

20 April 2018

[REDACTED] Withheld under s9(2)(a)

Dear [REDACTED] Withheld under s9(2)(a)

I refer to your official information request that was partially transferred to Education New Zealand (ENZ) on 21 March 2018. This response relates to the request for copies of following briefings that were authored by ENZ.

- New Zealand's international education industry
- Offshore education delivery
- Research on how international education delivers broad value for New Zealand

Copies of the three briefings you have requested are enclosed. However, we have decided to withhold the research summary and key findings in the *Research on how international education delivers broad value for New Zealand* briefing and refuse to provide the *Beyond the economic – how international education delivers broad value for New Zealand* report which was attached to the briefing under section 18(d) of the Official Information Act 1982 (OIA) as the report will soon be publicly available.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602. If you wish to discuss this decision with us, please feel free to contact Angela Meredith, Accountability Manager on [REDACTED] [REDACTED] [REDACTED] or angela.meredith@enz.govt.nz Withheld under s9(2)(a)

Please note, ENZ now proactively publishes official information responses. Your name and contact details will be removed from this response before it is published on our website.

Yours sincerely,



John Goulter
General Manager, Stakeholders and Communications
Education New Zealand

Education New Zealand Aide Memoire

Title:	New Zealand's international education industry		
Date:	13 December 2017	ENZ ID no:	1718-058

Purpose

1. This aide memoire outlines the New Zealand international education industry and seeks your agreement to forward it to the Ministers of Finance, Economic Development, Immigration and Regional Economic Development.

Background

2. International education is the movement of people and resources across national borders for education purposes. It includes both activity within New Zealand (education delivered to students from overseas) and activity outside New Zealand (education products/services delivered overseas and New Zealanders studying overseas). It is also about ensuring New Zealanders become global citizens with the international capabilities (skills, knowledge and attitudes) to effectively engage with the world.

The New Zealand international education industry

3. The success of New Zealand's export industries is crucial to New Zealand's growth – international education is New Zealand's fourth largest export industry and second largest service export (tourism is larger). The New Zealand international education industry is made up of over 800 education providers and businesses, supporting 33,000 jobs across New Zealand.
4. International education is a complex industry that is made up of six sectors which deliver social, cultural, educational and economic benefits to New Zealand, (domestic and international) students and communities. It generates export revenue, connects New Zealand with the rest of the world and helps New Zealanders have the skills, attitudes and knowledge to live and work in a globalised world.
5. The six sectors are the university, private training establishment, institutes of technology and polytechnics, English language, schools and offshore education products and services sectors.
6. Education New Zealand (ENZ) was established as a crown entity in 2011 to bring leadership and coherence to New Zealand's international education industry by supporting the industry to deliver on the Government's priorities for international education.

The industry's value

7. International education in New Zealand has grown substantially in the last few years as it has recovered from the impacts of the global financial crisis and the Canterbury earthquakes. The number of international students studying with New Zealand providers increased by 25% since 2010, reaching nearly 132,000 in 2016. Over 4,000 were

studying at PhD level. International education contributes an estimated \$4.5 billion, comprising \$4.23 billion (of which \$1.08 billion is tuition fees) through student attraction and \$242 million export of programmes and services, to GDP in 2016 (up from \$2.85 billion in 2014).

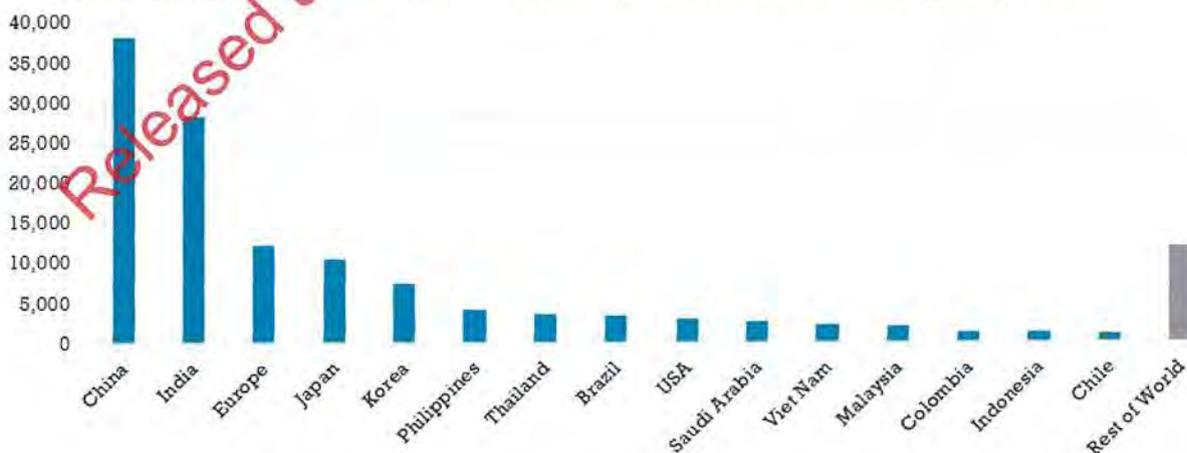
Value of the international education industry by sector (\$m)



New Zealand's international student markets

- Students from over 170 countries studied with New Zealand providers in 2016. Over half of New Zealand's international students come from China and India. The current reliance on two key markets for onshore student enrolments is a risk to the industry's sustainability, and the need for market diversification is understood by government agencies and the industry. ENZ prioritises markets which are currently important to the industry while focusing its promotional efforts to increase the number of international students coming from countries other than China and India and to gain the best value for New Zealand.

2016 international student enrolments at a New Zealand provider for ENZ's priority markets



- Following a number of issues from rapid growth in the Indian market a market correction is underway. Entry settings for international students and provider compliance have been tightened up considerably over the last 18 months. More stringent English language

testing, tightening of immigration compliance and increased monitoring and quality assurance of providers by regulatory agencies have significantly reduced the number of Indian students enrolled in the private training establishment sector.

Regional development

10. Regional growth of the industry has been uneven. Nearly two thirds of student enrolments and subsequent export earnings are concentrated in Auckland. The constraints of education provider capacity, particularly in schools and for post-graduate student supervision, may also limit the growth of the industry.
11. Other regions have an opportunity to increase activity in the international education industry and a number of regional economic strategies have an explicit focus on international education. These regions have the potential and capacity for growth and can provide positive and differentiated experiences for both international and New Zealand students. There are also some impediments to growing international education in these regions:
 - the role of the local economic development agencies who do not always understand the value of international education to their region
 - infrastructure constraints, such as limited availability of accommodation and schools being at their capacity limits
 - inability to scale up and benefit from economies of scale
 - getting to the region with most international students arriving into New Zealand at Auckland International Airport and incurring additional travel costs to go to another region.
12. ENZ works collaboratively with local and regional governments, economic development agencies, and education provider clusters or organisations to grow, support and advocate for international education in 15 metro and regional centres.



International education and the New Zealand labour market

13. To support a sustainable international education industry, the complex interaction between international education and the labour market needs to be managed. The government's regulatory settings need to maintain an appropriate balance between enabling New Zealand providers to attract international students, while managing labour market impacts, education quality issues, and risks to the Crown:
- To be internationally competitive, the Government's regulatory settings (including immigration settings) need to maintain an appropriate balance between enabling New Zealand providers to attract international students and managing labour market impacts and education quality issues.
 - The opportunity to work both during and after study can be an important factor in some students' choice of study destination. Changes to the immigration and regulatory settings which influence student numbers could have a significant financial impact on some education providers (including some publically-owned institutions) and reduce overall earnings for New Zealand.
14. Students from different countries can have different drivers for deciding on an international education. For example, Indian and Filipino students are primarily migration driven while Chinese students are focused on education quality, qualifications and gaining work experience to enable them to have better opportunities when they return home to China. Overall the majority of young international graduates leave New Zealand.

Developing a draft International Education Strategy for New Zealand

15. ENZ and the Ministry of Education have been developing an aspirational draft International Education Strategy for the New Zealand government to ensure international education is based on high quality education provision, robust immigration settings, ensuring good outcomes for students, providers and New Zealand
16. The draft Strategy reflects the key issues and challenges for the industry, and sets broad goals for international education up to 2025, encompassing the economic, social, educational and cultural benefits of international education in New Zealand. The draft Strategy aligns with strategies and directions in related areas, including tourism, the export sector, research and innovation, and foreign affairs and trade.
17. ENZ looks forward to updating ministers regularly on the progress of the industry.

Recommendations

Education New Zealand recommends that you

- a. **note** that international education is New Zealand's fourth largest export industry valued at \$4.5 billion, supporting 33,000 jobs across New Zealand

- b. **agree** to forward this aide memoire to the Ministers of Finance, Economic Development, Immigration and Regional Economic Development

Noted

Agree / Disagree



Grant McPherson
Chief Executive
Education New Zealand

Hon Chris Hipkins
Minister of Education

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Released under the Official Information Act 1982

Education New Zealand Aide Memoire

Title:	Offshore education delivery		
Date:	14 December 2017	ENZ ID no:	1718-059

Purpose

1. This aide memoire provides information on offshore education delivery. The attached A3 document was provided to you at your monthly meeting with Education New Zealand's Board Chair on Tuesday 12 December 2017.

Background on offshore education delivery

2. New Zealand's offshore education delivery incorporates a diverse range of products and services. These include consultancy, publishing, educational technology, and the provision of teaching services, qualifications, training and assessment to offshore customers and students. Offshore delivery can be institution or workplace-based and delivered physically or by distance and online delivery. It does not include international students coming to New Zealand to study.
3. In 2015 New Zealand's gross value from exporting education products, programmes and services was calculated to be \$242 million.¹ New Zealand has around 2.5% of its total international student numbers based offshore, compared to around 30% for Australia and 50% for the United Kingdom (UK).
4. There are some types of offshore delivery that may not be appropriate for New Zealand given the risk and upfront investment involved. International branch campuses (i.e. bricks and mortar) not always been successful for Australian universities, but the UK has successfully used other approaches (such as joint programmes, twinning and franchising) that do not rely on international branch campuses.
5. Successful offshore delivery is a long term venture requiring different skills and capabilities to recruiting international students. While returns tend to be lower than bringing students to New Zealand, offshore education delivery complements onshore delivery.

Next steps

6. Agencies will develop a more detailed briefing on offshore education delivery for discussion at the International Education Ministers Meeting early in 2018.

¹ Education New Zealand (2016), *Development and Implementation of a new Valuation Methodology for New Zealand's Education Services Exports*.

Recommendations

Education New Zealand recommends that you

- a. **note** that New Zealand's annual revenue in 2015 from exporting education products, programmes and services offshore was valued at \$171 million



John Goulter
**General Manager, Stakeholders and
Communications**
Education New Zealand

Hon Chris Hipkins
Minister of Education

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Noted

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OFFSHORE DELIVERY



A COMPLEMENTARY APPROACH TO GROWING THE VALUE OF INTERNATIONAL EDUCATION TO NEW ZEALAND

THERE'S A LARGER OCEAN OUT THERE



Forecasts for global student mobility pick an increase in the number of students travelling to study outside their home countries from 5 million to around 8 million in the next ten years.

At the same time, the current market for online learning is estimated to be 40 million learners and growing rapidly.

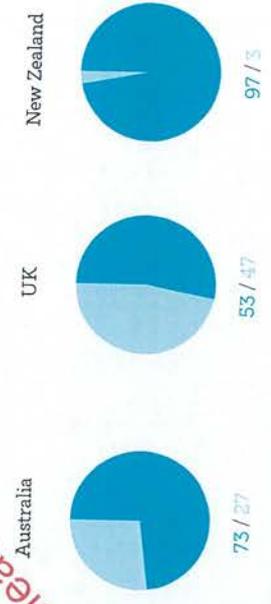
WHAT IS OFFSHORE DELIVERY?

Exporting programmes, services and institutions rather than importing students.

Taking New Zealand education to the world.

Released under Official Information Act 1987

OFFSHORE DELIVERY IS MORE SIGNIFICANT FOR AUSTRALIA AND UK COMPARED TO NEW ZEALAND



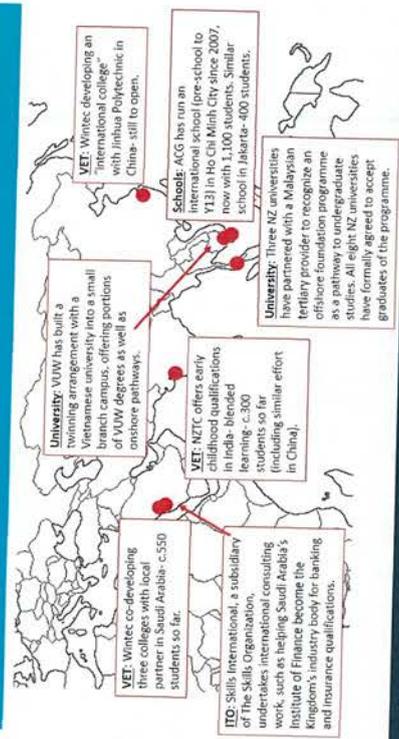
● Onshore enrolments ● Offshore enrolments

HOW DOES IT WORK?

TYPES OF OFFSHORE DELIVERY INCLUDE:

- Twinning (2+2, 3+1 etc)
- Franchising programmes to other providers
- Joint programmes and joint/new institutions
- International branch campuses
- Distance and online learning
- Consulting and capacity-building
- EdTech and Education Publishing product and service sales

SO WHAT DOES NEW ZEALAND OFFSHORE DELIVERY LOOK LIKE TODAY?



THE TROUBLE WITH NEW ZEALAND OFFSHORE DELIVERY RIGHT NOW

- X** Little overall growth
- X** Appreciated but shallow funding
- X** Fragmented
- X** Limited aggregation of good practice
- X** Pockets of Innovation
- X** Past offshore collaboration

OFFSHORE DELIVERY CREATES A HALO EFFECT

THAT STRONGLY REINFORCES ONSHORE FLOWS OF STUDENTS.



55% of Chinese students who started studying on a UK programme delivered in China went on to enrol in a first degree delivered in the UK.



63% of Malaysian students who started studying on a UK programme delivered in Malaysia went on to enrol in a first degree delivered in the UK.

BIG INVESTMENT IN OFFSHORE DELIVERY PAYS

In Australia, eight universities account for 78% of non-distance off-shore enrolment. All but one runs one or more International Branch Campus (IBC), showing the value of scaled in-country presence.

Success needs scale.

WHY IS STUDENT ATTRACTION NOT ENOUGH FOR NEW ZEALAND?

New Zealand has a great track record for onshore enrolment but is more vulnerable than average to skews and dependencies.

THERE IS MERIT FOR AN OFFSHORE STRATEGY

- Success breeds vulnerability**
 - Auckland Skew
- Over-dependence on China and India**
 - Global marketing not enough on its own to achieve diversification
- Reliance on student attraction drives a skew towards shorter duration programmes**
 - New Zealand's high international tertiary student ratios

NEW ZEALAND IS LEAST DIVERSIFIED AND MOST VULNERABLE TO SHOCKS



% of onshore international tertiary students from China and India (2015). Together, China and India account for only x 20% of international tertiary students worldwide. Worsening dependency in 2008. China and India accounted for 45% of international tertiary students onshore in NZ. NZ Education Counts puts the 2015 dependency at 59%.

WHY NZ'S CURRENT OFFSHORE DELIVERY APPROACH WON'T SCALE

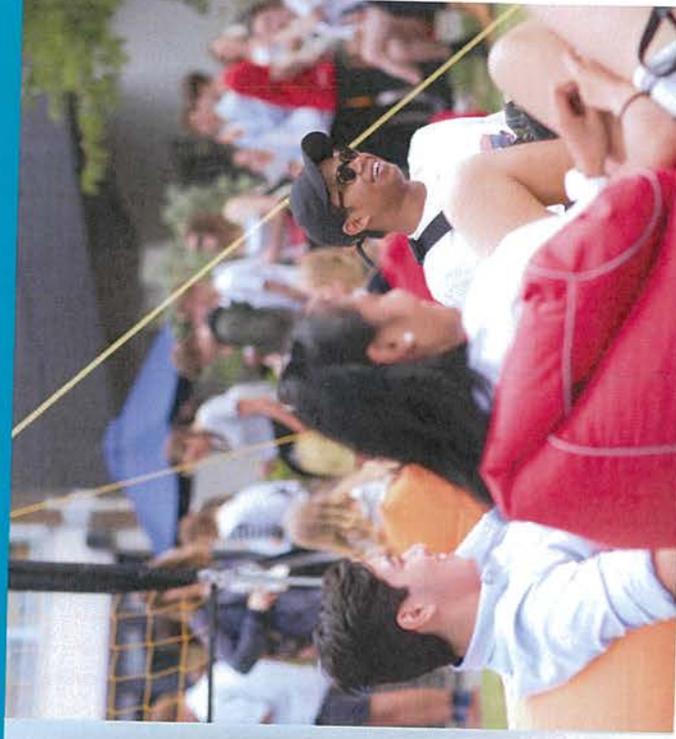
NZ provider efforts are generally too small, too hit-and-miss and too scattered to enable the country to best take advantage of global opportunities.

BARRIERS TO GROWING OFFSHORE DELIVERY

1. Capability / commitment of existing providers
2. Existing policy / regulatory settings that deliberately and/or inadvertently discourage offshore delivery
3. Risk / upfront investment required
4. Non Tariff Barriers to operating in some offshore markets
5. Perceived QA complexity
6. Level of support available from export agencies for education services exporters and offshore delivery

HOW DOES OFFSHORE DELIVERY MAKE SENSE FOR NEW ZEALAND?

1. Allows New Zealand to further grow the value of international education without exacerbating the impacts of international students coming here
2. Mitigates the risks to future industry value from exogenous shocks (e.g. geopolitical events, technology-led disruption, market dynamics, natural disasters)
3. Protects and enhances the onshore student attraction pipeline with improved capacity for shaping regional distribution
4. Allows New Zealand education providers to reach learners in offshore markets and segments that could benefit from a New Zealand education, but can't afford to come here.
5. Benefits New Zealand learners by driving innovation in teaching and learning
6. Enhances the experience of New Zealand learners through opportunities two way mobility
7. Serves to positively change global perceptions of New Zealand and New Zealanders beyond a great vacation destination



Education New Zealand Aide Memoire

Title:	Research on how international education delivers broad value for New Zealand		
Date:	14 December 2017	ENZ ID no:	1718-057

Purpose

1. This aide memoire provides you with the draft *Beyond the economic – how international education delivers broad value for New Zealand* report and seeks your agreement to publicly release the final version of the report in February 2018.

Background

2. In 2017 ENZ commissioned Research New Zealand to carry out research into the broader value (i.e. social, cultural and educational) of international education to New Zealand. The draft *Beyond the economic – how international education delivers broad value for New Zealand* report reflects on the ways in which international education can contribute to New Zealand, in addition to the economic impact which ENZ already measures.
3. The research cost \$60,000 and was funded by the Export Education Levy¹.
4. Building social licence for international education in New Zealand is a core business priority for ENZ. In order to positively contribute to building the social licence for international education, ENZ has been working to “tell the story” of international education since 2016. Our efforts have covered stakeholder engagement and a proactive media relations programme aimed at sharing good news about the industry. The purpose of the report is to contribute to a positive narrative that builds social licence with New Zealanders.

Research summary Withheld under s18(d)

5. [Redacted]
6. [Redacted]
 - a. [Redacted]
 - b. [Redacted]
 - c. [Redacted]
 - d. [Redacted]

¹ The Export Education Levy is paid by education providers in New Zealand who enrol international students and is administered by the Ministry of Education.

7.

[Redacted]

Key themes *Withheld under s18(d)*

8.

[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

9.

[Redacted]

10.

[Redacted]

11.

[Redacted]

What next?

12. ENZ will finalise the report so that it is ready to be publicly released in February 2018. We would like to work with your office to time this around any major positioning statement you are planning for early 2018.
13. ENZ has prepared a draft communications plan for the public release of the report. We recommend that ENZ prepares a media release for dissemination from your office in February 2018. Prior to the announcement, we would like to:
- pitch an exclusive feature to the *NZ Herald* on the research findings and one or more of the case studies
 - seek to provide feature angles for other media outlets including education, business and tourism media particularly in the regions where the case studies are located.
14. While there is currently heightened awareness around issues to do with international education and immigration, we believe publishing the research findings will provide a positive contribution to public understanding and discussion.

Recommendations

Education New Zealand recommends that you

- a. **agree** that you publicly release the *Beyond the economic – how international education delivers broad value for New Zealand* report in February 2018

Agree / Disagree



John Goulter
**General Manager, Stakeholders and
Communications**
Education New Zealand

Hon Chris Hipkins
Minister of Education

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