



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

<b>To:</b>	Hon Chris Hipkins, Minister of Education Hon Grant Robertson, Minister of Finance		
<b>Date:</b>	18 September 2020	<b>Priority:</b>	High
<b>Security Level:</b>	In Confidence	<b>METIS No:</b>	1235115
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<b>Messaging seen by Communications team:</b>	No	<b>Round Robi</b>	No

### Purpose of Report

The purpose of this paper is to recommend that you :

- **agree** to draw down \$1 million of the International Education Strategic Recovery tagged operating contingency funding to progress the diversification of international education products and services from 2020/21.
- **note** that a subsequent paper will seek agreement to draw down the remaining \$8.150 million in 2021 subject to evaluation of the above work.

### Summary

1. On 6 July 2020, Cabinet agreed to support a package of International Education Strategic Recovery initiatives. This included \$25 million over three years to support the Government's commitment to the international education sector. Within that funding, Cabinet set aside a contingency of \$9.150 million to:
  - develop a unified digital platform to host and promote offerings from all parts of the education sector to build a diverse and large community of engaged users; and
  - explore, develop, test and deliver new diversified international education products and services to aid international education sector recovery.
2. Cabinet authorised you to jointly draw down this contingency funding subject to further detail being provided on the two projects, including more detailed costings, an implementation plan and a strategy for how projects will be monitored and evaluated.
3. Education New Zealand's (ENZ) initial project planning documents have been appraised by officials from the Treasury and the Ministry of Education. While there is sufficient detail from ENZ to progress detailed planning, more detailed project implementation information is required before recommending a full drawdown of the contingency.

4. Officials are therefore recommending \$1 million be provided to ENZ to further develop its two projects, with a focus on better defining feasibility and delivery of the two projects. The \$1 million would provide \$0.800 million for the unified digital platform project, and \$0.200 million for the exploration of international education products and services project.
5. ENZ will arrange for an independent evaluation of the projects and the Ministry of Education and Treasury will have involvement in the evaluation, including assessment the evaluation reports and feasibility analyses.
6. Subject to these analyses, approval to draw down additional funding to implement the projects will be sought from Joint Ministers in 2021.

## Recommended Actions

The Ministry of Education recommends that you:

1. **note** that on 6 July 2020, Cabinet [CAB-20-MIN-0328.22 refers]:

- 1.1 established a tagged operating contingency of \$9.150 million (as identified in the below table) to support the diversification of International Education Products and Services, including the development and delivery of a unified digital platform, and for exploration, market testing, and analysis to create innovative products and services:

	\$m			
	2020/21	2021/22	2022/23	2023/24
International Education Strategic Recovery: Diversification of International Education Products and Services – tagged operating contingency	1.000	4.150	4.000	-

- 1.2 directed the Ministry of Education, in consultation with Education New Zealand (ENZ), to report back to the Minister of Finance and Minister of Education with further detail on the unified digital platform, including more detailed costings, an implementation plan and a strategy for how the platform will be monitored and evaluated
- 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 1.1, subject to their satisfaction with the outcome of the further work described in recommendation 1.2;
2. **note** that officials consider there is sufficient information to support an initial draw-down from the tagged operating contingency to enable ENZ to progress further development and implementation planning of the projects described in recommendations 1.1 and 1.2;

3. **agree** to a drawdown of \$1 million in 2020/21 for further development and implementation by ENZ of the projects described in recommendations 1.1 and 1.2;

**Agree** / Disagree  
Minister of Finance

**Agree** / Disagree  
Minister of Education

4. **approve** the following changes to appropriations to provide for the decision in recommendation 3 above, with a corresponding impact on the operating balance and net core Crown debt:

Vote Tertiary Education Minister of Education	\$m – increase / (decrease)			
	2020/21	2021/22	2022/23	2023/24 & Outyears
Non-Departmental Output Expenses:				
International Education Programmes	1.000	-	-	-

**Agree** / Disagree  
Minister of Finance

**Agree** / Disagree  
Minister of Education

5. **agree** that the proposed change to appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;

**Agree** / Disagree  
Minister of Finance

**Agree** / Disagree  
Minister of Education

6. **agree** that the expense incurred under recommendation 4 above be charged against the International Education Strategic Recovery: Diversification of International Education Products and Services Tagged Operating Contingency described in recommendation 1.1 above;

**Agree** / Disagree  
Minister of Finance

**Agree** / Disagree  
Minister of Education

7. **note** that further feasibility and design work on both projects is required, and the Ministry is likely to propose drawdown of the remainder of the contingency to implement those projects 2021;

8. **agree** that this Education Report be proactively released.

☒ Agree / Disagree  
Minister of Finance

☒ Agree / Disagree  
Minister of Education



Belinda Himiona  
Group Manager International Education  
Te Ara Kaimanawa

18/09/2020



Hon Grant Robertson  
Minister of Finance

16/10/2020



Hon Chris Hipkins  
Minister of Education

14/10/20

## Background

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1. On 6 July 2020, Cabinet agreed to support a package of International Education Strategic Recovery initiatives. A total of \$25 million over three years was allocated to support the Government's commitment to the international education sector [CAB-20-MIN-0328.22 refers].
2. Cabinet agreed that \$9.150 million would be held in contingency to fund two projects:
  - develop a unified digital platform to host and offer digital education offshore; and
  - explore, analyse, develop options, test, and deliver new international education products and services to recover and grow the international education sector

## Project details

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3. Both projects are intended to support New Zealand's international education sector to recover from the impacts of COVID-19 and grow businesses in a sustainable way, ensuring that the sector has a diversified base of revenue streams.
4. Education New Zealand has been investigating how new products and services, including new ways of delivering content, could be part of a more diversified, sustainable international education sector in the future. ENZ's work on the proposed digital platform will assess and test the use of a student facing digital platform that New Zealand providers can plug their content into to reach students around the world, aggregated and curated to present a compelling New Zealand proposition to markets and segments beyond the scope of traditional student attraction. Providers and publishers could use the platform to access new markets and extend their reach, while ensuring a consistency of service and quality to consolidate New Zealand's reputation and brand that a fragmented market-based approach will struggle to deliver.
5. The first phase of the work will be primarily to test providers' capacity and appetite to work with the platform, and the student demand in the changed market dynamics created by COVID. As part of the design of this project, other relevant government agencies will sit on the project team to ensure alignment, co-ordination of resources (both new and existing) and impact. This will ensure that linkages occur where appropriate and that there is no duplication of resources or effort. Defining the value proposition for the delivery of this service will be a key part of the work in year one.
6. The platform will be designed to comply at all necessary points, including data sharing to link to Te Rito and Data 2020 and other systems as appropriate.
7. The second project supports the diversification of international education products and services through developing and testing options, and delivering the new international education products and services to recover and grow the international education sector. This initial funding will support an evidence base for a range of innovative education products and services which will deliver returns for New Zealand and ensure more predictable income streams.

## Proposed funding

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8. ENZ's initial project planning documents were appraised by officials from Treasury and the Ministry of Education. For both projects, more detail is required in the following areas:

- due diligence and feasibility analyses including market/demand and potential revenue analyses;
  - detailed project design and implementation, and budget information;
  - information showing what the projects would look like when implemented (detailed outputs and outcomes);
- independent evaluation of projects including stop/go points.
9. In addition, there is insufficient evidence of sector consultation and demand for the unified digital platform.
  10. In subsequent discussions between Treasury, ENZ and the Ministry of Education, it was suggested that initial funding could be released to allow robust feasibility analyses to be completed.
  11. Treasury and Ministry officials are therefore recommending funding of \$1 million be provided to ENZ to carry out this work for its two projects comprising:
    - \$0.800 million for the unified digital platform project; and
    - \$0.200 million for the exploration of new international education products and services.
  12. Before proceeding to implementation, ENZ will arrange an independent evaluation of both projects and if the feasibility analyses and evaluations recommend continuation, a subsequent paper will seek drawdown of the balance of the contingency (\$8.150 million) for Years 2 and 3.

### Costs and Implementation Plan of the Unified Digital Platform project

13. The Year One timeline and budget details of the unified digital platform project for 2020/21 are set out in Annex 1 and include
  - Stakeholder engagement consultation: \$0.200 million by 31 October 2020;
  - Validation of business model and prototype development: \$0.125 million by 15 November 2020;
  - Business case and independent evaluation: \$0.100 million by 31 May 2021<sup>1</sup>.
14. Monitoring and Evaluation will be carried out in the following ways:
  - ENZ has agreed to an independent evaluation before seeking drawdown for Year Two implementation. The Terms of Reference will be agreed with the Ministry of Education and Treasury.
  - ENZ will monitor progress of the unified digital platform project through reporting to the ENZ Board and the International Education agencies Governance Group. This information will also be shared with the Ministry of Education and Treasury so that both agencies can advise effectively on the next draw down.
  - Treasury may include the project in its monitoring of COVID-19 expenditure funded from the COVID-19 Response and Recovery Fund (CRRF).
  - Project progress will also be included within the International Education Recovery Plan updates to Ministers and Cabinet by the end of 2020 and in March 2021.

<sup>1</sup> ENZ has not determined the model for meeting the functional requirements of a platform – this could involve building and owning or licensing, or indeed some other type of arrangement with a supplier.

## Costs and Implementation Plan of the Exploration of International Education Products and Services project

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15. The Year One timeline and budget detail of the Exploration of International Education Products and Services project for 2020/21 are set out in Annex 2 and include:
- Stakeholder and sector consultation \$0.020 million by 15 November 2020;
  - Options for market testing \$0.040 million by 15 February 2021;
  - Validation and prototype development \$0.120 million by 15 February 2021;
  - Independent evaluation \$0.050 million by 15 March 2021.
16. Monitoring and evaluation will be carried out in the following ways:
- A Monitoring and Evaluation Strategy will be provided in 2021.
  - Treasury may also include the project in its monitoring of COVID-19 expenditure funded from the CRRF.
  - Progress will be included within the International Education Recovery updates to Ministers and Cabinet by December 2020 and March 2021.
  - All monitoring and evaluation will inform the Ministry and Treasury's advice on future draw down.
17. For both projects, financial expenditure will be monitored through ENZ monthly management reporting. Project specific risks will be reported to and managed by ENZ's Audit and Risk committee.

## Recommendation and next steps

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18. Officials recommend the draw-down of \$1 million from the International Education Strategic Recovery: Diversification of International Education Products and Services Tagged Operating Contingency:
- \$0.800 million over 2020/21 for the unified digital platform project; and
  - \$0.200 million over 2021/22 for the exploration of international education products and services.
19. This will enable ENZ to carry out robust feasibility analyses of the unified digital platform project and exploration of international education products and service project. The Ministry of Education and Treasury will assess the feasibility analyses and evaluation reports and assess whether future drawdowns would be appropriate.
20. If the feasibility analyses and evaluations recommend continuation, a subsequent paper will seek draw-down from the contingency for implementation of the projects in 2021/22 and 2022/23.

## Proactive release

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21. We recommend that this briefing is proactively released, subject to any redactions in line with the Official Information Act.



## Annex 1: Year 1 Milestones for Unified Digital Platform

#	Due date	Milestone	Detail	Cost (\$m)
1	31 Oct 2020	Problem definition Needs analysis  Rationale  Definition	What is the problem that the platform is solving? What is the evidence of the problem? How has that problem and needs analyses taken place? How you decided on the platform as the solution. What other options were considered and excluded solutions?  Product definition - clear definition of what the platform is	ENZ
2	15 Nov 2020	Sector consultation  Demand and Delivery analysis	Sector and stakeholder engagement - is there a demand for the platform? How many, why, what did they say/want/need? What do international students and other education consumers need and want? Will NZ providers want to use it? Will offshore students want to use it? Will NZ providers pay to use it? Will offshore students pay to use it? Delivery analysis - are there providers who want to deliver the platform and how will it work?	ENZ
3	30 Nov 2020	Cost and revenue analysis	Projected cost and revenue analysis - how is it going to be paid for? Who will pay the future costs? What income will be earned and by/for whom?	ENZ
		Market analysis	What else is out there that could deliver these products, services and outcomes? What consideration was given to other platforms available? Also include international examples (there are previous examples of MOOC type platforms being set up and then not used/being disestablished, so would be worth including examples from overseas if relevant in this analysis too).	ENZ
		Validation	Validation of business model and early stage prototyping. Extension of prototype	\$0.125
4	15 Dec 2020	Appraisal of documents	Appraisal of these milestones by Treasury and Ministry of Education. Review point – allowing agencies to define the additional information we would expect to see by the end of March (or sooner).	MoE Treasury
		Minister update	Update to Ministers on project progress against milestones.	MoE
5	1 May 2021	Prototype	Creation of working prototype: \$0.225 million. Validation of supply/ demand and scalability of prototype: \$0.350 million	\$0.575
6	31 May 2021	Business case Evaluation	A robust business case for implementation – including feasibility analysis - what is feasible as an outcome and whether the platform is viable. How is it going to be paid for and how it will work with stakeholders?  Independent evaluation including off-ramp points	\$0.100



#	Due date	Milestone	Detail	Cost (\$m)
7	15 Jun 2021	Appraisal	Appraisal of business case and documents - stop/go point. Drafting of drawdown report	MoE Treasury
	<b>Total</b>			<b>\$0.800M</b>

## Annex 2: Year 1 Milestones for Exploration of International Education Products and Services project

#	Due date	Milestone	Detail	Cost (\$m)
1	15 Nov 2020	Stakeholder engagement	Stakeholder consultation – what new international education products and services do consumers want to purchase? What do international students and other education consumers need and want? Are there providers and businesses who want to deliver these products and services	\$0.020
		Problem definition	Problem definition, needs analysis and rationale	
2	15 Dec 2020	Market analysis	Market analysis - what other products and services are in the market internationally? What are trends and gaps in the market?	ENZ
		Demand analysis	Demand analysis – is there demand for the new products and services? And what are people prepared to pay?	
		Revenue analysis	Projected revenue analysis - how are they going to be paid for and by whom, what is viable?  Delivery analysis - are there providers and businesses who want to deliver these products and services, and how will this work?	
3	15 Dec 2020	Appraisal of documents	Appraisal of these milestones by Treasury and Ministry of Education	MoE Treasury
		Update Ministers	Review point – allowing agencies to define the additional information we would expect to see by the end of March 2021 (or sooner).  Update to Ministers on project progress against milestones	
4	15 Feb 2021	Market options and testing	Product definition  Develop options for the market and market testing.	\$0.040
		Prototyping	Validation and/or early-stage prototyping	\$0.120
		Feasibility Cost/ benefit analysis	Feasibility analysis – what is feasible as an outcome and are the new products and services going to diversify income and risk for New Zealand - including cost/benefit analysis	ENZ

#	Due date	Milestone	Detail	Cost (\$m)
5	15 Mar 2021	Business case	Present a robust case for implementation - including summary of the above	\$0.020
		Evaluation	Independent evaluation	
6	31 Mar 2021	Appraisal	Appraisal of business case and documents - stop/go point. Drafting of drawdown report	MoE reasur
	<b>Total</b>			<b>\$ .200M</b>