

'Tax' a burden on export education

The Government is pushing through a 'tax' on export education without industry consultation, some private education providers say. We look at their concerns.

A government discussion paper on the proposed export education levy was released on 17 October. It gives people four weeks to make submissions.

The paper seeks feedback by 15 November on proposals to: set the levy at 0.5% of the tuition fee received from foreign fee-paying students; establish a work programme funded by the levy; and develop an industry-wide body. The levy would go to a ring-fenced, industry development fund worth \$3.9 million annually by 2005.

According to the Association of Private Providers of English Language chairperson Barbara Takaase, export education will be New Zealand's only industry with a government-imposed industry tax.

"Every other industry requires balloted industry approval of a business plan before a levy can be set by the relevant Minister. Without industry support, it's not a levy it's a tax," she said.

"The export education industry delivered six times the export income of the wine industry last year, and achieved 50% growth without an industry tax. Mr Mallard has many solutions but no problems.

"The Government knows it is selling a lemon so it is not even planning any consultation meetings. We all know that the decisions have been made."

New Zealand is the only one of its competitors — Australia, Canada, the UK and the USA — to have such an industry tax, Ms Takase said.

Education Forum policy adviser Norman LaRocque said it was unfortunate that there had been no external input into the discussion document because there were many good ideas that should be tested against industry needs and priorities.

"The levy may well have positive effects but without input from the experts on the industry being levied — the education providers themselves — outcomes are uncertain.

"The level of detail in the budgets is minimal and no performance objectives are suggested — not even for the tripling of the generic promotion budget.

"The increased costs that international students will have to

pay to come to New Zealand when the levy is introduced could see them choosing other countries for their education," he said.

In 1998 and 1999, New Zealand was the third-fastest growing destination in the OECD for tertiary international students, behind only the UK and Australia. Since 1999, growth in student numbers has further accelerated.

In 1999, the education sector was New Zealand's fourth largest service export earner and 15th largest foreign exchange earner overall, according to estimates from the Ministry of Foreign Affairs and Trade.

Government figures show that in 2001 more than 50,000 foreign fee-paying students studied in New Zealand and contributed an estimated \$1.5 billion to the economy. This represented a 36% increase over 2000 numbers (38,753) and an 86% increase over 1999 numbers (28,340). Indications are that growth has continued at a similarly rapid pace in 2002.

Mr LaRocque said the industry was too valuable to New Zealand to put at risk through hasty and untested policies.

"There are good reasons why industry levies have been reduced or stopped in other industries."

The discussion document can be accessed at:

www.minedu.govt.nz/index.cfm?layout=document&documentid=7734&indexid=7788&indexparentid=6663

An Education Forum briefing paper on New Zealand export education is at:

http://www.educationforum.org.nz/upload/pdf/briefing_no_4.pdf

The Ministry of Education's international education web page is at: www.minedu.govt.nz/index.cfm?layout=index&indexid=6663

A website set up by the New Zealand International Education Marketing Network to brand New Zealand international education and to encourage international students to come here is at: www.mynzed.com

Another site with information for international students is the Education New Zealand site at: www.nzeil.co.nz

"The industry is too valuable to New Zealand to put at risk through hasty and untested policies"

Education Forum adviser Norman LaRocque

Early childhood strategy will force up fees, say providers

The Government's early childhood education strategy aims to improve quality and increase participation but will it, in reality, do the opposite?

According to a spokesman for around 800 education and care providers the strategy, contrary to its aims, will significantly increase costs and reduce access and choice to working parents.

Ross Penman, president of the Early Childhood Council, said the Government's new requirements for higher qualifications for staff and greater teacher/child ratios have immediate and obvious increased cost implications, yet relative funding from government has been reducing.

"We are seriously concerned that the proposals to increase qualifications levels and staff/child ratios will lead to even higher staff shortages without substantially increased operational grants and, as a result, we expect fees may have to increase by over \$75 a week."

The strategy, *Pathways to the Future: Nga Huarahi Arataki*, was launched on 12 September and is a 10-year plan aimed at improving quality, increasing participation and promoting collaborative relationships. A funding review and a commitment to higher subsidies have been deferred and finalised funding strategies are not expected until 2005, Mr Penman said.

He said that although the strategy's aims appeared positive it was likely to have the opposite effect, as providers would have to raise fees to survive and many parents would not be able to afford them.

"Government has recently increased funding to a select group of providers that makes up only 20% of the early childhood sector — the Kindergarten associations — but not to the rest of us. We will have to raise fees as our staff demand pay in line with their kindergarten colleagues whose

funding increases under the proposals will be about 50% more than the rest of the sector.

"Fees are already rising, and will continue to rise and accelerate to meet these demands and lots of families will be cut out," he said. "You would think lower-income and working families would be the very families the Government should be interested in.

"We will also lose good staff because of dissatisfaction over pay. So not only will many parents not be able to afford us but the quality of the teachers we retain is in danger of dropping heavily."

Mr Penman said the Government's push for all early childhood staff to have the same high qualifications was another barrier to retaining good staff.

"A lot of our staff are really valuable as support staff — cooking, cleaning and changing nappies, supervision and activity set-up, for example — but under the strategy they will be required to have the same diploma or degree teacher qualifications instead of multi-level 'fit-for-purpose' qualifications to suit multi-level teams.

"It makes no sense at all and will drive good people out of the sector and push the fees parents pay up too high.

"The sector's problems will only get bigger and more public. Only an immediate commitment to funding parity for all providers will save it and improve staffing, quality and accessibility," Mr Penman said.

Act MP Donna Awatere-Huata said the strategy was a back-down from earlier extreme plans, but would still force up the costs of independent providers, putting

early childhood education out of reach for those who need it most.

"This plan will hit poor areas where fees can't be put up a further cent. Maori participation rates are already way behind non-Maori. The removal of private providers will reduce choice and participation," Ms Awatere Huata said.

The New Zealand Educational Institute, the union that represents early childhood teachers, has welcomed the proposals. It said the plan was long overdue and a welcome rejection of the largely hands-off approach governments have taken in the last decade.

"It's an acknowledgement that early childhood education is far too important to leave to market forces," Institute president Amanda Coulston said.

But the union felt the plan did not go far enough for the approximately 3000 early childhood education and care providers in New Zealand.

"The union believes every child is entitled to free early childhood education. This could occur in stages by giving free education to three and four year olds first, then extending it to younger children," Ms Coulston said.

The early childhood strategy and documents relating to it can be accessed at:
www.minedu.govt.nz/index_page.cfm?id=5234&p=1037

The ACT press release is at
www.act.org.nz

The NZEI press release is at
www.nzei.org.nz/get/381

Earlier education funding could give better social outcomes

Shift education funding from tertiary to earlier years and get better social results, a report has found.

The OECD report, *Next steps for public spending in New Zealand: the pursuit of effectiveness (Working Papers No. 337)*, released in August, says evidence showed that the returns from earlier education — such as going from no education to gaining School Certificate — were significantly higher than the returns at tertiary level.

Shifting funding to this earlier area and to early childhood education could help lift school completion rates among minorities, author David Rae says in the report.

The report described the student loan scheme as “poor-quality” spending. Tertiary enrolment levels were already very high and international and local evidence showed that enrolment rates were not significantly affected by study costs if loans were available.

While it was difficult to estimate precisely how much students should pay there was still room for students to pay a greater share before costs outweighed benefits, evidence suggested. Therefore, there may be a payoff from shifting resources to earlier education, the report argued.

New Zealand had been a world leader since the mid-1980s in public management reforms and the contracting out of services but education was one area where central control was still prevalent.

“The government should look for more opportunities to extend the current flexibilities so that more emphasis is given to underachievers, the area where it is needed most,” the report said.

“These include opportunities to provide for greater differentiation of teacher pay on the basis of demand and performance, and

greater opportunities for schools to manage their property resources.”

Giving parents the ability to choose the schools their children attended would also help improve outcomes.

The government had reintroduced zoning in 2000 partly because it was concerned about students being left behind in “downwardly spiralling schools” but evidence suggested the concern was overplayed.

An unusually high share of the spread in student performance occurred in schools rather than between them, suggesting the problem lay with the system or with problem children but not the schools themselves, as the table below illustrates.

The quality of spending could also be improved by a greater willingness to extend the use of market-based mechanisms,

including user charges, competition and choice, not only in education but also in the health sector, the report said.

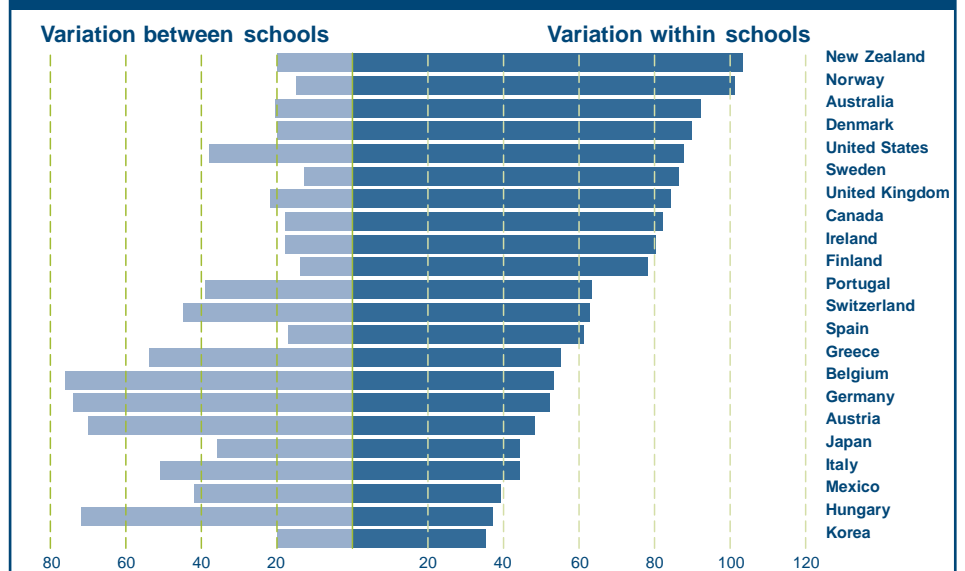
Education Forum chairman John Morris said the OECD report provided valuable data to help strengthen policy debate. It also backed up findings in an Education Forum report that is to be published in November.

Somebody is going to pay for this: tuition fees and tertiary education financing in New Zealand, written by Forum policy adviser Norman LaRocque, argues that a shift from higher to lower levels of education would better assist the government in meeting its policy objectives.

The OECD report can be accessed at: [http://appli1.oecd.org/olis/2002doc.nsf/linkto/eco-wkp\(2002\)23/\\$FILE/JT00130148.PDF](http://appli1.oecd.org/olis/2002doc.nsf/linkto/eco-wkp(2002)23/$FILE/JT00130148.PDF)

Student performance variation in OECD countries

(from the OECD PISA study, 2001)



Hard work and higher expectations the keys to tertiary education success

With debate over student fees and debt reaching vexatious levels we talk to a researcher whose work shows that lowering fees will not in itself solve our tertiary education problems.

Improving academic preparation and raising student expectations are the keys to helping disadvantaged groups get tertiary education, an education expert studying New Zealand says.

Maureen McLaughlin, from Washington DC, was the 2002 Ian Axford Fellow in Public Policy and spent eight months in Wellington this year studying New Zealand's education reforms from the 1980s to 2002.

Her research looked specifically at access to education and the shift in emphasis from the market-based reforms in the 1980s and 90s to today's more centrally-steered and regulated approach.

She said the current focus on finances in the education sector — including fees, student support and debt — meant other factors important for access to education were receiving too little attention.

"International experience suggests that lowering fees alone will not close the opportunity gap. Student support is a necessary but not sufficient condition to improve access and opportunity.

"Research in New Zealand and elsewhere suggests that raising expectations and improving academic preparation for ethnic groups and low-decile schools must be narrowed before opportunity gaps will be closed," she said.

"Rigorous secondary school preparation has a positive effect and can substantially narrow the gaps in tertiary participation."

Ms McLaughlin said soon-to-be published New Zealand data showed that mathematics followed by comprehension and literacy were most strongly associated

with later social and academic competencies. This supported findings from the United States and Australia.

Information for New Zealand students tended to emphasise career options over tertiary information and was provided late in secondary schooling.

"Misperceptions about tertiary opportunities and the level of costs are likely to contribute to the opportunity gap."

In the past 20 years, New Zealand had moved from an elite system with low participation to a mass system with high participation.

In 1985, there were roughly 120,000 students and today there are 282,800. Participation rates have also increased in the same period — from 20.5% to 34.8% for 18-24 year olds and from 2.7% to 5.9% for people older than 24.

This has come despite the costs increasing for students and their families.

"This shift in financing runs counter to what some believe — that greater access can best be achieved with free tertiary education," Ms McLaughlin said.

Ms McLaughlin argues that although the data show increased participation, New Zealand still has significant tertiary education access problems.

Maori numbers at tertiary institutions, for example, have increased 60% since 1994, but they are significantly underrepresented at universities — 10% of Maori school leavers enrol in a university course compared to 25% of all school leavers.

Students from low and middle-decile

schools were also less likely to enrol in tertiary education, figures show.

"Tertiary participation in New Zealand still needs attention, in particular the opportunity gap."

This was particularly important because the groups that currently had lower levels of educational attainment would represent much larger share of the population in the future.

Ms McLaughlin said key strategies for improving access could include:

- making 'improving opportunity' a key part of tertiary strategy implementation;
- creating early intervention school and tertiary partnerships;
- providing more information about opportunities to students earlier, especially to families who had little exposure to tertiary education;
- improving student financing for low-income students;
- paying institutions more for enrolling targeted student groups; and
- developing a strong research agenda.

"Opportunity gaps as measured by disparities in tertiary participation for ethnic groups and students from low decile schools are significant [but] as a small country with a strong egalitarian outlook, New Zealand could become an international leader in addressing persistent opportunity gaps.

"Well-coordinated strategies across educational levels and across policy instruments and a focus on lower decile schools could make a big difference," she said.

Private schools get better results

Recent evidence shows benefits to low-income students going to private schools. We talk to Independent Schools of New Zealand (ISNZ) to find out why state support for private education gets such good results.

A study showing that students at private schools are twice as likely to get a degree than students at public schools is solid evidence for targeted help for students from low-income families, ISNZ says.

ISNZ executive director Joy Quigley said the study from the U.S National Center for Education Statistics (NCES) released earlier this year, was proof of independent schools' success in getting good results for low-income families.

It backed her call for the reintroduction of the Targeted Individual Entitlement (TIE) scheme to get children from low-income families into private schools to help them "beat the poverty trap".

The data from the NCES annual analysis of education revealed that the success of students from the lowest quartile of poverty at private schools was even higher: they were nearly four times more likely to get a higher education degree than comparable students from public schools.

"Every child is different and independent schools have proven that they do work in the best interests of the child. Programmes like the TIE scheme ... should be given a big tick," Ms Quigley said.

She said the success of the TIE scheme was clearly evident in each piece of research conducted on it for the Ministry of Education after the scheme was started in 1996.

"Unfortunately new placements were canned by the Labour Government in 2000. But, even today, we still get calls into the ISNZ office asking for application forms.

"By far the majority of the parents, children and schools participating in the scheme overwhelmingly endorsed students having greater choice in the school they attended," Ms Quigley said.

"It's what happens in the pre-school and tertiary sectors. Why should choice be denied to families in the compulsory sector?"

"For many reasons not every child fits well into their local school. TIE gave children from low-income families — those on less than \$25,000 per year — the opportunity to seek out a school that best suited their particular talents or learning style, be they gifted or struggling academically."

The NCES website is at: <http://nces.ed.gov/>

The ISNZ website is at: www.isnz.org.nz.

Snapshot of global education 2002

- The global market for education is estimated at more than US\$2 trillion.
- About one-third of the global education market is in the United States.
- There are more than 1.5 million students abroad in a market worth almost US\$30 billion.
- Global corporate training expenditures will increase to US\$28 billion at the end of 2002 from US\$1 billion in 1997.
- About one-third of the US\$100 billion for-profit education industry in the United States comes from corporate and government training.
- Tertiary education in Brazil has increased 70% in the past seven years and private institutions make up 71% of the tertiary sector.
- In Côte d'Ivoire enrolments in private institutions at the tertiary level rose 670% between 1991 and 1995.
- Private business schools were unheard of in Eastern Europe 10 years ago but in 1998 there were 91 in Poland, 29 in the Czech Republic, 21 in Armenia, 18 in Romania and 4 in Bulgaria.
- Between 1995 and 1999, 500 new tertiary institutions were established in China.

Source: World Bank report, *Lifelong learning in the global economy: Challenges for developing countries*, September 2002.

Quote of the month:

“The export education industry delivered six times the export income of the wine industry last year, and achieved 50% growth without an industry tax. Mr Mallard has many solutions but no problems,” – Association of Private Providers of English Language chairperson Barbara Takaase. See our export education levy story for more.

Study finds NZ university costs amongst the lowest

A new study shows that it is cheaper to study in New Zealand than the United States, the United Kingdom, Australia and Canada.

The report, *Comparative Costs of Higher Education Courses for International Students in Australia, New Zealand, the United Kingdom, Canada and the United States*, from Australian Education International and IDP Australia takes into account course fees and the cost of living.

It shows the cost of living in Australia is about 40% cheaper than in the United States and the United Kingdom and in New Zealand is even lower.

The report's comparative costs of higher education for international students can be viewed here:

http://www.dest.gov.au/ministers/nelson/sep02/n178_230902.htm

Career Colleges' Association a boost for tertiary education

A group of six private training establishments has established the Career Colleges' Association to help boost the quality of tertiary education in New Zealand.

The association's members are non-competitive and will act as a business cluster group to improve members' educational and business performance. They will do this through projects utilising the expertise of each member's management team.

Links with businesses and development of charters and profiles will be initial projects. Good practices will be identified and disseminated within the group.

The association, launched in October, is looking to grow to 10-20 members and represent a large proportion of sector enrolments.

Enquiries can be made to executive director Dave Guerin at dave@ed.co.nz; 04 499 8159; 021 404 334; or PO Box 24-194, Wellington.

Petition calls for NCEA to be abandoned

The ACT party has launched a petition calling for the Government to abandon the NCEA and reinstate a system of high quality, internationally comparable external exams.

Copies of the petition are available at:

<http://www.act.org.nz/nceapetition>

Maori children achieve best when schools relate to their families

New research shows that Maori children perform better at school when there are close partnerships between their schools and their families.

The New Zealand Council for Educational Research report can be ordered from sales@nzcer.org.nz.

Student loan scheme 2002 annual report released

The 2002 annual report for the student loan scheme shows that 50% of all borrowers have a loan under \$9,069 and less than 5% have a loan balance greater than \$40,000.

In 2001, the average amount borrowed was \$6,135.

The November edition of Subtext will have a more detailed story on the report.

The report can be accessed from: <http://www.ird.govt.nz/aboutir/reports/slsannual2002.pdf>

Government makes first grant under new 'Partnerships for Excellence' scheme

The University of Auckland's planned School of Business is to get the first capital grant under the Government's new CEPartnerships for Excellence, scheme.

The Government, on October 17, announced a capital contribution of \$25 million towards development of the school, which must be matched by private sector contributions of another \$25 million.

In developing the new school, the University is collaborating with local and international businesses, and with other providers of business education and aims to establish a world-class school to target very able students, with additional senior staff recruited who have international standing in research.

Australian apprentice training on the wrong track?

Australian businesses face persistent shortages of technical employees and people with trade skills despite record numbers in training as a result of the Federal Government's New Apprenticeships scheme.

An investigation by *The Australian Financial Review* in August found that the doubling of apprentices and trainees over the past five years to 334,000 has been driven partly by the incentives and training wages that employers can now use in a wider range of service industries such as hospitality, cleaning and security.

But the training schemes in these areas disguise a sharp fall in qualified people in such skilled jobs as medical services and metal, mechanical and electrical trades.

Ten-minute training prediction

Short courses won't be anywhere short enough for corporate use within five years, according to a US specialist in online education, *The Australian* reported in September.

Vice-president for e-learning at Harvard Business School Publishing in Boston Jonathan Levy said a sort of online education was evolving that would deliver knowledge in bursts as short as 10 minutes when needed.

Mr Levy said 'inside-company knowledge' and outside expertise would converge using new software. He gave the example of an executive needing a quick briefing on something outside their expertise before a meeting, perhaps a precise aspect of industrial law.

Australian Government reviewing teaching and teacher education

The Australian Government is reviewing teaching and teacher education, with an emphasis on science, technology and mathematics.

The review will include: proposing strategies for equipping teachers with the knowledge and skills to create an "innovative learning culture" amongst their students; looking at leadership practices that attract and retain teachers; a report, by the end of this year, on strategies to attract and retain science, technology and mathematics teachers; and, an "innovation action plan" for the school sector, by mid 2003, that will detail school exit outcomes for equipping graduates for the knowledge economy and society.

Details of the review can be found at: <http://www.dest.gov.au/schools/teachingreview/terms.htm>

Kuwait's first private university

Kuwait's first private university opened in September. The Gulf University for Science and Technology is an undergraduate institution that will grant bachelor's degrees in science-related fields, as well as in business administration.

Following a trend in the Middle East, the Kuwaiti government voted two years ago to allow private universities. The country of two million people currently has only one university – Kuwait University – and expatriates who make up half of Kuwait's population are not eligible to attend it.

"We are looking at private universities to help relieve the state university of its problem with congestion," said Sheikh Muneera Saud al-Sabah, the executive director for private universities at the Ministry of Higher Education. "Quality also needs to be revised, research needs to be addressed, and we have to look at the shortcomings in our standards."

Private universities on the increase in Peru

The number of private universities in Peru has increased dramatically in the past eight years — 43 compared to 28 in 1994, the *Chronicle of Higher Education* reported last month.

In 1990, 39% of Peruvian college students were in private universities, and by 2000, that number had climbed to 50%, according to Unesco's International Institute for Higher Education in Latin America and the Caribbean, the *Chronicle* reported.

Training centre for UK school leaders opens

A £28m, state-of-the-art, residential training centre for school leaders opened in England in September and is expected to attract 20,000 delegates this year, the BBC has reported.

The new building — based at Nottingham University's Jubilee Campus — boasts 100 en-suite bedrooms with Internet access, a 160-seat auditorium, video satellite hook-up and 160-seat lakeside restaurant.

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