

## Education Report: Proposal to draw down International Education Recovery contingency funding

<b>To:</b>	Hon Grant Robertson, Minister of Finance Hon Chris Hipkins, Minister of Education		
<b>Cc:</b>			
<b>Date:</b>	22/09/2021	<b>Priority:</b>	High
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1268212
<b>Drafter:</b>	Corwin Wallens, Chief Policy Advisor, International Education, Te Ara Kaimanawa	<b>DDI:</b>	9(2)(a)
<b>Key Contact:</b>	Belinda Himiona, Group Manager – International Education, Te Ara Kaimanawa	<b>DDI:</b>	
<b>Messaging seen by Communications team:</b>	No	<b>Round Robin:</b>	No

### Purpose of Report

This paper seeks your agreement to draw down \$8.150 million of the International Education Recovery tagged operating contingency to progress the two-year work programme. The contingency expires on 30<sup>th</sup> September 2021.

Education New Zealand (ENZ) has prepared a report (attached) on the international education diversification of products and services programme of work, including costings and an implementation plan.

### Recommended Actions

The Ministry of Education recommends you:

1 **note** that on 6 July Cabinet [CAB-20-MIN-0328.22 refers]:

1.1 **agreed** to develop a unified digital platform and develop, test and deliver new diversified international education products, subject to further work on detailed costings, an implementation plan and a strategy for how projects will be monitored and evaluated;

1.2 **agreed** to establish a tagged operating contingency of up to the amounts as follows in Vote Tertiary Education, to provide for a unified digital platform and new diversified international education products:

<b>Tagged operating contingency</b>	<b>\$m – increase/(decrease)</b>				
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25&amp; Outyears</b>
International Education Strategic Recovery: Diversification of International Education Products and Services	1.000	4.150	4.000	-	-

1.3 **authorised** the Minister of Finance and the Minister of Education to jointly approve draw down of the tagged operating contingency funding in recommendation 1.2, subject to their satisfaction with the outcome of the further work described in recommendation 1.1;

2 **note** that on 10 October 2020 \$1m of contingency funding was appropriated in 2020/21 for further development and implementation of these projects by ENZ (METIS 1235115 refers);

3 **note** that due to sector engagement starting later than anticipated and some improvements to the planned approach potentially delaying the detailed planning information required for future draw downs, the expiry date for the contingency was extended from 30 June to 30 September 2021 (METIS 1259115 refers);

4 **note** that Education New Zealand have committed to the International Education CEs' group receiving regular updates on the programme of work, this will include group approval prior to ENZ progressing with investment in an Owned Platform;

5 **agree** that, as the further work described in recommendations 1 and 2 above has been satisfactorily completed, the unified digital platform and new diversified international education products can now proceed;

**Agree / Disagree**  
Minister of Finance

**Agree / Disagree**  
Minister of Education

6 **approve** the following changes to appropriations to provide for the decision in recommendation 5 above, with a corresponding impact on the operating balance and net core Crown debt:

<b>Vote Tertiary Education Minister of Education</b>	<b>\$m – increase/(decrease)</b>				
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26&amp; Outyears</b>
Non-Departmental Output Expense: International Education Programmes	4.150	4.000	-	-	-

**Agree / Disagree**  
Minister of Finance

**Agree / Disagree**  
Minister of Education

7 **agree** that the proposed changes to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

**Agree / Disagree**  
Minister of Finance

**Agree / Disagree**  
Minister of Education

8 **agree** that the expenses incurred under recommendation 6 above be charged against the International Education Strategic Recovery: Diversification of International Education Products and Services – tagged operating contingency which will exhaust the contingency;

**Agree / Disagree**  
Minister of Finance

**Agree / Disagree**  
Minister of Education

9 **agree** in the event this tagged contingency drawdown is approved after the 30th of September 2021, to extend the expiry to the date of this approval.

**Agree / Disagree**  
Minister of Finance

**Agree / Disagree**  
Minister of Education

10 **agree** that this Briefing will be proactively released once relevant decisions have been made, as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

**Agree / Disagree**  
Minister of Education



Hon Grant Robertson  
Minister of Finance

27/09/21



Hon Chris Hipkins  
Minister of Education

23/9/2021



Belinda Himiona  
Group Manager  
International Division

22/09/2021

## Education New Zealand are seeking to draw down funds placed in contingency

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1. On 6 July 2020, Cabinet agreed to support a package of International Education Strategic Recovery initiatives. Within that funding, Cabinet set aside a tagged contingency of \$9.150 million to support the diversification of international education products and services, including the development and delivery of a unified digital platform, and for explorations, market testing and analysis to create innovative products and services [CAB-20-MIN-0328.22 refers].
2. Cabinet authorised you to jointly draw down this contingency funding subject to further detail being provided on the projects, including more detailed costings, an implementation plan and a strategy for how projects will be monitored and evaluated.
3. You agreed to draw down \$1.00m in 2020/21 on 10 October 2020 (METIS 1235115 refers) for further development and implementation of these projects by Education New Zealand (ENZ).
4. The attached ENZ report outlines:
  - progress made since October 2020.
  - costings and an implementation plan on the remaining \$8.150m contingency drawdown.
  - the diversification of international education products and services work.
  - how diversification supports sector transformation outlined in the International Education Strategy 2018-2030.
  - the benefits of diversifying delivery modes and opportunities to develop new education offering around areas of NZ excellence and expertise.
5. The ENZ implementation plan consists of two interlinked workstreams: New products and services and Diversification of delivery modes. The workstreams are made up of small pilots with built-in opportunities to assess, evolve and exit as they are being run.

### **New products and services**

6. This workstream is seeking to identify areas of high demand where NZ has a competitive advantage. The funding will provide support for selected providers to develop and test products. These supports are known as a Product Accelerator.
7. ENZ are expecting the product accelerator to cost \$4.100m and the co-development of strategic products to cost \$1.120m, for a total of \$5.220m.

### **Diversification of delivery modes**

8. This workstream seeks to test three different delivery models to understand what might work best for NZ, including operating model, funding, potential partnerships and appetite for the different models.
9. The unified digital platform workstream seeks to test and understand what the best platform is for NZ – rental, owned or some form of mixed model. It will also seek to identify potential new partners, gather market research, identify a preferred future delivery model that includes a sustainable funding model that works for providers and students.
10. ENZ will use FutureLearn as the rental platform. FutureLearn is an existing online platform that offers a diverse selection of courses from leading universities and cultural institutions from around the world. These are accessible on mobile, tablet and desktop. FutureLearn was chosen for their expertise and experience. FutureLearn ran a similar successful

project with Australia and the British Council recently, have an existing platform fit for the pilot objectives, and an existing userbase of 15 million learners.

11. This workstream also seeks to test the value and benefit to NZ from NZ providers delivering some of their courses from a physical location offshore. It seeks to test the value of offshore delivery in creating revenue resilience for providers, pathways to NZ for target students and improved student experiences and education outcomes.
12. ENZ are expecting the diversification of delivery modes workstream to cost \$4.780 in total. This includes \$2.000m for offshore delivery pilots, \$0.900m to support providers to have digital content, \$0.430m for the rental pilot, and \$1.450m for the co-designed NZ owned pilot.

## **Sector support for the initiatives**

### *Diversification*

13. The proposed approach of working collaboratively with providers to design, test and run multiple small-scale pilots is designed to ensure sector support for the resulting products. There are signs of sector support for diversifying delivery modes:
  - ENZs Future Focus Programme projects during 2020/21 have engaged all sectors around the theme of online delivery.
  - Several university Vice Chancellors and other senior university leaders have engaged with ENZ around the diversification workstream.
  - Diversification of both modes of delivery and products & services is a key focus of Te Pūkenga's International Working Group developing their internationalisation strategy. ENZ is a member of this working group.
  - Some NZ providers are currently using FutureLearn, with interest from a wide range of providers, from all education sectors. Currently 21 New Zealand courses are listed on FutureLearn, with Wintec proposing adding further courses and Otago Polytechnic recently submitting a proposal to develop a new course specifically for FutureLearn.
  - The product accelerator methodology acknowledges feedback from providers around getting support to help build capability. It also provides ENZ a mechanism by which to build momentum and deliver new products amongst engaged providers.
  - Recovery Plan workshops (March 2021) had multiple participants from a range of sectors expressing the need to have online or offshore pathways while borders were shut, with some acknowledging the complexity of doing this without existing in-house capability or platforms.
  - Consultation with Peak Bodies in July 2021 showed diversification is becoming more important for providers with changing expectations about what might be possible with the border in the short term.
14. ENZ launched a pilot with FutureLearn.com on 8 June 2021 to showcase a selection of taster courses from New Zealand providers to online learners worldwide. At present 22 courses from 13 providers are offered, with further new entrants to follow. Four universities are currently participating and Te Pūkenga are in the process of confirming a three-year contract with FutureLearn, under ENZ's master agreement.
15. A diverse range of Private Training Establishments (PTEs) and EdTech companies are participating, including high profile institutions such as MindLab and Media Design School, as well as English Language, Te Reo, virtual reality, culinary and other specialist disciplines. The inclusion of multiple sectors under a country brand proposition is unique for FutureLearn.

### *Offshore delivery*

16. The New Zealand Study Centres pathway work has been developed in partnership with all 8 New Zealand universities and 6 universities are participants in the project group.
17. Offshore partners have been selected through a contestable process by a joint university sector/ENZ working group. Potential providers are high-ranking universities and/or with established transnational education partnerships with peer universities.
18. Four potential partners have been selected for due diligence and potential partnership negotiation. Two are based in China, one in Vietnam and one in Sri Lanka. ENZ will brief MFAT on the approach prior to any final decisions. Sri Lanka and Vietnam align with MFAT priority growth strategies, and the recent opening of the High Commission in Colombo.

### **Proposed Governance Arrangements**

19. The International Education CEs' group will receive regular updates on the programme of work. This will include risk management and financial updates. Existing bodies like the Education Sector Digital Group and GCDO will receive regular updates to enable a systems wide view.
20. Recommendations regarding the piloting of an Owned Platform will be provided to the CE's group for their input and approval prior to ENZ progressing with any investment in an Owned Platform. This applies to \$1.3m of the proposed spend.
21. In the case of the offshore education centre initiative ENZ will brief MFAT on the approach prior to any final decisions and consult with MFAT and other agencies as they carry out due diligence on potential partners.
22. The Ministry of Education, through the International Division and the Monitoring and Appointments team, will continue to provide advice on ENZs performance, including this workstream.

### **Fit with existing online initiatives**

23. The primary focus of the pilot online platform is to give providers access to an online learning platform and online audiences. It provides the opportunity for providers without strong in-house expertise or funding to explore delivery online and benefit from best practice learnings.
24. ENZ will also work with education providers and other government agencies to co-design a prototype of a NZ-owned platform. This will enable their knowledge, experience and systems to be included, alongside broader assessment of emerging trends in technology, global education practice and student demand and user experience.
25. TEC have a proposed model to improve quality and efficiency of student recruitment. The proposal explores a centralised recruitment model, inspired by the Australian International Development Program approach. This approach provides consistency, economies of scale, faster and centralised conversion functions, and recruitment across a range of channels, not necessarily exclusively digital.

### **Managing risks**

26. Alongside the rental pilot with FutureLearn, ENZ will be working with education providers and other government agencies to co-design a prototype of a NZ-owned platform. Several measures will be in place to help manage the risks with developing a prototype:
  - The CEs' group will be kept up to date with the programme of work, including risk management and financial updates. This will enable the CEs' group to provide advice throughout the process and raise any concerns early. This provides an opportunity for the CEs' group to raise any concerns relating to the NZ owned prototype pilot, including decisions to progress.

- The rental model had been sequenced ahead of NZ owned pilots so that the lessons from the rental model can be used to develop the NZ model.
  - The GCDO has assisted in the design of the approach.
  - The prototype will be established using third-party platforms, licences and tools where available. This approach enables ENZ and participating partners to assess if the pilot has any long-term value or not to then put forward recommendations.
  - The NZ digital learning platform is made up of a number of contracts for service provision for the defined period of the trial. This means that there are no ongoing costs once the trial is over and the focus of the trial can be on testing its functionality, student uptake, revenue model, data sharing benefits and how it can be used to make better decisions across government.
27. The duration for the trial of the prototype is planned for 12 months, after which there is no planned commitment for ongoing investment. The information from all of the pilots will help inform a business case for next steps (if any). This includes how the rental and ownership models compare and whether there is value in having a mixed model, which is common practice.
28. The pilots will also enable ENZ to put together a better assessment and options regarding how any long-term solution could be funded sustainably, including fully funding from providers.

**We recommend you support the drawdown**

29. The ENZ report provides costings (appendix D), an implementation timeframe (appendix A) and assessment criteria (appendix E).
30. Treasury, Ministry of Education, and the Government Chief Digital officer have been involved throughout the development of this work.
31. Progress will be reported through ENZ's regular reporting channels, including their fortnightly and quarterly reports to the Minister of Education. There will also be a decision point at the end of the pilot, with a report informing future decisions on whether the activity and funding should continue.
32. Our assessment is that ENZ has met the drawdown conditions. There is some uncertainty on the value of the digital platform, and the final model for the digital platform has not been decided upon. However, testing an approach in this area will be needed to encourage innovative initiatives and approaches, including non-traditional education provision and build longer-term resilience in our international education sector.

## Annex

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The Education New Zealand Report *Diversification of international education products and services*.

## Diversification of international education products and services

### Purpose of this paper

- 1 This paper provides an update on the progress made since October 2020 when exploratory funding of \$1.00m (of \$9.15m) was approved for drawdown from the International Education Strategic Recovery: Diversification of International Education Products and Services contingency.
- 2 This paper provides detailed costings and an implementation plan and strategy to enable the remaining \$8.15m of the contingency to be drawn down.

### Executive Summary

- 3 The diversification of international education products and services programme of work, funded from the COVID-19 Response and Recovery Fund, forms part of *Wave 3: Resetting and revitalising the economy* of the Government's plan to support sector and broader economic recovery.
- 4 This programme of work supports the International Education Strategy 2018 – 2030 (IES) which signalled the need to transform the sector and diversify to ensure a sustainable, resilient sector that can grow and provide value to New Zealand (NZ).
- 5 COVID-19 has accentuated both the existing weaknesses in our international education sector and the opportunities from accelerating the sector's transformation. Weaknesses include reliance on a single mode of delivery (in-bound student mobility), limited differentiation in education offering to competitors (with post-study work rights and other non-education factors more likely to drive country choice), and lack of sector capability or incentive to drive change. If these weaknesses are not addressed, the government faces fiscal risk due to the significant long-term drop in international education revenue.
- 6 Diversification of delivery modes, including offshore delivery and online delivery, presents a major opportunity. Additional modes of delivery will allow NZ providers to target new segments and increase the proportion of learners undertaking study offshore. This will help mitigate the impact of the limited number of students studying in NZ while border restrictions remain in place, plus provide longer-term resilience and growth opportunities.
- 7 Another opportunity is to develop new education offerings centred around areas of NZ excellence and expertise, building on perceived strengths and attracting high value learners driven primarily by the quality and uniqueness of the education offering. Education New Zealand Manapou ki te Ao (ENZ) has been working with the sector to identify these distinct NZ education products with global appeal. Early opportunities



identified include cause-based education, and ENZ is proposing a programme to develop pilots to explore these opportunities further.

- 8 Despite these potential opportunities, most providers are waiting for borders to reopen to enable them to rebuild their international student numbers. The work proposed here allows us to build on the work ENZ has been investing in over the last few years and leverage NZ's brand and reputation while borders remain closed.
- 9 Sector discussions have revealed a range of views around diversification. Sector peak bodies have emphasised the progressive return of students as being the most pressing issue and have focused their lobbying efforts on this. However, a range of engagements by ENZ and NZQA with specific sector groups in "deep dives" and conversations with individual providers have shown sector and provider desire to be supported in developing and testing online offerings. Offshore pathways delivered through NZ-branded Education Centres have the strong support of the university sector and interest from other sectors. Product and service diversification has been acknowledged as an opportunity well before COVID-19.
- 10 This programme builds on ENZ's pre-COVID work, capability and experience in areas such as learner-centred future offering, digital recruitment eco-system, offshore pathways, and industry transformation planning.
- 11 Initiatives which pre-date the Recovery Plan will be amplified and strengthened with the Recovery Plan funding, and outcomes will be accelerated, allowing NZ to keep pace with the rapid rate of global change that has been triggered by COVID.
- 12 Given the sector's focus on rebuilding the inbound student model and lack of capability and resource, it is critical the international education sector is offered leadership and support to diversify and remain competitive in a post-COVID market.
- 13 ENZ is leading the diversification of education products and services programme. The approach for this programme is to work with the education sector to explore, co-design and test opportunities for diversification. This approach is iterative, as the sector seeks to answer the following questions:
  - What new education products and services could set NZ apart from its competitors?
  - How do students want to engage with the NZ education experience – online, in their home country, in NZ, mixed etc?
  - What is the best way to deliver this future experience for students and for NZ?
  - Which is the best online delivery model for NZ – "renting" (i.e. partnering) with an existing platform or building an "owned" platform which gives NZ and providers ownership of the experience and data?
  - What is the best way to increase the sector's resilience to future shocks like COVID-19?
  - How do we best give effect to Te Tiriti o Waitangi?
- 14 The next two years will focus on developing and testing pilots and prototypes for new products and different delivery mechanisms with key markets. This will enable ENZ to gather data and evidence, and develop advice about the best mix of products, services

and delivery modes for diversification, as well as establishing best-practice innovation methodology to enable the sector to grow in value and be more resilient in the future.

- 15 The two-year work programme will enable us to explore, test and learn to build a full economic case. As part of our agile project management approach, we will continue to manage, monitor and measure the two-year work programme throughout (including developing non-financial performance measures).
- 16 This paper sets out the plan (see Appendix A) for how this will be achieved and what it will cost. It seeks Joint Ministers' agreement to release contingency funding to enable the plan to proceed.

## Introduction

- 17 As part of Budget 2020 Cabinet established a COVID-19 Response and Recovery Fund (CRRF), in line with the Government's plan to respond and recover from the virus. Initiatives funded from the CRRF fell into one of three categories:
  - Wave 1: Fighting the virus and cushioning the blow (support to 30 June 2020)
  - Wave 2: Positioning for recovery
  - Wave 3: Resetting and revitalising the economy (supporting significant and long-term change).
- 18 As part of Wave 3, a contingency of \$9.15m was approved from the CRRF [CAB-20-MIN0328.22 refers] to support the diversification of international education products and services, including the development and delivery of a Unified Digital Learning Platform (UDLP). The funding was intended for exploration, market testing and analysis to enable innovative products and services to be developed.
- 19 \$1.00m was approved for drawdown on 10 October 2020 to work with the sector to progress the development of new products, services and platforms. The remaining \$8.15m remains in contingency and is awaiting detailed costings and an implementation plan for how the funding will be used and evaluated.
- 20 On 29 June, the Ministers for Education and Finance approved an extension to the contingency from 30 June 2021 to 30 September 2021 to enable feedback from the sector to be reflected in the implementation plan and costings. This paper presents the detailed implementation plan and costings to support the drawdown of the remaining contingency.

## Background

- 21 Prior to COVID-19 international education was NZ's fifth largest export sector, attracting over 115,500 students from 190 nationalities to study across 843 education providers in NZ. It contributed \$5.23 billion to the NZ economy and supported 48,000 jobs. In

addition to the economic returns from having international students studying in NZ, the sector also contributes to reducing skill shortages in regions, increasing NZ's research, science and innovation outputs, strengthening international relationships and marketing NZ.

- 22 The International Education Strategy 2018-2030 (IES) signalled the need to transform, and to move from volume to a more targeted approach better aligned with NZ's aspirations and needs. This targeted approach would enable the sector to better address regional skill shortages, increase innovation and research, and strengthen key diplomatic relationships.
- 23 Prior to COVID-19 there were encouraging signs that the shifts expected by the IES were starting to be delivered, including a move to higher value.

***The need for change was signalled before COVID-19.***

- 24 The need for change was also apparent in growing socio-economic trends towards urbanisation, globalisation, accelerating technological change, ageing demographics, and the shift to a sustainable carbon-neutral economy. McKinsey<sup>1</sup> estimates that the change is happening at a faster rate, scale and impact than the Industrial Revolution (10 times faster and at 300 times the scale, or roughly 3,000 times the impact).
- 25 ENZ developed a plan for how it would support the sector and work alongside partner agencies to achieve the outcomes in the IES and in doing so also respond to the global trends that were changing the operating environment. These changes included diversification of types of students, markets, products and channels of delivery to increase the sector's resilience and grow its overall contribution to achieving broader benefits that are aligned to government priorities.
- 26 The Government's COVID-19 Economic Response and Recovery Plan provided an opportunity to bring forward key workstreams from the ENZ plan to accelerate the sector's recovery while also transforming it into a sector with greater diversification of learners, markets and channels. This would enable the sector to be more resilient, sustainable and impactful in the future.
- 27 ENZ is tasked with leading the 'diversifying products and services' workstream of the Government's Recovery Plan for International Education. This work programme is not simply a response to the COVID-19 pandemic, but a core part of the IES. The changes proposed are aligned with global trends which predate the pandemic. The Government recognised that:

*“Achieving the potential of the sector will require strengthening and resetting aspects of the system to address some underlying issues. These include reliance on certain markets and low-value, high-volume business models which have generated quality issues and financial risk for parts of the sector, including Crown-*

1

[https://www.mckinsey.com/~media/mckinsey/business%20functions/strategy%20and%20corporate%20finance/our%20insights/the%20four%20global%20forces%20breaking%20all%20the%20trends/the\\_four\\_global\\_forces\\_breaking\\_all\\_the\\_trends.pdf](https://www.mckinsey.com/~media/mckinsey/business%20functions/strategy%20and%20corporate%20finance/our%20insights/the%20four%20global%20forces%20breaking%20all%20the%20trends/the_four_global_forces_breaking_all_the_trends.pdf)

*owned institutions. It will also require a multi-year investment in marketing, building capability within the sector and re-orienting the sector towards more sustainable business models.” - Cabinet paper: “A Strategic Recovery Plan for the International Education Sector,” Minister of Education, 22 June 2020.*

**COVID-19 accentuated existing weaknesses in our international education sector and the opportunities from accelerating the sector’s transformation.**

- 28 The closure of NZ’s borders and the restrictions imposed due to COVID-19 outbreaks accentuated known weaknesses in the international education sector.

**The sector is heavily reliant on a single mode of delivery.**

- 29 Research commissioned by NZQA<sup>2</sup> found that providers were willing to broaden their reliance on in-country delivery, and despite many providers having some form of online delivery or partnership with offshore providers, there remains an over-reliance on students being able to physically study in NZ. Despite this finding, there are some clear NZ examples that demonstrate the value and possibilities from diversification:
- **The University of Auckland (UoA)** – UoA was able to shift quickly to online delivery for offshore students to enable them to continue their programme of learning. Following feedback from students UoA was able to partner to establish a number of learning centres to complement the online learning experience and help with retention. As a result of these efforts UoA finished 2020 down only 8.5% on the previous record year of international enrolments, and was 9% up at the start of 2021, despite a trend of 20% to 40% drops in new enrolments for most of NZ’s universities.<sup>3</sup>
  - **Wintec** - Wintec has a variety of business streams that have provided shelter from fluctuations in traditional inbound student recruitment, including joint programmes and offshore international colleges in China. Most well-known is its consultancy expertise in offshore markets, ranging from the delivery of education services in the Middle East through partnership, to utilising its expertise in geo-thermal production in Indonesia. A further stream is the production and delivery of short professional courses either in person in NZ or, more recently, virtually.
  - **Private Training Establishments (PTEs)** - The Mind Lab, the exclusively online International Culinary Institute, and edtech-based English language providers such as Chasing Time English have all done well by promoting their online offerings offshore.
- 30 ENZ facilitated deep dives, workshops and hui with the sector to understand why providers were so reliant on one form of delivery for their products. Key drivers for the lack of diversification that were identified include a lack of capacity, capability, funding, and in some cases vision or willingness to shift to other modes of delivery.

<sup>2</sup> Draft Report: Challenges and opportunities - NZQA and international education recovery. June 2021

<sup>3</sup> <https://www.auckland.ac.nz/en/news/2021/05/25/university-of-auckland-takes-a-large-slice-of-international-pie.html>

- 31 The lack of diversification may in some ways be a silver lining - too many platforms would have the potential to confuse learners, creating unnecessary competition for students amongst NZ providers. Having too many small players in the market also has the added risk of playing into the hands of global aggregators, which would result in additional layers between provider and learner and reduce NZ's ability to manage the user experience and to access engagement data. NZ is a small player in the global market and cannot risk being further marginalised through unnecessary competition, a fragmented approach and duplication of investment.

*The NZ international education sector needs high quality, uniquely NZ products.*

- 32 Parts of the sector have in the past been open to criticism concerning an overreliance on students who are primarily focused on attaining post-study work rights and permanent residence rather than choosing the providers for the strength and uniqueness of their education offering. Consequently, some decisions to study in NZ may have been driven by work rights rather than quality of education anchored in strengths unique to NZ.
- 33 The need to develop high quality, uniquely NZ products was highlighted by the Productivity Commission who noted in its report *New Zealand firms: Reaching for the frontier*:

*"In successful small, advanced economies (SAEs) prosper from exporting specialised, distinctive, high-value products at scale. Specialised and distinctive products are knowledge-intensive, and hard for competitors to replicate. This requires innovation.*

*SAEs focus their efforts on building deep innovation ecosystems in a limited number of focus areas. These ecosystems support and enable firms to innovate and export at scale. The scale comes either through large "anchor firms" or collaboration among smaller firms. Unlike most successful SAEs, New Zealand doesn't intentionally or to the same degree focus its investment to achieve excellent innovation ecosystems in a few areas.*

*This requires an adaptive approach with a tolerance for experimentation and failure (another reason for insulating its operation from day-to-day political decision making)."*

- 34 In order to recover faster and build back better, NZ's international education sector needs to focus on building a deep innovation ecosystem that supports providers to innovate and export at scale. This includes ensuring government agencies are working more effectively together and are collectively focused on how they can deliver the best experience for students that they are trying to attract, e.g. ensuring target students can navigate the visa process easily with Immigration NZ. NZQA is currently considering how it will need to adapt to new products like micro-credentials that the sector may develop as part of its diversification strategy.

*The international education sector needs leadership and support to be competitive in a post-COVID market.*

- 35 Most providers are waiting for borders to reopen to enable them to rebuild their international student numbers. However, the longer students are unable to access the



NZ learning experience, the less relevant NZ becomes as an education option. NZ education providers operate in a competitive global market where other markets have opened up faster and/or are better positioned to attract students.

- 36 International markets such as the UK, Canada and Australia are better positioned to rebuild their international education sector faster than New Zealand because of their existing transnational education capability<sup>4</sup> and digital preparedness.

NZ's COVID-19 response is not making NZ more attractive to students.

- 37 Research into students and their willingness to travel to study by Australian consultants, Navitas Strategic Insights and Analytics - 'The road to recovery - Part 2' found that:

- A country's public health response is less of a differentiator for students, with fewer students agreeing that *"the way a government handled coronavirus made it a more attractive study destination"*.
- Student *stickiness*<sup>5</sup> is starting to wane, with NZ showing a decline in students wanting to come here compared with other destinations. Fewer respondents showed interest in studying in NZ in the September 2021 compared with the May 2021 survey. This compares with positive movements for the UK and Canada.
- More decisions will be made based on which destinations are accessible. Only 43% of respondents agreed that NZ had a reputation for being open and welcoming for international students, compared with the UK (71%) and Canada (56%).
- Pre-COVID-19 momentum and fundamentals will start to drive flows, with NZ tracking well behind other countries as an attractive study destination (54% for NZ compared with over 82% for the UK, Canada and Australia).

- 38 Recent research by Kantar for ENZ<sup>6</sup>, reinforces the Navitas Strategic Insights findings. While 47% of international education considerers had more positive perceptions of NZ as a study destination due to our border closures, this has not translated into any competitive advantage. Relative to English-speaking destination competitors – the UK, USA, Canada and Australia – NZ underperforms on the two key drivers of student choice, education quality and employment opportunities. The research shows that brand preference, as measured by NZ being included in student considerers' top three preferred destinations, has dropped from 15% to 13% since May 2020.

**Our approach to building new international products and services**

- 39 This programme of work is about optimising and coordinating the international education sector's response to COVID-19, by accelerating its recovery and co-creating a more resilient and responsive future state. It complements the existing in-bound student

<sup>4</sup> As at 2018, the UK already provided "qualifications to [significantly] more students overseas [700,000] than to international students in the UK [450,000]": <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Pages/Transnational-education-.aspx>

<sup>5</sup> "Stickiness" is a measure of a brand's durability with consumers.

<sup>6</sup> Understanding the New Zealand Education Brand in key markets, June 2021.

mobility model which is in the process of being reset by government agencies in partnership with the sector. This programme of work is focused on:

- Exploring and testing new products and services where NZ has a competitive advantage or credible leadership to deliver new courses in that area.
- Positioning NZ as a leader in life-long learning through innovative education.
- Assisting education providers to reshape and upgrade how they can deliver their offering, and therefore tap into larger pools of international students, without relying exclusively on increased student mobility to NZ. This includes promoting the delivery of the NZ education offering in source markets through the development of in-market programmes, via online study, pathway programmes (where students complete foundational and/or the first 1-2 years in their home country), and 'blended delivery' models.
- Mitigating environmental sustainability vulnerabilities associated with NZ's geographic location (e.g., 'flight shame' a term used increasingly in carbon conscious societies).

40 The project consists of two workstreams:

- **New products and services:** This first workstream focuses on bringing more NZ products to the global learner market (including developing new education products that are unique to NZ). A key part of this workstream is to develop new products that speak to NZ's unique points of difference and where it has credibility to lead. The goal is to have a higher proportion of students whose primary driver for choosing to study in NZ is the quality of its education programme rather than as a migration pathway.
- **Diversification of delivery modes:** This workstream seeks to complement in-bound mobility with new and different ways of learning (online, partnerships, offshore delivery and pathways).

41 Over the past six months sector bodies and individual providers have been engaged to understand their thoughts around both new product and service development and diversification of mode of delivery. COVID and closure of borders have disrupted their current model for international education. Initially their primary focus, particularly through Peak Bodies, has been lobbying of government to open up borders or increase numbers of students in exceptions for return to New Zealand. However, progressively there has been an acceptance that other models are needed to engage students in the short-term and build a pipeline for the long-term (see sector deep dives and NZQA report referenced earlier). An invitation to providers to join a webinar about participating in a trial with FutureLearn, an online learning platform, received over 50 attendees and 11 providers are currently participating in this pilot. Product and service diversification has been the focus of past initiatives by ENZ with the sector, but pre-COVID suffered from lack of funding, a robust co-creation and prototyping process, and focused sector attention due to their priority being on traditional recruitment.

42 Both workstreams will collaborate with the sector, wider government and the commercial sector to identify, co-design, pilot and evaluate opportunities within the respective

workstreams. This will include determining what a future operating would look like for the preferred options identified under the workstreams, ongoing cost and revenue arrangements, economic impact and other non-tangible costs and benefits of the options explored under this workstream.

- 43 The findings and lessons from each workstream will come together, and be considered, for inclusion in a longer-term roadmap for the sector. A summary of the project plan and costings are in Appendix A. ENZ has taken advice from the Government Chief Digital Officer, the programme's investment advisor, and Callaghan Innovation to develop and refine the iterative approach set out for the programme.

*Taking a mission-led approach to co-designing future state with the sector.*

- 44 A mission-led approach<sup>7</sup> lends itself to focusing on solving complex, future focused problems or goals that require collaboration between multiple stakeholders across different sectors. ENZ's data, delivery experience, global networks, strong links across government and education makes it ideally placed to support the sector to meet the demands of a changing environment.
- 45 A key principle that underpins this project is that ENZ is not fundamentally changing the sector, rather it is supporting the sector to build resilience through diversification. This approach will help the sector to innovate at scale with NZ's best interests and strengths at the core. Working with the sector will enable the domestic system to be considered throughout the design, pilot and evaluation processes for each workstream.
- 46 This key principle is reflected in ENZ's evolving approach to diversifying products and services as a result of sector engagement across peak body discussions, Future Focus Programme projects and sector deep dives.

*Managing the risks and ensuring good decisions are made.*

- 47 A key risk that has been identified for the project is a lack of sector buy-in and support. the desired future state is reliant on gaining and retaining the support and trust of providers. It is also reliant on ensuring that development effort is focused on areas where there is demand from learners and where NZ has credible strengths. These key risks are being mitigated through ENZ's steering and engagement structure, co-design with the sector and run/test/refine approach to development. The use of small pilots and a run/test/refine approach provides natural off-ramps and reduces the risk of intended outcomes not being achieved.
- 48 In addition to ENZ's existing governance and programme management arrangements, including the yet-to-be-established Māori Advisory Board, the diversification of products and services programme will be guided by an Innovation Steering Group. The Innovation Steering Group is made up of 6-8 representatives from government, the education sector, broader industry, tangata whenua representatives, and one ENZ Board member (see Appendix C for details). The Group will meet once every two

<sup>7</sup> A mission-led approach aims to "[galvanise different actors and sectors across the economy to work together to solve problems](#)", by setting clear, measurable goals.



months to review progress and ensure the programme is on track to meet its intended objectives.

- 49 The programme and individual workstreams will be regularly assessed against set investment objectives and critical success factors to guide decisions about whether to continue, speed up, or slow down the various work streams within the programme. The investment objectives and critical success factors will help the Steering Group and ENZ's governance and programme management to stay focused on outcomes and guide these decisions. The investment outcomes and critical success factors are located in Appendix E. ENZ will also continue to engage with education providers and peak bodies and learners throughout the project via hui, roadshows, and digital media.

### **Workstream 1: New products and services that differentiate New Zealand in a globally competitive education market**

- 50 ENZ has been working with the sector to identify areas where NZ has a competitive advantage and where demand for that product is high in the global market. This engagement with the sector and other interested stakeholders has been used to identify potential areas for developing new products and services (refer Appendix B).
- 51 One of the areas identified for further development is sustainability and climate action. Demand for products and services in this area is supported by ENZ and international surveys which showed that:
- 97% of 1,743 surveyed students from ENZ's database agreed that New Zealand has a strong commitment and reputation for sustainable development (69% strongly agreed).
  - 79% of prospective international students surveyed by QS<sup>8</sup> said that they would be more likely to choose a course if the content helped them to learn how to reduce their environmental impact.
  - 79% of students surveyed in the Times Higher Education survey<sup>9</sup> agreed that universities have an important role to play in achieving the UN Sustainable Development Goals.
- 52 Providers need support to develop and test these new products. ENZ is well-placed to provide this support and provide a link across government to ensure effort is focused on NZ's strategic areas of advantage and providers can compete at scale in a global market.

<sup>8</sup> QS survey Sustainability in Higher Education: What More Can Universities Do? How prospective international students feel about the higher education sector's sustainability efforts. August 2019 of 3,700 prospective international students who are currently looking to study in the UK, Australia, Canada, or United States.

<sup>9</sup> Times Higher Education, Auckland University: Students, sustainability, and study choices Exclusive analysis of findings from a survey of 2,000 prospective students, March 2021

- 53 ENZ will establish a Product Accelerator to support providers to develop and pilot new products in strategic areas identified in Appendix B. The first part of this process will consist of ENZ working with providers to identify and co-design pilot opportunities for inclusion in the Product Accelerator. This will be used to inform the criteria for selecting Accelerator participants.
- 54 The Accelerator will consist of funding and wrap-around support to ensure participants are set up for success, including product development support, provision of marketing through ENZ channels, directing students to the new products, and the provision of data, research and advice to assist providers as they develop their products or convert existing ones. Accelerator participants will be able to access ENZ's innovation toolbox and guidelines (developed from its earlier co-design process) and potentially additional funding outside of the Accelerator.
- 55 Providers will be invited to apply to be a part of the Product Accelerator, with the first opportunity planned for December 2021. A second intake will be selected in August 2022 if funding is available, and if the sector has capacity and interest.
- 56 ENZ will use the Product Accelerator to identify gaps where it will need to take a more active role to encourage pilots to be developed. This is likely to involve ENZ commissioning the development of a pilot and co-designing and developing that product with providers.

## **Workstream 2: Diversification of delivery modes**

- 57 This workstream considers two new delivery modes – offshore and digital delivery of education programmes. Both types of delivery modes could offer students the option to undertake components of their study in NZ. This will enable NZ providers to reach non-traditional audiences and build the sector's resilience in the face of future shocks like COVID-19.
- 58 A May 2021 survey of 3,300 students in the ENZ database indicated:
  - 30% expressed interest in studying fully online with a NZ education provider and doing this from their home country'.
  - 65% were interested in starting their study online with a NZ education provider and then moving to New Zealand to study in person when this becomes possible.
  - 62% were interested in a combination of studying online with a NZ provider and some study in person in NZ.
  - 47% expressed interest in studying in person at a local campus of a NZ education provider in their home country.

59 International research also shows strong demand from learners for different modes of study:

- **The ICEF Monitor<sup>10</sup>** - “for every student who goes abroad, there are another four - and an estimated global total of 20 million higher education students - who would like to study outside their home countries but are unable to do so.”<sup>11</sup> The article suggests that this may be due to family or career commitments or because they lack the qualifications or funds to support study abroad.
- **Kantar survey** – A May 2021 of learners overseas found that in most markets, the level of openness to online study has strongly increased, with 68% stating they are more open and 45% of surveyed students indicating an interest in offline or online study with overseas institutions.

### **Offshore delivery**

60 In December 2020 Minister Hipkins announced a partnership between ENZ and NZ’s eight universities with qualification provider NCUK, which enables students to begin their NZ university journey from more than 80 delivery sites offshore. The initiative has started with students undertaking NCUK programmes run through their existing network. The next stage is to develop more bespoke, NZ branded offerings and running NZ-dedicated student intakes.

61 This next stage allows for a bespoke NZ experience supported by NZ-focussed curriculum and campus facilities, contingent upon drawdown funding being released. NCUK’s modelling projects more than \$110 million in economic benefits to NZ over the first six years of the initiative and more than 1,800 enrolments during this time. Enrolment applications in the first year of the initiative are in line with these projections.

62 In addition to the NCUK partnership, a NZ universities / ENZ project group has recently completed an expression of interest process to establish NZ Education Centres offshore. The Centres would provide for a fuller range of programmes and in-depth partnerships, serving not only as delivery sites for students to progress onto further NZ study but also for broader education and trade outreach into source markets.

63 The work on the Centres has been sequenced in line with the drawdown of this contingency funding. The project group has shortlisted five proposals from 41 responses across 13 countries for the first tranche of the initiative, for further due diligence and academic curriculum mapping. Contingency funding would support the establishment of the Centres and ENZ promotional and governance support, with co-investment also provided by Centre Host partners and NZ universities.

64 The Centres would open for student intakes in 2022, with the project group targeting 1-3 Centres in the first tranche, subject to available funding. Further tranches would scale the initiative across countries and help to diversify NZ’s international education sector’s reliance on traditional source countries. ENZ is in discussions with peak body groups

<sup>10</sup> A dedicated market intelligence resource for the international education industry

<sup>11</sup> <https://monitor.icef.com/2021/04/what-a-bout-the-20-million-students-that-didnt-study-abroad-last-year>

about how this concept could apply to other sectors. We are expecting about 200 students to enrol in 2022 across the first three centres, rising to 380 in 2023.

- 65 These pilots enable providers to test the concept of offshore delivery and pathways to NZ by removing the upfront investment and its associated risks. The operating costs will be met by providers, i.e., the pilot will fund the provision of a platform that gives providers the opportunity to teach offshore.

### **Digital delivery**

- 66 The need for a response to digital disruption was articulated as a critical component of industry transformation work, prior to COVID-19. The global digital learning market is largely untapped by NZ providers and has the potential to greatly increase the sector's resilience.

*“Education is one of the least digitized and most people-intensive economic sectors — suggesting that the opportunity for and risk of technology-driven disruption is strong. Following a slow, two-decade march toward more digital business models, higher education’s overdue technological transformation has been rapidly accelerated by the events of 2020, and centers more than ever on technology- and analytics-driven online learning experiences and business models.*

*The market is increasingly demanding that colleges and universities move beyond bachelor’s degrees as their primary product, toward more nimble, lower-priced, digital “credentialized packages” of learning and mastery valued by employers — which will be essential in a digital economy where continuous upskilling is needed to keep pace with technological advances and the shrinking shelf-life of skills.” – Harvard Business Review<sup>12</sup>*

- 67 This project explores how best to respond to the opportunities from digitalisation and the opportunities from COVID-19, namely one or a combination of the following:
- **Rent the platform** – Under this option, NZ products are placed on a platform owned by existing third-party online education providers like FutureLearn. The data, information and customer experience belong to the platform owner – the renter needs the owner’s approval to use the data and make changes to the customer experience.
  - **Co-design and prototype a NZ-owned platform** – Under the ‘own the platform’ option, owners use their own website/platforms to promote their offering. Data, information and the customer experience are all ultimately controlled by the owner of the platform.

### **Rental vs Ownership models**

- 68 Renting is a smart way to prototype/intentionally test the market because we can leverage the existing capability (bypassing the development phase) and get to market quickly (by accessing an established customer base) with minimum effort to understand

<sup>12</sup> Gallagher, S. & Palmer, J. The Pandemic Pushed Universities Online. The Change Was Long Overdue. Harvard Business Review. 29 September 2020.

what does and doesn't work. In this model initial risk is very low, but it also means providers have less control over the resources and functionality of the platform and limited access and use of data collected on the platform. Examples of these limitations include the ability to target exact audiences, to encourage students to enrol in more courses, to develop customer insights and to integrate with existing or additional data systems.

- 69 Rented ecommerce platforms such as FutureLearn or TradeMe either charge a subscription or take a percentage commission for each item sold on the platform. The cost of rented platforms can therefore become an uneconomic option over time.
- 70 Owned platforms have a higher upfront cost and time needed for development, and more risk initially because the platform will need to grow its customers on its own rather than being able to access an existing customer base. Benefits of the owned option include being able to access the underlying data and target specific customers, greater flexibility to integrate with other data systems and decreasing costs/increasing returns as the platform grows.
- 71 Most companies/organisations use a combination of both rented and owned platforms (e.g. education providers like the University of Auckland use FutureLearn and EdX to raise profile alongside the development of their own delivery platform - Auckland Online). Some organisations choose to use one model only, e.g. Allbirds could choose to sell on TradeMe, but have instead decided to pursue the owned route exclusively, with their own brand and retail portal.
- 72 In terms of best practice, if we were to enter a digital space with few customer resources at our command, we would start with a rented platform due to its ease of set-up and access to a large audience. However, as our product value proposition and revenue models became established, we should gradually start building our owned platforms and shift our traffic there for more flexibility and control of our customer resources. Additionally, when we are spending money promoting our product or service, we should always direct the users to our owned platforms because we need full control of those customer resources to maximise our return on investment.

### Rental pilot

- 73 In keeping with best practice, ENZ is starting by piloting a rented model with FutureLearn, a London-based online education platform with an existing community of approximately 15 million learners globally. This pilot is based on the successful Australian Austrade FutureLearn partnership model. Other providers on the FutureLearn platform include the Universities of Melbourne and Sydney, Johns Hopkins University, Pennsylvania State University, the University of Oxford, UNESCO, Samsung, and the British Council.
- 74 The FutureLearn pilot, launched on 8 June 2021, will continue for 12 months, starting with a two-month campaign to promote the NZ products to learners. The pilot showcases online, mostly sustainability-related, short courses under a national NZ Education banner from a range of high-quality NZ education providers, including universities, English language and Teaching English to Speakers of Other Languages educators, vocational/institutes of technology and edtech educators including virtual

reality developers and game designers. Provider interest in the pilot has been good with 50 providers attending the initial FutureLearn seminar, 11 signed up to the pilot and more indicating interest in participating in a second phase, or future opportunities.

- 75 The pilot provides an opportunity to test different hypotheses about learners, products and how they learn online. The pilot will be assessed every three to six months and lessons used to inform the development of a co-designed and NZ-owned platform. The lessons will also assist in understanding whether a rented model is the best model for NZ providers going forward/and or how it can be best combined with a NZ-owned model.
- 76 Early data from the FutureLearn pilot is promising, showing a broader reach in markets compared with pre-COVID sources.

#### Co-designed NZ-Owned Prototype

- 77 Alongside the rental pilot with FutureLearn, ENZ will be working with education providers and other government agencies to co-design a prototype of a NZ-owned platform. The prototype will be established using third-party platforms, licences and tools where available.
- 78 The NZ-owned platform will be designed to work for providers and students – from both an economic and experience perspective. It would allow a wider range of learning experiences by having the flexibility to plug in different back-end solutions and allow for data ownership and integration with ENZ's existing data ecosystem to enable enhanced learner experience and outcomes.
- 79 There would be opportunities for greater integration with other systems across government to enable insights and strategic decisions to be made across the sector and government system, e.g., to be able to create a pipeline view of volume and quality for Immigration NZ to plan for visas.
- 80 Taking a countrywide approach to developing and running an owned platform would enable NZ to achieve sufficient scale to compete globally and create a more cost-effective platform for smaller NZ providers to participate. As the NZ-owned platform grows, it will provide more opportunities to connect users of the platform, become more attractive to more potential users and become more valuable from a data and strategic planning perspective.
- 81 The assessment of the pilots and prototype work in the digital platform workstream will be used to inform advice to the Governance Groups about what the best option or mix of options are for NZ.

## **Financial Implications**

- 82 The following table summarises the costs for the *Diversification of international education products and services* programme of work. A detailed breakdown is attached in Appendix D.



Forecast project costs	2020/21 \$000	2021/22 \$000	2022/23 \$000	Total \$000
<b>Workstream 1: New products and services</b>				
Product Accelerator	-	2,450	1,650	4,100
Co-development of strategic products	320	150	650	1,120
<b>Total</b>	<b>320</b>	<b>2,600</b>	<b>2,300</b>	<b>5,220</b>
<b>Workstream 2: Diversification of delivery modes</b>				
Offshore delivery pilots	850	1,000	150	2,000
Establish digital delivery	500	300	100	900
Rent the Platform Pilot	180	250	-	430
Co-designed NZ owned prototype	-	-	1,450	1,450
<b>Total</b>	<b>1,530</b>	<b>1,550</b>	<b>1,700</b>	<b>4,780</b>
<b>Total cost of new products and services programme</b>	<b>1,850</b>	<b>4,150</b>	<b>4,000</b>	<b>10,000</b>

83 Note Cabinet approved \$10.00 million from the CRRF for the *Diversification of International Education Products and Services*.

- \$0.85 million was appropriated to establish and deliver offshore licensed education institutions on behalf of all New Zealand universities (the NCUK partnership).
- \$9.15 million was held in a tagged contingency to be released once more detailed project planning and costings had been developed. Joint ministers approved \$1.00 million for release in October 2020 to progress this work to enable the remaining \$8.15 million to be appropriated.

84 The iterative nature of the workstreams and the '*run, test, refine*' approach means that funding flexibility is needed to enable the pilots within each workstream to accelerate or slow down depending on what is learnt in each iteration. For administrative efficiency, any unspent funding should be automatically carried forward in line with the project plan. Any requirement to bring forward funding from future years can be managed through the regular baseline update process.

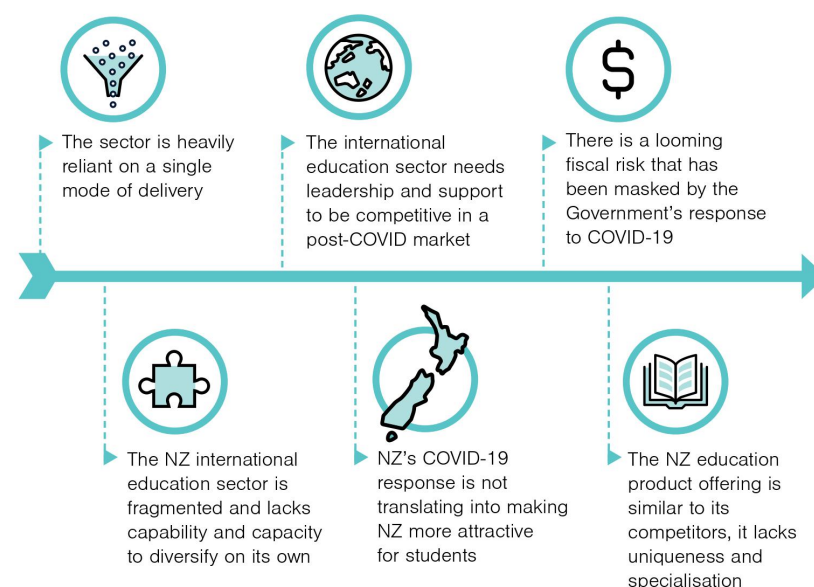
## Next Steps

85 Progress will be reported via ENZ's regular reporting channels, including the fortnightly and quarterly reports to the Minister. Progress will also be reported via any additional reporting required for COVID Response and Recovery Fund initiatives.

## Appendix A: Summary of the Diversification of International Education Products and Services Programme

# DIVERSIFICATION OF INTERNATIONAL EDUCATION PRODUCTS AND SERVICES

### COVID-19 accentuated existing weaknesses in NZ's international education sector



### Diversification of delivery helps

The ability to deliver education services using online platforms is not new and leading universities such as Harvard and Yale have already adapted to this with live stream lectures and online courses.

"Despite many providers having some form of online delivery modes or partnerships with offshore providers the benefits from these investments have been largely unrealised because of a lack of scale and collective focus on national benefits." – NZQA Draft Report

### A NZ example of the benefits of having a mixed delivery model

Compared to other NZ Universities who saw 20-40% drops in new international enrolments at the start of 2021, UoA was up 9% compared with 2019 (its previous record year).



### Attracting high quality students requires the development of high quality, uniquely NZ education products

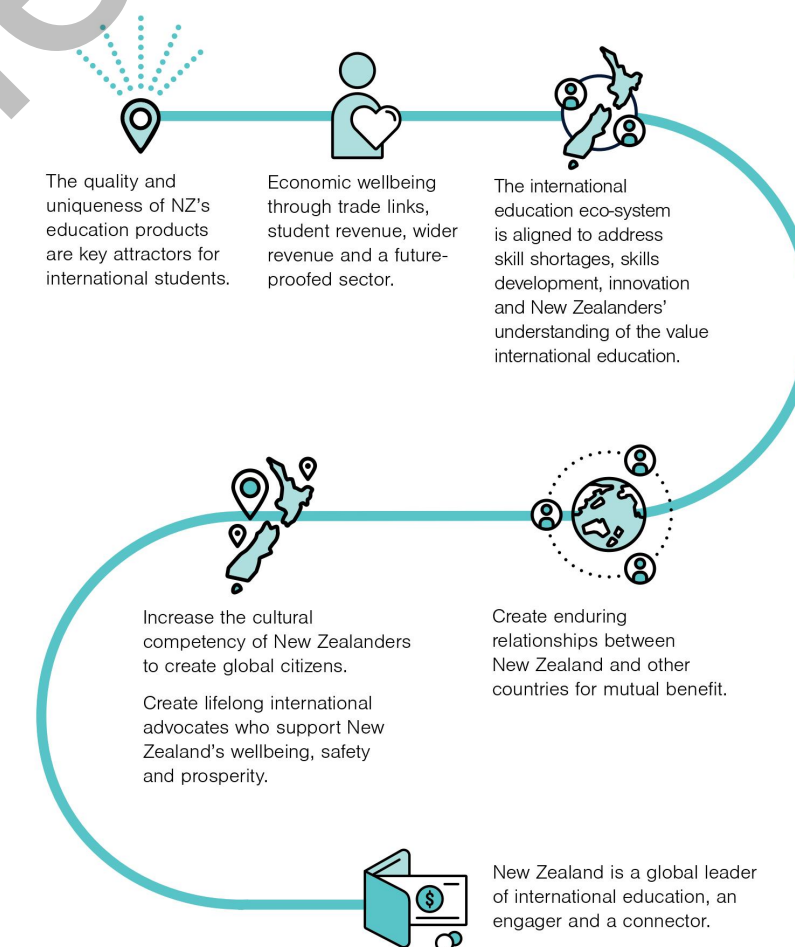
ENZ has been working with the sector and other industry leaders to identify opportunities for developing world leading education products that are distinctly NZ. This includes the opportunity to share te ao Māori and Te Tiriti o Waitangi with the world.

### Cause based pilot opportunities

- » Future of food e.g. Food security, Alternative proteins and Regenerative farming
- » Sustainability e.g. Climate change, Indigenous water rights, Co-management, Eco-system management
- » Blue economy with a focus on the Pacific e.g. UN Decade of Ocean Science, Pacific Island consortia, Indigenous water rights

"This Government has committed to the achievement of the 'high quality, high value' strategic shifts signaled in the International Education Strategy by 2030, and I do not want to see them set aside in a rushed rebuild of the sector we had in place." – Minister of Education

### The benefits for NZ

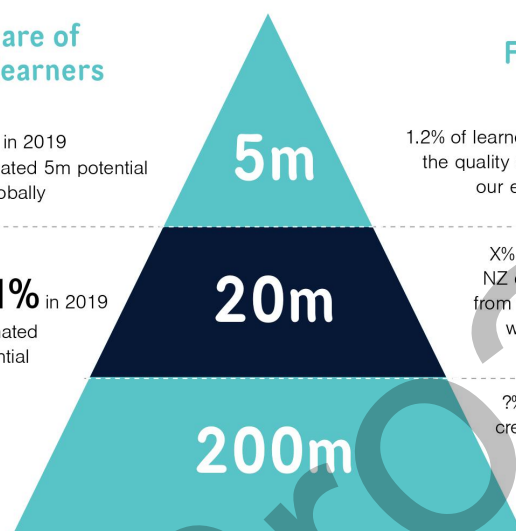


### Our physical location at the bottom of the world is no longer the barrier it used to be

#### NZ's share of global learners

**1.2%** in 2019  
of an estimated 5m potential learners globally

**0.001%** in 2019  
of the estimated 220m potential learners globally



#### Future state

1.2% of learners travel to NZ for the quality and uniqueness of our education products

X% of learners access NZ education products from their home country with the potential for some travel to NZ

?% of learners access credentialized packages of learning from NZ providers via online, offshore or a mix of modes

"for every student who goes abroad, there are another four – and an estimated global total of 20 million higher education students – who would like to study outside their home countries but are unable to do so" – ICEF Monitor

### The traditional learner market of 18-24 year olds has expanded to life-long learners



"The market is increasingly demanding that colleges and universities move beyond bachelor's degrees as their primary product, toward more nimble, lower-priced, digital "credentialized packages" of learning and mastery valued by employers"

– Harvard Business Review



"Continuous upskilling is needed to keep pace with technological advances and the shrinking shelf-life of skills"

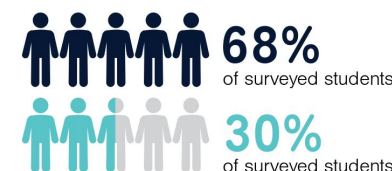
– Harvard Business Review



"Flight shame – a term used increasingly in carbon conscious societies"

### Who are more flexible about how they learn

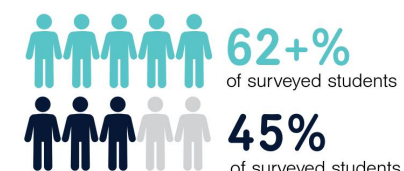
#### Interest in online learning



● Kantar global survey

● Study in NZ considerer's - ENZ survey

#### Interest in a combination of online and in-country learning



### Over the next two years we will be looking to answer the following questions:

- What new education products and services could set NZ apart from its competitors?
- What is the best way to deliver this future experience for students and for NZ?
- How do students want to engage with the NZ education experience – online, off-shore, in NZ, mixed etc?
- What is the best way to increase the sector's resilience to future shocks like COVID-19?
- How do we give best effect to Te Tiriti o Waitangi?

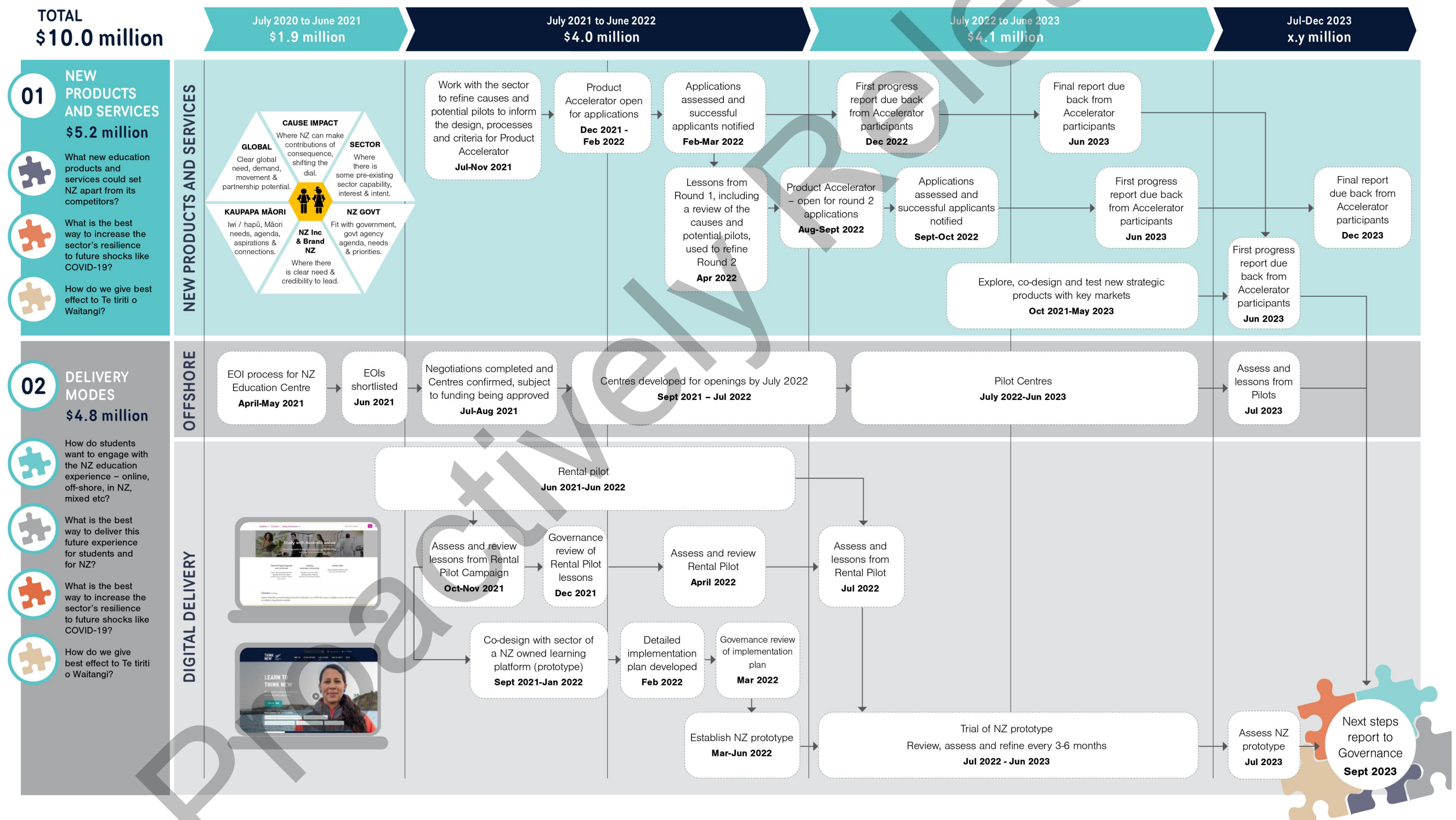


## DIVERSIFICATION OF INTERNATIONAL EDUCATION PRODUCTS AND SERVICES

“ Small, advanced economies prosper from exporting specialised, distinctive, high-value products at scale. Specialised and distinctive products are knowledge-intensive, and hard for competitors to replicate. This requires innovation...and an adaptive approach with a tolerance for experimentation and failure.”

Productivity Commission's report: "New Zealand firms: Reaching for the frontier"

### SUMMARY OF THE NEW PRODUCTS AND SERVICES PROGRAMME



## Appendix B: New products - Opportunities identified with sector for potential pilots

### Example Te Pae Tata Pilots



## Example Te Pae Tawhiti domains / future potential



## Appendix C: Innovation Steering Group Members

Steering Group Member	Profile
Jason Cushen	Chair of FIMD and Study Dunedin Advisory Board, Director International at University of Otago.
Neil Miller	Team Leader, Policy & International NZQA.
<b>9(2)(a)</b>	
Dave Moskovitz	Vastly experienced Innovation and Start-up Consultant. Chartered Director and serves on a number of boards of companies of various sizes, including Jaipuna, Xerra, and Metservice.
Victoria Spackman, ONZM	ENZ Board Member, Co-owner and Director of The Gibson Group, Extensive executive and governance experience in creative, technology, education and culture sectors.
Hinerangi Edwards	Founder of AATEA Consultants. Widely recognised as an outstanding provider of kaupapa Māori facilitation and research, te reo Māori translation, and educational services throughout Aotearoa New Zealand.



## Appendix D: Detailed project costings

	2020/21 \$000	2021/22 \$000	2022/23 \$000	Total \$000
<b>Workstream 1: New products and services</b>				
<b>Product Accelerator</b>				
ENZ capability support – PM, data and insights, product design, market strategy	-	150	50	200
Design, setup and administration of the Product Accelerator	-	300	-	300
Product Accelerator co-investment with Sector	-	2,000	1,500	3,500
Evaluation and assessment	-	-	100	100
<b>Total</b>	<b>-</b>	<b>2,450</b>	<b>1,650</b>	<b>4,100</b>
<b>Co-development of strategic products</b>				
Design and development costs	320	150	550	1,020
Evaluation and assessment	-	-	100	100
<b>Total</b>	<b>320</b>	<b>150</b>	<b>650</b>	<b>1,120</b>
<b>Total Workstream 1</b>	<b>320</b>	<b>2,600</b>	<b>2,300</b>	<b>5,220</b>
<b>Workstream 2: Diversification of delivery modes</b>				
<b>Offshore delivery pilots</b>				
Establish new global study options and support with paid media campaign	850	-	-	850
Pilot a global arrangement of dedicated offshore NZ Education Study Centres	-	1,000	-	1,000
Evaluation and assessment	-	-	100	100
Potential Pathway and NZ Study Centre transition costs if ENZ exits pilot	-	-	50	50
<b>Total offshore delivery pilots</b>	<b>850</b>	<b>1,000</b>	<b>150</b>	<b>2,000</b>
<b>Establish digital delivery</b>				
ENZ capability support – PM, research, strategy	195	50	50	295
Last mile course development for education providers	25	50	50	125

	2020/21 \$000	2021/22 \$000	2022/23 \$000	Total \$000
Prototype extension of digital services (Study with New Zealand)	200	-	-	200
Marketing and paid media campaign	80	200	-	280
<b>Total</b>	<b>500</b>	<b>300</b>	<b>100</b>	<b>900</b>
<b>Rent the Platform Pilot</b>				
Rent the Platform Pilot	180	250	-	430
<b>Total</b>	<b>180</b>	<b>250</b>	<b>-</b>	<b>430</b>
<b>Co-designed NZ owned prototype</b>				
Co-design with Sector	-	-	100	100
Implementation plan	-	-	50	50
Trial of NZ prototype	-	-	1,200	1,200
Potential transition costs to support providers if ENZ exits prototype	-	-	100	100
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,450</b>	<b>1,450</b>
<b>Total Workstream 2</b>	<b>1,530</b>	<b>1,550</b>	<b>1,700</b>	<b>4,780</b>
<b>TOTAL COST OF NEW PRODUCTS AND SERVICES PROGRAMME</b>	<b>1,850</b>	<b>4,150</b>	<b>4,000</b>	<b>10,000</b>

## Appendix E: Assessment criteria

The Programme and its various work streams will be assessed using the following investment objectives and critical success factors. The investment objectives and critical success factors will be incorporated into regular reporting to governance and management reports to support decisions regarding the pace, priorities and overall delivery.

### Our programme investment objectives are:

1. Students choose NZ because of its high quality uniquely NZ education products and experience.
2. Reduce the sector's reliance on inbound students.
3. The sector is more effective at responding to future trends and unexpected challenges like the Covid-19 pandemic.

The programme investment objectives will be used alongside the following critical success factors:

Critical success factor	Description
<b>1 Strategic fit and business needs</b>	<p>How well the option fits with the Programme's investment objectives and answers the following questions:</p> <ul style="list-style-type: none"> <li>• What new education products and services could set NZ apart from its competitors?</li> <li>• How do students want to engage with the NZ education experience – online, in home country, in NZ, mixed etc?</li> <li>• What is the best way to deliver this future experience for students and for NZ?</li> <li>• What is the best way to increase the sector's resilience to future shocks like COVID-19?</li> <li>• How do we best give effect to Te Tiriti o Waitangi?</li> </ul>
<b>2 Potential value for money</b>	<p>How well the option optimises value for money from the perspectives of providers, students and participating agencies (i.e. how well it provides the optimal mix of potential benefits, costs and risks).</p>

Critical success factor	Description
<b>3 Supplier capacity and capability</b>	How well the option matches the ability of potential suppliers to deliver the required services and is likely to result in a sustainable arrangement that optimises value for money.
<b>4 Potential affordability</b>	How well the costs of the option can be met from likely available funding (most notably providers), and how the project matches other funding constraints.
<b>5 Potential achievability</b>	How well the option is likely to be delivered given providers and ENZ's ability to respond to the changes required and matches the level of available skills required for successful delivery.