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Dear Education Exporters

## **ENZ ANNUAL REPORT TO INDUSTRY**

2003 was an interesting and challenging year for international education in New Zealand. After years of consistent growth, a variety of factors both external (eg SARS, increased competition, market reaction) and internal (evolving regulatory environment, consolidation, institutional failure) impacted on both the market and the way that industry in New Zealand operates. This report highlights some of the many activities that Education New Zealand (ENZ) has undertaken on your behalf throughout 2003.

The report covers the three following areas:

- Industry Advocacy
- Collective/Generic Marketing
- Governance and Accountability to the Industry

### **Part 1: Advocacy and Industry Development**

With the New Zealand Government taking an active interest in the development of the industry, the role of advocacy has recently taken on heightened levels of importance. Education New Zealand is actively working to ensure that the Industry's views are represented and understood at all levels within government. This work is not only via direct contact with Ministers and officials, but also via the important contribution of cross-sector forums, channelling industry feedback and public comment on behalf of the industry.

Over the last year ENZ has initiated, facilitated and participated in a range of advocacy and consultative forums on issues as diverse as SARS, the 'China List', Modern Age, Code Revisions and the development of a medium term strategy for the industry (to name but a few). Many of these forums have involved representatives of government, and have been initiated as part of ENZ's commitment to ensure that the Industry's voice is heard.

#### **Case Study: Ministerial Mission to the PRC**

*In September 2003, Robert Stevens was the Industry representative on Minister Mallard's mission to China. A series of meetings were held with Chinese Government Ministers and officials to discuss international education and to assure the Chinese government that measures were in place to protect students studying in NZ. Prior to the mission, ENZ consulted industry peak bodies on objectives for this mission. Two subsequent reports were forwarded to all institutions. As a result of this mission, further activities have been undertaken to advance issues including the China list.*

'China List': following the China mission (above) ENZ, along with NZQA, took the lead in developing a response to the Chinese request for a list of 'recommended institutions'. ENZ has consistently advocated for transparent criteria based protocol and New Zealand control, rather than a limit on the physical number of institutions working in China.

Pan Industry Medium Term Strategy: ENZ has initiated and facilitated a series of pan Industry strategy workshops that bring together a cross sector representative group that is looking at defining an industry medium term strategy. The Strategy will provide an Industry voice to complement the Government's own strategy; provide a strategic underpinning for the various Levy Committees; provide an action plan for engaging the NZ Government about its policy settings; and provide an action plan for engaging offshore Governments about their trade policy settings. The Strategy will be presented to Government Ministers in early/mid 2004.

Immigration: immigration policy and practice is at the heart of bringing international students to New Zealand. A sound relationship between the industry and the New Zealand Immigration Service (NZIS) is vital for a consistent and trouble free entry for students coming to NZ. ENZ has regularly briefed the Minister on issues such as the government's policy on very young students, issues surrounding the Chinese market, and other policy matters that may impact on the export education industry. Further meetings have been held with Andrew Lockhart, the General Manager of NZIS, to discuss how NZIS and the Industry can work closer in the future. NZIS is supportive of using ENZ as not only an important policy sounding board, but also as a communication link with the Industry. As a result, NZIS has committed to use the ENZ website as the main channel for communicating with the industry.

Foreign Affairs: ENZ staff regularly brief personnel from the Ministry of Foreign Affairs and Trade (MFAT) who are taking up postings offshore. Recent briefings on the issues relating to the education export industry have been given to the NZ Ambassadors to Brazil, Thailand and Vietnam, the Deputy Ambassador to Indonesia, and staff posted to the United States of America. At each pre-departure briefing, ENZ stresses the importance of export education and encourages NZ diplomats to promote opportunities for NZ institutions. MFAT have also consulted with ENZ on a wide variety of other initiatives, such as visiting media programmes.

Trade Negotiations: ENZ represents the Industry on Hon Jim Sutton's Ministerial advisory committee on New Zealand's strategy for trade negotiations. This group offers the Minister advice from a non-governmental perspective that helps shape New Zealand's strategy in the World Trade Organisation negotiations as well as the various bilateral Free Trade Agreement negotiations. Through this committee, ENZ is championing the need to use multilateral and bilateral mechanisms to facilitate a more enabling *offshore* trading environment for New Zealand's education exporters.

New Zealand Trade and Enterprise: NZTE is a key strategic partner with ENZ. As such, the two organisations maintain a close working relationship on a daily basis. All staff members interact with both domestic and offshore NZTE education consultants. ENZ and NZTE work to a joint strategic marketing plan, the *Five Steps Forward* series of events (further covered in the marketing section). Over the last year the ENZ/NZTE relationship has become further consolidated, and during the formation of NZTE, ENZ consistently supported the important contribution that NZTE makes in the international education arena. NZTE, with its extensive network of offshore offices, is of vital importance to the future development of our industry. ENZ actively uses and encourages industry use of NZTE's unique range of offshore assets.

Ministerial Missions: Ministerial overseas missions provide important showcasing opportunities for NZ's education export industry. ENZ participates in missions (as resources allow) that focus primarily on international education. Over the last 18 months, the CEO and Chairman of ENZ have taken part in ministerial visits to Hong Kong, China, South America, and Eastern Europe. In addition, ENZ also regularly provides assistance in the planning of ministerial missions and liaising with the Industry in terms of participation on the various delegations.

**Case Study: Business Opportunities**

*In the recent Eastern Europe mission ENZ negotiated a direct marketing opportunity through the International Student Identity Card (ISIC) network of students and agents in the Czech Republic. Such an opportunity would have huge advantages for NZ institutions wanting to expand their influence in this developing market. ENZ is further investigating this offer and how the NZ industry might best take advantage of it. If successful, this model could be extended as an efficient and effective tool for electronic, generic promotion directly to current students.*

Official representation of the Industry's interests to overseas Delegations: on virtually a weekly basis the ENZ Chief Executive regularly represents the interests of the Industry at a wide variety of meetings with high level business, institutional, and government interests from overseas. Through ENZ, the Industry has been represented at numerous official meetings ranging from the New Zealand-Japan Joint Economic Working Group to the Malaysian Secretary of Education to meeting with the two Chinese Vice-Ministers that have recently visited the country.

**Case Study: Mexican Government Advisor**

*In March 2003, the CEO and staff met with Dr. Zuniga, and education advisor to the government of Mexico. A wide range of topics were discussed relating to changes in the Mexican education system. Material was provided, both verbally and written, about the NZ education system. Possible future opportunities were discussed especially regarding developments in the area of vocational training. Ongoing contact with both Dr Zuniga and the Embassy has been maintained.*

Industry - Media Relations: arguably at no time in our brief history has the export education industry come under greater scrutiny from domestic or offshore media. The media are a critical factor in driving the perception of the industry, both domestically and internationally. A good example of this has been the alacrity with which prominent Chinese media sources report media generated comment from within New Zealand.

ENZ regularly produces press releases on all of the major events impacting our industry, whilst maintaining a non-partisan industry-wide stance. These are aimed at both the domestic and international audience – pushing that NZ offers a high quality educational product and is the global pace setter in ensuring quality pastoral care. During 2003 ENZ issued over 40 press releases, whilst ENZ staff (primarily the CEO) took part in weekly radio interviews and occasional television interviews. Background briefings were given to journalists on well over 100 separate occasions. The economic impact analysis commissioned by ENZ and our partners is widely used and quoted by industry and government sources.

Reticulating and spreading the message in a reliable and responsible manner is a growing part of ENZ's role. Through press releases, interviews, and articles we are assisting the industry in portraying itself as mature and able to control its future development.

## **Part 2 - Services and Marketing**

Education New Zealand provides a wide range of free and user-pays services to all members of the export education industry. Both state and private providers across all sectors use the variety of services offered. ENZ has traditionally played a marketing role for the export education industry and this is reflected in the sections below. We are, however, also increasing the amount of internally focused support work as a result of the introduction of the industry levy.

Institutional Support: senior ENZ staff are regularly involved in helping individual members in a variety of forms. Over the last year these included meeting with new businesses, assisting institutions and staff, and attending functions to support the work of institutions and regions. As often as possible, Robert Stevens will engage with individual institutions to discuss the future of ENZ, the industry, or market opportunities available overseas. ENZ staff are also in constant communication with industry and institutional staff to assist with marketing information and issues.

Five Steps Forward: joint industry-wide marketing events are a proven and credible method for increasing international knowledge of our products and reinforcing the message that NZ provides a quality service. During 2003 ENZ ran approximately 50 marketing events in New Zealand and overseas for the benefit of New Zealand institutions under the Five Steps Forward (FSF) programme. These range from fully organised missions to North Asia, through to inbound agent visits from South East Asia and Europe. FSF is developed and delivered in partnership with NZTE and gives the NZ industry an opportunity to generically compete, in similar markets, against our main competitors.

Over the last two years ENZ and NZTE have conducted road shows around the country to gauge the level of support for events and markets. During 2003 the roadshow visited 12 different centres over a two week period. These road shows are a way of taking into account the needs and wants of the industry before a formal plan is laid out. The support for these meetings indicates the high levels of interest individual institutions have in directing the course of the industry. The 2004 FSF plan has been developed as a direct response to the feedback from these meetings, and NZTE Market Focus Group (MFG) funding has been made available for key activities particularly in emerging markets.

Ultimately, the success of FSF can be measured by industry participation. During 2003, no events were cancelled due to lack of support, although some events in Asia had to be postponed or cancelled due to the effects of SARS or terrorist activity.

Interest in inbound agent events was so high that additional visits were organised for German, Vietnamese and Japanese agents. In spite of this, a small number of institutions unfortunately were not able to be accommodated by the programme. Preference was given on a 'first come – first served' basis.

Offshore: last year ENZ and NZTE ran events in numerous countries including – China, Hong Kong, South Korea, Taiwan, Malaysia, Singapore, Thailand, Vietnam, Fiji and Japan. These events, with only a few exceptions, were suitable for all industry sectors, with all levels of marketing experience.

The fairs and seminars raised the profile of NZ in these countries and gave institutions the opportunity to meet suitable agents and potential students. The popularity of the events varied according to the market, and participation ranged from less than a dozen through to about fifty institutions participating in a single fair. All fairs met the minimum number for participation.

**Case Study: Thai Education Fairs 10<sup>th</sup> Anniversary**

*2003 saw the 10<sup>th</sup> New Zealand Education Fair take place in Bangkok. Over the years these fairs have become a regular feature on the international education circuit in Thailand. With over 45 NZ institutions taking part and around 4,500 visitors attending, these fairs have been very successful in raising New Zealand's profile and underpinning individual institutional efforts in this market.*

Inbound Agents Visits: an increasingly popular type of event offered by ENZ is the inbound agent visit. Suitable agents were selected by NZTE offshore offices and brought out to NZ on ENZ accompanied tours to participating institutions. Often this would result in nationwide tours that would not only showcase excellent institutions, but also give the agents a good idea of what NZ had to offer as a destination.

These visits are an opportunity to show agents first-hand what a school has to offer and how international students fit into the mix. Agents from Vietnam, Hong Kong, China, Germany, Japan, Brazil, Indonesia, Taiwan, Thailand and Korea were brought to NZ last year. Agent visits generally involved 4 agents from each country being in New Zealand for 11 nights, but as mentioned above increased demand led to 7 Japanese, 8 Vietnamese and 9 German agents visiting New Zealand as part of FSF.

New Zealand's International Education Conference: In 2003 Education New Zealand convened the 12<sup>th</sup> annual International Education Conference in Wellington. This was the largest ever export education event in NZ and was attended by over 330 participants. 75% of conference attendees rated the conference as "Excellent/Good", with a further 20% rating the event as "Satisfactory".

The annual conference is one of the few occasions that a wide range of institutions and industry representatives can meet and discuss relevant issues on such a large scale. Regular updates from government agencies and presentations from overseas speakers all add value to participating institutions, regardless of their size. An international agent seminar (user-pays) was held parallel to the conference, providing institutions the opportunity to expand their business at the same time. Eight agents were hosted, and a new format that linked agents with institutions was piloted.

Export Network Support: Education New Zealand provides administrative support for a number of NZTE backed Export Networks, including Russia and India. This important function provides continuity for the networks and builds market knowledge.

Education New Zealand Website: Traditionally, the ENZ website played a dual role of student and industry information resource. During 2003, the ENZ website was rebuilt and relaunched as primarily an industry focused tool. The ENZ site will provide institutions, and their staff members, with a wide range of export education information and various professional development resources. The intention is that as ENZ moves into its role of industry association, this site becomes the focus for industry communication, development, and information resources.

This is proving to be the case. Already [www.educationnz.org.nz](http://www.educationnz.org.nz) is being used by the Ministry of Education to communicate changes to the Code of Practice and it is anticipated that other government agencies will follow suit shortly. The website is also the primary means of information reticulation for the various Levy Reference Groups. NZIS has agreed that this should be their primary channel of communication with the export education industry.

**Case Study: Code of Practice Information**

Following a series of open seminars on the revised Code of Practice, ENZ optimised all of the relevant material under contract to the MoE and placed it on the ENZ website. The website now acts as a one stop easily navigable portal for Code PD material, and includes downloadable powerpoint presentations to allow institutions to run their own PD sessions. Access to the site is password protected; however, all institutions that are Signatories to the Code of Practice (and are therefore allowed international students) are entitled access free of charge.

Research: ENZ has, in the past, commissioned research either independently or in conjunction with groups such as NZIEMN. These reports have been used to develop long term strategies and to assist institutions with the everyday running of their international programmes. Examples of this research are “*The Global Marketing of New Zealand Education*” produced by EduWorld Research and “*Legal Guidelines*” by KPMG. The Legal guidelines document was available to institutions for a small fee. It is now in the process of being redeveloped with funding from the levy reference groups.

ENZ has also brought out a number of researchers to discuss issues at the annual ENZ conferences. Two examples from 2003 are: (i) Jane Knight from the OECD/University of Toronto, who also went on to meet with government officials; and (ii) John Shackelton from the British Council who is responsible for the UK’s English language strategy and programme, he also went on to meet with English language representatives in New Zealand.

General Support: All ENZ staff are involved with daily support to institutions from a variety of sectors. This assistance may include advice on potential markets, how to contact agents, or what events may be of use to them out of the *Five Steps Forward* calendar. At all times ENZ staff provide impartial advice to institutions and will not recommend events that do not suit an institutions goals or budget. ENZ will also assist institutions with basic research, providing data associated with student numbers gained through a variety of sources. This support is free of charge.

Publications – Domestic: Education New Zealand produces publications that have two main purposes. Firstly, they are an international marketing resource and, secondly, a domestic information source. Domestically ENZ produces two publications that are designed to inform institutions about industry developments and marketing opportunities. *Ed-News* is a newspaper-style publication that is distributed to over 1,200 institutions and individuals on a quarterly basis. An electronic newsletter, *E-News*, is sent out fortnightly to a similar number of institutions. *E-News* provides up-to-date information on relevant and pressing issues that affect the industry.

Publications – Marketing: a major element in New Zealand’s marketing mix has been the development of a range of publications promoting NZ education and institutions to our international clients. A large number of institutions take part in these directories on a user pays basis. These publications fall into two categories, as below:

English language

- Handbook of Courses and Costs
- Secondary Education Directory
- Vocational Training Directory
- Study in NZ Newspaper

## Native Language Directories

- European Multi-Language
- Indonesian
- Japanese
- Korean
- Portuguese
- Chinese (x2)
- Thai
- Vietnamese
- Arabic
- Spanish

Combined, these directories total 138,000 copies which are distributed to offshore agencies and domestic clients. Ideally these will be used by potential students and agents to research opportunities in NZ. The ENZ stable of directories gives NZ institutions the opportunity to provide information about themselves to non-English speakers in a cost effective manner. For the average institution it would be impossible to cover the cost of translating and printing their own promotional material in such a wide range of languages. The Directories allow the industry to amalgamate its marketing resources and subsequently target a much wider range of clients. The range of Directories is regularly reviewed to ensure that they are meeting the needs of the market. During 2003 an online survey was undertaken to gauge support for current and future directories, and further information was gathered during the Roadshow. As a result of feedback from nearly 300 institutions, the Spanish and Arabic directories were launched during 2003. To further leverage resources and create synergies, the Directories now are all produced in a common format that reflects the mynzed brand. Considerable generic text is included, and for 2003 a full generic listing of institutions was added.

Business Development: As the global export education industry develops, and as potential clients demand a wider range of services, education providers must always be prepared to investigate the value of new opportunities. ENZ has been exploring a number of initiatives, including the ability of NZ institutions to operate offshore and the development of edu-tourism courses. As with any business development project, success takes time. However, R&D work is an important function that ENZ carries out for the potential future benefit of the industry.

Discounts and Benefits: given the size of the industry and the number of institutions now involved in the business, ENZ has been able to negotiate discounts for support services for those institutions that have signed the Code. These partnerships include:

- An industry discount package with TNT for international shipping.
- A publications partnership with APN Educational Media.
- A travel partnership with House of Travel.

As our industry develops it is anticipated that an increasing number of service providers will want to form alliances with institutions. Collective bargaining will enable the industry to best take advantage of these opportunities.

### **Part 3: Governance & Accountability**

Over the last year, Education New Zealand has undergone significant changes at the governance level. This reflects major changes within the industry, including the introduction of the export education levy.

Board Structure: In 2002 it was agreed by Board members and industry that the Board evolve from its current sectoral representation structure to that of an education export industry peak body, whose members are elected by the sector as a whole. This new structure is reflected in the new constitution of Education New Zealand that was adopted on 1 April 2003.

The new constitution was in part a response to the rapid growth of New Zealand's education export industry. As one of New Zealand's top five export industries the Education New Zealand Trust acknowledged that it needed to have a greater business focus than it had previously. The new Board structure is expected to have a membership that has experience in business, and especially in the export of services. Under new voting procedures, Board members are likely to be selected for their business and/or education knowledge and skills, rather than for their ability to represent a sector within education. Education sector input and representation will be obtained through the use of advisory committees. Under the new constitution, all education exporters who are signatories to the Government's Code of Practice are entitled to vote on Board members using an electoral college voting system. The ENZ board is currently made up of individuals nominated by sector groups. These representatives guide the direction and goals of the organisation.

As a result of the above changes, the ENZ board has changed its constitution and electoral procedures to ensure that it fairly represents those institutions and sectors which are contributing to the export education levy. The new constitution states that the board will be elected under an Electoral College system. The size of an institution or sector group's vote will be determined by its relative contribution to the levy total.

### **Conclusion**

2003 was something of a watershed year for the International Education industry in New Zealand. After years of strong growth, student numbers came under pressure for a variety of reasons. At home, new legislative requirements impacted on the way institutions conducted their business.

Education New Zealand has responded to these stimuli by developing new systems and services, reflecting changing market conditions, and developing its role within the industry. With a small secretariat of just 8.5 staff, ENZ continues to offer a range of high quality services and products both for and on behalf of industry. Support for ENZ across all sectors was strong during 2003, and this support is the best barometer of ENZ's value to the industry.

I look forward to continuing to work with you in the interests of our exciting, dynamic industry throughout 2004.



Robert Stevens, Chief Executive, Education New Zealand