

Education New Zealand Briefing

30 AUG 2018
Office of Hon Hooper

Title:	Economic value of international education to New Zealand 2018		
Date:	30 August 2018	Priority:	Medium
Security level:	Unclassified	ENZ ID no:	1819-048

Action sought

Addressee:	Action sought:	Deadline:
Minister of Education	<p>Note that the economic value of the international education industry to New Zealand is \$5.1 billion in 2018.</p> <p>Note that Statistics New Zealand has decided to use the updated international student expenditure, along with updated international student numbers sourced from the Ministry of Education, in their official statistics which will start being published from 4 September 2018.</p> <p>Note that Education New Zealand will provide your office with a draft media release, communications plan and 14 regional infographics in September 2018, with the aim of you announcing the results of the valuation in October 2018.</p> <p>Agree that proactive publication of this briefing is deferred until after you announce value of international education to New Zealand.</p>	

Contact for telephone discussion (if required)

Name:	Position:	Telephone:	Cell phone:	1 st contact
Grant McPherson	Chief Executive	[Redacted]	[Redacted]	
Andrew McPhee	Intelligence Manager	[Redacted]		x

The following departments/agencies have seen this report

<input type="checkbox"/> ERO	<input type="checkbox"/> MBIE	<input type="checkbox"/> MFaT	<input type="checkbox"/> MoE	<input type="checkbox"/> MoH	<input type="checkbox"/> MSD
<input type="checkbox"/> NZQA	<input type="checkbox"/> NZTE	<input type="checkbox"/> TEC	<input type="checkbox"/> TPK	<input type="checkbox"/> Treasury	<input type="checkbox"/>

Minister's office to complete

<input type="checkbox"/> Approved	<input type="checkbox"/> Declined	<input type="checkbox"/> Noted	<input type="checkbox"/> Needs change
<input type="checkbox"/> Seen	<input type="checkbox"/> Overtaken by events	<input type="checkbox"/> See Minister's notes	<input type="checkbox"/> Withdrawn

Comments:

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Recommendations

Education New Zealand recommends that you

- a. **note** that the economic value of the international education industry to New Zealand is \$5.1 billion in 2018
- b. **note** that Statistics New Zealand has decided to use the updated international student expenditure, along with updated international student numbers sourced from the Ministry of Education, in their official statistics which will start being published from 4 September 2018
- c. **note** that Education New Zealand will provide your office with a draft media release, communications plan and 14 regional infographics in September 2018, with the aim of you announcing the results of the valuation in October 2018
- d. **agree** that proactive publication of this briefing is deferred until after you announce results of the valuation

Noted

Agree / Disagree



Grant McPherson
Chief Executive
Education New Zealand



Hon Chris Hipkins
Minister of Education

12/10/18

Purpose

1. The purpose of this briefing is to provide you with the economic value of international education to New Zealand and inform you that Statistics New Zealand will be publishing its revised 'Education travel' statistics starting on 4 September.

Background

2. International education provides economic, social and cultural benefits to New Zealand. To measure the economic benefits, Education New Zealand (ENZ) has undertaken its biennial valuation on the New Zealand international education sector. ENZ commissioned:
 - Market Economics Consulting (with support from the National Research Bureau (NRB)) to assess the economic value of international students who are studying in New Zealand¹ and produce the *Economic Valuation of International Education in New Zealand 2018* report
 - PriceWaterhouseCoopers Consulting (PWC) (with support from Kantar TNS) to assess the economic value of New Zealand's education exports and services delivered offshore and produce *The Value of New Zealand's Education Exports 2018* report.
3. To undertake this research, NRB and Kantar TNS respectively undertook surveys of international students currently in New Zealand and New Zealand organisations involved in delivering education products and services outside New Zealand. 7,461 international students and 49 education exporters provided responses to the surveys. The results of the surveys were used to calculate the economic value of international education to New Zealand.

Copies of the two reports are withheld under s18(d)

Value of international education to New Zealand

4. Overall, New Zealand's international education has been valued at \$5.1 billion. This is made up of \$4.8 billion from international students in New Zealand and \$0.3 billion from education exports. This is a 19% increase on the \$4.28 billion valuation reported in 2015/16.
5. Improvements in the methodology used for the 2018 valuations give us greater confidence in the results, but also account for some of the increase in value. The key changes in methodology are:
 - Inclusion of non-tuition fees paid to education providers (e.g. payments for course-related trips) which were not previously captured.
 - A more robust and accurate modelling approach to calculate regional-level results.
 - Much greater transparency of contributing components.
6. This valuation report also includes information on spending by visiting friends and family of international students. This is counted in the value of the tourism industry and has not been previously identified by ENZ. The research found that visiting friends and family generated an additional \$460 million in tourism value to New Zealand.

¹ While NZ Aid students would normally be expected to be included in measuring the value of international education to New Zealand as their primary reason for coming is to study, they are excluded from this research as their tuition and living costs are paid by the New Zealand government.

7. Other findings from the research include:
- expenditure by international students supports 48,530 jobs in New Zealand and a further 2,141 jobs (973 in New Zealand and 1,168 offshore) are associated with education exports
 - the economic contribution on a per student basis ranges from \$31,500 for the English language sector to \$60,190 for the primary school sector
 - Chinese, Saudi Arabian and Malaysian students in New Zealand deliver the highest economic contribution per student
 - Auckland captures just over half (56%) of the economic contribution of international education, with the next largest contributions received by Canterbury (10%), Wellington (9%) and Waikato and Otago (both 6%)
 - Australia and China account for 56% of the economic contribution from education exports

Statistics New Zealand's value of education travel

8. Throughout 2018, ENZ kept Statistics New Zealand updated on the research being undertaken and the methodologies used by Market Economics and PWC to calculate the economic value.
9. Statistics New Zealand has decided to use the updated international student expenditure calculated by Market Economics, along with updated international student numbers sourced from the Ministry of Education, in their official statistics. These statistics include the 'Education travel' data series which relates to international students studying in New Zealand.
10. From 4 September 2018, Statistics New Zealand will start to publish revised Balance of Payments and Goods and Services statistics:
- June 2018 quarter Goods and Services release on 4 September
 - June 2018 quarter Balance of Payments (BoP) and International Investment Position (IIP) on 19 September
 - BoP and IIP for the year ended March 2018 on 26th September.
11. There will be differences between the results published by Statistics New Zealand and the valuation commissioned by ENZ. This is because Statistics New Zealand categorises only students' expenditure on tuition fees and living costs under 'education travel'. Other spending, for example international airfares and motor vehicle purchases, is categorised by Statistics New Zealand elsewhere in the Balance of Payments and Goods and Services statistics. The two ENZ commissioned research reports calculate the full value-added plus tax impact of international education² on the New Zealand economy.

² 'Value Added plus tax' captures the total impact of students' direct and indirect spending on the economy, as well as the induced effects. Money spent by international students is spent again by recipient education providers and businesses, and wages earned by those employed in the sector are also spent on goods and services from other businesses.

Next steps

12. ENZ's biennial valuation provides an opportunity to highlight the economic benefit of international education to New Zealand's regions. ENZ will develop a media release, communications plan and 14 regional infographics to highlight the value of international education for each New Zealand region. We will provide these to your office in late September, with the aim of you announcing the results of the valuation in October 2018.

Proactive release

13. ENZ intends to defer the release of this briefing until after you have announced the results of the valuation.

Proactively released