

Universities New Zealand submission on the Policy Statement on High-Value International Education

Introduction

Universities New Zealand – Te Pōkai Tara broadly supports the intent of the Policy Statement on High-Value International Education (‘the Statement’) and welcomes the opportunity to provide feedback.

We would like to emphasise that all Aotearoa New Zealand universities have been delivering and will continue to deliver high-quality international education for our students to the standard described in the definition.

This paper has been developed with input from and endorsed by all eight universities.

In summary, the Statement could be enhanced by considering the following:

- Including value from the perspective of providers
- Currently the Statement is broad with no tests or standards to qualify the value definitions. This makes it unclear how it will achieve its goal of providing a clear basis for policy and decision making
- Crown risks need to be considered in the context of risk mitigations and broader benefits
- The Statement needs to be enabling rather than restrictive to facilitate the future sustainable growth of the industry.

Definition of high-value international education

The Statement describes high-value international education as:

- Providing excellent education and ākongā/student experience
- Targeting and attracting ākongā/students in high-value markets
- Delivering a range of value benefits to New Zealand with minimal risks.

The description is useful, and we endorse it. However, some of the elements in the description (underlined above) need to be redefined to better reflect the requirement that providers also need to derive value from international education alongside ākongā/students, New Zealand and New Zealanders.

Before considering the definitions of these elements, it is necessary to understand what value looks like from the perspective of providers.

Value from the provider perspective

The list below covers some factors that providers require to be present before they will invest time and funding into a particular market, offering or product. Providers are not homogenous and will order and weight these factors differently.

1. There is a clear financial case for investment, which means:
 - a. There is a high degree of confidence that students will value the product and can and will pay for it. Linked to this, there is confidence that parents, agents, pathway providers and partner institutions offshore will also value, support and prioritise the product(s).
 - b. There is a good price and volume combination – numbers of students and income is at a scale that ensures the viability of both programmes and institutions.
 - c. The risks are understood and factored into the investment case. The investment case produces a positive net present value over the life of the product after applying a discount factor that appropriately represents risk.
2. The offering helps universities maximise utilisation of existing assets (including people), channels and capital. The offering may help a provider achieve scale-driven efficiencies, for example, keeping costs of other offerings down for domestic students and/or improving the investment case for new infrastructure.
3. The offering contributes to our broader brand value at product, provider and country level, ensuring we are positioned as a desirable and credible option for students, agents and other partner/pathway providers.
4. The offering supports providers' other broader strategic and non-financial objectives – such as fostering international research collaborations, providing for mobility opportunities for domestic students, developing cross-cultural competencies in our domestic student body, workforce recruitment, etc.

With the above in mind, we have the following comments on the definition elements in the Statement.

'High value' definition elements

Excellent education and ākongā/student experience

We believe this is key to the Statement. We suggest that the current definition is too narrow and should be *"Quality programmes delivered onshore or offshore that (a) deliver value to ākongā/students and (b) that providers value and are willing to support, and (c) that deliver benefits to New Zealand."*

This section should also include the value of research to the international education experience.

Targets and attracts ākongā/students in high-value markets

There is a reputational risk that the current wording of high-value markets may be misinterpreted as saying a particular market is low value. This could be mitigated by using the word 'segments' as opposed to markets.

For there to be successful diversification, it is crucial there is alignment between government agencies and the university sector on agreed markets, particularly ensuring priority market segments can receive student visas. Universities are well placed to determine what high-value segments are for their purposes and want to work closely with government to ensure there is agreement on and endorsement of those segments.

The concept of high value is subjective and a more nuanced approach is needed. We suggest benefits to providers be included here, drawing on the material above.

Delivers a range of value benefits to New Zealand with minimal risks

The eight risks listed in the Statement are legitimate areas of focus, but we would like to see a more nuanced, evidence-based response to assessing these risks, and support developing a risk management process.

For example, we acknowledge there is a risk that the Crown may need to provide short-term support to some providers for one-off 'black swan' events like Covid-19. However, there have only been two of these in the past 30 years and overall economic returns to New Zealand from international education have massively exceeded any Crown investment required to underwrite providers or sub-sectors. In addition, universities have not required additional Crown funding for these events.

Similarly, pressures on housing, infrastructure and labour markets are also noted as a risk without any reference to the offsetting benefits. Universities New Zealand has published research on this during 2021, with findings such as:

- In-study and post-study work rights are a major factor in attracting international students to New Zealand. International students enrolled at universities have contributed around \$15 billion to the economy over the past 15 years
- Despite work rights being a major factor in the decision of students to study in New Zealand, only 37% actually do work while they study.
- While studying, international students create about five times as many jobs as they occupy and most of the jobs they occupy are part-time, low-wage, casual jobs in areas like retail and hospitality where there is relatively little competition from New Zealanders
- 71% of degree-qualified international graduates leave New Zealand within five years of graduating
- Of the degree-qualified international graduates who remain and work in New Zealand after finishing their studies, 10 out of 11 are in degree-level employment.

It is worth noting that the current New Zealand immigration policy provides no direct pathway to residence from the study visa and we should ensure that immigration policy is not the main lever used to create a high-value international education system.

We also note that some risks are already addressed through the Export Education Levy, including those associated with the wellbeing and safety of students and student complaints and disputes.

Ability to use the Statement for policy and decision making

The purpose of the Statement is to *“Provide a clear basis for policy and decision making, [and] provide clarity and transparency for ākonga/students and the sector on market direction, [and] align cross-government objectives and work programmes, [and] guide the identification of future ākonga/student cohorts for border exemptions.”*

As currently framed, the Statement is full of principles but lacks clear standards or tests in key places to help ākonga/students, providers or government know what will or won't be supported because it does or doesn't meet the threshold of 'value.' For example, none of the following components have tests or thresholds defined:

- 'Excellent education and ākonga/student experience' (page 3)
- 'provide maximum benefits to New Zealand across a range of areas of value' (page 3)
- 'Immediate economic value' (page 4)
- 'Longer term economic value' (page 4)
- 'Education System value' (page 4)
- 'Cultural value' (page 4)
- 'International Relations value' (page 4).

The lack of clear standards or tests creates a risk that the Statement is not useable in any meaningful policy sense and could permit different agencies to use it inconsistently.

The table on page 5 under the heading *'Who and where will we target to maximise value?'* is prefaced by the statement *“Our target markets are yet to be determined and are likely to vary depending on the type of value we seek to maximise. The table below sets out the types of markets that are likely to contribute the highest value in each category.”*

This section is so heavily qualified that it is not clear whether these will be the markets and ākonga/students that will be seen as high value, nor does it indicate why they are high value.

This section appears to be saying that we will let students study in degree-level programmes where their programme has been considered of value to New Zealand. As mentioned above, many of our students leave New Zealand after graduation and apply their knowledge in their home or third countries. There is evidence that those students that do depart provide great value to New Zealand. This reinforces that although international education plays a role in addressing skills gaps in New Zealand, that should not be the sole focus in terms of high value.

Current immigration reviews being led by the Ministry of Business, Innovation and Employment and the Productivity Commission are likely to take some time, but providers need decisions ideally before these reviews are completed. We understand that review findings may end up modifying decisions but see this as preferable to the alternative.

What is missing?

1. Doctoral candidates and research collaborations

There is little consideration given to the role of doctoral candidates. PhD candidates work on advancing knowledge and understanding across areas directly relevant to New Zealand. After graduation, they overwhelmingly either continue advancing knowledge here in New Zealand or continue collaborating with New Zealand researchers after they return to work in their home university systems.

2. Pathways

There are many pathways that currently exist for international students, ranging from English language and high-school students progressing to academic tertiary qualifications to students in transnational education partnerships where students begin offshore and online. Students in any pathway should be considered high value.

3. Global citizenship

The Statement should include that a high-value system will promote global citizenship and support opportunities for New Zealanders to study abroad.

There are many benefits for our New Zealand students from studying in diverse classrooms in terms of gaining global perspectives and cross-cultural understanding, particularly across young ages. International education is a key driver to achieve this.

Other comments

1. Section: **What does success look like?** This section does not appear to add anything new to what has been stated earlier in the Statement. We suggest either deleting it or rewriting it to pick up the comments about success needing to be seen from the triple-lens of ākonga/students, providers and New Zealand.
2. Section: **How do we get there?** We support this section and are keen to work with government agencies on detailed planning and implementation.