

LEADERSHIP STATEMENT
FOR
INTERNATIONAL EDUCATION
VERSION ONE

20 September 2011

New Zealand Government

Leadership Statement for International Education

International education is an important enabler in strengthening New Zealand's economic, cultural and social links with the world. New Zealand is a trading nation, and a key objective of the government's medium-term economic agenda is to shift resources to the tradeable part of the economy, in order to help earn our way in the world. Growth in the export value of international education is a significant contributor to this objective.

As well as strengthening our education system, international education is expected to contribute to our goals for research, innovation, trade and tourism. International education also encourages the immigration of highly skilled people, and helps to grow links with our major trading partners in Asia, Europe and the Pacific. These links are crucial to our ongoing success.

An important aspect of the international education sector is its broader contribution to the education development objectives of partner countries, expressed through inter-government agreements and often involving the provision of expertise.

This leadership statement proposes a set of stretch goals which we believe are achievable, and outlines what the Government and sector would need to do to reach them. Continued growth in the value of international education will be supported by a single and focused Crown agency, to ensure improved functioning of the "New Zealand Inc" effort offshore. A substantial increase in Crown funding for the support of international education has been approved to adequately resource the achievement of the goals.

The objectives for international education bring what the Government wants to achieve into sharper focus, and allow for measurement of effectiveness. This document also outlines opportunities where the sector can contribute towards the achievement of the goals and objectives.

We are well aware of the opportunities which New Zealand faces in expanding the export side of education. We believe that the education sector is ready for the necessary step changes in direction, investment and commitment which will deliver consistent growth. This document is the first stage in a consultation process with the sector, on how best to implement the goals and objectives for further development. These goals will form a key part of the planning to be undertaken by the new Crown Agency for international education, Education New Zealand.

Strategic Context

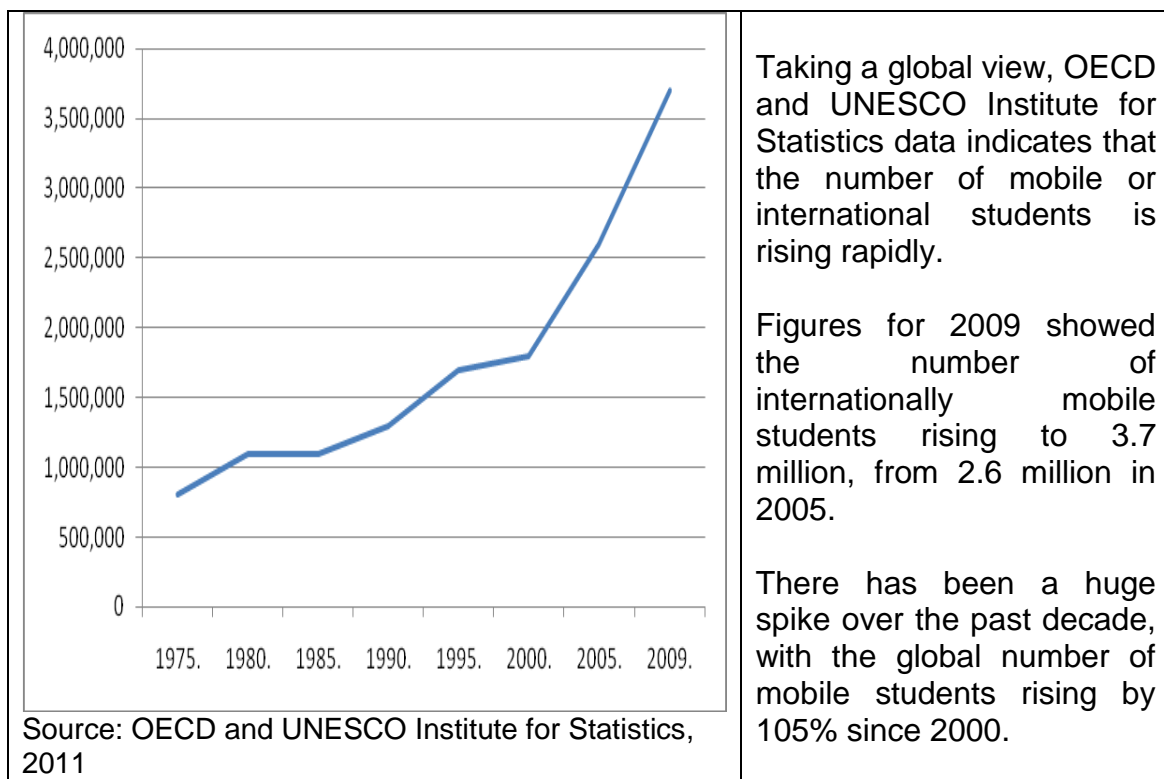
The Government has a medium term economic agenda aimed at lifting New Zealand's long-term growth rate and reducing the vulnerability of the economy to further shocks. The economic strategy is centred around closing income gaps with comparable economies, freeing up resources to shift to tradeable parts of the economy, and rebalancing to growth based on productive investment and saving.

International education is a sector which has great potential to grow export earnings and to contribute more widely to our trade, innovation and research goals, together with expanding tourism and improving international connections.

International competition for students

The economic expansion of many developing countries since the mid-1990s (particularly China, India, and Brazil) has driven a rapid increase in the international mobility of students. The supply of students has been driven by local demographics, higher incomes enabling international travel, the availability of work and residence opportunities in destination countries, and a limited range of quality education options in the students' home countries.

Global growth in international education



The international student population is projected to continue to grow rapidly over at least the next decade. Projections made by the British Council, Universities UK, and IDP Australia forecast 6% annual growth to 2020 in international enrolments in the USA, the United Kingdom, Australia, Canada and New Zealand. From 2000 to 2009, international students enrolled in tertiary education in OECD nations rose 79%, from 1.59 million in 2000 to 2.84 million in 2009. New Zealand has been successful in attracting a small but significant slice of the market for international tertiary education (about 2%).

Competition for international students is strengthening. More education institutions in the other main English speaking destinations are pursuing the revenue and academic benefits of this activity. Several other countries are entering this market – including the Netherlands, Singapore and Malaysia.

English-language training

An important component of international education is demand for English language training as part of travel. There is also high demand for language training in order to fulfil entry requirements to higher education, for immigration purposes, and increasingly for specific vocational training. The global market for language travel in the main English-speaking destination countries was estimated to amount to 1.5 million people in 2009, and to be worth nearly US\$12 billion. In New Zealand the provision of quality English language training is a substantial and growing part of the sector.

Secondary education

New Zealand is an attractive destination for many school-aged international students, particularly from China, South Korea, Japan, Thailand and Germany. Our high-quality English language curriculum is a major draw, together with a reputation for providing a safe and enjoyable lifestyle. A comparison with the United Kingdom and Australia (both with nearly 25,000 international fee-paying school students) shows that our schools are strong competitors in this area of international education.

Building education relationships with key partners

New Zealand's reputation for education quality and flexibility of delivery is leading to increased interest from our major partner countries for us to play a role in fulfilling their education development strategies. Our education links with China and India are an essential part of maintaining and growing our wider high quality bilateral relationships, and of the 'New Zealand Inc' strategies with both countries. We are building similar high-trust relationships in education with other key partners in Asia, the Pacific, the Middle East, Europe and Latin America.

In order to sustain effective relationships with partner countries in Asia and the Gulf region especially, then we will need to pay greater attention to reciprocal and offshore arrangements for the delivery of education.

Consultancies and the sale of intellectual property

As other countries seek to achieve significant growth in the scale and quality of their education systems, they demand established expertise and experience. Education consultancy services, education publishing and other activities that address international demand are expanding, and need to form a key component in the growth of the export education sector.

The need for skilled migrants

The ageing of populations apparent in most developed nations is expected to lead to intensified efforts to attract and retain younger skilled workers, to replace the expanding numbers of domestic retirees.

International students are seen as a key pool of potential migrants, who can more easily adapt to local societies and opportunities than people with no previous in-country experience. Immigration policies can encourage the entry of students into high quality courses which equip graduates to take up genuine skilled work opportunities after completion. The need for such young and skilled migrants is expected to continue, despite temporary downturns in local employment.

Implications for New Zealand education

Our economic future will be determined by interactions with the rest of the world – and especially the national ability to increase trade and wider economic connections with Asia. This will require an increased level of understanding of Asia, and the rest of the world, for many New Zealanders. The education system will need to provide students with the required knowledge and skills.

New Zealand faces similar demographic changes to those of other developed nations. A consequence will be an increased need for migrants to expand our labour market, to meet employer demands for skilled staff. Raising the productivity of our export-oriented industries requires people conversant with other cultures, and enhancing the contribution of our research sector is dependent on improving connections with institutions in other countries.

The global dimension of these activities will need to become central to the planning and delivery of tertiary education, particularly as domestic enrolments are projected to flatten to 2025. Taking up international opportunities will be a key way for our institutions to broaden their revenues and enhance their capacities.

The level of Government funding for secondary and tertiary education will continue to be under pressure from broader fiscal demands. Consequently, as in other countries, our providers should see international education as providing important opportunities for them to generate additional revenues on an ongoing basis. Income from international education will help institutions to expand their facilities and capabilities, and to compete with providers in other countries.

There are particular pressures for the greater internationalisation of our universities, which increasingly need to be globally connected across all their activities (notably research collaboration, student mobility and alumni engagement).

Expanding our international education sector would directly assist in meeting these varied pressures, as it:

- builds the financial, teaching and research capabilities of our education providers, and improves our innovation system
- has positive flow-on effects for tourism, trade links and the labour market from skilled international graduates
- develops the international knowledge and skills of our students, which in turn can strengthen our communities.

Vision and Goals

A vision for international education

New Zealand's quality education services are highly sought after internationally, and expand our international social, cultural and economic engagement.

Growing our international education sector requires setting clear goals and objectives against which progress can be measured.

Goals	Objectives
1. New Zealand's education services delivered in New Zealand are highly sought after by international students.	New Zealand will, over the next 15 years, double the annual economic value of these services to \$5 billion, through increasing international enrolments in our tertiary institutions, private providers, and schools.
2. New Zealand's education services in other countries are highly sought after by students, education providers, businesses and governments overseas.	New Zealand will, over the next 15 years: <ul style="list-style-type: none">• Develop and sustain mutually beneficial education relationships with key partner countries as a leading part of 'New Zealand Inc' strategies in Asia, the Pacific, the Middle East, Europe and the Americas.• Increase annual revenues from providing education services offshore to at least \$0.5 billion.• Increase the number of international students enrolled in providers offshore, from 3,000 to 10,000.
3. New Zealand makes the best possible use of its international education expertise to build skills in our work force, to grow research capability and to foster wider economic connections between New Zealand and overseas firms.	New Zealand will, over the next 15 years: <ul style="list-style-type: none">• Double the number of international postgraduate students (particularly in programmes in addition to those at PhD level), from 10,000 to 20,000.• Increase the transition rate from study to residence for international students with bachelors level qualifications and above• Increase New Zealanders' skills and knowledge to operate effectively across cultures.

How to achieve these goals

We see great potential for education to contribute to New Zealand's economic growth over the next fifteen years – and beyond.

We believe these goals and objectives are achievable because of the quality of our education sector, our commitment to bold aspirations for growth, and to backing these goals with policy changes.

The government, education providers and the wider community will face challenges in meeting these goals, and we do not expect that growth will be evenly distributed across all education providers. We believe that the most likely areas of growth will be in:

- Universities
- Institutes of Technology and Polytechnics
- English language schools, both public and private
- Quality private training establishments
- Secondary schools in the larger centres
- Education goods and services companies.

Our education services are highly sought after by international students

The growth rate in the level of international enrolments that would be needed to reach this goal would require our tertiary institutions to at least retain their current market share of international higher education enrolments (based on IDP/British Council projections), and supplement this with increased enrolments in schools and the English language sector. We believe average annual growth in tertiary enrolments of about 7% is achievable, supported by enrolment growth in schools and English language providers at around 2% to 5% a year.

Growth in international enrolments needs to be balanced with greater integration into host communities, for the benefit of both domestic and international students. It is important that our tertiary institutions and responsible agencies provide a very high standard of pastoral care and support for international students. For example, the Code of Practice for the Pastoral Care of International Students is admired as a good model, but this sets baseline standards which need to be supplemented by good practice by providers.

New Zealand qualifications are recognised internationally, and their recognition and portability needs to be sustained. The quality of our education system is high. Five of our eight universities are ranked in the top 500 in the world, according to the Academic Ranking of World Universities prepared by Shanghai Jiao Tong University. Four of our universities are rated in the QS World University rankings of the world's top 300 universities, and the University of Auckland is included in the Times Higher Education ranking of the world's top 200 universities.

Our school system delivers high quality results in international comparative studies – especially in the OECD’s PISA study, which shows the results for our secondary students across all disciplines are significantly above the average for OECD countries. New Zealand schools already attract over 16,000 international students each year, and there is significant potential to grow.

There is high demand for our education services in other countries

The education knowledge, experience and skills of New Zealanders are much in demand throughout the world. A number of organisations are contracted to work with a range of overseas governments and private organisations. This consulting advice has usually been in the following areas:

- Systems change
- Policy development
- Improvements in teaching and learning
- School effectiveness
- eLearning
- Assessment and evaluation

The recent rapid growth of offshore consultancies shows that there is a growing market for the sale of our education intellectual property. The value of this activity was estimated to be at least \$70 million in 2007/08, and it is reasonable to think that an annual 10% growth in value, to around \$500 million over the next fifteen years, is achievable.

The delivery of offshore education programmes by our tertiary institutions is currently at a very low level, by comparison with Australia. Collaboration amongst providers to achieve ambitions for offshore growth will be needed to ensure New Zealand can share in the demand for higher education services. Our distance education providers will need to invest in web-based services, to meet growing student expectations for rapid and effective education delivery.

Making the best use of international education to benefit New Zealand

International education has benefits for our tourism sector, as students experience an enjoyable lifestyle during their stay and their family members visit here. The additional foreign exchange earnings from such visits were estimated to be worth around \$130 million for 2007/2008.

Our research sector also benefits from international PhD students and through connections with overseas institutions. The rapid increase in international PhD enrolments in recent years shows that we can attract a good proportion of the best and brightest students. This expansion needs to be balanced by a greater effort to attract more fee-paying students into Masters and other postgraduate programmes. There is strong interest internationally for professionally and vocationally-oriented postgraduate qualifications, and scope for significant growth in this area if providers are responsive to demand.

Many tertiary students indicate they would like to remain here to work after their studies. Department of Labour data shows that 23% of international university students remain after their studies to live and work. The ability to remain here provides an incentive to study here, particularly for students from developing nations. It is important that immigration settings encourage students to take up high quality courses which provide students with the qualifications to take up genuine skilled work opportunities.

International education does not focus just on international students. Our economic future will be determined by our interactions with the rest of the world – and especially in our ability to increase our working and trading with Asia. This will require an increased level of understanding of Asia for a larger number of New Zealand students.

Our education system at all levels needs to be very good at providing our students with the knowledge, and skills required. Expanding awareness of the benefits of studying other cultures and languages will lead to an increased demand for courses in this area, and a greater number of trained people applying their skills in employment and their communities.

Implementing the goals and objectives

New Zealand needs a strong focus on activities that strengthen our education system and contribute to economic growth. We also need to keep in sight changes that are longer term, and perhaps less measurable in their immediate impact.

In the short term we also face the challenges flowing from the Christchurch earthquake. The Canterbury region has previously generated over 15% of the national economic returns from international education. The implementation of this Leadership Statement will need to take into account both the recovery of the sector in Christchurch, and measures to address any flow-on effects nationally. Particular attention needs to be paid to our on-going attractiveness as a destination for international students.

In order to achieve our goals for development of international education, the following measures have already been put in place:

- A \$10 million increase in the Crown's contribution to international education promotions, bringing the total to \$13.45 million
- A specific promotions campaign to assist Christchurch education providers
- A new Crown Agency for international education, bringing together the key functions of international education promotions, representation and business development into one responsible organisation
- Strengthened enforcement powers for the New Zealand Qualifications Authority
- Revisions to the Code of Practice for the Pastoral Care of International Students
- Immigration changes which strengthened the integrity of student policy and pathways to work and residence.

The following table of proposed actions sets out a series of measures which are either being put in place, or are under active consideration.

The second Appendix sets out summary proposals for each sector. It is important to recognise there are key differences in the development approaches which are appropriate for each group of providers (e.g. universities, schools, private training establishments). The development of detailed and sector-specific action plans will be the responsibility of the new Crown Agency for international education, Education New Zealand.

APPENDIX 1: PROPOSED ACTIONS TO ACHIEVE THE GOALS FOR INTERNATIONAL EDUCATION

VISION		
New Zealand's quality education services are highly sought after internationally, and expand our international social, cultural and economic engagement.		
GOAL 1	GOAL 2	GOAL 3
New Zealand's education services delivered in New Zealand are highly sought after by international students.	New Zealand's education services in other countries are highly sought after by students, education providers, businesses and Governments overseas.	New Zealand makes the best possible use of its international education expertise to build skills in our work force, to grow research capability and to foster wider connections between New Zealand and overseas firms.
OBJECTIVE	OBJECTIVES	OBJECTIVES
New Zealand will, over the next 15 years double the annual economic value of these services to \$5 billion, through increasing international enrolments in our tertiary institutions, private providers and schools.	New Zealand will, over the next 15 years: <ul style="list-style-type: none"> • increase annual revenues from providing education services offshore, to at least \$0.5 billion • increase the number of international students enrolled in providers off-shore, from 3,000 to 10,000. 	New Zealand will, over the next 15 years: <ul style="list-style-type: none"> • develop and sustain mutually beneficial education relationships with key partner countries as a leading part of 'New Zealand Inc ' strategies in Asia, the Pacific, the Middle East, Europe and the Americas • double the number of international postgraduate students in New Zealand (particularly in courses in addition to those at PhD level), from 10,000 to 20,000 • increase the transition rate from study to residence for international students with bachelors level qualifications and above • increase New Zealanders' skills and knowledge to operate effectively across cultures.

ACTIONS SO FAR

1. Increased the total Crown investment in international education promotions to \$13.45 million in Budget 2011.
2. Announced the creation of a new Crown Agency for international education, to combine the roles of promotions, education representation and business development.
3. Strengthened the enforcement powers of the New Zealand Qualifications Authority to ensure quality.
4. Revised the Code of Practice for the Pastoral Care of International Students, to ensure that New Zealand's care for international students remains second to none.
5. Immigration changes which strengthened the integrity of student policy and pathways to work and residence.

PLANNED ACTIONS

6. Strengthen representational assistance for New Zealand providers, to aid in promoting their education expertise and programmes to other governments.
7. Scope the feasibility of an industry cluster to provide a shared basis of learning and support for firms delivering education services overseas.
8. Develop quality assurance standards for offshore delivery of tertiary education programmes.
9. Increase commercialisation opportunities for intellectual property held by education agencies.
10. Promote and encourage best practice in internationalisation in New Zealand education providers, to increase the international knowledge, skills and competencies of domestic students.
11. Tourism New Zealand, NZ Trade and Enterprise and Education New Zealand to implement joint marketing and development programmes, as part of New Zealand's international brand.

UNDER CONSIDERATION

12. Measures to simplify student visa processing systems for high-quality education providers.
13. Measures to better support the integration of international students into host communities.

OPPORTUNITIES FOR SECTOR DEVELOPMENT

14. Partner with high quality foreign providers to expand capacity and capability to deliver education services in New Zealand and in other countries.
15. Increase cooperation between service providers to gain efficiencies in marketing, administration and delivery, including offshore provision.
16. Build more effective and ongoing links with international alumni.
17. Increase partnerships with businesses to extend employment opportunities for highly skilled international students.
18. Increase the focus on international skills, knowledge and competencies in courses for New Zealand secondary and tertiary students.

APPENDIX 2: PROSPECTS FOR GROWTH IN INTERNATIONAL EDUCATION

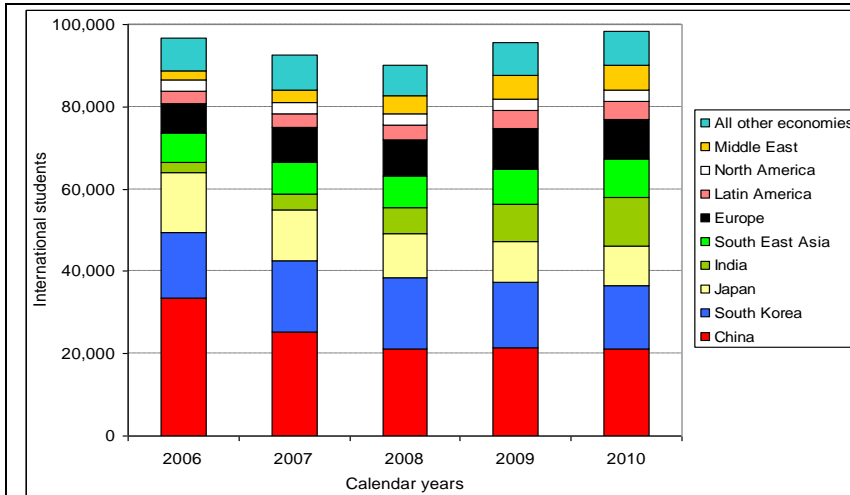
The following table indicates the kinds of responses that we are seeking within each sub-sector, to achieve a step change in export earnings.

SECTOR	WHAT MIGHT HELP IN ACHIEVING A STEP UP IN EXPORT EARNINGS	DEVELOPMENT OPPORTUNITIES	SUPPORTING MEASURES
Universities	<p>Increase investment in international marketing and infrastructure support for international programmes.</p> <p>Increase collaboration and partnerships with domestic and international institutions.</p> <p>Expand presence offshore in both physical and e-learning infrastructure.</p>	<p>Review and strengthen the provision of high demand and high return activities, including the provision of professionally and vocationally oriented postgraduate qualifications.</p> <p>Review budgets for international marketing and offshore presence development.</p>	<p>Clear signals about goals for international education, and need to make international education a core revenue stream.</p> <p>Ensure tertiary monitoring and funding rules do not impede appropriate investment in international education activities.</p>
Institutes of technology and polytechnics	<p>Increase investment in high marginal benefit activities, consistent with core expertise and focus on serving domestic education needs.</p> <p>Improve response times and enhancement of programmes to meet international demand.</p> <p>Establish sound partnerships offshore.</p>	<p>Expand the delivery of high quality vocational courses, including in key markets such as India and the Gulf States.</p> <p>Strengthen and broaden marketing activities to attract students from a wide range of countries.</p>	<p>Assistance to support the promotion and delivery of high-quality vocational consultancy and development projects, in other countries.</p>

SECTOR	WHAT MIGHT HELP IN ACHIEVING A STEP UP IN EXPORT EARNINGS	DEVELOPMENT OPPORTUNITIES	SUPPORTING MEASURES
Private training establishments	<p>Increase the quality of service alongside expansion in demand.</p> <p>Increase the scale of providers to provide greater resilience.</p> <p>Develop offshore activity where returns may be greater, and provide a bridge to opportunities in New Zealand.</p>	<p>Encourage the growth of high-quality providers, which are better able to access capital.</p> <p>Entry of high-quality foreign providers to expand the market.</p>	<p>Clear signals about goals for international education and need for greater scale of providers.</p>
English language schools	<p>Continue improvements in quality.</p>	<p>Expand provision of high-quality English language training services.</p>	<p>Proposals to simplify student visa processing for high-quality providers.</p>
Schools in the larger centres	<p>Greater coordination across state and independent schools in marketing and recruitment.</p>	<p>Schools consider accessing commercial expertise in recruiting and educating international students.</p>	<p>Consideration of how to better support school clusters to market and recruit offshore.</p>
Companies selling goods and services in education	<p>Greater co-ordination and collaboration across New Zealand firms offshore.</p> <p>Greater scale required for some larger projects.</p>	<p>Growth in existing consultancy companies, and new entrants marketing intellectual property (such as curriculum and assessment systems), to fulfil expanding opportunities in the Gulf States, India, and South East Asia.</p>	<p>Create a clear and well supported intellectual property management regime.</p> <p>NZ Trade and Enterprise, and Education New Zealand, to provide ongoing support for education companies.</p>

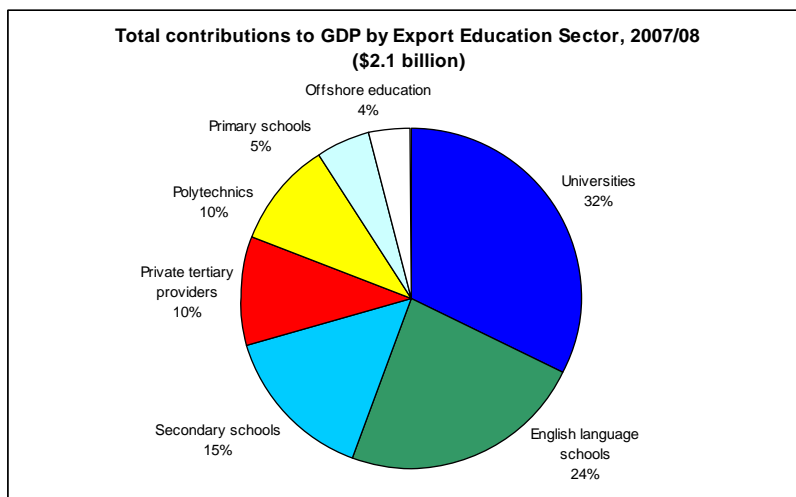
APPENDIX 3: Current state and projections

1 Key facts about international education



Source: Export Education Levy, Ministry of Education

In 2010 total international student enrolments reached 99,880, the highest level since 2006. In 2010 nearly half (47%) of students were from China, Japan and South Korea. There has been rapid growth in student enrolments from India, the Middle East, Europe, and Latin America.



Source: "The Economic Impact of International Education", June 2008

During 2007/08 the international education sector contributed an economic value-added of \$2.1 billion. This figure included \$70 million from offshore education services. Just over 32,000 jobs were (directly or indirectly) supported by the sector.

International enrolments by provider group	Number of providers with international students, 2010	Number of enrolled international students, 2010	% of total
Primary schools	330	3,064	3%
Secondary schools	312	13,422	13%
Polytechnics	20	11,740	13%
Universities	8	19,678	20%
Private providers	238	48,491	48%
Subsidiary providers	8	3,485	3%
Total	916	99,880	100%

Source: Export Education Levy, Ministry of Education

Many providers active in international education enrol small numbers of students. During 2010 642 schools enrolled an average of 26 international fee-paying students, whereas the eight universities enrolled an average of 2,460.

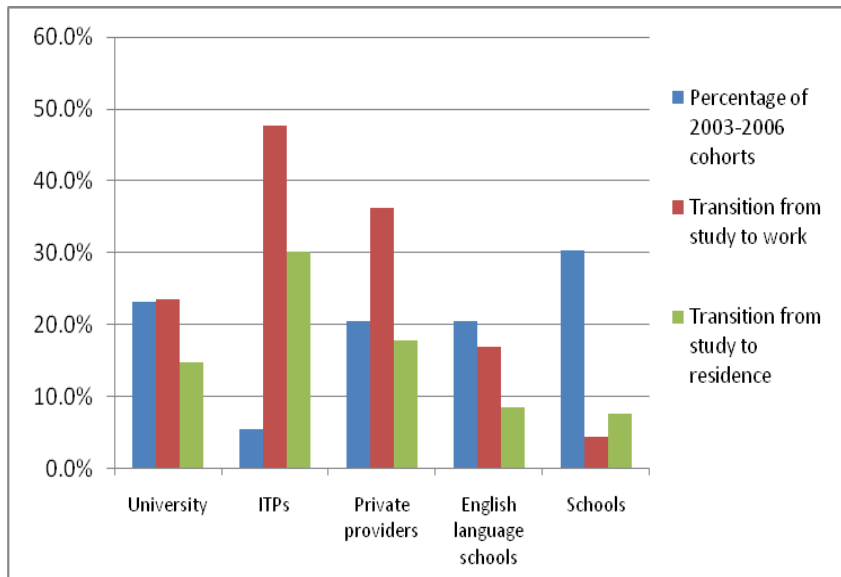
Internationalisation of New Zealand tertiary education relative to Australia

New Zealand's tertiary education institutions lag their Australian counterparts on some comparable measures of performance in international education.

	Australia	New Zealand
International students as a share of all higher education students	28%	13%
International students as a share of all vocational education & training students enrolled with public providers	3%	7%
Offshore enrolments	76,446	3,054
Growth in international enrolments in higher education, 2000 to 2009	206%	255%
Top 5 source countries for international students in higher education	China: 31% Singapore: 10% Malaysia: 10% India: 9% Indonesia: 4%	China: 32% USA: 11% Malaysia: 9% South Korea: 7% Saudi Arabia: 6%
Total share of PhD students who are international students	28%	35%
International fees as a proportion of total university revenues	17%	9%

Sources: Australia www.deewr.gov.au, www.aei.gov.au, www.ncver.edu.au
New Zealand www.educationcounts.govt.nz

Immigration outcomes from international education

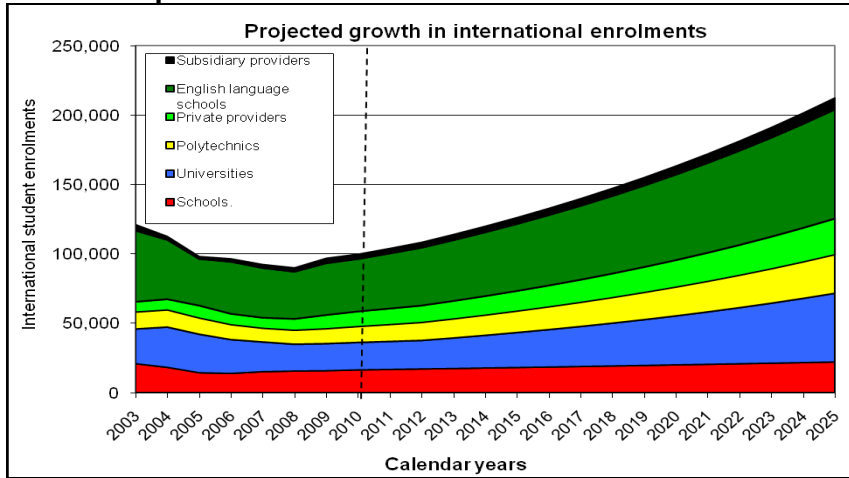


A large number of international students stay on in New Zealand. For example, Department of Labour data shows that 23% of foreign fee-paying university students (who enrolled from 2003 to 2006) made the transition to work by 2009, and 15% made the transition to residence.

Source: Department of Labour, 2010

2 Economic potential of international education

Economic potential of international education



Projections for international student enrolments to 2025 for the public tertiary education institutions assume annual growth of 2% to 2012, and 7% to 2025. Projections for annual student growth in schools are 2% to 2025, and 5% for English language schools.

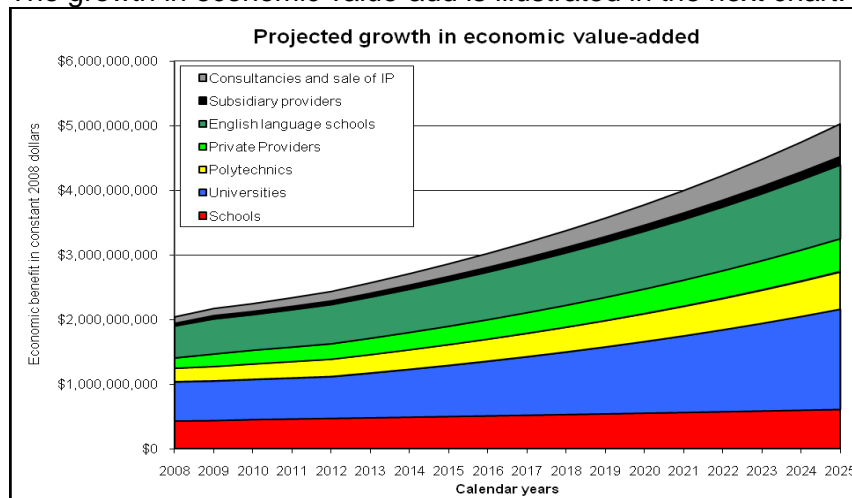
The consequent growth in enrolments and economic value-add (EVA) for each provider group, as a result of their expanded international education activities, would be:

International enrolments and EVA by provider group	2010 (actual enrolments)	2007/08 (estimated EVA, \$m)	2025 (projected enrolments)	2025 (projected EVA, \$m)
Schools	16,486	\$417	22,000	\$608
Universities	19,678	\$670	50,000	\$1,552
Polytechnics	11,740	\$209	28,000	\$578
Private providers	10,803	\$217	26,000	\$513
English language	37,688	\$491	78,000	\$1,143
Subsidiary providers	3,485	n.a.	8,000	\$122
Offshore services	n.a.	\$70	n.a.	\$505
Total	99,880	\$2,074	212,000	\$5,022

Growth in the potential economic benefit from international education, to \$5 billion in the next 15 years, assumes that New Zealand is successful in expanding its level of provision and in attracting a proportional share of the forecast growth in international student demand.

Over the same period, the value of education consultancies and sale of education intellectual property is expected to grow from \$70 million in 2007/08 to \$505 million by 2025. The projection includes this sector in the total economic value-add.

The growth in economic value-add is illustrated in the next chart:



This forecast is based on 2010 data from the Export Education Levy, and the methodology used in a 2008 study of the economic value-add from international education.