



## **Draft policy Statement: High-value international Education. ITENZ submission**

**29 September, 2021**

### **1. INTRODUCTION**

Thank you for the opportunity to comment on the draft policy statement on high-value international education.

ITENZ is a peak body representing over 140 PTEs. Member PTEs range from small providers to very large providers and over 40 are involved in international education. These providers deliver a wide variety of programmes at a range of levels including programmes at degree, post-graduate, and sub-degree level, as well as English language programmes. All of them have been adversely affected by the impact of Covid-19.

### **2. THE DEFINITION**

The consultation asks whether we support the definition, and whether there is anything missing from the definition. We have responded to both of these questions within the submission below.

We broadly support the statement and believe that, generally speaking, it takes us in the right direction; however there are important aspects that require change in order for us to be able to fully support it.

The definition of high value provides a good basis for considering the future of international education. It considers what value means to a range of stakeholders and in a variety of contexts.

An obvious stakeholder that is missing from the statement is the education provider, who invests in infrastructure and resources, R&D, marketing, product development, delivery, and student support, and on whom Government is reliant to deliver the IES. Education providers have invested and taken risks over decades to build an international education industry that has been highly successful and valuable to New Zealand.

In common with other parts of the sector, ITENZ believes that, before considering the definitions of these elements, it is necessary to understand what value looks like from the perspective of providers. The list below covers the sorts of factors that providers require to

be present before they will invest time and money in a particular market and/or offering a particular product. Providers are not homogenous and different sub-sectors will order and weight these factors differently.

- a. There is a clear financial case for the provider to invest their time and money. This means;
  - a. There is a high degree of confidence that students will value the product and can and will pay for it. Linked to this, there is confidence that parents, agents, pathway providers, and partner institutions offshore will also value, support, and prioritise the product(s).
  - b. There is a good price and volume combination – numbers of students and income is at a scale that ensures viability in provision (sufficient numbers to make programmes viable, and/or to keep providers viable, and/or to keep sub-sectors viable)
  - c. The risks are understood and factored into the investment case. The investment case produces a positive net present value (NPV) over the life of the product.
- b. The offering helps a provider maximise utilisation of existing assets (including people), channels, and capital. The offering may help a provider achieve scale-driven efficiencies and, in some cases, keeping costs of other offerings down for domestic students.
- c. The offering contributes to our broader brand value at product, provider, sub-sector, and country level so we are positioned as a desirable and credible option for students, agents, and other partner/pathway providers.
- d. The offerings support providers' other broader strategic and non-financial objectives – such as fostering international collaborations, developing cross-cultural competencies in our domestic student body, workforce recruitment, etc.

### 3. COMPONENTS

The key components are helpful in providing more detail and allow for some interpretation, but they require some refining.

In the commentary below, the original statements are in bold and our suggestions have been added to the text.

**Excellent education and ākongā/student experience can be defined as quality programmes (delivered both onshore and offshore) that meet study plans, are embedded in a positive overall ākongā/student experience and which providers value and are willing to invest in.**

**Ākongā/students we want to attract are those motivated by education and by the outcomes of education, in coming to New Zealand, including those who want to pathway from offshore online study or who want to improve employment prospects internationally. They have the appropriate academic background, ~~English language proficiency where required~~, and financial resources to succeed in their study, and provide maximum benefits to New Zealand across a range of areas of value.**

Comment: The requirement that ākonga/students have “English language proficiency where required,” should be met at the time of starting their course in New Zealand and can often be best met by completing academic English pathway programmes in New Zealand. Every effort should be made to encourage students to begin their pathway in New Zealand.

**High value markets will be identified as specific segments within diversified priority source countries which may differ based on the profile of ākonga/students, the qualification, the sector and the region of New Zealand in which they wish to study.**

Comment: We are not clear how “specific segments within diversified priority source countries” will be determined, or by whom, or whether it introduces a new layer of control over providers entering markets.

- **Immediate economic value: revenue from international fees and wider ākonga/student spending, and from international education products and services.**
- **Longer term economic value: longer-term benefits from research & innovation including partnerships, and high levels at human capital with any accompanying work rights and post-study pathways commensurate with potential value to ākonga/students and New Zealand, including the education and training of ākonga/students across all NZQF levels in the skills and knowledge required to meet recognised skills shortages in the New Zealand economy. Longer term economic value includes the growth of profitable and sustainable international education businesses that contribute to the IES and to the New Zealand economy**
- **Education system value: benefits to our domestic education system and ākonga/students, including the opportunity to study alongside students from other countries.**
- **Cultural value: social and cultural benefits to domestic ākonga/students and wider communities.**
- **International relations value: benefits that stem from deepening bilateral relationships through assisting partner countries’ development, supporting international diplomacy and enhancing trade benefits, including through relationships with institutions and corporations**

#### **4. RISKS**

Some of the risk statements appear to be influenced by beliefs that aren’t sufficiently nuanced or supported by evidence. For example:

- **Inappropriate use of international education, seen as a guaranteed path to residence.** We agree that international education should not be guaranteed as a pathway to residency where that isn’t the case; however, if Government encourages that with policy settings, as it has done in the past, then using international education for that reason is not inappropriate.

We believe there is still a view influencing international education policy that the sector is infected by unscrupulous providers. If the value statement is to be a way forward then Government and industry need to work together as trusted partners.

The 'guaranteed path to residency' risk resides both with providers and with Government and so we think better statements of risks to address concerns would be:

- a. Inappropriate behaviour of players within the industry creating reputational damage for New Zealand
- b. Inappropriate policy settings, implementation, and management leading to perverse outcomes

Point b, above would also help address the risk that, in attempting to minimise Crown fiscal risk, policy may be set which collaterally damages private providers in the international education sector.

- **Providers marketing access to the labour market rather than the education experience.**

We don't believe that this in itself is a risk, unless it is misleading or fraudulent, in which case it could come under the general risk of inappropriate provider behaviour.

Within the New Zealand system, the value of education is judged on its outcomes. Those outcomes are most commonly linked to employment. It is reasonable to believe that international students also have outcomes in mind and providers should be able to market those if they are appropriate, just as they are expected to do when attracting domestic students.

When and if policy encourages or allows for it, employment in New Zealand is a reasonable outcome for an international student to aspire to and to invest in. When that is the case, then it is reasonable and appropriate for providers to promote that outcome.

New Zealand has skills shortages in a number of areas and we believe that educating and training international students to meet some of those is both appropriate and necessary.

We agree that where those opportunities are not reasonable or available, then promoting them is inappropriate.

- **Pressure on housing and infrastructure, and labour market impacts**

The argument that international students put pressure on housing and infrastructure and that they displace New Zealanders in the labour market is an assumed risk and not a known risk. It has not been supported by empirical evidence and should not be included as a risk unless and until it has been verified as such by research.

### **Other risks**

It is important to acknowledge the considerable business risks that providers take on when developing new markets and products and in delivering education to international students.

In addition to 'normal' business risks, these include having to make decisions in a context of:

- Some lack of a joined-up approach across all government agencies;
- A tendency to see problems in the sector as being caused by providers rather than policy or its implementation and, consequently;
  - An over-emphasis on managing risk at the expense of enabling high quality delivery; and
  - Ongoing regulatory change and compliance demands and costs impacting on ability to deliver quality education

## 5. TARGET MARKETS

<p><b>Immediate economic value</b></p>	<ul style="list-style-type: none"> <li>• <b>Ākonga/students participating in educational tourism e.g. English language, school tour groups and Study Abroad</b> <b>Ākonga/students who want to start their New Zealand study experience through offshore study, including transnational education.</b></li> <li>• <i>Ākonga/students who want to start their New Zealand study experience by doing pathway programmes in New Zealand, including academic English.</i></li> <li>• <i>Ākonga/students who want to study short courses that lead to employment in areas of immediate skills shortage</i></li> </ul>
<p><b>Longer term Economic value</b></p>	<ul style="list-style-type: none"> <li>• <b>Long-term ākonga/students e.g. Secondary school, degree level and above, or ākonga/students who will likely pathway from one level of study to another</b></li> <li>• <b>Ākonga/students who increase New Zealand’s long-term human capital and labour productivity.</b></li> <li>• <i>Ākonga/students who reduce New Zealand’s skill shortages by engaging in skills-specific study leading to employment.</i></li> </ul>
<p><b>International relations value</b></p>	<ul style="list-style-type: none"> <li>• <b>A range of priority countries based on diplomacy, development and trade opportunities and/or commitments (e.g. Pacific partners)</b></li> <li>• <b>Ākonga/students that add to New Zealand’s government to government relationships</b></li> <li>• <i>Ākonga/students that add to New Zealand’s relationships between institutions and corporations</i></li> </ul>
<p><b>Cultural value</b></p>	<ul style="list-style-type: none"> <li>• <b>Ākonga/students coming from a variety of different countries and markets</b></li> <li>• <b>A variety of markets that support outbound mobility for domestic ākonga/students</b></li> <li>• <b>Diversification, building higher growth specifically including outside of the Auckland region</b></li> </ul> <p><u>Comment:</u> The third point needs to recognise that students want to choose their location of study</p>

<b>Education system value</b>	<ul style="list-style-type: none"><li>• <b>Ākonga/students enrolled in programmes that align with key priorities or areas where New Zealand is world-leading.</b></li></ul> <p><u>Comment:</u> It is not clear whether this is value for the learner or for the education system.</p>
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## **6. OTHER COMMENTS**

We would like more information on various the drivers behind the value statement, including the role and input of MBIE and other ministries, and how this fits into Government’s long-term vision for New Zealand.

Thank you for considering our submission.

**ITENZ**

**29 September, 2021**

*For any further information, contact [wayne.dyer@itenz.co.nz](mailto:wayne.dyer@itenz.co.nz)*