

Final Report

**OFFSHORE EDUCATION
STOCKTAKE and ANALYSIS**

Report Prepared for

EDUCATION NEW ZEALAND

by

Vince Catherwood & Associates Ltd

and

Lester Taylor

28 November 2005

Table of Contents

Executive Summary	4
Qualitative Data	4
Quantitative Data	5
Recommendations	7
Introduction	8
Background	8
Purpose	8
Context	9
Methodology	13
Literature Search	13
What is “offshore education”?	14
Data Gathering and Analysis	16
Collection of Data	16
Tier 1: Government and Sector Group Agencies Interviews	16
Tier 2: Institution Questionnaire	16
Tier 3: Institution Interviews	17
Tier 4: Workshops	18
Analysis of Data	19
Other Data Issues	21
Findings	23
Questionnaire Distribution and Return	23
Questionnaire Results	24
Number of Providers offering Offshore Education	24
Student Numbers Enrolled Offshore	24
Types of Courses and Programmes Delivered Offshore	28
Location of Offshore Education Programmes	32
Planning Procedures	34
Incentives	36
Barriers	36
Risks and Risk Management	37
Quality Assurance	39
New Zealand Policies and Regulations	41
Strengths and Weaknesses	43
Lessons Learnt – Steps to Good Practice	44
Investment	44
Partner	44
Planning and development	45
Quality assurance	45
General	45
Best Practice	47
New Zealand Inc Approach	48
Finance	50
General	52

Bi-lateral and Multilateral Agreements	52
Extensions	54
Consultancy Services	54
Publishing	57
Adopting a Wider View	58
Complementary Issues	59
Next Steps	61
Future Data Collection and Development of Offshore Education.....	61
Teaching.....	61
Consulting	61
Education Publishing and IT Software	62
Conclusion	63
Recommendations.....	66
Annexes.....	67
Annex 1: Request for Proposal	67
Annex 2: Bibliography.....	74
Annex 3: Agencies and Institutions Consulted	76
Annex 4: Questionnaire	79
Annex 5: Tertiary Education Organisations: Questionnaire Distribution.....	106
Annex 6: Summary (Results from the Questionnaire).....	108

Executive Summary

There is a growing international trend for students to seek tertiary education in their home country rather than travel abroad. As a consequence, the opportunities for tertiary providers in New Zealand to develop offshore education are increasing.

On the evidence of the information provided in this survey, participation in offshore education by New Zealand offshore education providers has been maintained. There has not been any significant increase in offshore education activity, but neither has there been a significant downturn. The number of providers involved has increased significantly (53%) over the earlier surveys. The number of courses being offered has also increased. Offshore student enrolment numbers for 2004 are lower than those reported in the Ministry of Education surveys of 2001 and 2003. This reduction may in part be accounted for by changes to the definition of “offshore education student enrolment” and to the methodology used in earlier surveys.

It is possible that the nature of the offshore activity being undertaken by New Zealand institutions is changing. Offshore education is viewed as a high risk activity and institutions are seeking ways to lower and manage the risks. The majority of tertiary education institutions involved in offshore education have partnerships or strategic alliances with offshore providers as a means of lowering the capital and development costs. Often students are enrolled in partner rather than New Zealand qualifications, and are therefore not included in numbers of enrolled students reported for the New Zealand institution. However, the New Zealand institution may be providing, for a fee, a range of educational and professional support including curriculum development, quality assurance, professional development for host institution staff, mentoring and moderation. The use of student enrolment numbers alone is not an accurate indicator of offshore education activity by an institution.

While the delivery of educational qualifications and programmes offshore is a fundamental part of offshore education, other education products and services such as education consultancy work, export of publications, and (potentially) the development and sale of educational software, are significant contributors to New Zealand’s export education initiatives. A strategy for New Zealand’s offshore education industry should be developed that takes a broad view of offshore education, and recognises that innovation and developments in areas in addition to the delivery of educational qualifications have the potential to generate considerable foreign exchange and provide tangible benefits such as employment within New Zealand.

Qualitative Data

This research study gathered qualitative data from a number of sources through interviews, forum discussions and questionnaires. Key senior staff in every university, chief executive officers and/or senior staff in all but one polytechnic, and key staff in a selected range of other state tertiary institutions and private training establishments were

personally interviewed, either face-to-face or by telephone. Workshops held in Wellington and Auckland provided further discussion and confirmation of some of the points raised in the face-to-face and telephone interviews. The comments and insights provided through these rich qualitative data sources have been very valuable in informing the research and the conclusions drawn.

Responses to the questionnaire and from people who were interviewed identified the following:

- There is recognition that, while offshore education involves some risk, a cautious approach based on careful long-term planning and the establishment of sound strategic alliances offshore could bring dividends for tertiary education organisations and for the country as a whole, provided that quality was perceived to be paramount and strong institution-wide project management was put in place.
- There is agreement that New Zealand needs an overall strategy for the delivery of education offshore, but different viewpoints were expressed as to the nature of that strategy. Concern was expressed during the stocktake at the ability of New Zealand institutions to compete with larger nations, especially in the provision of qualifications in subjects such as commerce and business, against the “big name” institutions of major provider countries. It was argued that New Zealand should focus on niche markets where it has world class expertise. Some of the health sciences (e.g. aviation medicine) were quoted as examples. There are a number of such areas that could or are being exploited. Others argued that New Zealand providers should not be discouraged from competing with more mainstream qualifications in larger population centres, but that it was necessary to find ways that make it possible for New Zealand to compete effectively. Seeking opportunities in smaller or regional cities, which may not be targeted by the major overseas providers, and where development costs may be lower, is seen as a suitable approach. The increasing need for vocational and technical skills in the work place may provide further opportunities for offshore education by New Zealand institutions with expertise in these areas.
- There is a need, in the national interest, for better co-ordination and a sector-wide collaborative approach to assist New Zealand providers to take advantage of economies of scale, and to avoid the wastage inherent in small individual providers “rediscovering the wheel”.

Quantitative Data

The quantitative data from this stocktake reports on the 2004 academic year, although limited historical quantitative data from previous years has also been collected. The data is held in a confidential database that accompanies this report.

An analysis of this stocktake (based primarily on the student enrolment data provided for the 2004 academic year) demonstrates that:

- Of the 78 tertiary education providers surveyed, 29 providers (37%) responded that they were offering or planning some form of offshore education in 2005. Of these, 21 are state tertiary education providers and 8 are private training establishments. Of the 21 state tertiary education providers, 7 are universities, 13 are polytechnics and 1 is a college of education. This number represents a numerical increase of 10 providers (a 53% increase) over the 19 providers which were offering offshore education in 2003.
- There was a reported headcount of 1,385 students enrolled offshore in 2004. Of these students, 459 were enrolled in university courses, 703 in other state institutions (mainly polytechnics), and 223 at private training establishments. While a previous Ministry of Education survey reported a larger number of international students (1,655) enrolled offshore in 2003, a different methodology for counting offshore student enrolments was applied in this previous stocktake.
- 137 courses and programmes (a 64% increase over 2003) were offered offshore in 2004 by New Zealand tertiary education providers, of which 6 were programmes that were not formal qualifications. Of the qualifications, 52 were degree programmes, 49 were diploma programmes and 30 were at certificate level or below. The 52 degree programmes were split between 15 postgraduate programmes and 37 undergraduate degree programmes.
- Business and commerce (46%) are by far the most popular types of courses offered offshore. The next most frequently offered courses are in the fields of health (11%), science and engineering (9%), and arts and social science, and tourism and hospitality (both 7%).
- The most prevalent form of delivery is offshore on a campus owned by a partner (45%). The other significant form of offshore delivery was through distance education or distributed learning. The most significant choice of the various distance learning options offered was a combination of web-based e-learning and correspondence (38%). There was little evidence of institutions reporting the establishment of their own offshore education campus or campuses.
- The strongly preferred mode of delivery is teaching by staff of the New Zealand institution (56%). Teaching (exclusively) by the staff of the partner institution was done in 23% of offshore programmes, and a mix of teaching or related activities by combined staff of both the New Zealand institution and the partner institution in 21% of programmes.
- The country in which the greatest number of offshore education programmes is offered is China (28%), followed by the Pacific (21%) and Malaysia (13%). Most programmes in the Pacific are offered in the Cook Islands and Tonga (9 programmes each). No other country exceeds 10% of the total number of programmes offered offshore.

Recommendations

This report discusses considerations related to the future development of the offshore education export industry, including the development of an overall strategy, with supporting guidelines and case studies based on good practice. New Zealand has the opportunity to increase its involvement in offshore education. The following recommendations are made to assist the development of the New Zealand offshore education industry.

It is recommended that

- A strategy for New Zealand's offshore education industry should be developed that includes both educational programmes and other educational products and services.
- Further work be initiated in order to determine what performance measures would be most appropriate and effective to report comprehensively on New Zealand's offshore education activity, and to develop a comprehensive data collection system to achieve this objective.
- Work be commissioned to develop best practice guidelines related to offshore education for the industry, and that strategies be implemented to assist the industry with the implementation of these guidelines.
- High quality expert advice should be made available at a subsidised cost to enable New Zealand institutions contemplating new offshore education ventures to plan their offshore developments more effectively.
- Support be given to the development of joint initiatives (along the lines of a NZ Inc approach) for offshore education.
- Education New Zealand should, with the prior agreement of selected tertiary education institutions, commission a more systematic and targeted survey by a qualified financial adviser, if it wishes to obtain a robust financial analysis of the costs of offshore education provision.

Introduction

Background

In December 2004 Education New Zealand issued a Request for Proposals indicating it wished to commission baseline research on the current situation regarding the involvement of New Zealand education providers in “offshore education”. The key deliverable of the project was expected to be a report to an international standard incorporating a stocktake and definition of the current industry.

Those who tendered for the original project in January 2005 were advised that a revised Request for Proposals was to be developed. The revised Request for Proposals document (attached as **Annex 1**) was issued in April 2005.

Vince Catherwood & Associates Ltd., a Wellington-based Education Management Consultancy company, and Lester Taylor, an independent education consultant, won a joint tender for this research project. They began work after a contract was signed with Education New Zealand on 29 June 2005.

Purpose

The purpose of the research is to provide an information base and a context for the development of offshore projects by New Zealand organisations and consortia. The research project is expected to contribute to the outcomes of the Government’s broader Export Education Innovation Programme, such as improvement of capacity and capability to engage in offshore education activities.

Education New Zealand wishes to receive an overview stocktake and analysis report which describes and defines the offshore education “product” and services provided by New Zealand institutions. It anticipated that this stocktake would include data gathered about offshore export education providers, locations, course types, course history, successes, delivery issues, and the financial viability of offshore provision from past and current New Zealand initiatives. A further objective is to identify key issues and lessons from previous New Zealand experience in order to assist the development of initiatives in offshore education.

The scope of the research project therefore includes:

- an updated domestic stocktake of the involvement of New Zealand institutions and organisations in offshore export education, including the development of an updated information database; and

- a high-level analysis of the strengths and weaknesses of New Zealand's export education industry, in relation to offshore education delivery.

This report (the domestic stocktake) is an overview document which reports at a high level, and is primarily meant to be of use to policy decision-makers and strategic planners and advisers. It is also intended to provide a context for the development of offshore projects by organisations and consortia.

Context

This research study was commissioned by the Education New Zealand Trust in order to ascertain the extent of involvement by New Zealand tertiary education organisations in offshore education. The genesis of this initiative was the 2004 Budget package "Moving Forward in International Education", which included funding for approaches that encouraged innovation in international education.¹

Over the last four years, the International Policy and Development Unit of the Ministry of Education has undertaken two brief surveys of offshore education provision by tertiary education providers in New Zealand. These stocktake results were intended to provide a picture of activity currently being undertaken by New Zealand providers and to assist the Ministry to examine potential for the future and to underpin further analysis.

The initial stocktake² by the Ministry of Education reported offshore education results from public tertiary education providers for the 2001 academic year. It found that the total number of students enrolled in offshore programmes was 1,472. 17 of the 36 public providers surveyed offered offshore programmes alone or in conjunction with offshore partners in 2001, and a total of 63 programmes was delivered offshore in that year. The level of involvement in offshore education varied greatly. Just three institutions accounted for 35 programmes. The main countries targeted were concentrated in South-East Asia, China/Hong Kong and the Pacific. Malaysia (a country which has had long-standing historical education relationships with New Zealand) accounted for the largest number of programmes.

A subsequent survey³ in 2003 updated that initial report. It used the same survey instrument, but surveyed 34 public tertiary education providers and the 49 largest private providers. It found that the total number of international students enrolled in all the offshore programmes offered by these 83 providers was 1,655. A total of 19 of the 83 providers surveyed offered offshore programmes in 2003. Of these, 14 were tertiary education institutions and 5 were private training establishments. 89 programmes were offered offshore. The main locations of the offshore programmes delivered in 2003 were Asia, the Pacific, China, and Australia.

¹ See *Export Education Innovation Programme: Strategic Overview and Operational Objectives* Ministry of Education, November 2004

² *New Zealand's Offshore Public Tertiary Education Programmes: Initial Stocktake* Ministry of Education, April 2002

³ *New Zealand's Offshore Tertiary Education Programmes: Stocktake for the 2003 Academic Year* Ministry of Education, October 2004

There was over this period an apparent increase in the number of reported students (1,472 in 2001, 1,655 in 2003) and more programmes were being offered (63 in 2001, 89 in 2003), although the first survey did not include students enrolled at private training establishments, or courses offered by those private providers.

Australia has been remarkably successful in the highly competitive world of international education. It enrolled 228,555 higher education foreign students in 2004, an 8.6% increase on the number in 2003. Of those, 164,535 are studying in the country (onshore). 64,020 students (a 13.8% increase on the number in 2003) are enrolled in different offshore arrangements managed by 48 higher education institutions.⁴ Most of the offshore arrangements are located in Southeast Asia.

A comparison between New Zealand and Australia, based on these Australian figures, indicates that New Zealand's offshore activity appears to be much less developed than Australia's, in terms of both numbers of offshore students and numbers of offshore programmes. Offshore education is thus perceived to be an area where New Zealand does not currently participate as fully as our closest main competitor country.

New Zealand, when compared to its main competitor nations, appears to have a heavy weighting towards onshore delivery of education for international students (that is, its focus is on students who travel to New Zealand and live in this country in order to study).

The policy announced in the 2004 Budget was based on the premise that there are likely to be future educational, commercial and strategic opportunities for New Zealand providers in delivery of offshore education. Encouraging greater exploration of offshore opportunities will help open new markets and diversify risk. This approach would also have benefits for the sustainability of onshore provision. Provision of education offshore would ensure New Zealand providers have a marketing presence in other countries, and would provide a pathway to onshore provision of education in New Zealand. The presence of New Zealand education providers in other countries would also serve diplomatic objectives by improving New Zealand's profile.

There have been some marked changes in the pattern of enrolments in New Zealand of onshore international students from source countries over the last five years. A notable feature has been the sharp increase from 2001 to 2003, and an apparent subsequent decline more recently, in numbers of Chinese students enrolled. Of the 39,004 international formal tertiary students reported by the Ministry of Education as enrolled at 31 July 2004, 32,803 were from Asia. Of these Asian students, by far the majority (24,715 or 75%) were from China. The next largest proportions of onshore international student numbers (from South Korea, India, Japan and Malaysia respectively) varied between 5% and 3% of the Asian student intake.

⁴ Table 57 *Commencing and All Overseas Students by State, Institution and Onshore/Offshore Status, 2004*, Department of Education Science and Training, Australia

The indications from the most recent table (September 2005) of numbers of visa and permits issued by the New Zealand Immigration Service are that numbers of visas for Chinese students have declined quite sharply (from 19,666 in 2001/2002 to 2,529 in 2004/2005). A similar though not quite so dramatic decline is seen in the number of South Korean students who have been issued visas (8,748 in 2002/2003 to 3,845 in 2004/2005). A decline in visas issued implies a decline in onshore international student enrolments from those countries.

The reasons for the apparent recent decline in onshore student enrolments from these Asian countries are complex, but may include increasing competition and new emerging markets, perceived problems with New Zealand as a reliable destination for international students owing to high profile market failures by some private training establishments, as well as other factors such as the appreciation of the New Zealand dollar over the last three years against other foreign currencies. Those tertiary education organisations in New Zealand which depend particularly on Chinese students as a source of revenue are likely to be affected by the declining trend in student enrolments from this source. Those providers that offer short-term courses, such as English Language providers, are being affected now. While the larger tertiary education institutions will be protected in the short term to some extent by the pipeline effect of students who have enrolled on longer degree and diploma courses, a decline in revenue from these sources is likely in the medium term.

The extent to which this evident decline in Asian onshore student enrolments is a result of internal factors in those Asian countries that have traditionally provided a large share of New Zealand's international student market cannot be quantified. It is a plausible hypothesis that a trend may be developing whereby students in Asian countries such as China and South Korea may see more benefit, economically, personally, culturally and socially, in taking advantage of increasing education opportunities in their home countries, rather than travelling overseas to be educated. If so, the New Zealand education industry may need to adopt a different strategy that places more emphasis on offshore education if the current international student revenue streams are to be maintained or increased.

The evidence from international commentators suggests there are a number of converging forces that will drive change in the medium to long term. Ron Perkinson, of the International Finance Corporation, part of the World Bank Group, describes some of these changes in his paper⁵ on trends in global tertiary education, and makes some pertinent observations with respect to New Zealand. He notes that international students are big business for OECD countries. In 2003 they were 13% and 8% respectively of Australia's and New Zealand's total export in services. New Zealand, moreover, has experienced around 30% reduction in foreign student numbers in 2005.

He notes that: "It is clear that New Zealand's higher education industry is heavily reliant on campus-based enrolments to maintain its share of the global market. And it appears to

⁵ Ron Perkinson, May 2005 *The Changing Landscape in Global Higher Education: "...myths or realities – some implications for New Zealand"*

have few other alternative strategies in place. ..In terms of the future development of this market, we assume that our institutions of higher learning will eventually apply the same theory they teach in our business schools – by balancing the portfolio of services with other initiatives that will make our international student marketing less vulnerable. ...

“Looking deeper – we are witnessing foreign university students as well as technical and vocational education and training (TVET) students contemplating the growing attractiveness of studying at home. As the local quality of tertiary education improves, many students are looking locally at foreign immersion programmes with greater onshore options. As visa complications continue, there has also been a noticeable move towards two-way relationships with foreign partner institutions. Foreign competition has also been increasing with in-country partner programmes.”

These trends described above emphasise the need for an overview and careful analysis of current activity with respect to New Zealand’s international student market. Because New Zealand is small and geographically remote, we need a focused strategy. Any strategy adopted needs to develop our competitive advantage. Direct competition with larger more established international institutions could be wasteful and inefficient. Both the benefits and risks of offshore education provision by New Zealand providers, and where there is scope and opportunity for innovation, need to be carefully analysed.

The current research study and stocktake is a response to these emerging issues.

Methodology

The methodology adopted for this research study was as follows:

- a preliminary literature search accompanied by an environmental scan, and the development of concepts and definitions, in conjunction with a discussion about the scope of the research with the Education New Zealand Export Education Innovation Programme (EEIP) Advisory Committee;
- the collection of data from all public tertiary education institutions and selected private training establishments, using a blend of face-to-face semi-structured interviews, telephone interviews, email, and distribution of a questionnaire;
- the incorporation of data in an electronic database, and the analysis of that data;
- preparation of a preliminary report, presented to the Education New Zealand Advisory Committee for initial comment and feedback, with subsequent resolution of any queries where possible; and
- completion of a final report, following feedback from Education New Zealand

A high degree of cooperation was received from public tertiary education institutions, and from most private training establishments and companies that were approached (all universities, polytechnics and colleges of education co-operated fully).

Literature Search

The literature search included scrutiny of previous New Zealand reports and articles on offshore education, and an examination of selected relevant international literature on the subject.

The terminology used in international education has not yet become standardised, with different terms being used both within and between countries. As a consequence, it is difficult to make robust comparisons using data collected by other surveys in New Zealand and other countries, since the information collected may be based on different assumptions. Difficulties in making comparisons between the data collected for this report and for other previous New Zealand surveys are detailed elsewhere in this report. For a comprehensive discussion on the range of terminology used worldwide and its implications for research, see the paper by Jane Knight⁶ listed in the bibliography to this report.

Various other terms such as “transnational education” or “cross-border education” are used in the literature to refer to what is described in this report as “offshore education”. Although differences of viewpoint were expressed, the Advisory’s Committee’s overall preference was to use the term “offshore education”.

⁶ *Internationalisation – the New World of Crossborder Education: Developments, Complexities, and Challenges* by Jane Knight, Comparative, International and Development Education Centre, Ontario Institute of Studies in Education, University of Toronto, 2005

An environmental scan was also undertaken so that issues of significance for the development of the New Zealand international education industry would not be ignored. The previous section “Context” makes reference to many of the issues that were considered as part of this process. Aspects of the consultation process also involved an environmental scan.

A bibliography that summaries the main books, articles and sources of information that were consulted is attached as **Annex 2**.

What is “offshore education”?

The EEIP Advisory Committee set the original parameters for the research and the definition of offshore education used in this study was agreed with the Advisory Committee.

Offshore education is an area of growing importance. The core of offshore education denotes any teaching or learning activity in which the students are in a different country (the host country) from that in which the institution providing the education is based (the home country). This situation requires that national boundaries be crossed by information about the education, and by staff and/or educational materials (whether the information and the materials travel by mail, computer network, radio or television broadcast, or other means). Offshore education is not restricted to these services since the term is also interpreted here to cover associated activities such as consultancy services and trade in educational “products” like learning materials or educational software.

Offshore education is a component of “export education”. The World Trade Organisation (WTO) General Agreement on Trade in Services (GATS), the Asia-Pacific Economic Co-operation forum (APEC) and other international bodies use four classifications of “export education” (or four “modes of supply of education services”):

- (a) consumption abroad (in which the student moves to the country of the supplier to receive education, such as an international student studying in New Zealand).
- (b) cross border supply (in which an educational service is provided across borders but without the movement internationally of either student or teacher, such as an international student enrolled in a correspondence or distance education course through a New Zealand provider, but studying from his or her home country).
- (c) commercial presence (in which the provider establishes a presence in the country in which the student resides, for example through a twinning programme or establishment of an offshore campus).
- (d) Presence of natural persons (in which the educator moves to the country of residence of the student to provide the service).

In practice, these types of service are often combined. For example, twinning programmes normally involve elements of “commercial presence” off shore and some “consumption abroad”. There may also be an element of provision via distance education (over the internet or by traditional correspondence learning), and/or staff from the provider country may travel to the student’s country to deliver components of the programme, to assure quality in some of the course or to provide advice.

“Offshore education” is used in this report as a short-hand term to encompass all modes of delivery and provision of education services (and combination of these) where the student or intended audience is outside New Zealand.

This project took a broad approach and focused on direct educational outcomes as a consequence of the service provided. At the request of the Advisory Committee, education consultancy work, educational publishing and the development of educational software have been included. With respect to consultancy services or activity other than the delivery of qualifications, the test for inclusion within the stocktake was whether the activity delivered an immediate educational outcome.

Activities such as international research activity and co-operation, staff and student exchanges, industry placements outside New Zealand, and study abroad programmes were seen to fall outside the definition of “offshore education”.

Data Gathering and Analysis

Collection of Data

In order to ensure that robust and comprehensive information was gathered, a four tier approach to gathering data was used.

Tier 1: Government and Sector Group Agencies Interviews

Interviews were conducted with a range of government agencies and sector groups. The purpose of the interviews with government agencies was to gather information about the interest and involvement of agencies in offshore education. With the sector groups, the intention was to seek information and interest from the lead bodies of each sector of education. Discussion focused on the following:

- Data bases – are there any current data bases that provide information on past or current activity in offshore education?
- Policy – are there any policy restraints that need attention if offshore education is to increase?
- Incentives – what are the current incentives that encourage institutions to become involved in offshore education? What may be further appropriate incentives?
- Barriers – what are the barriers to the development of offshore education?
- Risks – what risks are associated with offshore education and how might these be managed?
- International Trade Agreements – In what ways can, or do, international trade agreements impact on offshore education?

A list of the people who were interviewed from the agencies, sector groups, and institutions has been included in **Annex 3**.

Tier 2: Institution Questionnaire

A questionnaire was developed to gather baseline data (historical, current and projected) from a wide range of tertiary education institutions, both private and public. The questionnaire was critiqued in its draft stages by members of the Advisory Committee, piloted with one selected institution, and was approved by the Advisory Committee before circulation. The questionnaire was circulated to all state tertiary education institutions and to selected private providers. In selecting the private providers, advice was taken from the private providers' sector group organisations and from published information on international student enrolments. Those private providers with the largest

number of enrolments of onshore international students were selected to be surveyed, along with other private education providers known to be providing offshore education (identified either from the consultations with sector groups or by self-selection).

The questionnaire was the key instrument used for gathering data about offshore education providers, locations, course types, course history, successes, delivery issues, and the financial viability of offshore provision, based on past and current New Zealand initiatives. The questionnaire also sought to identify the key issues and lessons from previous New Zealand experience in order to assist the development of further initiatives in offshore education, to assist development of policy and to establish examples of best practice.

A copy of the questionnaire is included as **Annex 4**.

A list of all the tertiary education organisations that received the questionnaire is included as **Annex 5**.

Tier 3: Institution Interviews

Face to face interviews were conducted with selected tertiary education institutions and private tertiary education providers in Auckland, Hamilton, Palmerston North, Wellington, and Christchurch. Other institutions outside these centres were interviewed by telephone. All universities, polytechnics, colleges of education and selected private tertiary education institutions were interviewed. In addition, selected individuals and organisations that delivered education services or education “products” offshore in the related fields of education consulting and education publishing were interviewed, either face-to-face or by telephone.

While the questionnaire gathered quite specific data from the institutions and provided some comment on issues, the interviews allowed for more in-depth discussion, and enabled the researchers to test comments that had been gathered from other institutions and from the sector groups. The interviews focused on the following:

- Benefits – what are the benefits that have accrued from involvement in offshore education? For example, financial, marketing edge, professional development of staff, opportunities for staff and student exchange, research.....
- Negative aspects – what are considered to be the perceived downsides of involvement in offshore education? For example, extensive commitment of key staff offshore, difficulty in managing at a distance, inability to establish critical mass or viability in a reasonable time frame....
- Incentives – what incentives are already available, and what incentives would people like to see available as well?

- Barriers – what are the major barriers to the development of offshore education, including those emanating from both New Zealand and offshore?
- Risks – what risks can be identified, including risks to New Zealand programmes as a result of staff offshore, employee relations and quality assurance, and how are risks managed?
- Partnership arrangements/management – what are the difficulties associated with offshore partners? How are partnerships best managed, and how do they change over time?

A list of the people interviewed and the institutions or organisations with which they are associated is included as **Annex 3**.

Tier 4: Workshops

Two workshops were conducted, one in Wellington and one in Auckland. Up to three representatives from a cross section of institutions and agencies in each city were invited to attend the workshops. The workshops were used to provide comment on findings and issues gathered from the questionnaires and institution interviews. The focus of the workshops was as follows:

- Confirmation of basic assumptions arising from institution interviews.
The workshops provided an opportunity to confirm information about perceived benefits, incentives, barriers, risks, and difficulties. They provided an opportunity to determine if all sectors viewed the issues in the same way, or if some issues were sector specific.
- Develop best practice guidelines
The research project “must lead somewhere, such as towards good practice, so that issues such as typology and a perceptual framework become important.” (Alan Olsen, Advisory Committee). The opportunity was taken during the workshops to identify aspects of best practice, with a view to developing guidelines to assist providers of offshore education in the future.
- Planning Advice
The workshops provided an opportunity to collate the types of advice that need to be sought by institutions wishing to become involved in offshore education. Where the advice might be obtained was also discussed. Topics such as regulations relating to business and education in other countries were suggested for inclusion in any planning advice that might be developed.

Analysis of Data

The analysis of both the quantitative and qualitative data on offshore education is described below and in the next section, which deals with the information provided both as a result of responses to the questionnaire and responses gleaned from interviews. The process of interaction and discussion with people from central agencies and the tertiary education sector, and with people from outside the formal education sector, as described above with reference to the “four tiers”, assisted the researchers in the analysis and interpretation of the data that was collected from the formal questionnaires.

Measuring the Nature and Volume of “Offshore Education”

Respondents to the questionnaire made it plain that there is a variety of activity that could conceivably come under the umbrella of what might be called “offshore education”. The focus of the questions in the questionnaire sought information about the activity of tertiary education institutions, and in particular asked respondents to provide data about the numbers of students enrolled in qualifications. The interviews canvassed a broader range of organisations, including companies involved in offshore education activities such as consulting and publishing.

As part of this stocktake, we have endeavoured to collate consistent information on the numbers of “offshore education” student enrolments with New Zealand tertiary education providers in 2004. The initial purpose of undertaking this collation was to “count” the numbers of education student enrolments in New Zealand qualifications offered offshore by New Zealand providers, in order to make a preliminary assessment of the size of the offshore education industry, and to determine any trends that may have occurred since the last stocktake of offshore education. The enrolments that were sought were enrolments in programmes at locations outside New Zealand’s territorial boundaries, and excluded international students who were enrolled onshore at a campus or site within New Zealand.

The type of student enrolments we sought information about included both a headcount of actual persons enrolled, regardless of the length of the qualification, and a count of enrolments based on comparable equivalent full-time student (EFTS) numbers, where one equivalent full-time student (EFTS) unit is defined as the student workload normally carried out by a full-time student in the course of a single academic year. EFTS data is a more reliable indicator of the true volume of education and training delivered than a simple headcount, but enrolment information was not always supplied by providers in EFTS units. This report, therefore, uses “headcount” data when reporting enrolment statistics, since the headcount information was the more comprehensive and reliable information available from the range of providers surveyed.

In addition, determining what is a valid and reliable offshore education “enrolment” in a New Zealand qualification proved to be not without problems. Almost all New Zealand providers offering education programmes offshore have entered into strategic alliances with education providers in other countries. In several (but by no means all) of these

“twinning” arrangements, students enrol initially in a qualification offered by the offshore partner, and not in a New Zealand qualification. In such arrangements, the New Zealand institution or establishment may contribute offshore education services such as intellectual capital through provision of staff expertise to assist in teaching or moderation of the other providers’ programmes, or other tangible forms of support, such as provision of learning resources or curriculum support using New Zealand modules of learning programmes.

Where delivery is occurring at sites outside New Zealand, and where students are enrolled in a programme that is "owned" by another provider or institution, we have adopted the approach that, in a count of New Zealand offshore education enrolments, we should exclude offshore enrolments through articulation arrangements in another provider's qualification(s). This approach has been adopted for the sake of consistency and accuracy across the tertiary education sector. We have taken the view that a count of students' enrolments in the qualifications of another offshore provider is better recognised under cross-credit transfer arrangements at the point of enrolment (onshore or offshore) in a New Zealand qualification.

It is also important to note that, even with the application of this restriction, not all the offshore education enrolments counted in this survey are reported in the institution’s report of international EFTS places included in their annual reports. This situation arises since not all offshore education enrolments reported in this survey represent full fee-paying students.

A strict quantitative “count” of numbers of students enrolled in New Zealand qualifications delivered offshore will describe only some of the offshore education activity undertaken by New Zealand tertiary education organisations. A consequence of adopting this approach is that the statistical reporting of offshore education “enrolment” activity described in this report may represent an undercount of all the actual offshore education activity that is occurring.

It is clear to us that a count of “enrolments” in educational qualifications alone does not provide a comprehensive picture of all the offshore education activity undertaken by New Zealand providers. A comprehensive assessment of the nature and volume of all “offshore education” undertaken by New Zealand providers, agencies and companies will require a more comprehensive description than an apparently simple and straightforward count of “enrolments”, and will need to involve the development of a package of additional agreed measures.

It remains true that the delivery of New Zealand qualifications offshore constitutes a large part of current offshore education activity. Nevertheless, a significant proportion of tertiary education providers undertake other types of education activity that is based on innovative business models. These models do not necessarily involve direct delivery of New Zealand qualifications offshore. For instance, several providers deliver programmes offshore that are not qualifications per se, but provide tuition that develops the skills of trainees in, say, English language or vocational or technical skills. The objective may be

to assist the student who speaks English as a second language to achieve a qualifying score on the International English Language Testing System (IELTS) as an intermediate goal to gain entry to the provider's home campus in New Zealand. Alternatively, the goal may be to assist in upskilling the industrial work force in another country by providing focused on-job training in specialist or technical fields (examples include on-job security training or practical training in film and television production). These activities are perfectly legitimate and worthwhile offshore education activities, but may be excluded in any count of offshore education "enrolments" in formal qualifications.

As a result of adopting the methodology described above, it has not been possible to make a robust comparison of the volume of offshore education activity in 2004 (as measured by student "enrolments") compared with the volume of activity reported by the Ministry of Education in the previous 2001 and 2003 surveys of offshore education enrolments. There are several reasons for this conclusion, including that different methodologies appear to have been used in previous surveys, and that the data from some providers in previous years may have been contaminated by inclusion of offshore enrolments in other providers' qualifications.

Other Data Issues

The validity of any conclusions drawn from a research study is directly dependent upon the quality and robustness of the information and data collected.

In consultations early in this Project, the Ministry of Education advised that it was unable to supply comprehensive data about offshore education enrolments from its central database, as it did not collect all the relevant information that would enable it to collate and report on these offshore enrolments. While it did collect data about extramural students resident overseas who were unable to attend on-campus courses, it has not collected data about students attending face-to-face courses offshore. The Ministry of Education has now included a new field in its Single Data Return (SDR) manual for the 2006 academic year in order to address this problem. Within the "Attend" field, a new code will be included in the SDR manual for the 2006 academic year which will capture data under the heading "intramural overseas (students attending a TEO's campus located in an overseas country)".

In order to obtain basic quantitative data we as researchers have had to rely upon the validity of information supplied directly from the tertiary education organisations through the questionnaire. After return of the questionnaires, a process of checking data and attempting to resolve any obvious inconsistencies and inaccuracies was adopted in order to ensure that data reported was as accurate, transparent, comprehensive and consistent as possible. While as researchers we cannot verify that we have identified all instances of incorrect statistical data, we are reasonably confident that the qualitative data reported from this survey is of high quality, and that the quantitative data reported has been cross-checked and is verifiable, although its validity is subject to reliance upon the quality of internal institutional procedures.

There is an apparent decline in the number of students enrolled in offshore education programmes by comparison with the numbers reported in the previous Ministry of Education surveys dated April 2002 (2001 year) and October 2004 (2003 year). This reduction may in part be accounted for by changes to the definition of “offshore education student enrolment” and to the methodology used in earlier surveys.

In future, the changes made by the Ministry of Education to its Single Data Return manual mean it should be possible to capture centrally offshore enrolment data relating to New Zealand qualifications offered offshore with more confidence in its robustness. There are still other kinds of information relating to delivery of offshore education that will not be captured by this proposed change, such as staff time commitment to offshore education for purposes like planning and development, marketing, negotiation, assessment of student work, moderation of the offshore programme, support of the overseas partner’s qualifications, and so on.

Some further consideration should be given to whether other quantitative data should also be collected on a systematic basis (in addition to data about offshore student enrolments in New Zealand qualifications). Further work is needed to determine what performance measures would be most appropriate and effective to report comprehensively on New Zealand’s offshore education, and to develop a comprehensive data collection system to achieve this objective.

Recommendation: It is recommended that further work be initiated in order to determine what performance measures would be most appropriate and effective to report comprehensively on New Zealand’s offshore education activity, and to develop a comprehensive data collection system to achieve this objective.

This research study has also gathered qualitative data from a number of sources through interviews and forum discussions. We have personally interviewed, either face-to-face or by telephone, key senior staff in every university, chief executive officers and/or senior staff in all but one polytechnic, and key staff in a selected range of other state tertiary institutions and private training establishments. We have considerable confidence in the validity of the qualitative data derived from these sources. The comments and insights provided through these rich qualitative data sources have been very valuable in informing our research and the conclusions we have drawn.

Findings

Questionnaire Distribution and Return

The questionnaire was distributed to 78 tertiary education providers. These included all 33 state tertiary education providers (8 universities, 20 polytechnics, 2 colleges of education and 3 wananga) and 45 private training establishments (PTEs). Most PTEs were selected on the basis that they were the PTEs enrolling the greatest number of international students as reported to the Ministry of Education, although some were identified by the sector organisations as offering offshore education, and some were self-selected, since they offered to complete the questionnaire in response to wide promotion about the survey in newsletters and other channels of communication.

Printed copies of the questionnaire with a cover note were sent by post to the chief executives of the selected tertiary education providers on 29 August 2005. An electronic copy of the questionnaire (in Microsoft Word format) was dispatched by e-mail in the following week to each provider. Responses to the questionnaire were due by 7 October 2005. Three reminders about returning the questionnaire (on 5 October, 13 October and 19 October 2005) were sent to those providers which had not responded by those dates. A few private providers were approached at later dates when the researchers became aware that they may have been offering offshore education.

Responses were received from 67 (86%) of the 78 providers that were approached. These responses included completed questionnaires from all 8 universities and 20 polytechnics, from the two colleges of education, and from one wananga. Two of the wananga responded briefly by e-mail, but did not complete the questionnaire. 15 PTEs completed and returned the questionnaire (including one joint response from two PTEs). 19 PTEs replied by e-mail to explain their position, and advised that they did or did not provide offshore education, or did not have the resources or time available to complete the questionnaire. 11 PTEs did not return the questionnaire or respond to the reminders.

Respondents were able to provide a response either by returning the printed copy by post or by completing the questionnaire response on their computer and dispatching it electronically by e-mail. 21 questionnaires were returned electronically, 25 questionnaires were returned by post, and 21 other electronic responses were provided.

Questionnaire Results

A table summarising sector responses to selected questions where the responses could be tabulated is attached as **Annex 6**. A detailed confidential database of providers and details about the programmes and where they are offered offshore has been supplied separately to Education New Zealand. This database has been derived directly from responses to the questionnaire.

Number of Providers offering Offshore Education

Of the 78 tertiary education providers surveyed, 29 providers (37%) responded that they were offering some form of offshore education in 2005. Of these, 21 are state tertiary education providers and 8 are private training establishments. Of the 21 state tertiary education providers, 7 are universities, 13 are polytechnics and 1 is a college of education. This number represents a numerical increase of 10 providers (53%) over the 19 providers which were offering offshore education in 2003.

10 of the providers which responded to the questionnaire and which had not been involved before in offshore education expressed an intention to become involved in future.

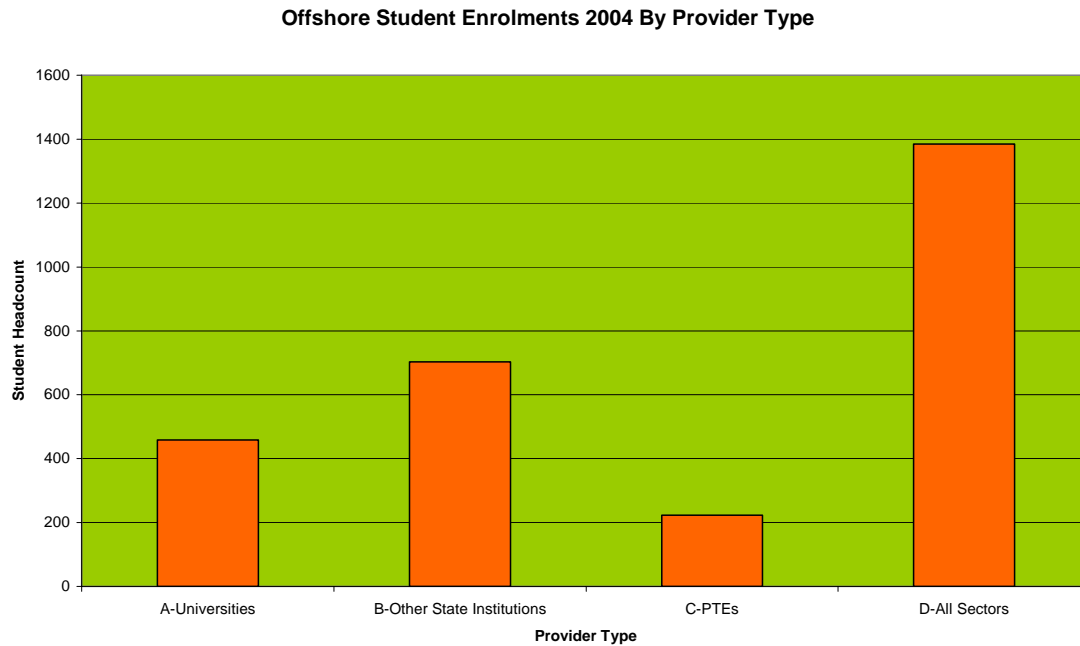
The preferred reasons given for involvement in offshore education included financial gain, growth of the business, diversification, a pathway to onshore provision, internationalisation and the professional development of staff.

Student Numbers Enrolled Offshore

There was a reported headcount of 1,385 students enrolled in New Zealand offshore education programmes in 2004. While 1,655 international students were reported by the previous Ministry of Education survey as enrolled offshore in 2003, the use of different methodologies in the present stocktake and in the previous survey may in part account for the difference. The 1,385 student enrolments in 2004 have been generated according to provider type (universities, other state institutions, and private training establishments) as is illustrated in the following table:

Numbers of Offshore Student Enrolments in 2004 by Sector				
Type of Institution	Universities	Other State Institutions	PTEs	All Sectors
Headcount	459	703	223	1,385

The chart on the next page provides a graphical illustration of the same data.



The figures have been reported for the 2004 academic year, since this was the most recent complete academic year for which the statistics were collected. Numbers of student enrolments for the academic years 2000 to 2003 have also been collected, and are available in the database, but have not been reported here owing to the lack of comprehensiveness of the data. Not all institutions completed the relevant tables for these prior years.

EFTS figures count the total volume of education and training delivered in a single academic year, on the basis that 1 EFTS unit (or 1 EFTS place) is equal to the student workload that would normally be carried out by a full-time student in a single academic year. A headcount figure counts both a student enrolled for a short course (of, say, two weeks) and a student enrolled full-time for a single academic year, as one unit, even though the amount of education and training delivered cannot be regarded as equivalent. The total number of EFTS places delivered offshore in 2004 cannot be calculated accurately since not all respondents to the questionnaire provided EFTS enrolment data. Student enrolment numbers in offshore education in 2004 have therefore been reported in this survey as a headcount, since these numbers constituted the more comprehensive data set.

There are aspects of measuring offshore activity by using a count of student enrolments as the only performance measure that are problematic. The number of students enrolled offshore, as reported by either the student headcount or the EFTS methodology, gives an underestimate of the amount of activity in offshore education that has been occurring. There are several reasons why the enrolment figures reported in this survey may reflect an undercount of the actual student numbers enrolled.

First, not all providers filled in both the actual headcount of enrolments and the EFTS units for the 2004 academic year. Although many providers which completed the questionnaire did complete both sets of figures, some providers completed only the headcount figures.

Second, capturing data by recording enrolments does not describe the complexity of the actual arrangements entered into by providers which offer offshore education. It appears to be a relatively common practice for providers to have markedly different arrangements with offshore partners. These arrangements can vary from formal Memoranda of Understanding dealing with full offshore delivery of the New Zealand institution's qualifications in the offshore country by the New Zealand institution's own staff, to joint teaching arrangements offshore for qualifications owned by the offshore partner, to articulation agreements dealing only with cross crediting arrangements. For example, students may receive education under variations of twinning programmes, such as a 2 plus 2 arrangement (2 years of education in an offshore country, followed by two years of education in New Zealand), or other possible options, such as a 3 plus 1 arrangement or a 1 plus 2 plus 1 arrangement. There appears to be some lack of consistency in how offshore enrolments are reported by providers under such arrangements.

In their statistical reporting, New Zealand institutions that jointly offer offshore education under an agreement with an offshore partner do not generally "count" the education delivered if the education is provided by the offshore education institution towards the offshore partner's qualification. Under this scenario, while the New Zealand institution may contribute intellectual property (components of a qualification) or staffing expertise towards that offshore provider's qualification, the New Zealand institution will not recognise or count the student's enrolment until the student arrives on New Zealand's shores and begins study towards a New Zealand qualification. Only at the point of actual enrolment onshore in a New Zealand qualification would the international student receive credit (through recognition of prior learning) towards a New Zealand qualification. It is also only at this point that the New Zealand "enrolment counting clock" would start to "tick". Consequently, reporting on enrolment numbers of students educated offshore under these circumstances will omit any contribution made by the New Zealand institution to an offshore provider's qualification.

Finally, the input of New Zealand tertiary education organisations in an offshore context may not necessarily be provided towards the award of a formal qualification, (either its own or that of an offshore partner). Several providers offer programmes that are not formal qualifications. For example, many English language programmes delivered offshore provide tuition in English, but do not result in the award of a formal New Zealand qualification. Where the New Zealand institution's offshore input is provided towards the improvement of a student's English language skills, for instance, the objective may be to assist that student to achieve a qualifying score on the International English Language Testing System (IELTS). Such an activity can be regarded as a contribution to an offshore programme, but the result is not a formal qualification in its own right. A qualifying score on the IELTS is needed as the first step to allow international students access to higher education (e.g. degree studies) in New Zealand.

The interest of the New Zealand tertiary education organisation in contributing offshore may be to assist the achievement of an appropriate IELTS score by international students, with a view to recruiting the student to come to New Zealand to study. Various arrangements of this sort exist (sometimes through agreements among two or more New Zealand institutions) to provide “staircasing” from relatively low level offshore foundation programmes (or offshore and onshore combination programmes) offered by one establishment, in order to lead to study towards a degree qualification at another provider. The offshore investment in these initial programmes made by the New Zealand organisation may be seen as a “loss leader” that becomes profitable only when the student travels to New Zealand and studies onshore. This form of support by New Zealand organisations for offshore education is generally not captured by the recording of student enrolments offshore in formal qualifications.

For these reasons, the enrolment figures for 2004 referred to above probably represent an undercount of all the actual offshore education activity undertaken.

Comparisons have not been drawn directly with previous surveys of offshore student enrolment numbers undertaken by the Ministry of Education, as the methodology adopted in this survey in order to count offshore enrolments is not directly comparable with the methodology adopted by the Ministry of Education in its previous surveys.

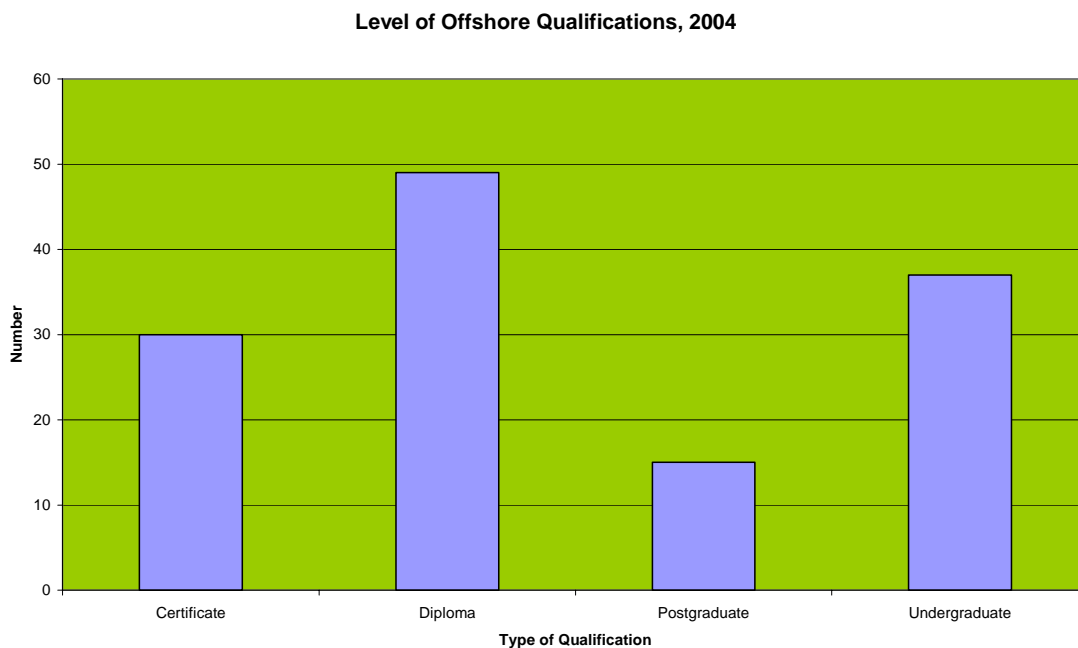
Types of Courses and Programmes Delivered Offshore

137 programmes were offered offshore in 2004 by New Zealand tertiary education providers. Not all courses or programmes necessarily lead to a qualification, and of the 137 programmes, 6 were not formal qualifications.

Level of Qualifications

52 of the qualifications were degree programmes, 49 were diploma programmes and 30 were at certificate level or below. The 52 degree programmes were split between 15 postgraduate programmes and 37 undergraduate degree programmes.

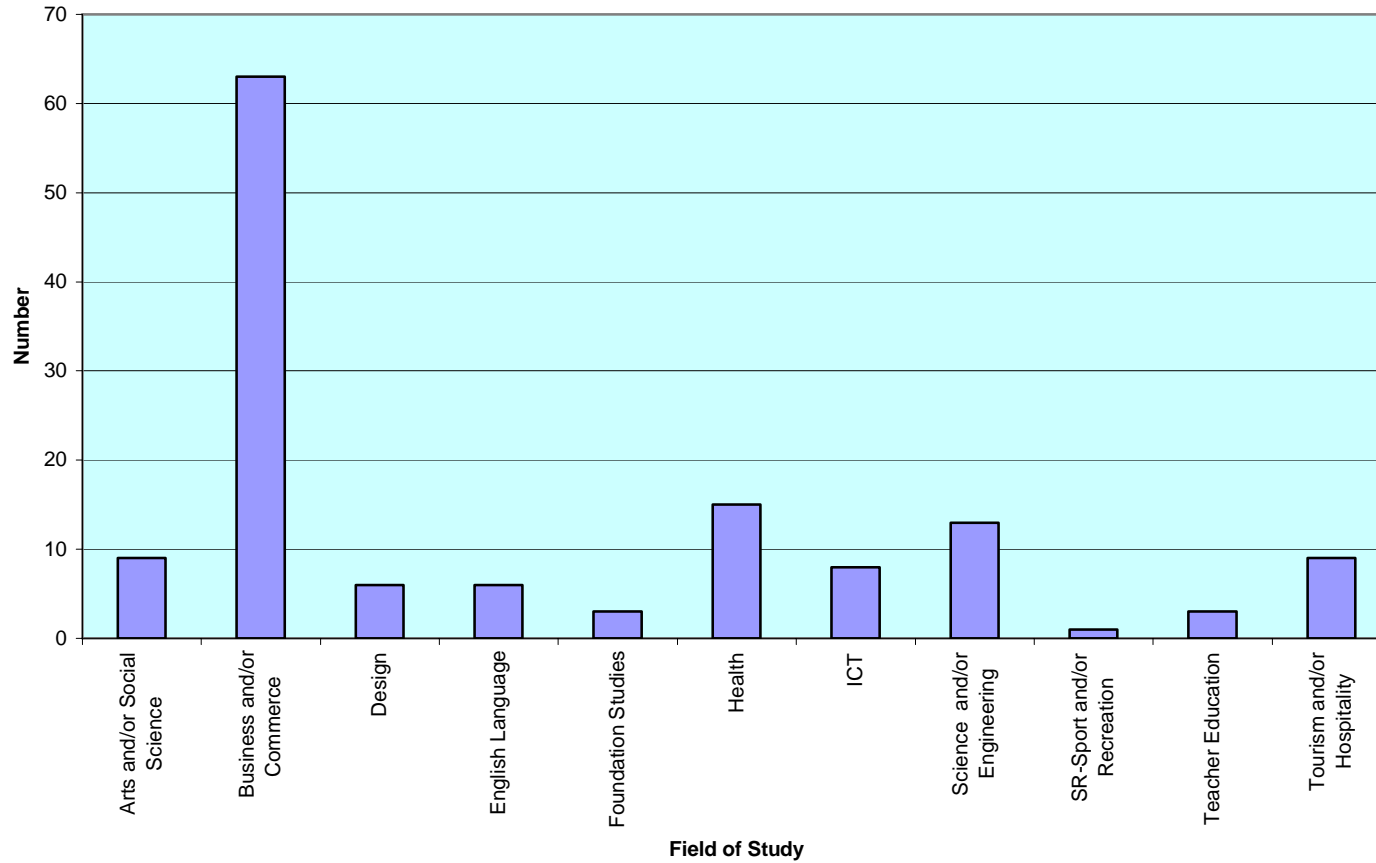
The chart below (“Level of Qualifications, 2004”) shows the respective proportions of programmes at various levels: certificate, diploma, and degree (both postgraduate and undergraduate degrees).



Field of Study

The distribution of the courses and programmes by the main fields of study is set out in the chart on a following page: “Offshore Courses and Programmes in 2004 by Field of Study”. Business and commerce (46%) are by far the most popular types of courses offered offshore. The next most frequently offered courses are in the fields of health (11%), science and engineering (9%), and arts and social science, and tourism and hospitality (both 7%).

Offshore Education Courses and Programmes by Field of Study, 2004



During the course of the interviews, many of those spoken to made the point that the offshore education industry was highly competitive, and that New Zealand should consider adopting a more strategic approach towards the fields of study which it was marketing offshore. Several commentators made the point that while New Zealand business degrees were popular offshore at present, they also had to compete in a global market with similar qualifications from other prestigious tertiary education institutions in other parts of the globe. While a high quality New Zealand qualification could conceivably compete with similar qualifications from anywhere in the world, what was also needed was a special “point of difference” to distinguish a New Zealand product from other similar products in the marketplace. An onshore education in New Zealand could market the special attractions of living in New Zealand as an English speaking country with a unique environment and lifestyle in order to attract students to study here. The unique marketing advantages of New Zealand as a country and as a desirable place to study or work, however, are not present to the same extent for an offshore education qualification or product offered offshore by a New Zealand tertiary education institution.

It is certainly possible for New Zealand to compete with general programmes such as commerce and business, especially in major markets like India and China. In these larger population centres of the world there are significant numbers of students who cannot be accommodated in local institutions. Seeking opportunities in smaller or regional cities, which may not be targeted by the major overseas providers and where development costs may be lower, is seen as a suitable approach. The increasing need for vocational and technical skills in the work place may provide further opportunities for offshore education by New Zealand institutions with expertise in these areas. If New Zealand is able to establish a “brand” that is characterised by quality and sophisticated targeting of potential markets, its offshore education initiatives are more likely to be successful.

Some of those interviewed made the suggestion that the offshore fields of study in which New Zealand providers should invest in future are those in which New Zealand providers can demonstrate they could offer a world class “product”, and those where a particular niche market exists, or is forecast to exist. In the field of health studies, for example, New Zealand is internationally recognised for its expertise in the field of aviation medicine. Another field in which New Zealand expertise is recognised internationally is in the field of literacy. The fact that New Zealand is a country in which the mother tongue is English is also a perceived advantage, since New Zealand tutors offshore can offer English language competence and a pathway to study in an English speaking environment. It was also suggested that, particularly in Asian countries where English is spoken as a second language and where approaches to classroom teaching and learning in English may focus on rote learning and mechanistic language development skills, a distinctive New Zealand approach to teacher education that fosters effective literacy development through a “whole language” approach may offer market opportunities in the offshore delivery of teacher training. Similar niche markets exist in other areas of the curriculum.

A relatively small country like New Zealand needs to develop a distinctive offshore education strategy, such as branding generic qualifications by quality, targeted marketing

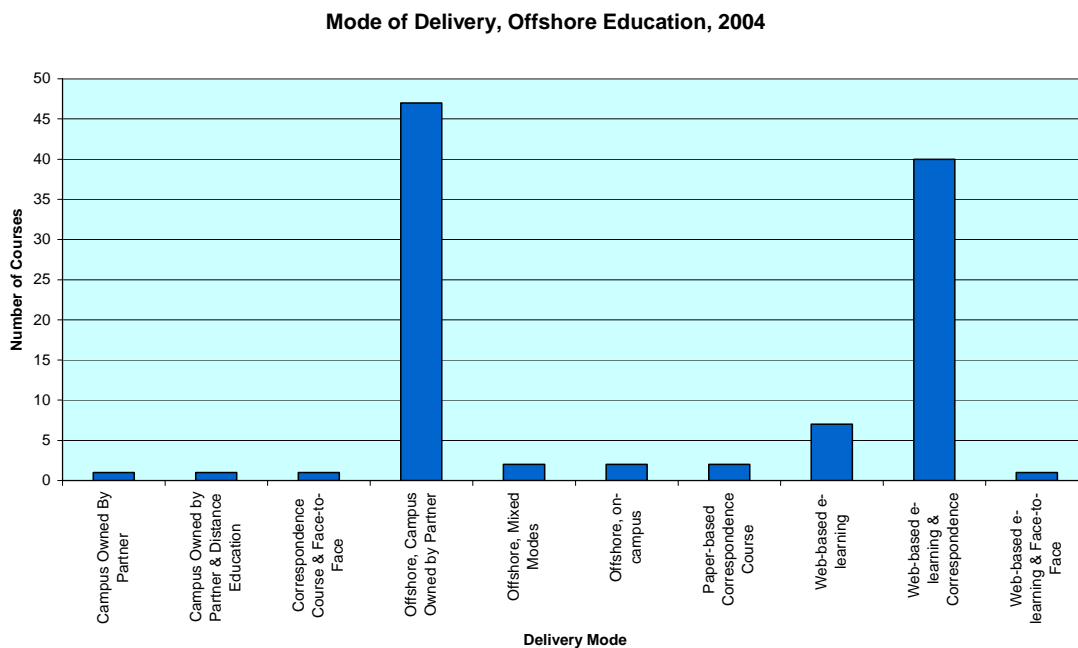
in identified locations, or specialisation in particular niche markets, in order to compete successfully in a tough internationally competitive environment.

Mode of Delivery

The mode of delivery of the courses and programmes offered offshore in 2004 included face-to-face delivery offshore on campuses owned either by the New Zealand institution, or by an offshore partner, or jointly. A variety of approaches to distance education or e-learning was adopted. These distance learning approaches included web-based learning, paper-based correspondence courses, or mixed mode approaches that also included a face-to-face component.

The chart below (“Mode of Delivery, Offshore Education, 2004”) sets out an analysis of the responses to questions on mode of delivery.

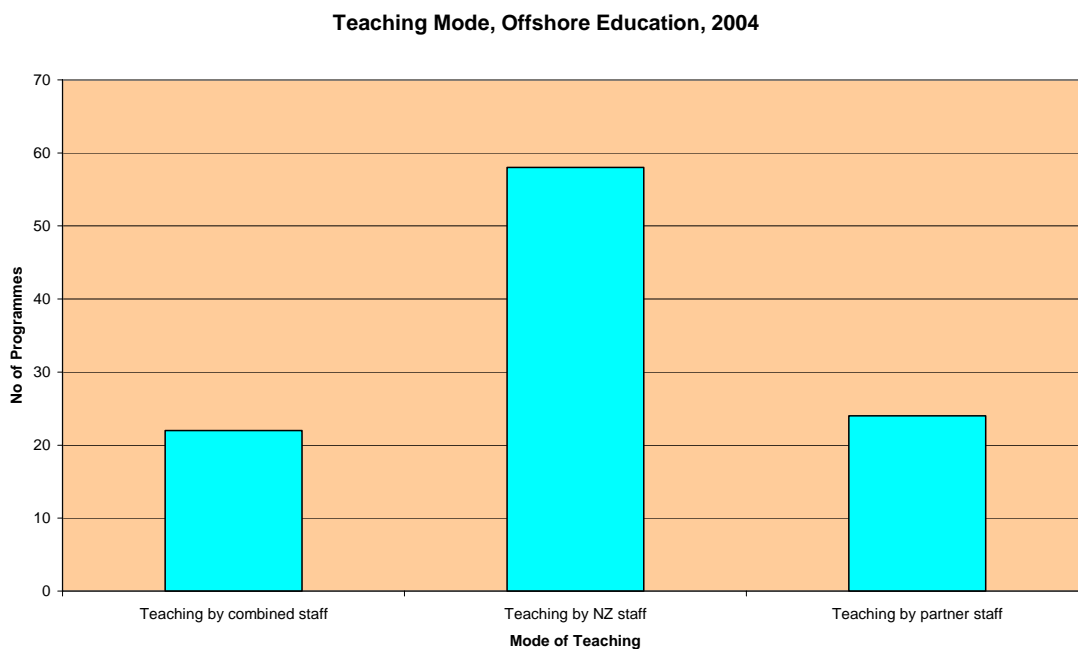
As can be seen from the chart, the most prevalent form of delivery is offshore on a campus owned by a partner (45%). The other significant form of offshore delivery was through distance education or distributed learning. The most significant choice of the various distance learning options available was a combination of web-based e-learning and correspondence (38%). There was little evidence of institutions reporting the establishment of their own offshore education campus or campuses.



Teaching Mode

Similarly, a variety of approaches to how teaching was managed was evident. Some institutions provided teaching only by the staff of the New Zealand institution. Others relied completely on the staff of the partner organisation or organisations. In several cases a combined approach was adopted. For instance, staff in the partner institution might have prime responsibility for the teaching, but staff of the New Zealand institution might provide advice on aspects such as moderation by periodic visits or assistance with marking and assessment in order to maintain appropriate standards of student achievement.

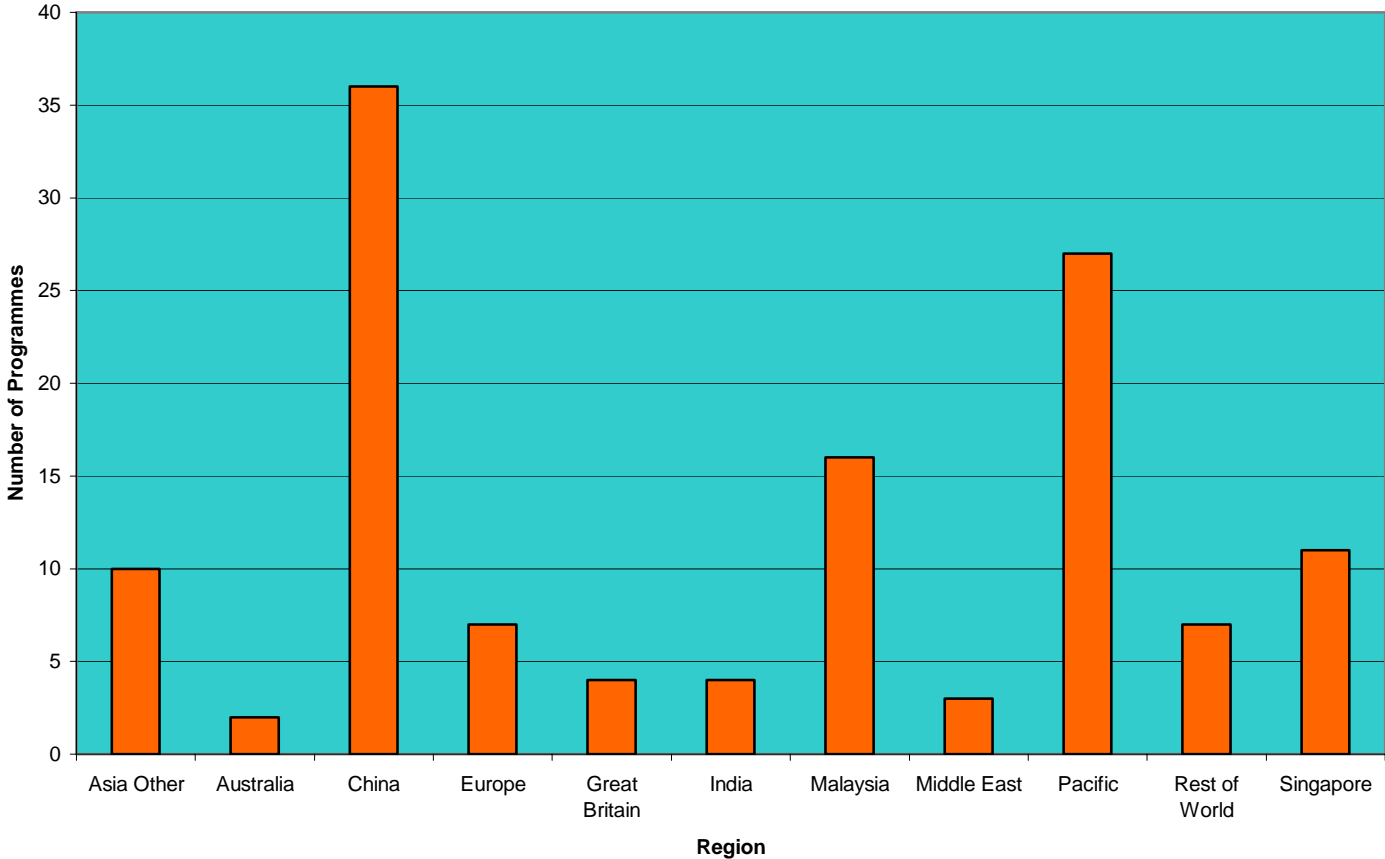
The next chart below (“Teaching Mode, Offshore Education, 2004”) sets out how the teaching is managed. The strongly preferred mode of delivery is teaching by staff of the New Zealand institution (56%). Teaching (exclusively) by the staff of the partner institution was done in 23% of offshore programmes, and a mix of teaching or related activities by combined staff of both the New Zealand institution and the partner institution in 21% of programmes.



Location of Offshore Education Programmes

The country in which the greatest number of offshore education programmes is offered is China (28%), followed by the Pacific (21%) and Malaysia (13%). Most programmes in the Pacific are offered in the Cook Islands and Tonga (9 programmes each). No other country exceeds 10% of the total number of programmes offered offshore. The chart on the next page “Location of Offshore Education Programmes, 2004” illustrates the range of regions and countries in which offshore education is offered.

Location of Offshore Programmes, 2004



Planning Procedures

Many institutions with offshore education programmes have no specific policy stating the goals and objectives for the activity. 58% of the respondents to the questionnaire reported that their institution had no formal policy on offshore education, 37% did have a policy, and 5% did not respond to the appropriate question.

Involvement in offshore education for several institutions has become an extension to their international education activity of attracting international students to their New Zealand campus. Often it has arisen from an opportunity presenting itself with no proactive initiative on the part of the institution. Institutions with a formal policy usually include offshore education as part of a larger internationalisation strategy.

The extent of planning of offshore education activities varies considerably between providers. Those institutions with a number of different offshore activities tend to have more detailed planning and clear pathways for staff to follow. Others have a more ad hoc approach, but all believe that individual staff who independently initiate a potential offshore development cannot proceed too far before the central management becomes involved or at least aware of the development.

Offshore education activities are initiated in a number of ways. An institution with a formal policy and well developed planning procedures may seek specific opportunities that will meet its goals and objectives. Such developments may be sought by the international marketing manager while on recruitment trips, through extensions to already held articulation agreements, or by seeking new business opportunities. Such specific development appears to be the exception rather than the rule.

More commonly, new activities arise through some form of personal contact between a staff member of the New Zealand institution and a contact offshore. Often this is through academic staff members who have colleagues in their discipline and with whom a new opportunity arises. On other occasions, it is where an institution is employing a staff member who is a national of another country and who has retained ties with institutions there.

It is not uncommon for an institution to be approached by an offshore partner, who is unknown to the institution, seeking a business relationship. The reasons for the approach vary considerably and any New Zealand institution should proceed carefully. While many such approaches are genuine, others are more likely to be seeking personal advantage and the New Zealand partner could be disadvantaged. Due diligence on the offshore partner is required to determine its legality within its home country, the quality of its programmes, its recognition by local authorities, and its financial viability. Care should also be taken in assessing the claims of student numbers, fee structures and income flows, as experience would suggest that many claims are exaggerated and may be unlikely to be realised.

The responses to the questionnaire indicated that the current practice of most institutions in considering proposals to undertake an offshore education programme was to place emphasis in their planning on three factors: compliance with institution-wide strategic considerations (why the proposed initiative was in the strategic interests of the institution), compliance with institution-wide academic considerations (why the initiative was in the academic interests of the institution), and compliance with institution-wide business factors (why the initiative was in the business interests of the institution). Some emphasis was given to a formal decision-making model specified on an institution-wide basis, and to an explicit institution-wide quality assurance strategy.

Perhaps surprisingly, less emphasis was placed in planning on a formal institution-wide partner selection strategy and on a formal institution-wide teaching and learning strategy for offshore programmes. Given that a large majority of New Zealand tertiary education institutions involved in offshore programmes are delivering those programmes offshore at a partner's campus, it would appear that a partner selection strategy in particular is of fundamental importance.

The Australian experience⁷ suggests that strategic alliances and joint ventures with offshore partners, whether education partners or business partners, are a critical part of new business models for Australian education providers. Existing institutional planning practices in New Zealand may need to be strengthened by giving more attention to partner selection strategies.

The following points have been selected from the returned questionnaires and represent what appear to be essential components of good practice with respect to planning and development:

- The institution should have an offshore education policy/strategy. It may be a component of a broader policy/strategy on internationalisation.
- Clear planning and development pathways for offshore activities should be contained within the broader planning strategies of the institution.
- There needs to be a decision-making process that is used by all. This process may be through an International Board, Committee, Director or other similar structure.
- Offshore research is required to undertake an adequate feasibility study.
- Extensive and appropriate support from outside agencies is desirable. This support may be provided by New Zealand agencies, but need not be exclusively provided from a New Zealand source.
- There is a need to select a business partner that has sufficient standing to enhance your institution.
- It is essential to undertake due diligence on the proposed partner.
- Develop a sound business case.
- Arrange for an appropriately skilled manager for the project.

⁷ Bannerman, Paul and Spiller, Joan (Cords Pty Ltd) and Yetton, Philip and Davis, Jeremy, Australian Graduate School of Management, The University of NSW and the University of Sydney, Department of Education, Science and Training, (Australian Government), May 2005 *Strategic Alliances in Education and Training: A Literature Review*

- Seek the support of a well-informed and well-connected national of the country of the partner.
- Negotiate a sound contract/Memorandum of Understanding, ensuring it has a dispute resolution component.
- Take appropriate legal advice.
- Work hard at managing the relationship with the offshore partner through regular communication and support.
- Negotiate with New Zealand based staff to enlist their support and co-operation.

Incentives

The incentives that were identified related to two groups – internationalisation and financial. For some institutions, the goal of internationalisation was the driver for involvement in offshore education. Involvement in offshore education was seen as an opportunity to increase involvement with international institutions, to provide an opportunity for staff development, and to aid in the internationalisation of the curriculum.

For some, but not all institutions, diversifying the income streams of the institution was a major reason for engaging in offshore education. However, most institutions reported that only limited income was likely to be generated, as the costs associated with offshore education are high and student numbers are limited. Some saw it as a break-even exercise or as a loss leader, with any significant financial gain coming from the offshore programme acting as a recruiting tool for attracting students to the New Zealand campus.

Barriers

There are two main barriers to involvement in offshore education. The first of these is resources, and in particular funds for development. There are significant costs involved in developing offshore education activities, including both opportunity costs and upfront expenditure. These costs include staff time, costs of travel and accommodation, due diligence costs, consultancy fees, and expenditure on course development, staff recruitment, and professional development among others. For small institutions the funds for this expenditure may be unavailable or form a significant proportion of the institution's cash reserves. Committing these to development before there is any guarantee of a financial return is difficult.

The second major barrier is the lack of expertise needed to confidently undertake a business development process within many institutions. To overcome this difficulty expert external advice may be required, adding to the financial costs. Further comment on this matter is contained in the section on risks and risk management.

Risks and Risk Management

During interviews with institutions a number of risks associated with offshore education, and ways of mitigating them, were identified. Many opportunities present themselves to institutions through a variety of mechanisms. Identifying those that are realistic and worth the time required to properly assess them can be difficult. A check on the reliability of the source of the idea through colleagues or through New Zealand agencies offshore (such as New Zealand Trade and Enterprise) may save valuable time and cost.

Due diligence on a potential partner is essential. It is necessary to check a partner's legal status within its home country, its financial viability, relationships with similar institutions to the New Zealand institution, the extent of control that will be retained by the New Zealand institution in any partnership, and the nature of any formal agreement being sought. The validity of the claims being made with respect to student numbers should be checked rigorously, an assessment should be made of the fees that might be required, and operating costs and profit margins that are made in the initial approach also need to be scrutinised carefully. Experience suggests that the claims first made are often not justified, and that financial flows may be less than are required to break even.

A major risk for some institutions is their relative lack of business expertise, especially in some foreign environments where business practice, law and regulations may be very different from those in New Zealand. The costs of seeking appropriate advice (or of not seeking it) are usually very high and a barrier to some institutions. Useful advice can be obtained through New Zealand agencies offshore (e.g. Ministry of Foreign Affairs and Trade, and/or New Zealand Trade and Enterprise). There are also examples of good advice for specific countries that is provided by New Zealand agencies onshore. For example, the Ministry of Education provides helpful advice for schools and institutions contemplating initiatives in China⁸. Such advice, however, is more likely to be appropriate in the initial stages of development, but is less likely to be sufficiently detailed enough for formal contract development between a New Zealand tertiary education institution and a foreign partner.

New Zealand institutions need to be confident that they are receiving good advice from a trusted expert source. Several of those interviewed mentioned the cost of securing good advice to assist their planning, and noted that there appeared to be considerable "reinventing of the wheel" occurring across New Zealand tertiary education institutions which appeared to be in competition with each other, sometimes in the same overseas country. It would be a prudent collaborative investment that would be in the national interest, and one that would assist the development of the New Zealand offshore education industry, if advice on country-specific issues such as specific legal requirements, or local employment laws and regulations, or taxation requirements, was

⁸ Ministry of Education, International Policy and Development Unit, August 2004 *Establishing and Managing Joint Schools and Programmes In China: Background Information and Advice*

made available at an affordable cost. This type of generic country-specific advice could be possibly subsidised through the export education levy, or from a dedicated centrally managed fund, and could be made available through appropriate New Zealand offshore agencies. It is noted that funding for this purpose may be available through the competitive tendering Export Education Innovation Programme. However, increased availability of resources is necessary.

It is recommended that high quality expert advice be available at a subsidised cost to enable New Zealand institutions contemplating new offshore education ventures to plan their offshore developments more effectively.

It was evident that most of the successful offshore partnerships reported had been developed by a New Zealand institution with the assistance and support of a person who was loyal to the New Zealand institution and who was extremely knowledgeable about the country of the potential partner. Often the person was a new resident to New Zealand, in the employment of the New Zealand institution, a native speaker of the partner's language and with skills and contacts that enabled them to act as the liaison person for the New Zealand institution. While the appointment of such a person to an institution's payroll does not eliminate the need for high level advice when contract development is being finalised, they without doubt smooth the development in the early phases and allow the New Zealand institution to proceed with a degree of confidence.

There are many examples of financial risk associated with offshore education, both from within New Zealand and from other sources. At the higher end of the financial risk continuum are those associated with the expenditure of capital in the development of an offshore campus. Servicing the debt associated with capital development requires good student numbers and a fee structure that enables a significant profit. There are many examples quoted that suggest that achieving a good rate of return on investment is difficult. 83% of those responding to the questionnaire either confirmed that they had made no capital investment at all in offshore education or did not respond to the question about capital investment. Only 7 New Zealand tertiary education organisations appear to have invested capital in offshore developments, and where capital has been invested, the amounts of money involved are relatively small. All seem to be aware of the potential risks.

A number of New Zealand institutions do appear, however, to have suffered some financial losses in offshore education activities, although the extent of these losses cannot be quantified with any precision from the information returned in the survey. These losses tend to have occurred as a result of inadequate planning, or where a partner has not been honest (and where better due diligence was required), or where anticipated student numbers have not been realised (as a result of unrealistic initial expectations), or where adequate business planning has not been undertaken (sometimes central management was not aware of the development of a faculty, department or staff member). Better business planning is the key to managing these problems. Attention in the business planning should also be given to the repatriation of funds, as some of those interviewed noted this issue can be a problem.

Aside from the financial risks, there are real risks associated with staffing. To ensure that the programmes being conducted offshore are of the same or better quality as those offered in New Zealand, key staff from New Zealand must be involved. This commitment places a considerable burden on those staff. To do justice to their work, time must be given to them to invest in the development work, and other staff appointed to carry on their regular onshore duties. Without careful management, there is a risk to the quality of the programmes both in New Zealand and in the offshore location.

The recruitment of local staff for the offshore operation requires expenditure of time and resources to ensure their ability to deliver a programme of similar quality and nature to the New Zealand programme. The responsibility for this professional development and quality assurance falls on the New Zealand staff, placing further pressure on them.

Reducing operating costs to obtain a return on investment is a pressure that many institutions face with offshore programmes. Any reduction in costs has the potential to place pressure on the ability to maintain quality.

While New Zealand staff may initially be enthusiastic about working in another country, after a period of time the pressure of commuting between countries and working under pressure on programmes in different countries can take its toll, both personally and on the staff member's family, and there is the potential for staffing difficulties to arise. At the institution level, the amount of time that an offshore development can take may result in the executive spending insufficient time maintaining the focus of the institution onshore, and thus placing the institution at risk.

Quality Assurance

Without exception, institutions reported that ensuring that offshore programmes were of high quality was a top priority. The reputation of the institution itself and that of New Zealand is at stake if programmes of low quality are provided. For that reason, the management of offshore activities and offshore partners is critical.

University programmes if offered offshore must go through the normal approval procedures through the Committee on University Academic Programmes (CUAP). This peer approval process is used for all university programmes, and those interviewed saw no reason to change.

All other institutions are required to have approval given by the New Zealand Qualifications Authority (NZQA) or one of its delegated agents such as the Institutes of Technology and Polytechnics Quality (ITP Quality). There was no disagreement with the concept of such approval being required.

Some concern was expressed at the compliance costs associated with obtaining approval, and further discussion as to how these costs could be reduced would be valuable. An

example is in relation to a site visit when a programme is to be offered offshore. Further comment in relation to this is made in the following section on Policies and Regulations. A minority view was also expressed that the imposition of New Zealand quality assurance rules and regulations on an offshore partner was a form of colonialism.

It was clear from the responses about quality assurance in the questionnaire that there was a firm expectation by a large majority (83%) of those who answered the relevant question that the same quality assurance standards should be applied to the offshore education programmes as applied to onshore delivery.

The minority (17%) who dissented were mainly private training establishments. One PTE noted that the establishment offered offshore foundation English courses which required a less rigorous quality process, but that it ensured that only suitably qualified tutors delivered the programme. Another PTE noted that while the development of the curriculum was done for the onshore programme, the moderation of the teaching staff, the English language entry criteria for the offshore programme and the moderation of the assessment had been left to the offshore partner. The English language entry to the New Zealand part of the programme was closely monitored and maintained to ensure that the onshore programme met New Zealand standards.

Difficulties encountered in ensuring programmes offered offshore met an appropriate standard of quality included obtaining the commitment of partners to New Zealand standards of education. In programmes such as English language programmes, higher standards are required at the outset, in order to verify the ability of the students entering the offshore programme and the ability of the partner institution to meet those standards. Because education systems across the world vary greatly, it is challenging to ensure that New Zealand standards can be maintained in offshore programmes where English is not the first language. There were also perceived difficulties in understanding the cultural context of quality assurance in other countries, and in ensuring any quality assurance arrangements also took account of the standards and requirements in the offshore country. As a result development is often slow, and misunderstandings may lead to costly mistakes.

The New Zealand Qualifications Authority has developed a preliminary draft set of guidelines⁹ to assist staff and evaluators of the NZQA and its delegated agents (ITP Quality and CEAC (the Colleges of Education Accreditation Committee)) as they consider applications for approval and/or accreditation involving overseas delivery. These draft guidelines cover, among other aspects, the accreditation process, the requirement for accreditation evaluation visits, monitoring and audit requirements, and relationships with Overseas Accreditation Authorities. Attachments to the draft guidelines cover the application of New Zealand gazetted course approval and accreditation criteria in relation to overseas delivery, how the approval of changes to programmes will be monitored, and the requirements that should be covered in any formal Memorandum of Understanding which identifies the division of responsibilities

⁹ New Zealand Qualifications Authority, 2005 *Draft: Quality Assurance of the Overseas Delivery and Awarding of Approved Courses and Registered Qualifications: Notes on the Evaluation of Applications*

for all relevant aspects of the course and its management and/or delivery. The issue of the extent of NZQA's jurisdiction may also need to be clarified in these guidelines.

These guidelines are currently being trialled. They should prove a useful means of communicating a shared understanding about quality assurance of offshore education, and should help to ensure that the reputation of New Zealand courses and qualifications is maintained, regardless of where the courses are delivered or where the students are assessed. After the trialling and consequent consultation is completed, they will be made available to the industry.

Some key points related to best practice are as follows:

- Quality management is paramount.
- Offshore programmes should have at least the same standards (or better) than those offered in New Zealand.
- There is a need to be aware and take cognisance of the standards in-country, and work with local agencies, including local professional bodies (e.g. the equivalent of the New Zealand Nursing Council for nursing programmes).
- New Zealand staff who are taking part in offshore programmes need professional development to assist them to adjust to the cultural and professional differences between New Zealand and the host country.
- If partner institution staff are involved, professional development is essential for them to ensure that they can meet the quality standards of the New Zealand institution.
- Moderation of partner input is essential. As skills develop and the partner's ability to meet the standards required by the New Zealand institution is demonstrated, less moderation may be possible.
- Assessment of students' work should be retained by the New Zealand institution in the early stages of the partner relationship.

New Zealand Policies and Regulations

With offshore education being promoted and encouraged by Government, it was important to determine if there were any policies or regulations that inhibited development. No policy barriers were identified by any institution, private or public.

However, some public institutions identified a potential for conflict between offshore education and the performance-based research fund (PBRF). Where an institution is providing teaching offshore the emphasis on research for the staff involved may decrease, and this factor may adversely affect the rating of the institution for PBRF funding. It was suggested that participation in offshore education could, therefore, work against the institution when it was being assessed for PBRF funding. If adjustments are not already made for this, consideration should be given to doing so.

Another potential for difficulty lies with NZQA. While a quality assurance mechanism was seen as essential by most people, a number raised concerns about NZQA. These

ranged from a belief that NZQA did not have appropriately skilled or experienced personnel to undertake quality assurance in settings other than New Zealand, to claims that the process was obtrusive, too expensive and time-consuming. A particular example that was raised on more than one occasion concerned the requirement for a site visit when a programme is to be taught offshore. This cost can be very expensive for the institution and the view was advanced that this cost may make the venture commercially unviable.

None of the institutions that raised the issue expressed any concern about the need for NZQA approval, or for a site visit when a partner was unknown. However, it was suggested that when the partner institution had an international reputation and was a known entity, a paper audit could be sufficient.

Another concern raised was the suggestion that the Code of Practice for the Pastoral Care of International Students may be extended to offshore programmes. The particular concerns related to this included the Code not being culturally appropriate in other settings, and that its implementation and monitoring would be very difficult.

It was suggested that further thought could be given to extending support by developing guidelines for best practice in offshore education and further funding support could be provided for research, advice and start-up costs.

Strengths and Weaknesses

Although New Zealand is a small country and does not have institutions that have the status of the Oxbridge or Ivy League institutions, New Zealand does have some strengths that can be capitalised on. These include:

- World class expertise in some niche subjects. Examples include aviation medicine, literacy, agricultural research, earthquake research and hydroelectricity generation.
- New Zealand's recognised experience and expertise in public sector reform, including education sector reforms.
- The lack of corruption in New Zealand society.
- The political neutrality offered by a small independent country.

However, there are a number of weaknesses that inhibit development of the industry and which are largely outside our ability to control. These include:

- Distance from partner countries.
- The small size of our institutions and their limited resources, both financial and personnel.
- Lack of international recognition in the top tier of academic institutions.

There are other weaknesses in the industry that can be managed, and thought should be given by institutions and agencies to addressing these. Included are:

- Attempting to compete with bigger and more well-known institutions with qualifications that are readily available. For example, there are many institutions offering business and management qualifications, some of which have international reputations.
- Lack of a strategy for offshore education, and relying on ad hoc approaches to responding to and/or developing opportunities. A surprising number of institutions reported no strategy or institutional planning pathways.

Lessons Learnt – Steps to Good Practice

The respondents to the questionnaire were asked what lessons they had learnt from their involvement in offshore education. The following is a summary of their comments. An important outcome of a study such as this should be to help inform good practice. While most of the information contained here is included in other sections of the report, it has been repeated as it comes from the collective wisdom of people who have been involved in offshore education for some time and who are willing to pass on their experience to others.

Investment

Any development in offshore education has a development cost or investment that has to be made. Even if no capital investment is being made, there are still considerable costs to be met, including the opportunity costs of staff time in developing the programme. Neither the direct financial costs, nor the time and commitment required from a number of staff should be underestimated. Some specific points made during this project were:

- Expect to make a large investment of time and resources before finalising an offshore activity.
- Investment may not generate an immediate return.
- Do not become too dependent on one institutional partner or one country, or on one staff member within the home institution.
- Money may not be the main motive.
- Check for any licensing requirements.

Partner

The quality and integrity of the partner is critical to the success of an offshore education activity. Equally important is the management of the relationship with the partner. The following points are important to note:

- Select a partner of high standing which will enhance your institution.
- Undertake due diligence on the partner.
- Ensure that the partner has robust systems and procedures that are compatible with your own.
- Have a clear and unambiguous Memorandum of Understanding that incorporates a disputes procedure.
- Take time to get a good partnership operating.
- It is very helpful to have a national of the host country working for the New Zealand institution.
- Plan for frequent and clear communication with the partner as it reduces the misunderstanding that comes from cross-cultural communication problems.
- Ensure that the relationship has the potential to grow and is long standing, so that continuity will not be affected by changes in personnel.

Planning and development

A surprisingly high number of institutions that are involved or intend to become involved in offshore education have no policy or planning structures in place. A significant number reported that they used an ad hoc approach to responding to opportunities. The institutions that have the most success in offshore education have well developed procedures for planning and development. Key comments include:

- Have robust decision making procedures within the institution.
- Undertake appropriate detailed research with good local intelligence.
- Develop a business plan for each project.
- Have an appropriate management strategy for each project.
- Take appropriate advice including advice on legal and tax matters.
- Undertake a risk analysis and put risk management procedures in place.
- Obtain government/political support if possible.

Quality assurance

One of the key factors affecting the reputation of an institution is the quality of the programmes that it offers. As well as damaging its own reputation, an institution offering poor quality programmes damages the reputation of all New Zealand institutions. For that reason, a quality assurance regime that provides confidence in all New Zealand programmes is essential for the industry. CUAP and NZQA fulfil that role at the national level. But it is the responsibility of every institution to have robust quality assurance procedures and to monitor the quality of any partner with which it works. The following were specific points made during interviews.

- Focus on quality management to ensure that the offshore provision is of the same quality or better than New Zealand programmes.
- Ensure that all staff are committed to providing a quality service.
- Give adequate professional development to all staff involved, both New Zealand and local staff.
- Support New Zealand staff and their families while they are offshore. Recognise the extra pressures that are being placed on them
- Be aware of any local quality assurance procedures. Work with appropriate local professional quality assurance bodies.

General

The following general comments were made.

- Be culturally sensitive – recognise the priorities and values of your offshore partner and students and be prepared to accommodate these in your planning.

- Adapt/adapt/adapt – your methods may not be appropriate for the country in which you are planning to work. You need to be prepared to adapt to new ways of working while maintaining the integrity of your business plan.
- Western philosophy/attitudes/know-all-ness is deeply buried – Asia is different in all ways and you must learn to understand it and work within it.
- Be flexible and patient – it takes time for relationships and confidence to develop and you have to earn respect.
- Be the “student” – you have a lot to learn.

Best Practice

Within the industry in New Zealand there are many people who have considerable expertise, and there are a number of successful offshore activities. While there do not appear to be any large financial losses from offshore education by New Zealand institutions compared with the experience of some of our competitors, there are examples of unsuccessful activities. Some of the problems can be associated with conditions that were outside the control of the institution. However, others must be attributed to poor practice.

All institutions that are interested in, or wish to begin activities offshore, need to make good decisions through undertaking careful planning and seeking expert advice. It is in the interest of such institutions and of the industry that a “guide to good practice” be developed that includes advice on planning, business plans, partner choice and relationships, development of Memoranda of Understanding and contracts, partner country issues related to business regulations, tax, and repatriation of earnings. Selected examples of good practice (case studies) could be included from those providers currently operating offshore education programmes.

It is recommended that work be commissioned to develop best practice guidelines related to offshore education for the industry, and that strategies be implemented to assist the industry with the implementation of these guidelines.

New Zealand Inc Approach

A number of institutions expressed an interest in a New Zealand Inc¹⁰ (NZ Inc) approach to offshore education. Except for a small range of highly specialised niche opportunities, New Zealand institutions tend to be offering qualifications and programmes that are commonly offered by other providers. The small size of New Zealand institutions relative to many of their overseas competitors, the high cost of development, and differentiating the institution in the market place are all seen as limiting factors on the ability of most New Zealand institutions to compete.

The NZ Inc approach would be a collaborative venture in which two or more institutions would co-operate to share the costs of developing a new venture. It would differ from the role of Education New Zealand in that it would be driven by the partners that deliver the product or service. It would require the development of specific products that utilised the strengths and expertise of two or more institutions. Institutions could work together to provide a New Zealand qualification that would be desirable to students because of the collective teaching of academics with international reputations in their disciplines, but who may be from different institutions in New Zealand.

There are models of collaborative activity in other New Zealand industries that sell products offshore (the dairy, meat and wool industries, for example), and it should be possible to develop a collaborative model or framework for the sale of education services offshore. Within the education consulting sector, PINZ is essentially a collaborative model.

The issue is to determine, in the national interest, the appropriate framework to use. For example, China is a significant market with huge demands and its issues need to be approached in a managed way. Institutions from a small country like New Zealand may need to have a partnership with Government in order to share the risk. Business propositions from China may need assessment and due diligence using a private/public/government partnership. The objective should be to build a long-term and deep relationship with a country like China. The New Zealand Ministry of Education now has a Memorandum of Understanding with its Chinese counterpart. This development arose as a result of difficulties with a few English Language Schools. There is a risk to the perception of New Zealand education in China if New Zealand private providers fail. There is now interaction and exchange of views between senior Chinese politicians and officials, and New Zealand counterparts. New Zealand has undertaken to assist if the Chinese need help with English Language Schools. What is now being developed is shared responsibility in the context of a broader bilateral relationship.

Not all institutions saw value in an NZ Inc approach. Some indicated that they would not want to be involved with another institution, and were big enough to succeed on their own. Others saw it as too difficult to manage. New Zealand institutions do not have a

¹⁰ Incorporated.

successful history of co-operative approaches to developments in international education. The development of onshore international education has few examples of co-operative development – the chequered history of the development of a lead body is a good example of the difficulty in getting effective co-operation. Co-operative offshore development is not likely to be any easier. Many providers view their New Zealand colleagues as their main competitors, rather than those from other countries. However, support should be given to institutions that would like to develop such an arrangement.

A different concept within the NZ Inc approach would be in the provision of a range of connected services in a commercial area. For example, the development of a seafood industry in a developing country requires a range of education and training from basic factory skills through to marine research. A consortium of New Zealand providers through a donor could undertake the development programme, whereas an individual institution would not have the full complement of skills. Agriculture, horticulture, forestry, health sciences and hospitality are all areas where New Zealand would be very competitive.

It is recommended that support is given to the development of joint initiatives (along the lines of an NZ Inc approach) for offshore education.

Finance

The questionnaire made the point that information on the income and profitability of offshore education is an important aspect of planning at both institutional and national levels. The provision of financial information was therefore requested, with an assurance that any financial information would be aggregated, and identification of an individual provider would not be possible in any published report. All financial information would remain confidential, and would not be disclosed unless permission had been expressly given. The data sought was revenue generated and profitability achieved by each institution's offshore education programmes. The financial information was requested over the period of the last five years (2000 to 2004) in three broad categories:

- loss leader (i.e. the programme(s) made a financial loss);
- break even (i.e. income broadly matched expenditure);
- profit (i.e. the programme(s) made a financial profit).

It proved to be too difficult for the majority of respondents to provide robust financial data that would enable a considered assessment of profitability of offshore education across all sectors to be made. Consequently, because of the lack of comprehensiveness and robustness of the financial information gathered to date, no definitive conclusions on the profitability of offshore education initiatives can be reached.

It is recommended that Education New Zealand should, with the prior agreement of selected tertiary education institutions, commission a more systematic and targeted survey by a qualified financial adviser, if it wishes to obtain a robust financial analysis of the costs of offshore education provision.

It is apparent from those providers that have submitted financial data that there are also differences among institutions as to how the profitability of offshore education is approached. All providers that were interviewed indicated that they would expect any initiative to show a profit over the longer term, or the initiative would be terminated. There were, however, different tolerances as to the extent to which losses would be permitted over the medium term. There also appeared to be institutional differences as to the extent to which a business case for assessing any new initiative would include robust financial forecasts, how these forecasts would be developed and critiqued, and no clear unanimity or set procedures as to contingency plans in the event that financial forecasts were not met.

An analysis of the information provided by the institutions suggests that most offshore programmes that have been operating over more than three years have been able at least to break even, and in most cases to show a profit. Those programmes still operating at a loss after three years generally appear to have been terminated. It appears to be reasonably typical that an offshore education programme, considered in isolation, may not make a profit in its first or second year of operation, but may be considered profitable

overall when the revenue generating capacity of providing a pathway to onshore provision is taken into the equation.

It is not clear why only a few providers provided financial information, even in the very general terms in which it was requested. Some private providers made it clear that they were not prepared to divulge financial information, as this data was commercially sensitive. A key part of their business planning and their survival as a viable business relied on being able to make sound commercial decisions based on robust criteria. Release of too much detail about their strategy or commercial decisions could, they felt, compromise their future if a competitor adopted their strategy or tactics.

It is also possible to conjecture, from the lack of financial data provided in response to the survey, that some tertiary education institutions may not have adequate project management systems in place that allow a considered assessment and monitoring of costs. These costs include both the opportunity costs for staff, and other more easily quantifiable costs such as overseas travel and accommodation. At least one larger institution was unable to supply costs as budgets had not been finalised and offshore and opportunity costs had not been completed. There appears to be scope for the development of more rigorous costing systems of offshore education initiatives in tertiary education institutions, a further need to develop an initial robust business case including financial modelling when a new initiative is proposed, and a need to continue to monitor offshore education projects carefully for financial as well as educational viability throughout their life.

Section 228 of the Education Act (dealing with fees for foreign students) sets out guidelines for state tertiary education institutions. It stipulates (among other requirements) that there should be no cross subsidisation of the tuition of international students by the student component funding (government tuition subsidies) provided for domestic students. However, developments in offshore education may have overtaken the circumstances for which this legislation was originally designed (it was primarily designed to cover the enrolment of full fee-paying onshore international students). If there are losses in offshore operations, how these losses are being subsidised, and from what source, is an issue. It is important that tertiary education institutions can demonstrate that their offshore education activities are funded from alternative sources of revenue, and not from student component funding (domestic tuition subsidies). There appears to be a case for reviewing section 228 of the Education Act (and any other sections of the Education Act that are relevant) with a view to updating and modernising any legal and funding requirements governing provision of offshore education.

General

Bi-lateral and Multilateral Agreements

The consultations with the Ministry of Foreign Affairs and Trade, and with New Zealand Trade and Enterprise, focused on international education and the contribution made by this sector to New Zealand's economic development. Offshore education was noted as a potential significant contributor to export education.

Education was recognised as an important negotiating issue in multi-lateral and bi-lateral inter-country agreements, and as a significant part of the negotiations on services through the General Agreement on Trades and Services (GATS). New Zealand's negotiators had two parallel interests: to protect New Zealand's interests offshore, and to work towards a free flow of exporting services (including education)

There were three main types of negotiation that were relevant for education.

- The multi-lateral negotiations around the General Agreement on Trades and Services (GATS). Education was included within the umbrella of "services". Some improvements for education were expected at the margins arising from the World Trade Organisation work, with a target date of 2006.
- A 4-way agreement (the P4 Agreement) was being negotiated between New Zealand and Chile, Singapore and Brunei. The objective was to increase the level of liberalisation and remove barriers over time.
- Ongoing bi-lateral negotiations were under way between New Zealand and China, New Zealand and Malaysia, and with Australia for ASEAN¹¹ to develop free trade agreements. The objectives are to achieve "most favoured nation" status by achieving improvements for New Zealand exports (including education), to create certainty and a stable commercial environment in trading between these countries, and to ensure there is no discrimination between suppliers.

The Ministry of Foreign Affairs and Trade has specified the improvements achieved in respect of education under the P4 agreement over and above the existing commitments which Chile and Singapore have made to New Zealand under the General Agreement on Trades and Services (GATS). (Under P4, it has been agreed that Brunei has two years in which to conclude the services component of its adherence to the agreement. The services outcome in respect of Brunei is not yet known.)

As a result of P4, from 1 January 2006 New Zealand exporters of private education services will now be able to operate in Chile on the same footing as Chilean private education providers (across modes 1, 2, 3 & 4)¹² in second-language training, corporate, business, and industrial training and skill upgrading, which includes consulting services

¹¹ Association of South East Asian Nations. See < <http://www.aseansec.org/64.htm>>

¹² See page 14 for a description of the four modes.

relating to technical support, advice, curriculum, and programme development in education.

With respect to Singapore, New Zealand education exporters enjoy full commitments in modes 1, 2 and 3 for all private secondary, higher education, vocational and adult education, and some short term training, including English for Speakers of Other Languages (ESOL).

Extensions

While the core activity implied by the term “offshore education” involves the delivery of education programmes (including qualifications) outside New Zealand’s shores, the Advisory Committee asked if the research could also gather information about other areas of education activity that would result in the generation of foreign exchange for New Zealand. Questions about two main areas of activity (education consultancy services, and provision of education resources) were therefore asked in the questionnaire. These questions were targeted at those tertiary education institutions that were known to have separate companies or stand-alone organisations (associated with the institution) that were engaged in entrepreneurial activity.

In addition, a number of selected education consultancy firms and publishing firms were interviewed.

Consultancy Services

It has proved to be problematic to determine a boundary between “general” consultancy services and “education” consultancy services. Some tertiary education institutions undertake consultancy services that may include, but will extend well beyond, the field of “education”. Conversely, some general consultancy firms will provide specialist services to the offshore “education” sector. Activity undertaken by big multi-national consultancy firms (for instance, PriceWaterhouseCoopers, BearingPoint and Deloitte) were determined to be beyond the scope of a research assignment investigating “offshore education” as it applies to New Zealand. Those multi-national organisations that have a home base outside New Zealand might well consider delivery of education services within New Zealand as “offshore education” from another perspective. Our investigations have merely begun to investigate the “tip of the iceberg” with respect to offshore education consultancy services, and more research based on more specific terms of reference may be required.

Some offshore education consulting services are undertaken by those tertiary education institutions that have established a formal vehicle for the purpose. Individual staff members at some institutions are also permitted to undertake occasional consultancy work offshore, but there appears to be no co-ordinated central database of such staff activity at any tertiary education institution, according to the results from the questionnaire responses. It has not therefore been possible to provide a comprehensive or robust list of education institution consultancy activity, as no adequate database of staff consultancy activity exists at most institutions. The comprehensive information we were looking for was simply not available. What information that is available is largely anecdotal.

Examples of formal structures established in association with tertiary education institutions to undertake consultancy work and other commercial activities include UniServices, a consultancy arm associated with The University of Auckland which has a

limited engagement in offshore education activities, Victoria Link Ltd., and Lincoln International, a wholly owned subsidiary of Lincoln University, which is extensively involved in offshore consulting activities. The Lincoln International activity includes work in countries such as Samoa, Vietnam, Singapore and the Peoples' Republic of China. The Lincoln University response made the point that it believes New Zealand has considerable potential to share its education expertise and experiences offshore. Lincoln University is in particular demand to provide consulting services in agriculture development, especially in specialist areas such as agribusiness, bio-protection, bio-security, and other applied natural areas e.g. tourism and parks and recreation.

An example of a formal structure established to provide education consultancy services in the polytechnic sector is Polytechnics International New Zealand (PINZ). This organisation was originally set up by New Zealand's polytechnics to bid for consultancy work as a means of diversifying income streams for polytechnics and providing staff with valuable international experience. PINZ is now owned by a consortium of the major government tertiary sector institutions in New Zealand, including institutes of technology, colleges of education and universities. PINZ has won a number of contracts for education consultancy work in and around Asia and the Pacific, and is prospecting for contacts further afield in areas such as the Gulf States. Its clients include the New Zealand Agency for International Development, the Asian Development Bank, and the World Bank.

There is considerable interest around the world in the public sector reforms initiated in New Zealand in the 1980s and 1990s. New Zealand's reputation for establishing effective self-managing schools and autonomous tertiary education institutions as part of the "Tomorrow's Schools" and "Learning for Life" reforms provides opportunities offshore for education consultancy firms. Several firms and individuals have been able to take advantage of these developments by offering "niche market" education consultancy services offshore. For example, an education consultancy organisation that was set up following New Zealand's education reforms in the late 1980s is MultiServe, based in Auckland. This organisation not only provides consultancy services onshore to New Zealand schools and education providers, but has been successful in winning offshore education contracts, such as the current initiative to provide support to the new independent schools in Qatar in the Arabian Gulf.

It has not proved possible to quantify with any accuracy the foreign exchange revenue generated for New Zealand through education consultancy activity. The reason for this difficulty is partly that it is not easy to establish a credible rubric for distinguishing "education" consultancy work from more general consulting activity, and partly because those firms or organisations that might be described as "education consultancy firms" extend their advice and services into so many other spheres of economic activity beyond the education sector that any "offshore education" revenue assessment exercise would be neither practicable nor feasible.

Nevertheless, the provision of offshore education consultancy services is a promising area of growth for the New Zealand economy, especially given the international

reputation New Zealand has acquired for sound educational achievement and successful reform in the sphere of education, and opportunities certainly exist for further development.

Publishing

The education publishing industry in New Zealand is a vibrant and successful industry, and should be considered an important aspect of “offshore education” viewed in a broad perspective. While, on the evidence of the questionnaire responses, there is not a great deal of education publishing activity occurring through the state tertiary education sector, there is considerable activity occurring in the private sector.

There is an offshore market for high quality products generated by the private education publishing industry in New Zealand, and several firms have been very successful in offshore marketing of their education “products”. Their target market concentrates particularly on New Zealand’s international reputation as a world leader in the field of literacy development. The New Zealand publishers in this field have managed to sell good quality readers in English for primary schools to an international market, for a general readership in the age range of 5 to 12 approximately.

The success of this offshore education activity can be traced back to a number of threads. The curriculum development work of the former Department of Education and the work of its reading advisers were influential. The School Publications Branch, the publishing arm of the former department, was successful in promoting sound language and literacy development through its publications the *School Journal* and the *Ready to Read* series. Dame Marie Clay’s pioneering work at the University of Auckland on reading recovery, and her undisputed leadership in the field of reading, has helped give New Zealand an international reputation in this field that is second to none. The past achievements of New Zealand young people in international assessments of literacy conducted by the International Association for the Evaluation of Educational Achievement have also cemented New Zealand’s reputation as a leader in the field of literacy and language development.

On the basis of sound theory and effective practice in literacy, publishers like Learning Media Ltd, Sunshine Books, Reed Publishing and others have successfully staked out a significant place in the international education publishing market.

While the interviews with publishers raised some issues that need to be resolved for the offshore education publishing market to prosper internationally (for example, the vexed issue of intellectual property), there is clearly scope for innovation in prospective overseas markets. These markets (both English-speaking and non-English speaking) have the potential to be very lucrative if they are carefully managed. A strength of the New Zealand approach to literacy development is the use of innovative approaches that link teacher development and sound language learning theory to the sale of good quality readers. Especially in some Asian countries where the quality of the teaching of English may not be strong, this niche market is one that New Zealand publishing firms with their innovative approaches could well take advantage of.

One publisher that was interviewed during the course of this Project estimated that the revenue generating capacity of the New Zealand education publishing industry could be between \$50 and \$100 million annually. While it has not been possible to verify that figure, it is certainly true that New Zealand offshore education publishing is a significant industry that generates substantial revenue. Our impression is that this estimate of revenue generated by education publishing in New Zealand may be reasonably accurate. This industry has the capacity to generate substantial further revenue for New Zealand, and at the same time create employment for New Zealanders. It is a dimension of “offshore education” that should not be ignored.

Adopting a Wider View

While the delivery of educational qualifications and programmes offshore is a fundamental part of offshore education, other education “products” and services such as education consultancy work, and the export of publications, are significant contributors to New Zealand’s export education initiatives. The development and sale of educational software using new technology also has the potential to be a significant contributor in future. Other areas of the New Zealand economy that produce a “product” with broad educational objectives and international appeal (such as the development and marketing of wild life or documentary television programmes, for instance, or even films produced for entertainment) should not be ignored. Any strategy developed for the export of education services needs to take a broad view of “offshore education” and recognise that innovation and developments in areas other than delivery of educational qualifications have the potential to generate considerable foreign exchange as well as provide tangible benefits such as employment within New Zealand.

Complementary Issues

Many institutions are involved with overseas partners in activities and relationships that fall outside the definition of “offshore education” used in this report. These include

- scholarships
- student exchanges
- staff exchanges
- research
- industry placements
- articulation arrangements with course credit agreements

The majority of state institutions reported involvement in one or more of these activities, with a lower proportion reported by private establishments. The activities form part of the internationalisation strategies of the institutions. Involvement in these activities was a cost to the institution. However, many reported that in the longer term there is the potential for financial gain. Students may be attracted to the institution as it becomes known through staff and student exchanges and shared research. Scholarships students may be encouraged to stay beyond the tenure of the scholarship.

The nature of the arrangements that institutions have varies considerably from formal to casual. To maximise the benefits that associations with overseas partners can provide, care should be taken in both the selection of partner and the nature of any agreement. A partner institution with similar goals and of equal or better international standing has the potential to provide benefits. Care should be taken to avoid being associated with an overseas partner that wants the partnership to enhance their marketability rather than achieve mutual educational objectives.

Some institutions reported having a large number of articulation or similar agreements, particularly providing staff and student exchanges. However, because of the small size of New Zealand institutions compared to many of the overseas partners, and a limited amount of finance to support exchanges, many of the potential exchange opportunities were never realised. It was suggested that fewer, high quality agreements would be of more benefit.

Some students undertaking or graduating from selected New Zealand programmes or qualifications undertake industry placements outside New Zealand, either as part of their training or after completion of their formal academic work in New Zealand. Examples include hotel management training in the tourism and hospitality industry, or trainee doctors undertaking practicum training as interns or house surgeons. Owing to a lack of comprehensive information available to the researchers, and because this form of training more usually occurs after graduation, on-job training components outside New Zealand have not been recorded in detail in this stocktake.

A number of agencies other than individual institutions provide scholarships, or manage scholarships on behalf of other organisations. For example, Asia New Zealand Foundation, NZAID, the New Zealand Vice Chancellors' Committee provide and/or manage scholarships for various categories of students and to a range of institutions. Education New Zealand is managing new scholarships from revenue from government and from the levy on international education providers.

National scholarships are seen to be of value as they bring students to New Zealand to study. The scholarship holders become the politicians, civil servants and business leaders of the future. If they have had good experiences while living here, they create a pool of people around the world who have a fondness for and are favourable to New Zealand. This has potential social and economic benefits for New Zealand.

More detailed research into scholarships and their contribution to the internationalisation of our institutions and potential for longer term social and economic benefit could be of value.

Next Steps

Future Data Collection and Development of Offshore Education

The definition of offshore education used in this project has shown that there are three significant components to the industry that are worthy of further investigation – teaching, consulting and publishing. It has not been possible to quantify the financial contribution that each sector makes, but there is sufficient evidence that all are substantial and capable of further development. Little is understood about the extent of teaching offshore, and until now the consulting and publishing sectors have had little publicity or attention leading to support for their development. It would be in the interest of the industry to undertake further research on all sectors.

Teaching

Attempts have been made in this project and in earlier stocktakes to count EFTS units or student numbers. Some institutions appear to count students who are enrolled in New Zealand owned programmes but not to count students in partner-owned programmes in which New Zealand staff have an involvement. Data provided in this survey has been checked as far as possible for reliability, but comparability between institutions and with data provided in previous reports cannot be guaranteed.

It has proved to be difficult to gather information about the extent of involvement in teaching or the contribution to teaching offshore by New Zealand institutions. There are differences in data gathering by institutions, in definitions used, and in what activities are counted as staff involvement. For example, an institution may report no teaching by its staff in a programme, but staff may have a role in moderation, marking, professional development of local counterparts, or curriculum development.

To get an accurate database for offshore education, the industry will need to co-operate, agree to provide data and agree on the definitions to be used in the data gathering process. Careful consideration needs to be given to what information would be useful. Gathering financial data will be particularly difficult as institutions may view some of it as commercially sensitive.

Consulting

The education consulting industry has the potential for further development. Some institutions have established consulting organisations (e.g. Victoria Link Ltd, Lincoln International), while others have formed a collective approach (e.g. PINZ). There are a number of private companies, some of which have specialised in education, while others

have education as part of a wider range of consultancy services. As well there are a number of private individuals who provide consulting services.

Some potential opportunities are too large for New Zealand companies. For example, World Bank or Asian Development Bank (ADB) aid contracts may be worth many millions of dollars and require a large sum to underwrite the contract. At the moment New Zealand companies may participate as second or third level subcontractors. However, an NZ Inc approach may provide a way for New Zealand consultants to gain a larger share of such contracts. The potential of the consulting industry has not yet been fully realised. Support for the development of the industry could increase earnings significantly.

Education Publishing and IT Software

Publishing is an aspect of offshore education where the private sector plays the dominant role, and obtaining reliable data on the size of the industry is difficult. However, an estimate of the size of the education publishing industry given to the report writers is \$50-\$100 million for offshore sales. It is interesting to note that the bulk of this publishing is of reading/literacy material for primary school aged children – an area in which New Zealand is recognised as leading the world. It is difficult to know what potential educational publishing might have, the type of support that may be appropriate, and what the sector may like or accept. It is suggested that educational publishing should be included when policy on the offshore education industry is being considered.

The extent of the development and sale of IT software for education is unknown. In the questionnaire only one institution indicated any participation, but again it is likely that the private sector would have a more significant involvement. The advance of technology suggests this area may have potential, although those consulted indicated development was difficult and time-consuming, and care was needed in researching products and markets. Further research is required.

Conclusion

There is a growing international trend for students to seek tertiary education in their home country rather than travel abroad. As a consequence, the opportunities for tertiary providers in New Zealand to develop offshore education are increasing.

On the evidence of the information provided in this survey, participation in offshore education by New Zealand offshore education providers has been maintained. There has not been any significant increase in offshore education activity, but neither has there been a significant downturn. The number of providers involved has increased significantly (53%) over the earlier surveys. The number of courses being offered has also increased.

Offshore student enrolment numbers for 2004 are lower than those reported in the Ministry of Education surveys of 2001 and 2003. This reduction may in part be accounted for by changes to the definition of “offshore education student enrolment” and to the methodology used in earlier surveys. It does appear, however, that Australia is increasing its involvement and there are indications that the United Kingdom is as well.

There is recognition that, while offshore education involves some risk, a cautious approach based on careful long-term planning and the establishment of sound strategic alliances offshore could bring dividends for tertiary education organisations and for the country as a whole, provided that quality was perceived to be paramount and strong institution-wide project management was put in place.

It is possible that the nature of the offshore activity being undertaken by New Zealand institutions is changing. Offshore education is viewed as a high risk activity and institutions are seeking ways to lower and manage the risks. The majority of tertiary education institutions involved in offshore education have partnerships or strategic alliances with offshore providers as a means of lowering the capital and development costs. Often students are enrolled in partner rather than New Zealand qualifications, and are therefore not included in numbers of enrolled students reported for the New Zealand institution. However, the New Zealand institution may be providing, for a fee, a range of educational and professional support including curriculum development, quality assurance, professional development for host institution staff, mentoring and moderation. The use of student enrolment numbers alone is not an accurate indicator of offshore education activity by an institution.

A strategy for New Zealand’s offshore education industry should be developed that takes a broad view of offshore education, and recognises that innovation and developments in areas in addition to the delivery of educational qualifications have the potential to generate considerable foreign exchange as well as provide tangible benefits such as employment within New Zealand.

There is agreement that New Zealand needs an overall strategy for the delivery of education offshore, but different viewpoints were expressed as to the nature of that strategy. Concern was expressed during the stocktake at the ability of New Zealand institutions to compete with larger nations, especially in the provision of qualifications in subjects such as commerce and business, against the “big name” institutions of major provider countries. It was argued that New Zealand should focus on niche markets where it has world class expertise. Some of the health sciences (e.g. aviation medicine) were quoted as examples. There are a number of such areas that could or are being exploited.

Others argued that New Zealand providers should not be discouraged from competing with more mainstream qualifications in larger population centres, but that it was necessary to find ways that make it possible for New Zealand to compete effectively. Seeking opportunities in smaller or regional cities, which may not be targeted by the major overseas providers, and where development costs may be lower, is seen as a suitable approach. The increasing need for vocational and technical skills in the work place may provide further opportunities for offshore education by New Zealand institutions with expertise in these areas.

There is a need, in the national interest, for better co-ordination and a sector-wide collaborative approach to assist New Zealand providers to take advantage of economies of scale, and to avoid the wastage inherent in small individual providers “rediscovering the wheel”.

The provision of high quality support and advice were further suggestions given to aid the development of offshore education by New Zealand institutions. This is to be viewed at two levels. The first is a general source of advice related to good practice. It is clear that not all institutions have the knowledge and/or experience necessary to confidently enter the offshore education market. As an industry, the development of guidelines and advice leading to best practice would be welcomed by many in the industry. The second is to have high quality, affordable advice available to institutions when they are in the final stages of negotiation. There are a number of ways in which this could be provided.

High quality programmes are essential if New Zealand is to compete successfully. Institutions must ensure that the quality of programmes offered offshore is equivalent to or better than those offered in New Zealand. The experience with China demonstrates that a failure of any part of one sector can impact on other sectors. A focus on a quality brand will enhance New Zealand’s reputation and ability to compete.

While the delivery of educational qualifications and programmes offshore is a fundamental part of offshore education, other education products and services such as education consultancy work, export of publications, and (potentially) the development and sale of educational software, are significant contributors to New Zealand’s export education initiatives. Normally only the delivery of education programmes would be considered as part of offshore education. Publishing and consulting services are activities in which New Zealand has considerable expertise. It is difficult to estimate their economic impact. Much is undertaken by the private sector and the information is

commercially sensitive. In the public sector, much of the consulting services are provided by staff on an individual basis with no record of involvement being kept by the institution. However, these are topics that the industry may wish to explore further.

The recommendations in the following section are made to support the development of offshore education.

Recommendations

This report has collected and analysed offshore education data, following discussions and interviews with people in the tertiary education sector and the business community. It discusses considerations related to the future development of the offshore education export industry, including the development of an overall strategy, with supporting guidelines and case studies based on good practice. New Zealand now has the opportunity to increase its involvement in offshore education, and the following recommendations have been brought together for consideration by Education New Zealand in order to assist the development of the New Zealand offshore education industry.

It is recommended that

- A strategy for New Zealand's offshore education industry should be developed that includes both educational programmes and other educational products and services.
- Further work be initiated in order to determine what performance measures would be most appropriate and effective to report comprehensively on New Zealand's offshore education activity, and to develop a comprehensive data collection system to achieve this objective.
- Work be commissioned to develop best practice guidelines related to offshore education for the industry, and that strategies be implemented to assist the industry with the implementation of these guidelines.
- High quality expert advice should be made available at a subsidised cost to enable New Zealand institutions contemplating new offshore education ventures to plan their offshore developments more effectively.
- Support be given to the development of joint initiatives (along the lines of a NZ Inc approach) for offshore education.
- Education New Zealand should, with the prior agreement of selected tertiary education institutions, commission a more systematic and targeted survey by a qualified financial adviser, if it wishes to obtain a robust financial analysis of the costs of offshore education provision.

Annexes

Annex 1: Request for Proposal



Export Education Innovation Programme 2004/2005

Research and Industry Capacity Development Fund

REVISED TENDER

Offshore Education Domestic Stocktake and Analysis Report

Education New Zealand
April 2005



Request for Proposal (RFP)

REVISED TENDER

Export Education Innovation Programme:
Research and Industry Capacity Development Fund
Domestic Stocktake and Analysis Report

A Introduction

The calling of this RFP is due to the re-scoping of a previous tender entitled “Offshore Education Situation and Opportunity Analysis Report”. The original RFP has now been divided into onshore and offshore components. This RFP is for the onshore stocktake – the offshore analysis and capability development RFP is planned for the next round of funding.

Education New Zealand wishes to commission baseline research on the current situation regarding New Zealand education provider’s involvement in “offshore education”. The key deliverable of the project will be an international standard report incorporating a stocktake and definition of the current industry.

Potential applicants should note that the closing date for proposals is 18 April 2005.

B Background

In order to maintain and develop on the strong base and reputation New Zealand export education providers have established, the industry needs to ensure it is innovative and maintains a competitive edge. This includes opportunities in the area of offshore education, where New Zealand does not currently participate as fully as our main competitor countries, and where there are likely to be educational, commercial and strategic opportunities for providers.

In Budget 2004/05 the Government announced funding of \$500,000 (GST incl) for the period 1 July 2004 – 30 June 2005, and \$1,000,000 (GST incl) each year subsequently, to encourage and support innovation in export education activities. This funding is now administered as the Export Education Innovation Programme (EEIP). The goal of the EEIP is to assist the long-term development of a sustainable and high-value added export education industry. It aims to help sustain and improve the long-term economic returns of

the industry, as well as increase reputational benefits to New Zealand and benefits to the New Zealand education system.

Education New Zealand is administering the EEIP, with oversight from a Management Group of representatives of Education New Zealand, the Ministry of Education and New Zealand Trade and Enterprise. An expert advisory body will provide assistance and advice to the administrators of the programme.

In its initial four years the programme will fund a range of activities mainly focused on enhancing the capability of New Zealand organizations to participate in the offshore delivery of educational products and services (“offshore export education”).

C Purpose of this RFP

Research and capacity development funds for 2004-05 have been earmarked for baseline research on the current situation regarding “offshore export education” as supplied by New Zealand education providers. Approximately \$50,000 (GST incl) has been allocated in 2004/05 for this project. The RFP provides potential applicants with information about the purpose of the research, eligibility criteria, assessment criteria, how to apply for funding and the decision making process. This RFP should be read in conjunction with the full guidelines for the EEIP available at www.educationnz.org.nz .

If after reading this RFP and the full guidelines document you have any questions or queries regarding the RFP please direct them to graeme.sryan@educationnz.org.nz. Questions and answers will be posted at www.educationnz.org.nz to ensure that all potential applicants have access to the relevant information.

D Purpose of the domestic stocktake report

The domestic stocktake report is to provide a context for the development of offshore projects by organizations and consortia. It should define the offshore education product provided by NZ institutions and provide a stocktake of the providers, locations, course types, course history, successes, delivery issues, and financial viability of offshore education provision from past and current New Zealand initiatives. This will provide a basis and guide for future strategic research and policy development work on offshore education.

It is to be a high-level or overview report primarily of use to policy and strategic decision makers and advisors. It is not intended to be a marketing plan or how-to-guide for any sector, geographical market or market niche, but it should assist in any subsequent development of these tools.

E Scope and Contents of the situation and opportunities report

Without wishing to unduly constrain proposals, it is expected that the research will encompass the following areas and that these will be reflected in the final report:

An analysis of the development of offshore export education as perceived by NZ providers. This should cover the current scale and nature of the industry, lessons to be drawn from developments to date, developing trends, and projections of supply and demand.

A background and current stocktake of the involvement of New Zealand organisations in offshore export education to date. This stocktake would build on earlier work undertaken by the Ministry of Education and would ideally be expected to cover information such as: the number and nature of New Zealand institutions involved in offshore education delivery; the number and nature of courses and programmes delivered; the number and nature of partnerships with overseas institutions; the number of students/FTE's enrolled; financial returns; industry capacity – who is interested in becoming involved; why institution are not interested; perceived barriers; and information on management and quality assurance structures and processes. This stocktake should also provide a database of organizations involved in or interested in offshore education.

The analysis should look at issues such as product definition, current “industry” structure, capability and capacity, the regulatory framework and the role of government and the linkage between offshore and onshore delivery.

The analysis should pay due attention to sectoral differences within the New Zealand export education industry.

It is expected the project will draw on existing research and statistics, as well as quantitative research involving all sectors of the export education industry.

F Duration of project

It is expected the project will take up to five months to complete. A preliminary report will be expected around three months after the project commences to assist in future planning activities for the EEIP.

G Who should apply to undertake this project?

Proposals are invited from experienced high quality researchers and research organisations, particularly those with prior experience of export education generally and offshore education particularly.

Applicants may be individuals, public or private organisations, New Zealand or overseas based, or a combination.

H Assessment criteria

Proposals shall be assessed according to the following criteria:

Alignment with the project purpose and scope, and with the purpose of the EEIP.
The quality of the methodology and project plan proposed to achieve the objectives.
The Applicant/s' ability to undertake the project successfully: background, ability, experience and resources.
Cost.

I Form of Applications

All applications must provide the following information in their applications:

Cover Page

Project title.

Name and position of individual making application on behalf of organization/consortia – one main point of contact is required. This person must have the authority to make the application and to negotiate a funding agreement.

Name and contact details of applicant organization/s.

Amount of funding sought through EEIP

Proposal Summary

A concise summary of the proposal.

Detailed Project Plan and Budget

Methodology and activities – how these will achieve the project objectives.

Project timeline – including start and finish dates, and milestones/deliverables.

Outline of project team: summary CV's of main personnel.

Complete project budget – a detailed budget giving salaries/fees (detailing estimated hours and costs), overhead, cost of specialist advice, travel, accommodation and related expenses.

Indicative payment schedule linked to project milestones and deliverables.

J Contact with applicant

Education New Zealand, and/or other representatives of the Management Committee, may seek further information from an applicant, wish to discuss a proposal with the

applicant and/or wish to negotiate changes to a proposal. Applicants should be prepared to make presentations in support of their application if required. Any such contact will be made after the deadline for applications has passed and prior to a final funding decision being made.

K Decisions on applications

The Management Committee intends informing all applicants of its decision on the applications for funding by the end of February 2005. Decisions will be communicated via e-mail and by post.

L Negotiation of funding agreements

Once funding decisions are communicated contract negotiations will commence with the successful applicants. It is Education New Zealand's intention to see these concluded as swiftly as possible, with the process completed prior to March 2005. Applicants should note that until both parties have signed a written contract, the agreement for funding is an agreement in principle only.

M Payment

Funding for successful projects will be paid in instalments during the course of the project. Funding will be paid in arrears on the submission of proof of expenses incurred and evidence of agreed goals/milestones achieved. Applicants should include a proposed schedule of project milestones and payments with their application. Final payment schedule and project milestones will be as negotiated and agreed in the contract with the successful applicant.

N Managing potential conflicts of interest

It is acknowledged that the export education community in New Zealand, in particular that sub-set with expertise and involvement in offshore education, is relatively small and that some individuals from organisations applying for funding may also be involved in the governance of Education New Zealand or in an advisory capacity to the EEIP.

It is important that the decision making processes of the fund are fair and seen to be fair, and that conflicts of interest and potential conflicts of interest are identified and managed. To that end applicants should be aware that strict protocols will be in place to manage such conflicts, with advisory body members required to sign conflict of interest and commercial sensitivity declarations, and absent themselves from deliberations and decisions where a significant conflict exists.

O Other sources of funding

It is expected that the project will be fully funded from EEIP resources. If the project overlaps with other research being undertaken by the applicant this must be declared and any potential for double-payment addressed as appropriate.

P Forwarding Proposals and Closing Date

Please forward four hard copies of your proposal and an electronic copy to:

Education New Zealand Trust
P O Box 10 500
Wellington
New Zealand

Att: Graeme Sommerville-Ryan

The electronic copy should be sent to:

graeme.sryan@educationnz.org.nz

Please head your proposal:

Export Education Innovation Programme:
Innovative Projects Development Fund

The proposal must arrive by 4 pm on 18 April 2005. Proposals received after this date may not be considered.

Q Notification of decisions and negotiation of funding agreements

The Management Committee will notify all applicants promptly after decisions have been made. It is expected that this will be by the end of April 2005. Decisions will be communicated via e-mail and by post.

Once funding decisions are communicated contract negotiations will commence with the successful applicants. It is the Management Committee's intention to see these expedited as swiftly as possible. Applicants should note that until both parties have signed a written contract, the agreement for funding will be an agreement in principle only and not binding on either party.

Annex 2: Bibliography

Asia-Pacific Economic Co-Operation (APEC), 2001 *Measures Affecting Trade and Investment in Education Services in the Asia-Pacific Region: A Report to the APEC Group on Services 2000*

Asia-Pacific Economic Co-Operation (APEC) Human Resources Development Working Group (Education Network), November 2003 *Improving the Institutional Capacity of Higher Education Under Globalisation: New Zealand*

Australian Vice-Chancellors' Committee, September 2001 *AVCC Discussion Paper on International Education*

Bannerman, Paul and Spiller, Joan (Cords Pty Ltd) and Yetton, Philip and Davis, Jeremy, Australian Graduate School of Management, The University of NSW and the University of Sydney, Department of Education, Science and Training, (Australian Government), May 2005 *Strategic Alliances in Education and Training: A Literature Review*

Davis, Dorothy and Olsen, Alan and Bohm Anthony, IDP Australia, 2000 *Transnational Education: Providers, Partners and Policy: Challenges for Australian Institutions Offshore*

Davis, Dorothy and Meares, Denis, IDP Australia, 2001 *Transnational Education: Australia Online: Critical Factors for Success*

Department of Education, Science and Training (Australian Government), April 2005 *A National Quality Strategy for Australian Transnational Education and Training: A Discussion Paper*

Hains, Jan (for the Institutes of Technology and Polytechnics New Zealand), December 2004 *Offshore Activity by ITPs in 2004*

Knight, Dr Jane, Canadian Bureau for International Education, CBIE International Research No 10, undated *Crossborder Education: Programs and Providers on the Move*

Knight, Dr Jane, Comparative, International and Development Education Centre, Ontario Institute of Studies in Education, University of Toronto, 2005 *Internationalisation – the New World of Crossborder Education: Developments, Complexities, and Challenges*

Kwan, Kathleen, Associate, Mills and Reeve, The Observatory on Borderless Education, September 2005 *Good Practice: Contract Negotiation for Transnational Higher Education*

Li Li, MBA Programme, AIS ST Helens, Occasional Paper No 4, September 2004 *Developing Offshore Foundation Programmes in China*

Ministry of Education, October 2002 *Education Beyond Our Shores – Defining the Way Forward: Workshop Report*

Ministry of Education, International Division, October 2004 *New Zealand's Offshore Tertiary Education Programmes: Stocktake for the 2003 Academic Year*

Ministry of Education, International Division, Revised December 2003 *Code of Practice for the Pastoral Care of International Students*

Ministry of Education, International Division, November 2004 *Export Education Innovation Programme: Strategic Overview and Operational Guidelines*

Ministry of Education, International Policy and Development Unit, April 2002 *New Zealand's Offshore Public Tertiary Education Programmes: Initial Stocktake*

Ministry of Education, International Policy and Development Unit, August 2004 *Establishing and Managing Joint Schools and Programmes In China: Background Information and Advice*

Ministry of Education, Tertiary Advisory Monitoring Unit, September 2002 *Offshore Education: A Risk Perspective*

New Zealand Institute for Economic Research, June 2004 *Measures Affecting New Zealand's Provision of Education and Training Internationally*

New Zealand Qualifications Authority, 2005 *Draft: Quality Assurance of the Overseas Delivery and Awarding of Approved Courses and Registered Qualifications: Notes on the Evaluation of Applications*

Ormandy, Geoff, Lincoln University, August 2001 *Teaching Offshore: Some Comments for Discussion and Consideration* (Unpublished Paper)

Ron Perkinson, International Finance Corporation, World Bank Group, May 2005 *The Changing Landscape in Global Higher Education: "...myths or realities – some implications for New Zealand"*

UNESCO, 2001 *Code of Good Practice in the Provision of Transnational Education*

UNESCO and OECD, March 2005 *Draft Guidelines for Quality Provision in Cross-Border Higher Education Jointly Elaborated by UNESCO and the OECD*

Unitec Institute of Technology, August 2004 *Offering Unitec Qualifications or Courses Overseas*

Annex 3: Agencies and Institutions Consulted

Annex 3

Offshore Education Consultation Meetings - July, August, September & October 2005

Vince Catherwood & Lester Taylor

Day/Date	Institution	Interviewee(s)	Interview Type
Central Agencies			
Tues 19 July	NZVCC International Managers	8 Int Managers. Contact: Dion Burns NZVCC	Face-to-face
Wed 20 July	Education NZ Advisory Committee	Contact: Graeme Somerville-Ryan, ENZ	Face-to-face
Mon 25 July	NZ Trade & Enterprise	Alan Koziarski	Face-to-face
Mon 25 July	Education New Zealand	Graeme Somerville-Ryan	Face-to-face
Mon 25 July	Institutes of Technology & Polytechnics NZ	Jim Doyle	Face-to-face
Tues 26 July	Education New Zealand Trust	Rob Stevens, Graeme Somerville-Ryan	Face-to-face
Tues 26 July	Ministry of Education	Neil Scotts, Brett Parker, Roger Smyth	Face-to-face
Wed 27 July	Tertiary Education Commission	Colin Webb, Matt Beauchamp	Face-to-face
Wed 27 July	Asia NZ Foundation	Pamela Barton	Face-to-face
Wed 27 July	NZ Vice-Chancellors' Committee	Lindsay Taiaroa	Face-to-face
Wed 27 July	NZ Agency for International Development	Anna Pasikale, Jackie Frizzell	Face-to-face
Wed 27 July	Association of Colleges of Education in NZ	Richard Winder	Face-to-face
Wed 27 July	Polytechnics International NZ	Hone McGregor, Chris Knol	Face-to-face
Thurs 28 July	NZ Qualifications Authority	Tony Davies, Richard Matthews	Face-to-face
Thurs 28 July	Education Directions (APPEL & ITI)	Dave Guerin	Face-to-face
Mon 1 Aug	Alan Olsen (ENZ Advisory Committee)	Alan Olsen	Telephone
Tues 2 Aug	NZ Assn of Private Education Providers	Chuck Wareham	Face-to-face
Wed 3 Aug	Jan Hains (for ITPNZ)	Jan Hains	Face-to-face
Wed 3 Aug	Ministry of Foreign Affairs & Trade	Brian Wilson, Hamish Forsyth, Nikki Reid	Face-to-face
Fri 5 Aug	Industry Training Federation	Darel Hall	Face-to-face
Tues 16 Aug	Association of Private Providers of English Language (APPEL)	Frances Walcott	Telephone

Institutions & Organisations			
Thurs 18 Aug	Whitireia Community Polytechnic	Deidre Dale, Paul Bryant	Face-to-face
Mon 22 Aug	Weltec (Wellington Institute of Technology)	Linda Sissons, Russell Langton, Penny McDonald	Face-to-face
Tues 23 Aug	Capital Language Academy	Derek Tyler, Gabrielle Harris, Siobhan Bulfin	Face-to-face
Tues 23 Aug	The Open Polytechnic of NZ	Paul Grimwood, Peter Rutland, Kelvin Watson, Donavan Wearing	Face-to-face
Wed 24 Aug	Sunshine Books Ltd	Wendy Pye	Telephone
Mon 29 Aug	Otago Polytechnic	Mike Waddell, Vivienne Kingsbury	Telephone
Mon 29 Aug	Nelson Marlborough Institute of Technology	Neil Barns	Telephone
Mon 22 Aug	Bay of Plenty Polytechnic	Alan Hampton	Telephone
Mon 22 Aug	University of Otago	Rob Rabel	Telephone
Tues 30 Aug	Waiariki Institute of Technology	Glenda Brighthouse.	Telephone
Tues 30 Aug	Tairāwhiti Polytechnic	Mark Chapman, John Chem	Telephone
Tues 30 Aug	Aoraki Polytechnic	Jeremy Hogan, Margaret Whitford	Telephone
Wed 31 Aug	Victoria University of Wellington	Neil Quigley	Face-to-face
Wed 31 Aug	Western Institute of Technology at Taranaki	Sue Duncan, Gordon Chisnall	Telephone
Wed 31 Aug	Eastern Institute of Technology	Grant Klinkun	Telephone
Thurs 1 Sept	International Pacific College	Karl Gill	Face-to-face
Thurs 1 Sept	Massey University	Nigel Long, Bruce Graham, Tom Prebble, Alex Chu, Matthew Marshall, John Overton, Wayne Edwards.	Face-to-face
Thurs 1 Sept	International Pacific College	Karl Gill	Face-to-face
Thurs 8 Sept	University of Canterbury	Tom Gregg	Face-to-face
Thurs 8 Sept	Chch College of Education	Graham Stoop, Neil Lancaster	Face-to-face
Thurs 8 Sept	The NZ School of Travel & Tourism	Murray Watson	Face-to-face
Mon 12 Sept	Tai Poutini Polytechnic	Don Campbell	Telephone
Mon 12 Sept	Southland Institute of Technology	Penny Simmonds	Telephone
Mon 12 Sept	Universal College Of Learning	Clare Crawley	Telephone
Mon 12 Sept	Northland Polytechnic	Terry Barnett, Chris Coutts	Telephone
Tues 13 Sept	UNITEC Institute of Technology	John Webster, Gael McDonald	Face-to-face
Tues 13 Sept	Auckland University of Technology	Derek McCormack, Kate Cater, Des Graydon	Face-to-face

Tues 13 Sept	University of Auckland	John Hope	Face-to-face
Wed 14 Sept	AIS St Helens	Richard Goodall, Anatole Bogatski	Face-to-face
Wed 14 Sept	Dominion English Schools	John Langdon	Face-to-face
Wed 14 Sept	Crown Institute of Studies	Alan Chisholm	Face-to-face
Wed 14 Sept	Worldwide School of English	Cleve Brown, Maureen Hayes	Face-to-face
Wed 14 Sept	Reed Publishing (NZ) Ltd	Tracy Strudley	Face-to-face
Wed 14 Sept	NZ Institute of Education	Andrew Brownlee	Face-to-face
Wed 14 Sept	AKL Workshop (Forum Discussion Group)	Various	Face-to-face
Thurs 15 Sept	Manukau Institute of Technology	Stuart Middleton, Tricia Reade	Face-to-face
Tues 20 Sept	Lincoln University	Roger Field, Geoff Ormandy	Face-to-face
Tues 20 Sept	Christchurch Polytechnic Institute of Technology	John Scott, Pim Borren, Margaret Pierson	Face-to-face
Thurs 22 Sept	WLG Workshop (Forum Discussion Group)	Various	Face-to-face
Tues 27 Sept	University of Waikato	Shayne Quick	Face-to-face
Tues 27 Sept	Wintec (Waikato Institute of Technology)	Neil Cooper, Jenny Newby-Fraser	Face-to-face
Wed 12 Oct	Learning Media Ltd	Linda Oliver, Michelle Kelly	Face-to-face
Wed 12 Oct	South Pacific Press Ltd	Neale Pitches	Face-to-face
Thurs 13 Oct	The University of Auckland	Chris Tremewan	Telephone
Thurs 13 Oct	Te Taihū o Nga Wananga	Turoa Royal	Telephone

Annex 4: Questionnaire

QUESTIONNAIRE

Offshore Education: Baseline Stocktake and Analysis

Introduction

Background

The Education New Zealand Trust has commissioned a baseline research study (a stocktake) on the current situation and opportunities for offshore education for New Zealand education providers. This research project is expected to contribute to the outcomes of the Government's broader Export Education Innovation Programme, such as improvement of capacity and capability to engage in offshore education activities. This questionnaire forms part of the process of gathering information to complete the stocktake. The questionnaire is to be complemented by interviews with agencies and selected institutions. The information gathered and its analysis will help inform future policy. Vince Catherwood and Lester Taylor are the two researchers involved.

Purpose

The purpose of this questionnaire is to assist in providing an information base and a context for the development of offshore projects by New Zealand organisations and consortia. Education New Zealand seeks a stocktake which would describe and define the offshore education "product" and services provided by New Zealand institutions. This questionnaire is a key instrument being used to gather data about offshore export education providers, locations, course types, course history, successes, delivery issues, and the financial viability of offshore provision, based on past and current New Zealand initiatives. The questionnaire also seeks to identify key issues and lessons from previous New Zealand experience in order to assist the development of initiatives in offshore education.

Audience

This questionnaire is being circulated to all state tertiary education institutions, to selected private training establishments, and to other interested parties that may be approached. Please return one completed questionnaire per institution or organisation.

Return of Questionnaire

Please return the questionnaire by **Friday 7 October 2005**. Completed questionnaires may either be returned electronically to vincec@xtra.co.nz or be sent by post to Vince Catherwood, 13 Seaview Terrace, Northland, Wellington. Queries may be made to Vince Catherwood at phone (04) 475 3269 or (025) 241 4021 or to Lester Taylor at phone (04) 569 6951 or (027) 284 2670.

Guidelines to Assist in Answering the Questionnaire

In order to assist those answering this questionnaire, and to help define the scope of the Project, an explanation of offshore education is offered below. The specific reference in this questionnaire is to education services provided outside New Zealand.

Offshore education is an area of growing importance. The core of offshore education denotes any teaching or learning activity in which the students are in a different country (the host country) from that in which the institution providing the education is based (the home country). This situation requires that national boundaries be crossed by information about the education, and by staff and/or educational materials (whether the information and the materials travel by mail, computer network, radio or television broadcast, or other means). Offshore education is not restricted to these services, since the term is also interpreted here to cover associated activities such as consultancy services and trade in educational “products” like learning materials or educational software.

Offshore education is a component of “export education”. The World Trade Organisation (WTO) General Agreement on Trade in Services (GATS), APEC and other international bodies use four classifications of “export education”:

- (a) consumption abroad (in which the student moves to the country of the supplier to receive education, such as an international student studying in New Zealand);
- (b) cross-border supply (or distance education) (in which an educational service is provided across borders but without the movement internationally of either student or teacher, such as an international student enrolled in a correspondence or distance course through a New Zealand provider, but studying from his or her home country);
- (c) commercial presence (in which the provider establishes a presence in the country in which the student resides, for example through a twinning programme or establishment of an offshore campus);
- (d) Presence of natural persons (in which the educator moves to the country of residence of the student to provide the service).

In practice, these types of services are often combined. For example, twinning programmes normally involve elements of both “commercial presence” offshore and some “consumption abroad”. There may also be an element of provision via distance education (over the internet, or by traditional correspondence learning), and/or staff from the provider country may travel to the student’s country to deliver components of the

programme, to assure quality in some of the course, or to provide advice. **“Offshore education” is used here as a short-hand term to encompass all modes of delivery and provision of education services (and combinations of these) where the student or intended audience is outside New Zealand.**

This Project takes a broad approach and focuses on direct educational outcomes as a consequence of the service provided. The questionnaire is not designed to capture information about research activity, or activities such as student exchanges. These activities are considered to be separate programmes. With respect to consultancy activity, or activity other than the delivery of qualifications, the test as to whether the activity should be included within the scope of the survey/stocktake is whether it delivers an immediate educational outcome.

Confidentiality

Information collected from individual providers as a result of this questionnaire will be treated as confidential, and any data specifically marked “in confidence” will not be disclosed without the express permission of the entity that has supplied it. The purpose of this survey is to identify general trends and issues in relation to offshore education. Any report published as an outcome of this survey will focus on generic trends, and will not disclose confidential data that would enable an individual provider to be identified. It is not the intention of the researchers, or of Education New Zealand, to solicit or disclose either trade secrets or commercially sensitive information that relates to individual providers or organisations.

Section A: Institution Data

1. Name of Institution: _____
2. Contact Name: _____
3. E-mail contact address: _____

Section B: Overview: General Involvement in Offshore Education

4. Does your institution have a policy on offshore education? (Tick \surd one box below)

Yes No

5. Add any comment (e.g. what are your institution's goals and objectives for offshore education?)

6. Has your institution ever been involved in offshore education? (Tick \surd one box below)

Yes No

7. Is your institution currently involved in offshore education? (Tick \surd one box below)

Yes No

8. If you are currently involved in offshore education, indicate the reasons for your institution's involvement (Tick \surd one or more boxes below)

- financial gain
- investment opportunity
- growth of business
- diversification
- pathway to onshore provision
- internationalisation
- professional development of staff

other (please specify) _____

9. **Historical Overview.** If you have been or are involved in offshore education, please provide as much detail as possible of the history of your institution's involvement (up to the present day) by filling in the table below.

ID	Name of Programme or Qualification	Location	Level	Start Date	End Date (if terminated)	Ongoing (√/Tick)
1						
2						
3						
4						
5						
6						
7						
8						

10. **Student Enrolments.** If you have been or are involved in offshore education, please provide as much detail as possible of the history of student enrolments in offshore education programmes at your institution by filling in the table below. Note Headct = headcount.

ID	Name of Programme/Qualification	2000		2001		2002		2003		2004		2005 (to 1 July)	
		Headct	EFTS	Headct	EFTS	Headct	EFTS	Headct	EFTS	Headct	EFTS	Headct	
1													
2													
3													
4													
5													
6													
7													
8													

11. Does your institution intend to increase your involvement in offshore education in the future? (Tick \surd one box below)

Yes No

12. Do you see potential for further development in offshore education the future for your institution? If so, please explain.

13. If your organisation was previously involved in offshore education, but is now no longer involved, please indicate the reasons for your initial involvement.

14. If your organisation was previously involved in offshore education, but is now no longer involved, please indicate your reasons for ceasing involvement.

15. If you have not been involved previously in offshore education, do you intend to become involved? (Tick \surd one box below)

Yes No

16. If you have not been involved previously in offshore education, but intend to become involved, what are your reasons for doing so? (Tick one or more boxes below)

- financial gain
- investment opportunity
- growth of business
- diversification
- pathway to onshore provision
- internationalisation
- professional development of staff
- other (please specify)

17. If you have not been involved previously in offshore education, and do not intend to become involved in future, what are your reasons?

18. Any further comment about general involvement in offshore education (e.g. successes or failures)?

Section C: Specific Involvement in Offshore Education

C1: Programmes

Part A of Section C1 refers to delivery of qualifications offshore that are owned by your institution. Part B of Section C1 refers to your participation in qualifications owned by a partner, or jointly owned. Part C of Section C1 refers to other offshore activity.

A. Qualifications Owned by this Institution and Delivered Offshore

[Please copy Part A (pages 10, 11 and 12) if necessary and fill in one copy for each qualification offered offshore.]

19. Name of Qualification: _____

20. Level of Qualification (Tick \checkmark box)

postgraduate qualification;

undergraduate degree;

diploma;

certificate or lower.

21. Field of Study: _____

22. Country (or countries) in which qualification is offered:

23. City (or cities) in which qualification is offered:

24. Are you working with an offshore partner? (Tick \checkmark one box below)

Yes No

25. If you answered 'Yes' to the previous question, name the offshore partner:

26. Is a formal written Memorandum of Agreement (MOA) (or other legal arrangement) in place? (Tick \checkmark one box below)

Yes No

27. What does the formal Memorandum of Agreement cover?

28. Please complete the following table by placing a \checkmark in the appropriate box. It is possible that some services are provided by both institutions.

Service	Service provided by	
	Institution	Partner
Study location		
Student support services		
Marketing and promotion		
Fees administration		
Academic support		
Academic teaching		
Academic assessment		
Curriculum development/revision		
Other (please specify)		

29. Year Programme Began _____

30. Is the student required to undertake some study in New Zealand? Please explain.

31. Mode of delivery (Tick \surd one or more boxes below)

- On-campus, offshore
- Campus owned by self
- Campus owned by partner
- Joint ownership of campus

Distance education

- Web-based e-learning
- Paper-based correspondence course
- Including a face-to-face component

Teaching

- Teaching by staff of the New Zealand institution
- Teaching by staff in partner organisation
- Combined (specify percentage taught by each partner)

32. Please provide details of, and any further information about your institution's involvement, including staff time commitment, and past, present and forecast student enrolments, along with a brief evaluation:

B. Qualifications Owned By a Partner, or Jointly Owned

In this part of the questionnaire we are seeking information about your institution's involvement in the provision of staffing, curriculum or other resources towards a qualification, programme or award that is offered by an overseas partner. We are also seeking information about jointly owned qualifications.

[Please copy Part B (pages 13, 14 and 15) if necessary and fill in one copy for each qualification offered by a partner offshore, or jointly owned.]

33. Name of Qualification: _____

34. Owner(s) of Qualification: _____

35. Level of Qualification (Tick \checkmark one box below)

postgraduate qualification; undergraduate degree;

diploma; certificate or lower.

36. Field of Study: _____

37. Country (or countries) in which qualification is offered:

38. City (or cities) in which qualification is offered:

39. Name the offshore partner (and the New Zealand partner, if appropriate):

40. Is a formal written Memorandum of Agreement (MOA) (or other legal arrangement) in place? (Tick \checkmark one box below)

Yes No

41. What does the formal Memorandum of Agreement cover?

42. Please complete the following table by placing a \checkmark in the appropriate box. It is possible that some services are provided by both institutions.

Service	Service provided by	
	Institution	Partner
Study location		
Student support services		
Marketing and promotion		
Fees administration		
Academic support		
Academic teaching		
Academic assessment		
Curriculum development/revision		
Other (please specify)		

43. Year Programme Began _____

44. Mode of delivery (Check one or more boxes below)

- On-campus, offshore
- Campus owned by self
- Campus owned by partner
- Joint ownership of campus
- Distance education
- Web-based e-learning
- Paper-based correspondence course
- Including a face-to-face component
- Teaching
- Teaching by staff of the New Zealand institution
- Teaching by staff in partner organisation
- Combined (specify percentage taught by each partner) _____

C2: Consulting Services Offshore

48. Is your institution involved in provision of consulting services offshore? (Tick \surd one box below)

Yes No

49. If Yes, describe the nature of the arrangement that is used by your institution to offer consulting services? (Name the entity that manages such activity if appropriate)

50. Please provide an estimate of the number of consulting days provided offshore by staff of your institution during the 2004 academic year?

51. Are staff of your institution involved in consulting activities offshore on behalf of the institution? (Tick \surd one box below)

Yes. No

52. Are staff permitted to be involved in consulting activities offshore in a private capacity? (Tick \surd one box below)

Yes. No

53. Where available, please give some examples of the nature of consulting services provided offshore.

54. Do you see potential for further development for your institution in the provision of consulting services offshore? Please explain.

60. Add any additional comments or explanation about your institution's planning and development policies and strategies.

61. If your institution intends to extend its current involvement in offshore education, please elaborate (e.g. describe the nature of the planned extension, which additional regions or countries may be targeted, etc)

62. Does your institution intend to undertake new ventures in offshore education? (Tick one box below)

Yes. No

63. If Yes, please elaborate (e.g. describe the nature of the planned development, which country or countries are targeted, and why)

Section E: Policies

64. Are current Government policies related to offshore education adequate to meet your institution's needs? (Tick \surd one box below)

Yes. No

65. What aspects of current offshore education policy work well?

66. What further policy development needs to be undertaken?

67. What incentives are in place that encourage your institution to become involved in offshore education?

68. What incentives do you suggest be put in place that encourage your institution to become involved in offshore education?

69. What are the barriers that discourage your institution from becoming involved in offshore education?

70. What assistance could be provided to assist institutions with offshore education?

71. What do you see as the major risks associated with involvement in offshore education?

72. What do you see as the major strengths of New Zealand's export education industry, in relation to offshore education delivery?

73. What do you see as the major weaknesses of New Zealand's export education industry, in relation to offshore education delivery?

74. Add any further comment on offshore education policy.

Section F: Quality Assurance

75. Do you employ the same quality assurance processes for your offshore education programmes as apply to onshore delivery? (Tick one box below)

Yes. No

76. If No, please explain the differences _____

77. How do you manage quality assurance arrangements with offshore partners?

78. Are current quality assurance requirements adequate to protect the international reputation of New Zealand offshore education? (Tick one box below)

Yes. No

79. Comment: _____

80. What difficulties have you encountered in ensuring that programmes offered offshore meet an appropriate standard of quality?

81. What are the skill sets needed to develop and implement successfully offshore education programmes?

82. What training is provided in your institution to improve staff capability (in relation to offshore education programmes)?

83. What does your institution do to adjust your domestic education “product” for delivery offshore?

84. Add any further comments on quality assurance that you wish to make.

Section G: Finance

Information on the income and profitability of offshore education is an important aspect of planning at both institutional and national levels. The provision of financial information for this project will be valuable. Any financial information would be aggregated, and identification of an individual provider will not be possible in any published report. All financial information will remain confidential, and will not be disclosed unless permission has been expressly given.

85. We are interested in revenue generated and profitability achieved by your institution's offshore education programmes. Please assist (if possible) by filling in the relevant box in the table below with a \checkmark for each year. Note: L = Loss leader (i.e. the programme(s) made a financial loss); B = Break even (i.e. income broadly matched expenditure); P = Profit (i.e. the programme(s) made a financial profit).

ID	Name of Programme	2000			2001			2002			2003			2004		
		L	B	P	L	B	P	L	B	P	L	B	P	L	B	P
1																
2																
3																
4																
5																
6																
7																
8																

86. What percentage of your institution's income is derived from offshore education programmes?

87. What percentage of your institution's profit is derived from offshore education?

88. What criteria does your institution use in order to make an assessment of profitability with respect to an offshore education programmes?

89. What processes does your institution undertake when assessing an initial investment in an offshore education programme?

90. How does your institution make a decision that an investment will be accepted as a "loss leader" for a period of time before showing a profit?

91. What is the estimated dollar value of the revenue generated by consulting services provided by your institution during the 2004 academic year?

Development Costs

92. Have you made any capital investment in offshore education? (Tick one box below)

Yes No

93. If Yes, in which country (or countries) has the investment been made?

94. Provide an estimate of the development costs (in NZ\$000s) of your institution's offshore education programme(s) in the following categories (please specify an appropriate time period which the estimated costs cover).

- Planning costs (e.g. international travel and accommodation costs, staff time, negotiations with offshore partner, legal fees, consultancy fees, etc)
\$ _____
- Capital costs (i.e. land, buildings, bricks & mortar, lease arrangements, etc)
\$ _____
- Course development costs (e.g. staff time, resources, software, materials, equipment, etc)
\$ _____

95. Comment

Annex 5: Tertiary Education Organisations: Questionnaire Distribution

Name of Institution	Contact (VC/CEO/etc)
State Tertiary Education Organisations (as at August 2005)	
Universities (8)	
Auckland University of Technology	Derek McCormack
Lincoln University	Roger Field
Massey University	Judith Kinnear
The University of Auckland	Stuart McCutcheon
University of Canterbury	Roy Sharp
University of Otago	David Skegg
University of Waikato	Roy Crawford
Victoria University of Wellington	Pat Walsh
Institutes of Technology/Polytechnics (20)	
Aoraki Polytechnic	Wendy Smith
Bay of Plenty Polytechnic	Alan Hampton
Christchurch Polytechnic Institute of Technology	John Scott
Eastern Institute of Technology	Chris Collins
Manukau Institute of Technology	Geoff Page
Nelson Marlborough Institute of Technology	Neil Barns
Northland Polytechnic	Terry Barnett
Otago Polytechnic	Phil Ker
Southland Institute of Technology	Penny Simmonds
Tai Poutini Polytechnic	Don Campbell
Tairāwhiti Polytechnic	Mark Chapman
Telford Rural Polytechnic	Jonathan Walmisley
The Open Polytechnic of New Zealand	Paul Grimwood
UNITEC Institute of Technology	John Webster
Universal College of Learning (UCOL)	Paul McElroy
Wairariki Institute of Technology	Neville Withers (Acting)
Waikato Institute of Technology (Wintec)	Mark Flowers
Wellington Institute of Technology (Weltec)	Linda Sissons
Western Institute of Technology at Taranaki (WITT)	Gordon Chisnall (Acting)
Whitireia Community Polytechnic	Deidre Dale
Colleges of Education (2)	
Christchurch College of Education	Graham Stoop
Dunedin College of Education	Roger Green
Wananga (3)	
Te Wananga o Aotearoa	Rongo Wetere
Te Whare Wananga o Awanuiāngi	Gary Raumati Hook
Te Wananga o Raukawa	Whatarangi Winiata
Private Training Establishments (45)	
ACG Business School	Julian Wilson
AIS St Helens	Richard Goodall
Auckland Edinburgh College	Margaret Maisey

Final Report: Offshore Education Stocktake and Analysis

Auckland Inst of Science & Technology	Julia Chung
Bay of Plenty College of Homeopathy	Peter Berryman
Bible College of New Zealand	Mark Strom
Capital Language Academy	Derek Tyler
Cornell Institute of Business & Technology	Gai Warner
Crown Institute of Studies	Alan Chisholm
Design & Arts College of NZ Ltd	Mike Hadley
Digitrain	Karen Mills
Dominion English Schools	John Langton
Institute of Applied Learning	Janette Middleton
International Pacific College, New Zealand	Minoru Kasuya
International Travel College Of NZ	Karen Houston
Ivy College of New Zealand	Howard Huh
Languages International Ltd	Frances Woolcott
Lion Nathan School of Business	Mo Cooper
National Institute of Studies	Marion Kerepeti-Edwards
New Zealand Institute of Commerce Ltd	Bill Kirkley
New Zealand Institute of Education	Andrew Brownlee
New Zealand Institute of Studies	Johanna Cogle
New Zealand International Language School	Marie O'Connor
New Zealand Language Academy	Youko Morris
New Zealand Leather and Shoe Research Association	Tony Passman
New Zealand Management Academies	Tim Cullinane
New Zealand School of Education (NZSE)	Brijesh Sethi
North Shore International Academy	Otto Groen
Norton College	Chris Williams
NZ Training Centre	Alex Lanning
Oxford International Academy of NZ	Michael Li
Pacific International Hotel Management School	Tony Gray
Prime International College	Peter Goddard
Queen's Academic Group Ltd	James Elvy
St George Institute of Learning	Kevin Moncur
South Seas Film and Television Schools	Gerben Cath
Stotts Correspondence College	Alan Aldridge
The Christchurch International College	Mei Ding Dawson
The Learning Connexion	Margaret Motion
The New Zealand School of Travel and Tourism	Murray Watson
Training Systems and Solutions	Stewart O'Reilly
UUNZ Institute of Business	Patrick Bourne
Whitecliffe College of Arts and Design	John Shaw
Wollongong College	Ewen MacKenzie-Bowie
Worldwide School of English	Cleve Brown

Annex 6: Summary (Results from the Questionnaire)

Questionnaire - Sector Summaries To Questions

Sector	Question No	Yes	No	No Response	A	B	C	D	E	F	G	H
A-Universities	4	4	4	0								
B-Other State Institutions	4	5	16	2								
C-PTEs	4	9	6	0								
D-Total	4	18	26	2								
A-Universities	6	6	2	0								
B-Other State Institutions	6	15	6	2								
C-PTEs	6	7	8	0								
D-Total	6	28	16	2								
A-Universities	7	7	1	0								
B-Other State Institutions	7	11	10	2								
C-PTEs	7	7	7	1								
D-Total	7	25	18	3								
A-Universities	8				5	1	6	4	6	6	4	0
B-Other State Institutions	8			11	9	1	9	7	8	11	9	0
C-PTEs	8			6	8	3	6	8	6	4	4	1
D-Total	8				22	5	21	19	20	21	17	1
A-Universities	11	7	0	1								
B-Other State Institutions	11	14	7	2								
C-PTEs	11	10	3	2								
D-Total	11	31	10	5								
A-Universities	15			8								
B-Other State Institutions	15	6	2	15								
C-PTEs	15	4	1	10								
D-Total	15	10	3	33								

Final Report: Offshore Education Stocktake and Analysis

Sector	Question No	Yes	No	No Response	A	B	C	D	E	F	G	H
A-Universities	16			8								
B-Other State Institutions	16			15	4	2	3	5	5	5	4	2
C-PTEs	16			10	4	2	5	4	5	5	3	2
D-Total	16			33	8	4	8	9	10	10	7	4
A-Universities	48	6	2	0								
B-Other State Institutions	48	4	10	9								
C-PTEs	48	2	9	4								
D-Total	48	12	21	13								
A-Universities	51	5	1	2								
B-Other State Institutions	51	4	5	14								
C-PTEs	51	2	4	9								
D-Total	51	11	10	25								
A-Universities	52	4	1	3								
B-Other State Institutions	52	4	2	17								
C-PTEs	52	1	5	9								
D-Total	52	9	8	29								
A-Universities	55	6	1	1								
B-Other State Institutions	55	0	13	10								
C-PTEs	55	3	8	4								
D-Total	55	9	22	15								
A-Universities	59				2	4	5	4	2	1	1	
B-Other State Institutions	59			11	4	11	9	8	8	1	1	
C-PTEs	59			8	5	3	4	3	3	4	4	
D-Total	59			19	11	18	18	15	13	6	6	
A-Universities	62	5	0	3								
B-Other State Institutions	62	10	4	9								
C-PTEs	62	9	1	5								
D-Total	62	24	5	17								
A-Universities	64	3	2	3								
B-Other State Institutions	64	3	5	15								
C-PTEs	64	2	9	4								
D-Total	64	8	16	22								

Sector	Question No	Yes	No	No Response	A	B	C	D	E	F	G	H
A-Universities	75	6	1	1								
B-Other State Institutions	75	11	3	9								
C-PTEs	75	4	4	7								
D-Total	75	21	8	17								
A-Universities	78	3	2	3								
B-Other State Institutions	78	5	5	13								
C-PTEs	78	4	4	7								
D-Total	78	12	11	23								
A-Universities	92	3	5	0								
B-Other State Institutions	92	4	10	9								
C-PTEs	92	4	3	8								
D-Total	92	11	18	17								