

16 November 2016

Education New Zealand Submission on Productivity Commission Draft Report:

New models of tertiary education

Introduction

Education New Zealand (ENZ) welcomes the questions raised by the Productivity Commission. It is valuable to ask fundamental questions from time to time about whether a sector such as tertiary education is performing to its true potential and whether the regulatory and policy settings need to be changed to allow it to perform best.

ENZ does not believe the draft report addresses those questions as fully as it might. We hope that the final report will address more fully the following areas:

- strategic leadership of tertiary education to ensure the sector is performing in the interests of New Zealand
- the importance of an international focus to tertiary education and decision making processes and ensuring consistency in policy settings across all agencies that have responsibility for regulatory actions that affect international education
- New Zealand's connectedness and responsiveness to international trends, opportunities and changes in educational delivery
- the operational capability of the sector to ensure quality control, efficiency, effectiveness and best use of resources, underpinning New Zealand's competitiveness.

Addressing these areas could significantly improve the value proposition of the system in international education markets.

International education within the report

An international component to tertiary education is, we believe, critical for a small trading nation such as New Zealand which is geographically distant from many of its key trading partners. Internationally, many countries actively pursue targets such as 15 percent or more of the student population being recruited internationally. This is a source of revenue for tertiary institutions and contributes to an international perspective which enriches the institution and the educational experiences of all learners. It is valuable to facilitate an international component in domestic learners' education, such as the opportunities offered by the Prime Minister's Scholarships for Asia and Latin America.

New Zealand's successful delivery of international education – through attracting students to New Zealand, delivering services and products off-shore and building an international component into New Zealanders' education – requires strong collaboration between education providers and a range of government agencies, including the Ministry of Education, Immigration New Zealand, the

New Zealand Qualifications Authority and the Tertiary Education Commission. These agencies have different agendas and priorities. Strong leadership and coordination of the tertiary sector is vital for international education, as it is domestically.

The report's coverage of international education as a contributor to the sector is light, and does not fully consider international education's contribution either globally or in the domestic context.

Internationalisation

International education is increasingly relevant to New Zealand's economic, cultural, and social wellbeing. The international education industry is now New Zealand's fourth largest export market, with the sector now valued at \$4.28 billion.

International education is a significant revenue stream for tertiary providers. However, internationalisation also must be considered from a cultural, social and pedagogical perspective.

Internationalisation is essential for New Zealand graduates to be work-ready from a global perspective. The connections made for New Zealand students through studying abroad, or studying alongside international students at home provide valuable opportunities, education and experience that cannot be provided by other means.

Internationalisation is listed as priority six in the Government's Tertiary Education Strategy, and as such is an important part of the vision for teaching and learning.

The nature of competition in the international education industry is evolving. New Zealand's international competitors, through new and innovative offerings, are increasingly capturing a larger international student population – including New Zealand students. Emerging markets such as China, Malaysia, and Singapore (traditionally source countries) have become competitors. This is alongside our more traditional competitors (Australia and Canada) who continue to increase their investment in international education. A stronger focus on internationalisation will help tertiary institutions build their brand and attain strong international rankings, helping to attract more students, teaching staff and research opportunities. However, a lack of focus on internationalisation will limit opportunities to compete with our key competitors in the future and to provide an appropriate and valuable service to New Zealand.

It is clear the changing nature of work and migration means domestic graduates need to be competitive internationally. In this respect, the system preparing them needs to be competitive internationally - to both retain domestic students and to attract high quality international students. The system benefits from having international students present through increased revenue, diversity, international perspective and competitiveness, and greater domestic student outlook and experience.

Innovation

Encouraging greater innovation within institutions and the system overall is a major focus of the report, and an area of much interest to ENZ. A greater focus on innovation within the tertiary education sector would add value to New Zealand's international education value proposition.

From an international perspective, greater innovation within the system adds value in a number of ways.

Delivery in New Zealand

- Partnerships or delivery by leading offshore providers, thus boosting New Zealand's education brand recognition.

- Develop high end or niche offerings that attract higher value students.
- More customised learning programmes – again increasing potential to attract higher value students.
- Better integration between tertiary education and industry might improve labour market outcomes for international students.

Offshore delivery

- Greater innovation in programmes would support customisation of programmes in offshore markets.
- A more sophisticated approach to financial monitoring could make it easier for institutions to invest offshore.

Internationalisation

- New Zealand students going offshore and curriculum in New Zealand more strongly internationalised.
- Stronger presence of international institutions in New Zealand help offer students this opportunity and encourage New Zealand institutions to respond through competitive pressures.
- Foreign direct investment settings and funding arrangements that facilitate international education delivery – such as international institutions offering campuses or on-line learning within New Zealand, and New Zealand providers entering into offshore and on-line provision.

We believe that creating the conditions for greater innovation within the system provides the means to an end of a high quality internationally renowned tertiary education system.

Quality control

The draft report discusses the need for a more permissive regulatory environment to increase competition, enable greater innovation within tertiary education institutions and provide a better learning experience for students. These can generally be seen as improving the value proposition for a New Zealand education internationally, however the reputation of such a system would heavily rely on the level of quality control and its consistent and rigorous application across all providers. The draft report also recommends that the New Zealand Qualifications Authority (NZQA) take more responsibility for defining minimum performance thresholds and holding providers to account.

ENZ endorses this approach but notes it is vital that compliance agencies, such as NZQA, are resourced and have the capacity to ensure rigorous and timely quality control.

Conclusion

New Zealand's tertiary education system could offer an innovative, high quality, unique and accessible education experience with well-regarded qualifications that are recognised and valued around the world.

Likewise, an international component has the potential to enrich the education of all New Zealand learners and ensure they are best equipped to help New Zealand perform in the global context.

Future consultation

The Board and senior management of ENZ would be very happy to engage with the Commission on the points signalled in this submission.