

SUBMISSION TO THE PRODUCTIVITY COMMISSION REPORT: “NEW MODELS IN TERTIARY EDUCATION”

Education New Zealand: April 2016

Introduction and context

The Government has asked the Commission to carry out an in-depth inquiry on tertiary education in New Zealand. It is seeking to gather “ideas, opinions, evidence, and information” on how to improve performance in the tertiary system, via its recently released report “New models of tertiary education”. Responses to the report, and to the issues raised, are invited to be submitted by 4 May 2016. This paper captures Education New Zealand’s comment and submission to the report.

In line with the inquiry and report, Education New Zealand’s response has been structured to include a *snapshot* of the current international education portfolio, a summary of how international education is becoming increasingly relevant and benefiting New Zealand, comment about the “big trends” impacting international and tertiary education, and a capture of potential new ideas and models that will support improvements to the tertiary system.

The Commission’s report also invites responses to a set of specific questions raised. As such, this submission includes a number of red markers that correlate directly with those questions.



Education New Zealand (ENZ) would welcome the opportunity to discuss this submission with the Commission.

Role of Education New Zealand

ENZ is a Crown Agency tasked with growing the value of New Zealand’s international education industry. It works collaboratively with industry and Government partners to market New Zealand as an international education destination, and to help grow New Zealand’s education’s products and services and associated industry capabilities. As a key pillar of New Zealand’s export economy, ENZ helps to ensure that international education is fully integrated into the Government’s *Business Growth Agenda*.

As well as taking New Zealand’s education experiences to the world, ENZ helps to ensure that all New Zealanders benefit from the social, cultural, and economic gains realised through the international education portfolio.

Government has set targets in the Leadership Statement for International Education on the size, scale and sustainability of the industry by 2025. ENZ supports the key target to double the earning of the industry to \$5 billion within this timeframe.

Executive Summary

Relevance of international education

- International education is becoming increasingly relevant to New Zealand's cultural, social, and economic wellbeing.
- International education creates a strong link between education and employment. Furthermore, it builds New Zealand's brand, and helps develop the skills and capabilities of our future generations.

Benefits of international education

- International education is more than just economic. It gives students an international education experience, helping them to develop deeper connections with the world, and a stronger understanding of different cultures and ways of thinking.
- International education helps develop the skills and capabilities to contribute *anywhere*.

Trends in international education

- Global student mobility, new models for education delivery, and the onset of competition, means that New Zealand must adapt or risk getting left behind.

Key challenges in international education

- There is an opportunity to develop a more cohesive strategy for higher education, which clearly articulates the place of international education.

Key challenges in international education

- Embracing innovation will help ensure the tertiary system remains in touch with the public.
- Further systemic barriers, such as the way that the sector is organised, funded, and incentivised, is limiting the opportunities and benefits that international education provides.

New Zealand needs to remain competitive

- A lack of focus on internationalisation will limit opportunities to compete with Australia and our other key competitors in the future.
- Previous source countries (for international students) are becoming our competitors.

New ideas and models

- A number of Australia's universities have reported an overhaul of curricula - providing an example of how a tertiary sector can be restructured, de-cluttered, and refocused to strengthen the international portfolio.

New ideas and models

- The onset of modern and open learning environments provides opportunities to better connect learners with communities around the world, and deliver education that accords with the needs of our future learners. Our tertiary system is slow to embrace this change.

New ideas and models

- New delivery models, such as through offshore delivery of education services, will help the tertiary sector access new and innovative modes of learning, and drive the future fitness for purpose of the New Zealand tertiary education system.
- Partnership models are increasingly helping the tertiary sector to diversify, meet learner preferences and access global opportunities.

Conclusion

- International education is no longer an add-on to the tertiary sector. It is an *integral* part of New Zealand's future, and of the tertiary system.
- New Zealand is not only the best country *in* the world but the best country *for* the world.

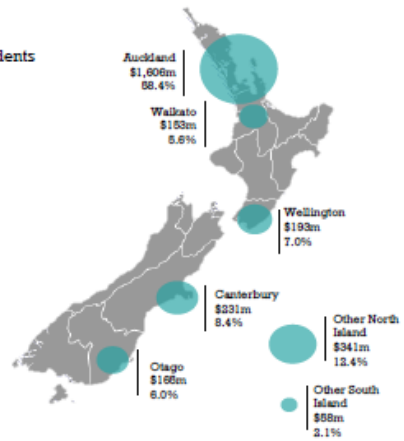
Economic contribution of international education to New Zealand

Total contribution of international education
\$2.85b

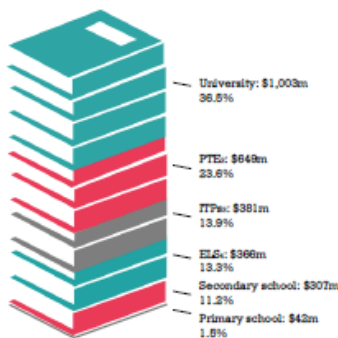


Total value of expenditure by international students
\$2.75b

Contribution by NZ region: value and proportion of total



Contribution by sector: value and proportion of total

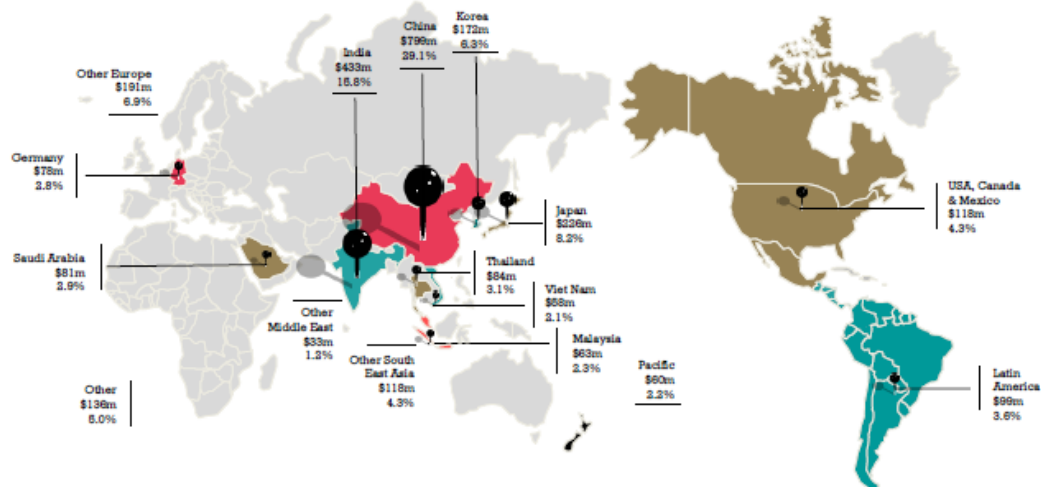


Total value of offshore activity
\$0.104b

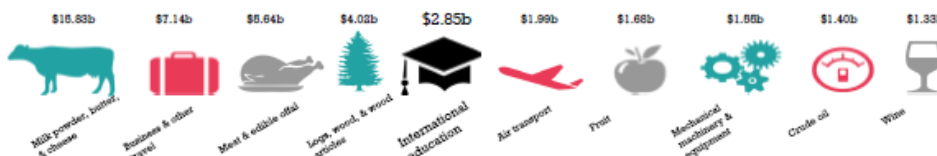


Expenditure by international students supports more than
30,000 jobs

Contribution by source country: value and proportion of total



Top 10 NZ Exports:



This infographic was developed by Education New Zealand and is based on the interim Economic Impact of International Education 2014/25 Report. Total values may vary in this infographic due to rounding. The offshore activity valuation is based on the Economic Impact of International Education 2012/13. (1) Private Training Establishments (excluding ELs). (2) Institutes of Technology and Polytechnics. (3) English language schools. (4) NZ Export data is sourced from Statistics NZ (Stats NZ). There is a variance in the value informatics use and the value Stats NZ use, as there is a variation in their respective methodologies. For example, Stats NZ does not include expenditure from students who study longer than 12 months.

Note: The latest *Goods and Services Trade by Country for the year ended December 2015* report from Statistics New Zealand shows education travel services were valued at \$3.08 billion. Provisional results of 2015 research on the value of education delivery offshore indicates it was worth \$170.9 million.

Our tertiary system – and the increasing relevance of international education

International education is becoming increasingly relevant to New Zealand's economic, cultural, and social wellbeing. As the world becomes increasingly global, international connectedness is becoming an increasingly critical part of our learner development, our community culture and diversity, our future workforce, and our regional and national economic growth.

From a ***learner perspective***, international education provides students with much needed exposure to international perspectives and helps to develop the cultural awareness, skills, and experiences to better equip them for a global workforce. New Zealand graduates need to be work ready from a global perspective. They need to have the skills to be able to interact with a variety of ethnicities and understand that businesses and industries operate in different ways in different cultures. Having international students in classes with our New Zealand students provides differing global perspectives for each to learn from. Students and teaching staff can develop cross-cultural competencies, developing a stronger international outlook.

With greater exposure to global and diverse thinking, our own outbound international students are likewise becoming increasingly exposed to diversity, to the global environment, and to creative and innovative ways of thinking.

From a ***community and regional perspective***, international education helps to grow the diversity of our people and the cultural vibrancy of our communities. International students increase the international links for our cities and regions, forging stronger people-to-people links across cultures and between countries. International students who return home can also be our greatest advocates. They can share stories of their time in New Zealand and thus influence friends, family and others to choose to undertake study in New Zealand. They may also use their skills and connections to establish businesses in New Zealand or develop trade opportunities with New Zealand companies. Many will also return as tourists later in life. International students have also become a key source of skilled migrants to New Zealand. Immigration New Zealand data indicates that 40% of immigrants coming through the skilled migrant category are former international students. Skilled migrants can provide new skills, connections and capital which in turn may contribute to economic growth and cultural richness.

Both past and future students are critical to New Zealand's prosperity. Many former students (alumni) now occupy senior positions, offering further potential to invest in and impact our government, our communities, and our businesses.

From an ***economic perspective***, international education contributes more than \$3 billion in value to New Zealand. It is our fifth largest export earner, is growing rapidly, and is generating significant economic development opportunities within our communities and regions, as well as to New Zealand's overall economy. A generation ago, New Zealand made its way internationally on the back of primary and product exports. Fast forward to 2016, and services based on the flow of people have pushed many other commodities down the list. That more students are choosing New Zealand is good news for our economy.

For ***tertiary institutions***, international education help grows the global capabilities of the institution as well as generating revenue. Total tuition fee income in 2015 exceeded \$1 billion - of which 52%

went into New Zealand's universities and institutes of technology (ITPs)¹. Fees paid by international students supplement core funding obtained through domestic tuition and government grants in New Zealand's schools, universities and ITPs. The revenue allows these institutions to:

- provide resources that they may not otherwise be able to afford;
- offer programmes that may not otherwise be financially viable;
- provide staff and other students with the opportunity to develop cross-cultural competencies through working alongside an international cohort of peers;
- offer exchange programmes and joint research projects that increase knowledge and learning.

A stronger focus on internationalisation can help tertiary institutions build their brand and attain strong international rankings, helping to attract more students.

The benefits to New Zealanders, therefore, are more than just economic. International education provides a stepping stone for strong international relations, access to the world's emerging markets, and exposure to new and innovative (and diverse) thinking. This paves the way for longer term cultural, social, and economic gains, for all New Zealanders.

WHY INTERNATIONAL EDUCATION?

- Prepares our learners for a global future.
- Encourages the acceptance of other cultures.
- Strengthens the links between New Zealanders and international communities.
- Generates economic growth to every community in New Zealand.
- Supports more than 30,000 jobs.
- Helps to grow a skilled workforce for the future, as well as attracting highly skilled migrants.
- Helps to improve New Zealand international competitiveness.

Links to
Question 28

The key trends ENZ is seeing – that will shape international education and the tertiary system

A number of key trends are shaping both the international and tertiary education landscape. Overall, ENZ is seeing an increased global mobility of students, with more (and younger) students studying offshore. The number of *mobile* tertiary students is forecast to grow from 5 million students now, to about 8 million by 2025.² The global demand for high quality and affordable education delivered in New Zealand is significantly higher, meaning that Governments and institutions are increasingly positioning themselves to cater to both onshore *and* offshore demands for education services.

Links to
Question 36

The growing global mobility of students is a strong indicator of a growing global community. Technology, communication, economies, and politics are now more globalised. Global skills are becoming increasingly attractive. Governments and businesses want to be connected to international markets. They also want new and innovative thinking to position themselves for the future. Skill development in creativity, entrepreneurialism, digital literacy is sought after. Businesses also want job-ready applicants, with the necessary thinking, behavioural, and vocational skills to transition successfully into the workplace. Lifelong and self-directed learning is on the rise.

Links to
Questions
33, 35, 43

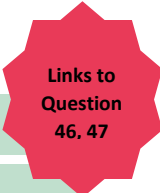
¹ Ministry of Education

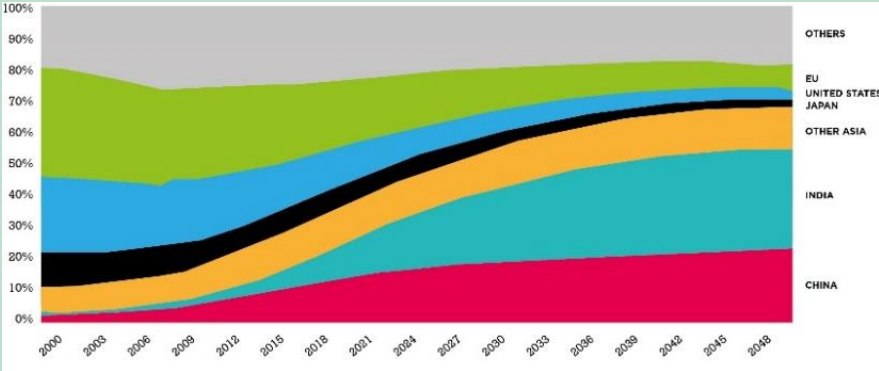
² OECD Education at a Glance 2013

With increased global mobility, education is becoming borderless. The rise of globalisation is bringing new provider entrants, different education structures, and new modes of learning. As such, we are seeing a rise in the global mobility of teaching, qualifications, and offerings. Changing technologies are enabling more innovative products and services, and opening up access to education offerings, such as through open-source providers. These providers are no longer the typical education institutions that have dominated the past. Non-traditional providers, such as Facebook, Apple, Microsoft, McDonalds, and Deloitte are entering the education space. Education delivered online is growing and growing! Technology is changing the role of the teacher and the way people can access education.

Institutions are diversifying their products and services, eagerly embracing new models that cater to increased personalisation and improve the value of their market share. Furthermore, institutions are joining forces to leverage the international market. International partnerships in course offerings are on the rise. Transnational and affordable education options are increasingly catering to the growing middle class in emerging markets where students cannot afford, or choose, not to study abroad.

Finally, market reach for New Zealand remains critical. We are now seeing *burgeoning middle classes in Asia* and other parts of the world such as Latin America. This will shape the world's customer preferences and target markets for New Zealand. Skills and experiences that help to bridge the cultural divide, strengthen international relations, and provide access to these markets, will be essential to secure New Zealand's future prosperity.



| KEY TRENDS | EVIDENCE AND INSIGHTS |
|---|---|
| More students are on the move | <ul style="list-style-type: none"> • More (and younger) students are studying offshore. • ENZ forecasts suggest that global numbers will increase from 5 million now to about 8 million in 2025.³ |
| A huge market for education delivered in New Zealand | <ul style="list-style-type: none"> • The high number of international students, seeking affordable international education, is seeing our competitors diversify products and services to meet this demand. |
| Burgeoning middle classes in Asia and other parts of the world – shaping customer preferences | <ul style="list-style-type: none"> • China, India, Japan, Southeast Asia and the US will account for the biggest share of the world's middle class growth. <p style="text-align: center;"><i>Share of global middle-class consumption 2000-2050</i></p>  <p style="text-align: center;">(Source: Statistics New Zealand)</p> |

³ OECD Education at a Glance 2013

| | |
|----------------------------------|---|
| Global workforce demand | <ul style="list-style-type: none"> • Globally there is a focus on technical and vocational education (TVET) or skills from the workforce. • A growing focus on English language skills (for example Southeast Asia). |
| New and global modes of delivery | <p>Internationally, we are seeing:</p> <ul style="list-style-type: none"> • new digital technology platforms – that are disrupting traditional education business models • education is fast becoming dynamic and multi-national • student demands for experiential learning and innovation • increased global mobility of teaching, qualifications, and offerings. |
| Multi-national education | <p>As education becomes more dynamic and multi-national, we are seeing growth in partnership and “twinning” models (arrangement between institutions, under which part or one (or each) institution’s entire academic programme is taught or provided by the other).</p> |

The key challenges for international education

Current state

A key challenge for the tertiary system is to increase the pace of change. Many education institutions are delivering traditional education products that have served them well in the past, but which are unlikely to meet the needs of our future learners. Without catering to the needs of the modern learner, the tertiary system will be at risk of losing touch with the public they serve (including businesses, schools, and parents).

The inquiry provides an opportunity to think differently, as well as explore potential new and innovative models. This then provides the opportunity for education institutions to think more globally, and less as individual entities operating within their own context. To what extent, for example, can our education institutions view themselves as globally connected entities rather than as individual institutions constrained by borders or boundaries (“*think global, act local*”)? To what extent can the tertiary system be driven by what New Zealand needs to collectively offer (through degrees, post-graduate studies, etc.) rather than be viewed through the lens of individual ownership (by university, ITP, or private training establishment (PTE))?

Links to
Question 44

Building a global tertiary system – and understanding the place of international education

As New Zealand becomes increasingly globalised, so must our education system. A significant challenge will be to ensure the build of a *global* tertiary system that can accommodate the growing trends in student mobility and new and innovative products and services. This means that international education should be viewed more as an *integral* component – and less as a complementary add-on to the tertiary system.

Building a global tertiary system will require a much broader and deeper understanding about the place of international education in the tertiary system. In capturing this understanding, all organisations within the system (government and industry) must be able to articulate the role of international education, the value and benefits of international education, and a coherent strategy that aligns both government and industry behind a common purpose.

Our understanding must also recognise that international education has moved beyond a traditional “student attraction” model. It now includes all *students* benefiting from a more globally oriented system, in addition to a range of services and activities catering to both inbound and outbound international students.

Understanding about the place of higher education – knowing our comparative advantage

Exploring new tertiary models represents an excellent opportunity to build a coherent picture of what New Zealand wants from *higher* education - so that international education can complement this in a meaningful way. Any changes to the way in which the tertiary system articulates the student pathways as they transition through the education system and through to employment will help establish the role that international education plays to complement this.

ENZ believes that to do so, the tertiary system must be clear about New Zealand’s comparative advantage – so that we can tell a unique and cohesive story about who we are and what makes us special. New Zealand offers a number of specialist programmes that are less established in other parts of the world. For example programmes in agriculture, programmes that combine education and sport, earthquake engineering, cyber-security and digital animation. Our doctoral programmes are also very attractive.

ENZ has also found that New Zealand is an attractive proposition for some international students to study for a semester (for example, US students – under the Generation Study Abroad initiative) as well as to experience New Zealand’s setting, culture, and lifestyle. Many students are attracted to our outdoor adventure, quality universities, and learning about our Maori and Pacific cultures. There are therefore opportunities to leverage other countries to provide education offerings to complement this demand.

ENZ would like to see more long-term thinking about: what our natural and comparative advantage is; what we want and value from our higher education; and the student pathways through the tertiary system that will complement this story; and consensus to how international education can play an integral role to support the longer term thinking. ENZ also intends to work closely alongside those in the tertiary system to help develop a coherent picture, as well as with tertiary institutions at the regional level.

Structural challenges

There is an opportunity for international education to become more of an integral component to the way that the industry is structured and incentivised. For example, discussion could include the use of stronger incentives for:

- attracting international students as institutions are focused primarily on attracting domestic students
- institutions to work in a more integrated way, particularly around pathways for study to provide clarity for domestic and international students
- the development of new and innovative education products and services – both onshore *and* offshore.

ENZ believes that institutions have a primary responsibility to integrate the benefits of all students, both domestic and international. While institutions are investing in attracting and enrolling more international students, growth strategies are likely to be tempered by capacity issues and their

primary obligation to meet the needs of the domestic sector. However, ENZ would like to see a tertiary system that articulates a clear pathway of higher learning that is aligned to New Zealand’s competitive advantage and which incentivises “fit for purpose” approaches.

Other policy settings in New Zealand may dis-incentivise investment by institutions in new education offerings – such as offshore education. Government does not fund offshore delivery and the Education Act 1989 specifies that any offshore activity will complement and enrich onshore delivery. The Tertiary Education Commission specifies that institutions cannot take on high levels of debt which reduces the ability of government funded tertiary institutions to invest offshore. The legality of crown entities undertaking offshore activities is also ambiguous. Additionally, there are further regulatory requirements if New Zealand institutions choose to teach a NZQA accredited qualification offshore.

New Zealand needs to remain competitive

The nature of competition is shifting, with enrolments now more widely distributed among a larger field of destinations. ENZ believes that New Zealand’s international competitors, through new and innovative offerings, will increasingly capture a larger international student population. We are seeing emerging markets such as China, Malaysia, and Singapore (which traditionally have been source countries for students) now become competitors - putting more resources towards the greater availability of high quality onshore and off-shore provision. This is alongside our more traditional competitors (Australia, Canada) who continue to increase investment in the international education portfolio.

| KEY TREND | EVIDENCE AND INSIGHTS |
|------------------------|--|
| Increasing competition | <ul style="list-style-type: none"> • Our competitors in the market for international students are far more active than we are. New Zealand’s competitiveness could be eroded by the stronger international education focus of our key competitors (Australia, United Kingdom, Ireland, Western Europe, United States, and Canada). • Last year, international student enrolments in Australia grew by 12%, Canada by 10%, and the US by 8%. New Zealand grew by 13%. • Countries that we traditionally received students from, such as Malaysia, are becoming reputable competitors – as determined to grow the industry as we are. • Our competitors are offering new and innovative services that cater to mobility. For example, delivery offshore is considerably more advanced in our competitor countries than in New Zealand. • The UK currently has a greater number of students studying for UK degrees outside the UK. • 30% of Australia’s international student enrolments are based outside Australia. • Singapore, Malaysia, and the Philippines are positioning themselves as regional education hubs. • In the New Zealand context, offshore provision is viewed as being ripe for growth and an important element of the industry’s long term sustainability. |

To retain their market share (2004-2014) Australia, New Zealand's key competitor for international students, has had to increase enrolments by 250,000. To achieve this, Australia has taken a more aggressive approach, influencing significant advancements in the tertiary sector – both in terms of new and innovative delivery models, and in the integration of international students. For example, Australia has realised strong growth from strengthening institutional partnerships and focusing on student pathways. They boast that the majority of international students study in more than one sector.

This suggests that to remain competitive, the New Zealand tertiary system must be clear about the pathways for students, and who is responsible for providing those pathways.

New ideas and models

The inquiry provides a number of opportunities to explore new models that can better integrate the international education portfolio and provide stronger opportunities for a more innovative and competitive tertiary system. This includes exploring the best way to structure the system and curricula, benefit from new and open learning environments, diversify our product offerings, and seek new ways to deliver those education offerings (both onshore *and* offshore) and through partnership opportunities.



LINK TO
QUESTION 51

Tertiary structure and curricula

The sheer number of industry institutions, acting in competition, compounds the ability of the tertiary system and international education portfolio to articulate a clear and coherent path for higher learning – and work to an integrated approach.

ENZ believes that a discussion on student pathways that New Zealand wants will provide clarity to domestic and international students and encourage institutions to work together in a more integrated way. A focus on institutions working together will make it easier to define how international education can support the growth of institutions, rather than being considered an add-on to activities focused on domestic students.

ENZ believes that discussion could centre on how to incorporate more long-term strategic thinking about what is our comparative advantages, what are the integrated approaches that will help deliver a strategic approach, and new thinking about the ways to fund and incentivise the system. This may include for example, the potential of funding the learner rather than the student. It is essential for New Zealand's tertiary system to move away from silo thinking and the treatment of subject areas as rigidly discrete entities, with no application to each other. Life does not work like that – and nor should education.

Australia's recent overhaul of university curricula (Sydney and Melbourne Universities) provides a useful example of new structural models, focusing carefully on de-cluttering the system and incorporating a stronger global focus into the university curricula.

CASE STUDY: AUSTRALIA UNIVERSITIES OVERHAUL

The University of Melbourne has recently undergone a radical overhaul of its entire curriculum in the space of two years. This has been partly to create a more American-like distinction between undergraduate and professional degrees and partly to reduce degree clutter by winnowing the number of different degrees.

Sydney University is following suit. As part of its revised strategic plan, Sydney is culling degrees from 120 to 20, mostly by wiping five year double degrees, and also reducing the number of faculties from 16 to 6. Sydney is also planning to revise its curriculum. From 2018, every programme is to have two courses in third-year: one to integrate and apply disciplinary skills and another to apply disciplinary knowledge and skills in context. Every degree will culminate in a final-year project or practicum. Every programme will have cultural competency embedded within it, and support for international studies will rise so that the proportion of students with an international experience will rise from 19% to 50%.

A strong framework to support career transitions will also be set up. Involving both curricular and co-curricular efforts.

Source: Higher Education Strategy Associates

Links to
Question 52

Embracing modern and open learning environments

Where once, New Zealand was geographically isolated, it is now very much connected to a global society. We are now global citizens. We are increasingly using the power of communication and technology to connect with and interact with others around the world. It is therefore important to develop models that help to equip young learners with the knowledge and tools to work effectively in an increasingly global society. To be competitive we must integrate global education into the New Zealand education system.

ENZ advocates for new models that help connect students to the real world. School classrooms are already evolving as they embrace the open and collaborative styles of the modern learning environments. Very soon this learner population will move through the school system and enter the tertiary system. Tertiary institutions would do well to make adjustments in readiness now.

The value of university degrees will soon be questioned when the same information that students are learning now could potentially be accessed online for free from various global sources. Furthermore, governments and businesses will strive for creative and innovative thinking. Because every industry in the world has been changed by computing, the capability we need our learners to have is problem solving. Along with that, the need to be individual thinkers who pursue innovation, whether through entrepreneurship or through emerging industries that keep New Zealand competitive on the global stage. This means that numeracy and literacy will be more critical than ever but the importance difference will be context – students learning the why and the how, not just the what.

ENZ further believes that businesses will soon become less interested in formal qualifications when hiring. Instead, work apprenticeships are likely to be increasingly sought, particularly as business strive for more in-job learning. Learning will also have a lifelong focus. Companies will seek to have divergent thinkers with depth who can work well with others.

Incorporating a stronger global focus, that provides access to this thinking, and the ability to work within an open, globally connected, modern learning environment. ENZ therefore believes that the tertiary system should be embracing the “open learning” models that our younger school learners are encountering today. This is likely to entail new delivery models within our existing system, and the encouragement of industry institutions to develop and pilot new and innovative ways to embrace this new learning style. It also means looking to our younger learners today and acknowledging that they represent the learning of tomorrow.

ENZ believes that our future strategic discussions should ideally include thinking about innovative ways to:

- incorporate global thinking into institutions’ curricula (for example, through internationally focused executive programmes)
- better use the seasons (for example, better use of summer semesters could be an ideal way to connect learners and businesses)
- better use infrastructure and spaces (for example retaining a high number of lecture halls, which often sit idle, are unlikely to be the best use of space in a modern and open learning environment)
- leverage private enterprise (what opportunities are there to open up new learning opportunities to private investment?)
- utilise foreign expertise (what are the opportunities that can be realised from foreign direct investment?)
- Leverage partnership opportunities that can better connect learners, business, and the global environment

CASE STUDY: SYDNEY UNIVERSITY

At Sydney University, an entirely new “open learning environment” will be created within the university, which will provide short, on demand courses in areas such as entrepreneurship, ethics, project management, leadership, and employability related skills. Some of the course will be online, while some will be blended online/workshop; some will be non-credit and some will be small credit.

Sydney is also developing a university wide approach to measuring how desired graduate qualities such as disciplinary depth, interdisciplinary effectiveness, communication ability, and cultural competence have been attained. This gives the impression that the university cares enough about learning outcomes that it will measure them in the same way beyond graduation rates and immediate employment rates.

Source: Higher Education Strategy Associates

New and innovative delivery models

Our international competitors have readily embraced new and innovative delivery models, and diversified into new markets. Institutions, mindful of growing global mobility, are actively encouraging the design and delivery of new products and services both onshore and offshore - to increase their market share (and counter risk) and to better connect with modern learners. Tomorrow’s learners will want flexibility and personalisation (and institutions are catering to this, for example, through disaggregation of course modules). New Zealand must embrace these new delivery models before it lags further behind.

Offshore and transnational education options are increasingly catering to the growing middle class in emerging markets where students cannot afford, or choose, not to study abroad. These activities include those education services that span national borders through arrangements such as twinning programmes, franchising, qualification validation, online learning, joint degrees, and branch campuses. ENZ believes that offshore provision is ripe for growth and an important element of the industry's long term sustainability.

Evidence indicates that such activities tend not to compete with onshore delivery, but can provide a pathway between off and onshore delivery. Offshore delivery may include twinning programmes, distance education, teaching by home staff in host institutions and the development of offshore campuses.

Exploring options for foreign direct investment in higher education, such as attracting world class institutions to New Zealand, may also identify opportunities to better connect with new delivery models.

ENZ has observed that international institutions and governments are joining forces to leverage the international market. International partnerships in course offerings are on the rise. With greater choice comes the onset of greater competition. The more traditional inbound international education offerings from New Zealand is facing competition from other countries that are emerging as genuine study destinations – many of them markets that were previously sources of students. New Zealand's competitors are considerably more active, better financed, and ahead of New Zealand in this field.

While ENZ is making progress towards encouraging further offshore activity, ENZ believes that the tertiary system must both acknowledge and accommodate the increasing importance of diversifying our products and services offshore – and encouraging the use of partnerships to advance these offerings.

Partnership models

Countries are currently looking to New Zealand to join partnerships, and New Zealand must be equally tuned in to opportunities offshore where we can partner up. For example, China is rapidly developing its education system, attracting international students and looking for partnership opportunities so that students can study both at home and offshore. ENZ believes that further work could be undertaken to explore how to leverage partnership models

There are already great examples of this activity that have been underway in New Zealand for several years. Many universities offer attractive “twinning” programmes, for example, where students can complete two years of a four year degree at a partner institution, arrive in New Zealand to complete the final two years and graduate with an international qualification. To make progress in offshore ventures, therefore, ENZ must work closely with education institutions to understand their internationalisation strategies and ambitions, and help the institutions to realise their strategies and ambitions through ENZ's networks and relationships.

It should be noted that *some* New Zealand universities and ITPs are already investing in transnational education. To date, this has been in the form of joint delivery partnership arrangements (including

vocational education options that do not involve a New Zealand qualification) with local institutions and the provision of distance education options.

New Zealand could also explore partnerships with non-traditional education institutions. Increased innovation is likely through potential partnerships with international corporations such as Facebook – and with New Zealand corporations such as Xero, Fonterra, and Weta.

CASE STUDY: PARTNERSHIP MODELS

Leveraging partnership models at a strategic level

In 2015, New Zealand signed a strategic partnership with Viet Nam and the plan will see increased student mobility and institutional partnerships in areas including English language training, human resources development, and postgraduate and doctoral collaboration.

Leveraging partnership models at an institutional level

Another good example is Wintec, in Hamilton. Wintec was awarded a contract to jointly operate three vocational training colleges in the Kingdom of Saudi Arabia. They won the contract to run the cluster of Colleges of Excellence alongside Mondragon Education Internacional, a venture of Spanish university Mondragon.

Conclusion

International education is becoming increasingly relevant to New Zealand's economic, cultural, and social wellbeing. As the world becomes increasingly global, the tertiary system must increasingly accommodate international education as an *integral* component of the future system, our educational offerings, and the makeup of our learner population.

The review of our tertiary system, through the current Productivity Commission inquiry, represents an ideal opportunity to build a global tertiary system. New Zealand is not only the best country *in* the world but the best country *for* the world.

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