



Education New Zealand Briefing

Title: Update on the education publishing industry
Date: 15 July 2021 **Priority:** Low
Security level: In-confidence **ENZ ID no:** 2021-256

Action sought

Addressee	Action sought	Deadline
Minister of Education	<p>Note that New Zealand's education publishers are a growing segment of the international education sector</p> <p>Note that the education publishing sub-sector is facing increasing trade protection challenges across various export markets</p> <p>Note that Education New Zealand is working with education publishers and relevant government agencies to address education publishers' concerns</p> <p>Agree that this briefing will be proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.</p>	

Contact for telephone discussion (if required)

Name	Position	Cellphone	1 st contact
Laura Simpson	General Manager (Acting), Industry	s9(2)(a)	x
Grant McPherson	Chief Executive	s9(2)(a)	

The following departments/agencies have seen this report

- MoE
 NZQA
 MBIE
 MFaT
 TEC
 Other: New Zealand Trade and Enterprise

Comments

Education New Zealand Briefing

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Recommendations

Education New Zealand recommends that you

Note that New Zealand's education publishers are a growing segment of the broader international education sector

Note that the education publishing sub-sector is facing increasing trade protection challenges across various export markets

Note that Education New Zealand is working with education publishers and relevant government agencies to address education publishers' concerns

Agree that this briefing will be proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982

Agree / Not agree



Grant McPherson
Chief Executive
Education New Zealand



Hon Chris Hipkins
Minister of Education
27/8/2021

Purpose

1. This report responds to your request for further information regarding the export issues affecting education publishers [Fortnightly Report ENZ ID 2021-222]. It outlines the status of the sub-sector prior to COVID-19, challenges the sub-sector is facing at present, and steps government agencies are taking to support the sub-sector.

Background

2. The Education Products and Services (EPS) sub-sector, which includes both education publishers and education technology (edtech) companies, forms a small but growing part of our international education industry (refer to the Appendix for further information on the economic and trade benefits of education publishing).
3. The sub-sector provides an opportunity for New Zealand education to provide solutions for remote learning and digital education around the world and an opportunity to capture a significantly larger consumer base. Education publishers also present an opportunity to increase the value of New Zealand's international education sector without the domestic impacts associated with onshore delivery.
4. The global response to COVID-19 has seen a shift in consumer behaviour in how and where learning is done. There is increasing demand for, and expectation of, high quality online or blended learning experiences. Globally, the edtech and education publishing sectors are projected to be worth between US \$341 and \$360 billion by 2025.¹ The global outlook for New Zealand's education publishers is positive, if they can access markets, buyers and opportunities.
5. A number of New Zealand's large education publishers, s9(2)(b)(ii) have expressed concerns about increasing barriers to trade, and have perceived a global trend towards increasingly protectionist measures for education procurement at the same time as States and territories continue to grapple with delivery of education products and services.

Issues affecting education publishers

6. In May 2021, the Ministry of Foreign Affairs and Trade (MFAT) arranged a series of webinars s6(a) to gain a more detailed sense of some of the digital and services related barriers to trade, and to provide information about New Zealand's current free trade agreement agenda.
7. One webinar focused on publishers and edtech companies. A number of digital edtech companies said their businesses had experienced strong recent growth over the COVID-19 period. However, discussion also surfaced a number of trade barriers, ranging from heavy burden of taxation compliance in other jurisdictions to complexities of privacy legislation impacting how companies can provide digital services.
8. Industry players asked whether there could be better collective 'New Zealand' branding of edtech companies, and also asked for greater prioritisation from ENZ and the Ministry

¹ HoloniQ, a global education intelligence research firm. <https://www.holoniq.com/notes/benchmarking-digital-reach-in-edtech/> Citibank, *Fast Forward to the Future* (October 2020).

of Education (MoE) for the export needs of edtech exporters and publishers. s9(2)(b)(ii)

9. Edtech companies also asked for greater information about regulatory changes in key markets. MFAT has asked relevant offshore posts to provide unclassified digital landscape reporting that can be shared with industry.
10. ENZ and MFAT are engaging with education publishers to understand these issues in more detail and offer advice, where appropriate.

Trade barriers

11. Education publishers have been reporting increasing barriers on their ability to trade due to government regulation. Examples include:
 - In New South Wales, Australia, a shift in schools procurement policy as of February 2021 has meant that any party wishing to sell their products and services to NSW schools must upload their content to a third-party platform, s6(a). This has affected some New Zealand edtech companies, s9(2)(b)(ii), as well as education publishers s9(2)(b)(ii), who have long-standing products and programmes operating within the country.
 - In China, the government recently tightened regulations around access and provision of online education to children below six years of age and outside of school hours. These measures will impact several New Zealand education publishers, s9(2)(b)(ii).
 - s9(2)(b)(ii) raised an issue of the impact of the European Union's privacy legislation on provision of services through a third-party server (i.e. provision of NZ content via a server based in the US). This had forced different business model choices to continue providing services in the EU. ENZ is also working with s9(2)(b)(ii), another education publisher, in relation to Brexit-related complexities.
12. ENZ and MFAT are aware of some of the challenges that digital services exporters can experience in relation to digital free trade. In May 2021, MFAT released a *Services for Export Survey* to canvas the services sector more broadly on the current export barriers being experienced.
13. The last survey of this kind was undertaken late 2017. MFAT noted valuable insights were gained from the 2017 survey and expects the 2021 survey feedback to help inform what next steps might be required for and by digital services exporters.

Domestic success a prerequisite for export success

14. Education publishers view their success in the domestic market as critical to establishing a robust export business. They view their success and recognition 'at home' as a signal to international customers of their capability to develop and deliver quality learner and educator tools, experiences, and outcomes. International customers typically seek proof of domestic success as part of their procurement decisions.

15. Education publishers have reported a reliance on practitioners' updates in relation to New Zealand's domestic curriculum. This has created some delays in their ability to develop relevant and timely resources and in some cases has impacted business planning and resources for export. Education publishers are keen to engage more closely with government agencies so that they can better plan for, understand and respond to resource needs.
16. In the international education sector feedback on the Strategic Recovery Plan, the subsector noted that:
- A number of providers are also seeking government support to manage live trade issues as they are anticipating a global trend towards increasingly protectionist measures for digital services education exports as States and territories continue to grapple with online education.
 - Increased investment in digital services globally is also corresponding with increasing regulation and the imposition of protectionist measures in the EPS space, affecting access to markets for our exporters.
 - A key priority for this subsector is seeking assistance from government to help open doors for them internationally.
17. At the International Education Forum on 13 July, the EPS panellist noted that some domestic policy considerations may impact this sub-sector. Specific issues included possible changes to domestic copyright policy, and discretionary purchasing by schools in relation to changes around fees and donations.

ENZ's role and next steps

18. ENZ takes a leading role to raise the profile of, promote, and support the sector to 'deliver a range of education products and services to a variety of markets' in line with the NZIES.

Supporting innovation to grow export capability and reach

19. Through the Future Focus Programme (FFP), ENZ is working with the Publishing Association of New Zealand (PANZ), the membership body for education publishers, on ways they can innovate to improve their export capability and reach. Three projects have been progressed to date, with a total value of \$80,000. All three projects, outlined here, are due to be completed by the end of 2021:
- Research to identify priority international customers and markets to inform publishers of the specific changes that have occurred regarding buyer behaviour and demand following the onset of the COVID-19 pandemic.
 - Developing a digital hub to showcase, sell and distribute New Zealand content to enhance the visibility of education publishers to international audiences and expand its reach to prospective customers.
 - Implementing new ways of working with domestic stakeholders to develop export content, enabling education publishers to partner with domestic education stakeholders within New Zealand (e.g. teacher and subject specific associations) in

order to bridge the gap between practitioners and publishers. This will help publishers create content for international customers which have domestic backing.

Improving coordination to identify and respond to trade barriers

20. Edtech companies experience many of the same technical and regulatory barriers to trade as education publishers. ENZ is supporting edtech companies and education publishers to present a more unified voice to government, enabling government to respond with a broader understanding of industry-wide issues rather than focusing on specific challenges or individual providers. A separate FFP project currently being developed is an EdTechNZ Ecosystem Map which will define the size and value of the edtech industry, including digital education publishers as a segment.
21. ENZ is also seeking to understand barriers to trade for digital services exporters such as education publishers and will shortly carry out work to gain insights into the barriers the sub-sector is experiencing (both onshore and offshore). ENZ will work with relevant government agencies to use these insights to support the development of a road map to address these barriers over time. This work will include engagement with representatives from education publishers and edtech companies as well as government agencies.

Facilitating and encouraging cross-government alignment and support

22. ENZ is in discussions with MFAT, MoE and New Zealand Trade and Enterprise about the establishment of a cross-government working group to improve coordination on matters relating to the export of education products and services.
23. ENZ sees the potential for such a group to provide a mechanism for agencies to exchange information and intelligence to encourage export growth and identify trade barriers. It would also help ensure a focus by government agencies on a sub-sector which has considerable potential for growth and which can support the recovery of the international education sector.
24. ENZ will update you through its fortnightly report as this work develops.



Appendix: Education publishing at a glance

This information is taken from the Nielsen Market Survey Report of PANZ Membership, December 2019; and from PANZ itself in 2020.

Education publishers **31** education publishers are represented by PANZ (the remainder of the 80 members are trade publishers)

11 education publishers export online products and services, **s9(2)(b)(ii)**

Direct revenue **\$36.6m** value of education publishing to New Zealand in 2019 (up 2.9% from 2018)

\$15.7m estimated education publishing export revenue in 2019 (42.9% of total value)

Export performance **42.9%** of all content that is exported by education publishers

5% of all content that is exported by trade publishers (books, journals, etc)

Top five markets

1. United States
2. Australia
3. China
4. Rest of Asia
5. United Kingdom

Formats utilised by education publishers **89%** physical print format

11% digital format (up from 7.9% in 2018)

Digital formats, including those utilised by edtech companies more widely, include:

- One-to-one interactive experiences with live, tutor-led instruction
- Curriculum planning solutions for teachers and for schools
- Platforms for administration, student management, content management and learning management within the education sector