulatory Impact Assessment as it has no direct legislative implications.

Climate Implications of Policy Assessment

- 81 This paper does not require a Climate Implications of Policy Assessment (CIPA) as there will not be any direct emissions impacts from these proposals and decreasing greenhouse gas emissions is not a key objective of this paper.

Human Rights

- 82 This paper is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

- 83 MBIE and the Ministry of Education sought feedback on proposals through targeted consultation with the following education sector peak bodies: English New Zealand, Independent Schools New Zealand, Independent Tertiary Education New Zealand, Quality Tertiary Institutions, Schools International Education Business Association, Te Pūkenga, and Universities New Zealand.
- 84 The following agencies were consulted in the development of this Cabinet paper: the Department of Prime Minister and Cabinet (DPMC), Education New Zealand (ENZ), the Ministry of Foreign Affairs and Trade (MFAT), the New Zealand Qualifications Authority (NZQA), the Tertiary Education Commission (TEC) and the Treasury.
- 85 MFAT highlighted the importance of clear and timely communications for the international education sector on the changes. NZQA provided clarification points around graduate certificates. TEC sought clarification on provider impact. The Treasury recommended a clearer articulation of labour market impacts and data clarification points. This feedback has been addressed where data allows.
- 86 The following agencies did not provide comment: DPMC, ENZ.

Communications

- 87 MBIE will develop a detailed communications and engagement plan to support the implementation of these changes.

Proactive Release

- 88 We intend to release this Cabinet paper within 30 days of decisions being confirmed by Cabinet.

Recommendations

The Minister of Education and the Minister of Immigration recommend that the Committee:

- 1 **note** that in July 2021, Cabinet agreed to a rebalance of immigration settings that would pursue a lower overall volume of migrants and a better mix of temporary and skilled migrants, compared to the pre-COVID-19 trajectory [CAB-21-MIN-0279] (the Rebalance);
- 2 **note** the previous sustained growth of international students was a significant contributor to the pool of lower skilled and lower paid workers the Rebalance is seeking to address, and changes to immigration settings for international students are key to achieving the Rebalance aims;

- 3 **note** that for the purposes of this work, non-degree level provision refers to provision at Levels 1 through 7 on the New Zealand Qualifications Framework (excluding degrees at Level 7);

Changes to post-study work rights for non-degree students

- 4 **agree** that eligibility for post-study work rights at non-degree Level 7 and below will be limited to students who study in areas of labour market need as identified by Government;

- 5 **agree** to use the residence Green List as an initial, tightly-focused list where relevant non-degree qualifications directly leading to these roles are eligible for post-study work rights;

- 6 **note** that 20 of the 56 roles on the Green List have direct non-degree level pathways as follows:

- a. Construction Project Manager
- b. Project Builder
- c. 12x specific engineering roles
- d. Civil Engineering Technician
- e. Electrical Engineering Technician
- f. Secondary School teacher
- g. Early Childhood (Pre-primary School) Teacher
- h. Automotive Electrician, and
- i. Diesel Motor Mechanic;

- 7 **approve** the relevant non-degree level qualifications (set out in Appendix Two) as eligible for post-study work rights for the 20 roles;

- 8 **agree** that the mechanism for identifying qualifications eligible for post-study work rights is reviewed in 12 months to take account of work currently underway that will support better and broader identification of skills with respect to labour market need;

- 9 **agree** to delegate to the Minister of Immigration in consultation with the Minister of Education the refinement and review of the list of qualifications eligible for post-study work rights consistent with the policy approach set out in this paper;

- 10 **agree** that post-study work visas aligned with non-degree qualifications allow for work only in an occupation relevant to the qualification;

Other changes to post-study work rights settings

- 11 **agree** that the duration of post-study work rights will mirror the duration of study undertaken in New Zealand except for Master's and PhD students who will retain the current setting of three years;

- 12 **agree** to remove the ability to apply for a second post-study work visa;

- 13 **note** students studying at non-degree level outside labour market need will retain in-study work rights, but will not receive post-study work rights. They may be able to transition to other visas at the completion of their study but work options will be more limited by broader system changes being introduced through the Immigration Rebalance;

No change to in-study work rights for non-degree study

- 14 **note** that while options were considered to further limit non-degree level study to address the immigration and economic risks, we do not propose any further restrictions at this time, with broader Rebalance changes making the pathway to work for many non-degree level students more restricted;
- 15 **direct** Ministry of Business, Innovation and Employment and Ministry of Education officials to closely monitor international student study trends particularly at non-degree, and review access to non-degree study if behaviour indicates this study continues to attract people seeking entry for work rather than education;

Changes to living costs requirements

- 16 **agree** to increase living costs requirements for all international students to the rates as follows, with these rates to be reviewed every three years to adjust for cost-of-living changes:
- 16.1 \$20,000 for tertiary and English language students (prorated for courses less than 36 weeks), and
- 16.2 \$17,000 for students in compulsory education (Years 1-13) (prorated for courses less than 36 weeks);
- 17 **agree** that all international students will be required to pay tuition fees of one year or the first programme (whichever is the shorter) upfront and therefore prove living costs upfront rather than semester by semester;
- 18 **agree** that the minimum funds required when applying for a post-study work visa will be equivalent to three months of living costs (based on the new rate and any subsequent adjustments);

Ongoing monitoring

- 19 **note** that agencies will carry out further work to monitor changes in demand as a result of these proposals;

20 **agree** that agencies will review the impact of these changes in the longer-term and report back to Cabinet in due course.

Authorised for lodgement

Hon Chris Hipkins
Minister of Education

Hon Kris Faafoi
Minister of Immigration

Appendix One: Current post-study work rights for international students

NZQF level		Years of post-study work rights	Eligibility conditions
7 and above	Bachelor's Degree or higher	3	30 weeks of fulltime study must be undertaken in NZ
	Diploma and Graduate diploma	1 (+1) or 2	<p>Course must last 30 weeks or more.</p> <p>In Auckland = 1 year; outside of Auckland = 2 years if completed by 31 December 2021.</p> <p>Can apply for 1 more year (maximum of 2 years in total) if working toward occupational registration at accepted registration authority.</p>
4 to 6		1 or 2	<p>Course must last 60 weeks or more.</p> <p>In Auckland = 1 year; outside of Auckland = 2 years if completed by 31 December 2021.</p> <p>Can count 2 separate qualifications of 30 weeks each if the second is at higher level than the first.</p>
English language courses		0	Not eligible at any level
Second post-study work visa		1-3	<p>You can apply for a second post-study work visa if you complete another course in NZ that is:</p> <ul style="list-style-type: none"> • 30 weeks or more • bachelors' degree or post-graduate qualification, and • at a higher level than the qual you used to get your first post-study work visa.

AppendixTwo: List of non-degree courses eligible for post-study work rights

Role (ANZSCO code)	Qualification
Construction Project Manager (133111)	<ul style="list-style-type: none"> A Graduate Diploma at NZQF Level 7, or a higher qualification which includes the knowledge requirements of a New Zealand Graduate Diploma in the focus areas of construction management, highway engineering, civil engineering or construction project management A diploma at NZQF Level 6, or a higher qualification, with the minimum equivalent of 240 credits, which includes the knowledge requirements of a New Zealand Diploma in the focus areas of civil engineering, highway engineering, construction or construction management
Project Builder (including Building Project Manager and Site Foreman) (133112)	<ul style="list-style-type: none"> A Graduate Diploma at NZQF Level 7, or a higher qualification, which includes the knowledge requirements of a New Zealand Graduate Diploma in the focus areas of construction, construction management or construction project management A diploma at NZQF Level 6, or a higher qualification, with the minimum equivalent of 240 credits, which includes the knowledge requirements of a New Zealand Diploma (Level 6) in the focus areas of quantity surveying, construction economics, construction management or building
Chemical Engineer (233111), Civil Engineer (233211), Electrical Engineer (233311), Electronics Engineer (233411), Environmental Engineer (233915), Geotechnical Engineer (233212), Industrial Engineer (233511), Materials Engineer (233112), Mechanical Engineer (233512), Production or Plant Engineer (233513), Structural Engineer (233214),-Engineering Professionals (nec) (233999)	<ul style="list-style-type: none"> A qualification at NZQF Level 7 or higher, acceptable to Engineering New Zealand as meeting the benchmark requirements towards Chartered Professional Engineer professional status in New Zealand
Civil Engineering Technician (312212)	<p>One of the following:</p> <ul style="list-style-type: none"> A diploma at NZQF Level 6, or a higher qualification, with the minimum equivalent of 240 credits, which includes the knowledge requirements of the New Zealand Diploma in Engineering (Civil) (Level 6) A qualification at NZQF Level 7 or higher, acceptable to Engineering New Zealand as meeting the benchmark requirements towards Chartered Professional Engineer professional status in New Zealand
<u>Electrical Engineering Technician (312312)</u>	<ul style="list-style-type: none"> A qualification at NZQF Level 7 or higher, acceptable to Engineering New Zealand as meeting the benchmark requirements towards Chartered Professional Engineer professional status in New Zealand
<u>Secondary School Teacher (241411)</u>	<ul style="list-style-type: none"> A graduate diploma acceptable to the Teaching Council of Aotearoa New Zealand for registration
<u>Early Childhood (Pre-primary School) Teacher (241111)</u>	<ul style="list-style-type: none"> Graduate Diploma in Teaching (Early Childhood Education) or comparable qualification that is acceptable to the Teaching Council of Aotearoa New Zealand for registration.
Automotive Electrician (321111)	<ul style="list-style-type: none"> A certificate at NZQF Level 4, or a higher qualification, which includes the credit and knowledge requirements of one of the strands of the New Zealand Certificate in Automotive Electrical Engineering (NZQF Level 4)
Diesel Motor Mechanic (including Heavy Vehicle Inspector) (321212)	<ul style="list-style-type: none"> A certificate at NZQF Level 4, or a higher qualification, which includes the credit and knowledge requirements of the New Zealand Certificate in Heavy Automotive Engineering (NZQF Level 4) AND a minimum of three years' relevant post-qualification work experience

Appendix Three: Data on living costs

Table 1: Living costs guidance from New Zealand universities

University	Recommended rate
University of Auckland	Between \$20,000 and \$25,000 for basic costs such as food, accommodation, and transport.
Te Herenga Waka – Victoria University of Wellington	Between \$18,000 and \$25,000. (Guidance notes \$18,000 is for essential living costs, basic but keeping it comfortable).
University of Otago	Between \$18,000 and \$22,000.

Table 2: Other jurisdictions' cost of living requirements

	Australia	United Kingdom	Canada
Estimated cost of living (NZD 2020 data)	\$22,151 - \$33,106	London: \$21,729 Rest of UK: \$17,435	\$22,070 - \$34,106