NEW ZEALAND
INTERNATIONAL EDUCATION SNAPSHOT

2014 JANUARY — APRIL REPORT

NEW ZEALAND
EDUCATION
ThinkNew

Introduction – a growing industry

When a student from another country comes to study in New Zealand, a whole lot of different factors have lined up behind the decision.

A New Zealand insitution has designed and marketed a course or qualification that meets their needs; New Zealand's international representatives – whether they're government agencies or alumni or Kiwis abroad – have set the scene, telling about a country that welcomes international students and gives them a great experience and a quality qualification; agencies such as Immigration New Zealand have smoothed the way, facilitating the student's entry requirements.

For our part, Education New Zealand has helped pull that whole experience together into a compelling proposition about international education that benefits students and their families, the institutions they come to and the whole country.

I'm delighted that in this international education snapshot, we are seeing an industry that is strong and growing. New Zealand is an attractive destination for growing numbers of international students.

I know from people I meet and talk to all the time that this growth is bringing many benefits – students are getting great education, institutions are increasingly diverse and New Zealand is deepening its vitally important global linkages.

There's a bottom-line benefit as well – as New Zealand's fifth-largest export industry, international education is playing its part in New Zealand's business growth agenda. The growth we are reporting in this snapshot represents about $100 million in value for the country.

As a country, we have a lot of work to do to keep international education growing. Among the issues we are working on with the industry, we must keep the momentum going, ensuring we are focusing on the right markets and working closely with the education providers who are attracting students. And we have to balance the growth in student numbers coming here with initiatives to export New Zealand's great education expertise internationally.

The international education industy has achieved a lot – and is working on much more.

Grant McPherson
Chief Executive

University sector international student trends January to April 2014

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The number of international students

+4%

Tuition fee income international students

+6%

Students studying at Masters level

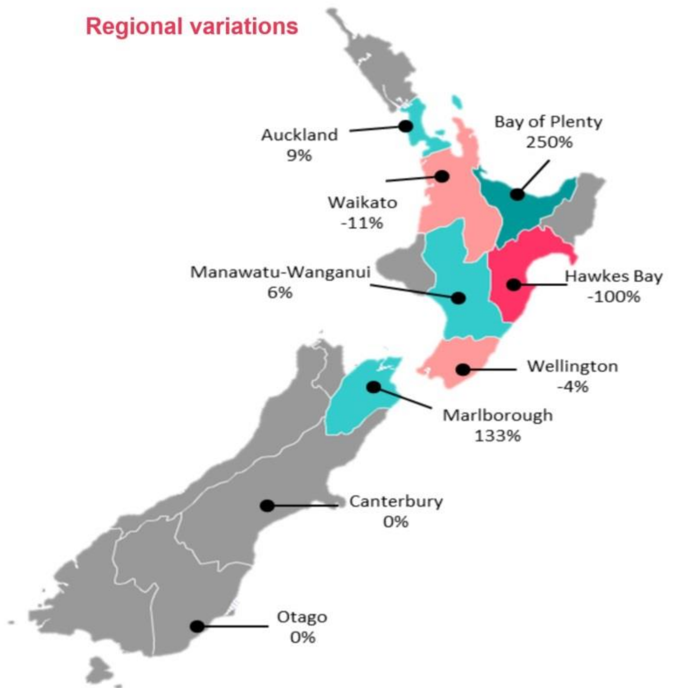
+20%

Students studying engineering & related technologies

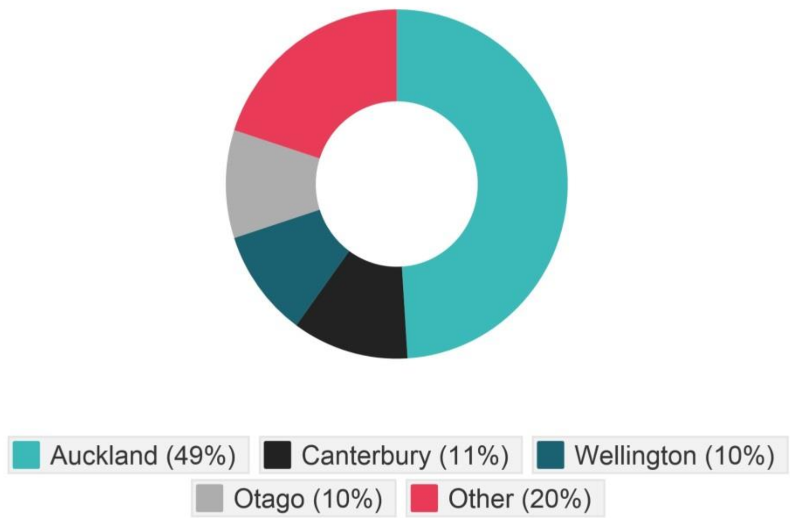
+8%

Number of international students from 2010 to 2014

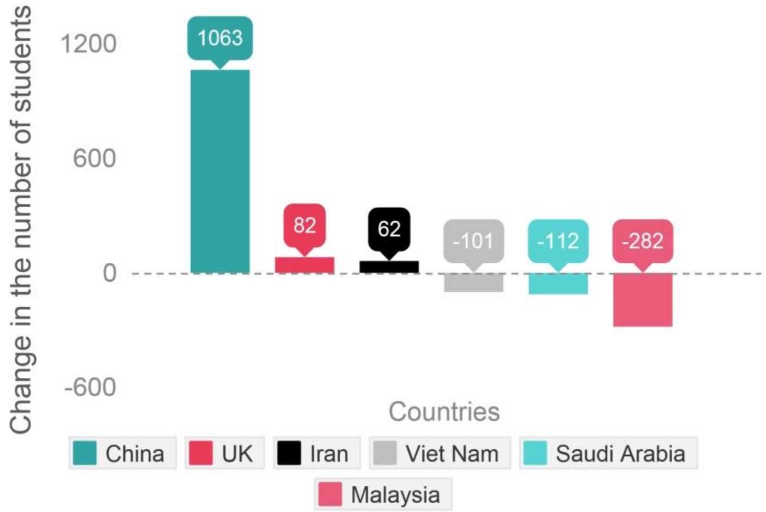
Regional variations



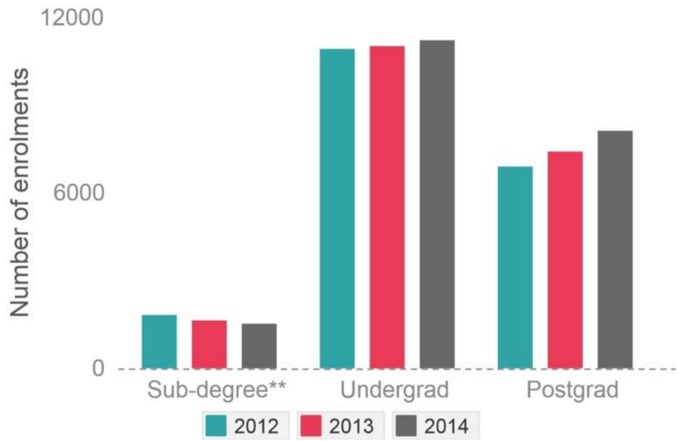
Proportional distribution of students by region, 2014



Top three increases & decreases by source country



Student enrolments by level of study, 2012 - 2014*



Developed by Education New Zealand.
This infographic includes data on full fee-paying, NZ Aid, PhD, foreign research postgraduate and exchange students.
It combines the following data sources from the Ministry of Education: the Export Education Levy and Single Data Return (SDR) data. Offshore students are also included if classified as offshore in the SDR. Links to data sources: student numbers (www.educationcounts.govt.nz).
**Sub-degree includes Certificates from level 1 - 4 and Diplomas from level 5 - 7 in the SDR.
These figures are provisional and subject to change in the full-year data release in early 2015.

ITP sector international student trends

January to April 2014

The number of international students

+9%

Tuition fee income from international students

+12%

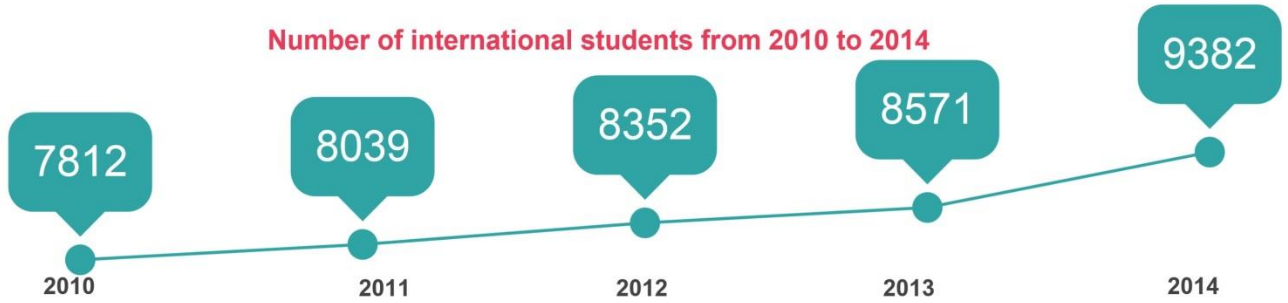
Students studying at postgraduate level

+18%

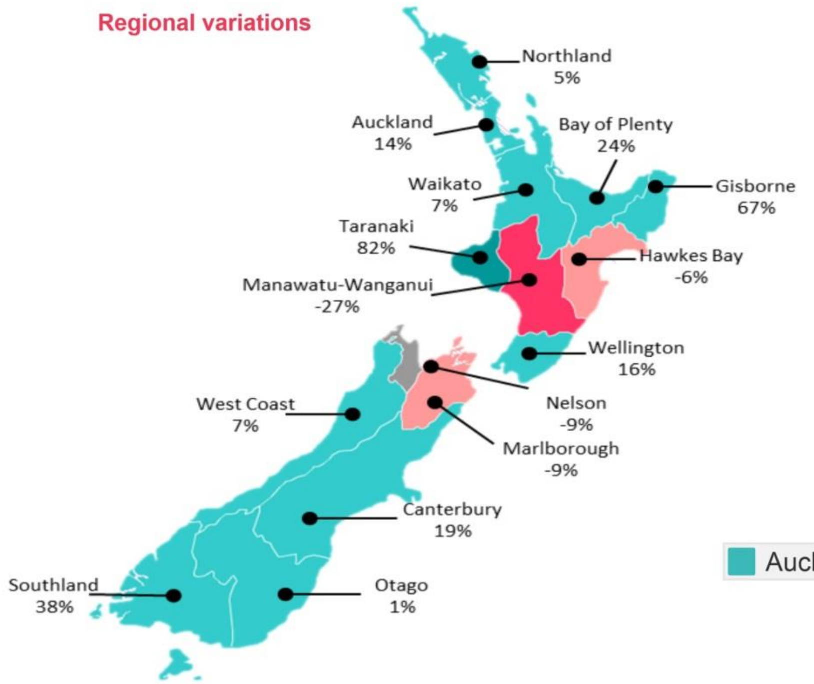
Students studying in the Auckland region

+14%

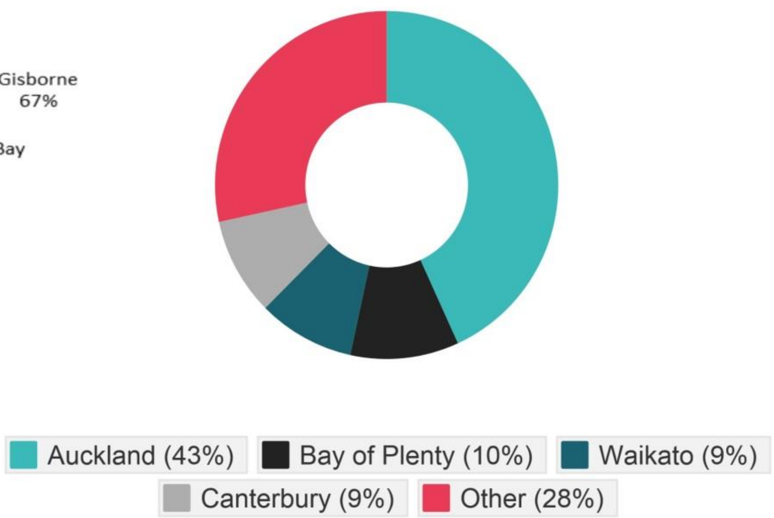
Number of international students from 2010 to 2014



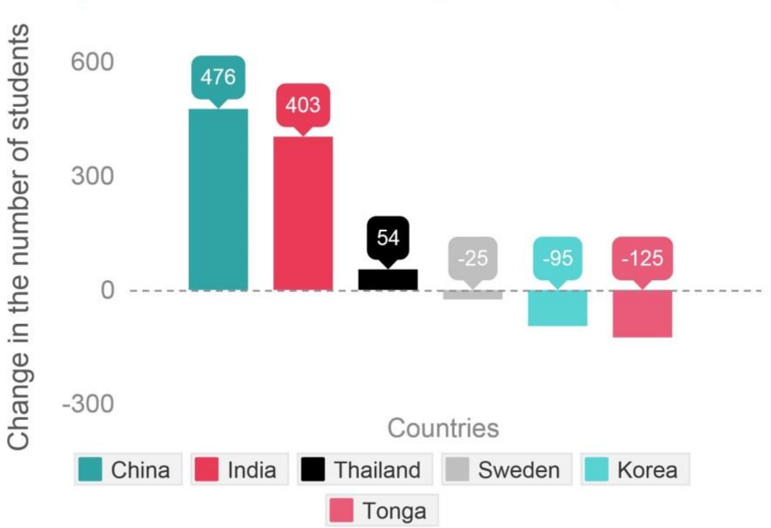
Regional variations



Proportional distribution of students by region, 2014



Top three increases & decreases by source country



Student enrolments by level of study, 2012 - 2014*

Developed by Education New Zealand.
This infographic includes data on full fee-paying, NZ Aid, PhD, foreign research postgraduate and exchange students.
It combines the following data sources from the Ministry of Education: the Export Education Levy and Single Data Return (SDR) data. Offshore students are also included if classified as offshore in the SDR. Links to data sources: student numbers (www.educationcounts.govt.nz) and student visas (www.immigration.govt.nz).
*Sub-degree includes Certificates from level 1 - 4 and Diplomas from level 5 - 7 in the SDR. Postgrad includes Postgraduate Certificates and Diplomas (L7 - 8), Honours, Masters and Doctoral level studies.
These figures are provisional and is subject to change in the full-year data release in early 2015.

Primary and secondary school sector international student trends January to April 2014

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The number of international students in the primary school sector

+1%

Tuition fee income from international students in the primary school sector

+8%

The number of international students in the secondary school sector

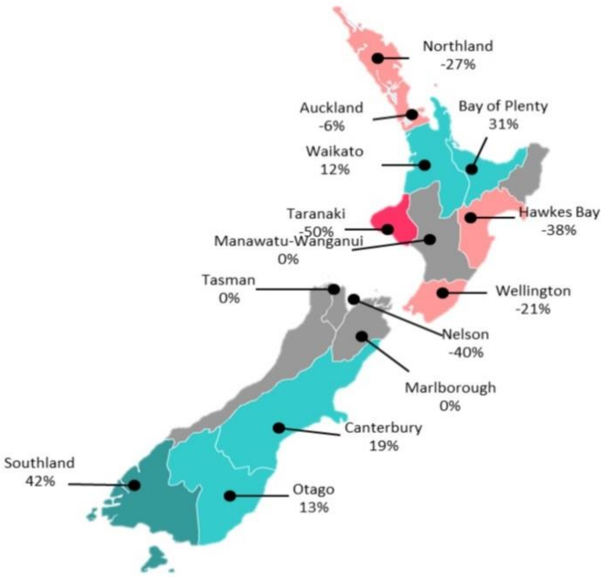
+5%

Tuition fee income from international students in the secondary school sector

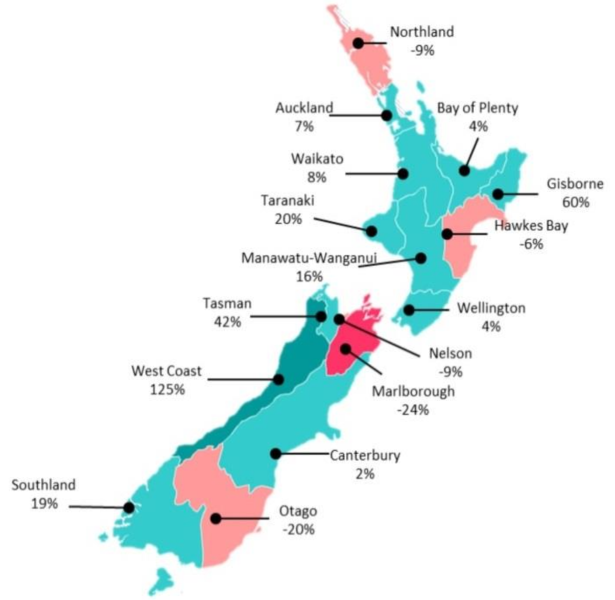
+7%

Number of international students from 2010 to 2014

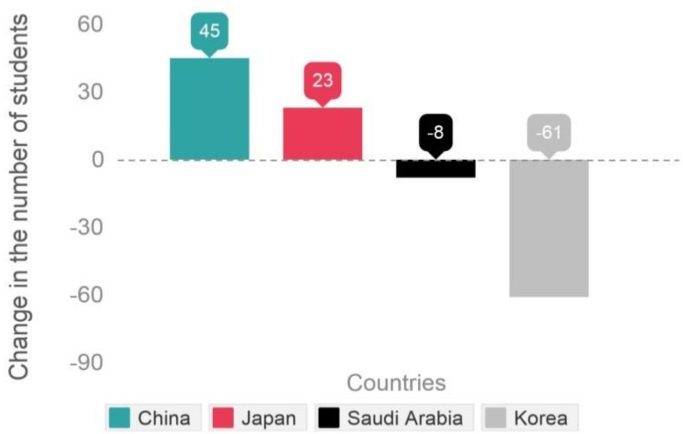
Regional variations: primary schools



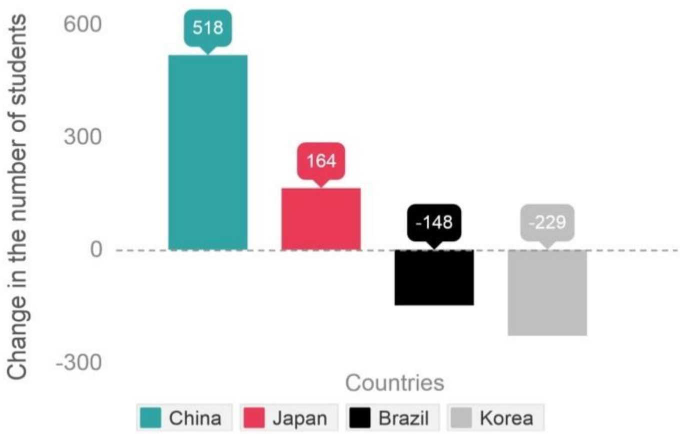
Regional variations: secondary schools



Top two increases & decreases by source country: primary schools



Top two increases & decreases by source country: secondary schools



Developed by Education New Zealand.
This infographic includes data on full fee-paying and exchange students. The data is sourced from the Ministry of Education's Export Education Levy.
These figures are provisional and is subject to change in the full-year data release in early 2015.

PTE sector international student trends

January to April 2014

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The number of international students in the PTE sector

+13%

Tuition fee income from international students in the PTE sector

+22%

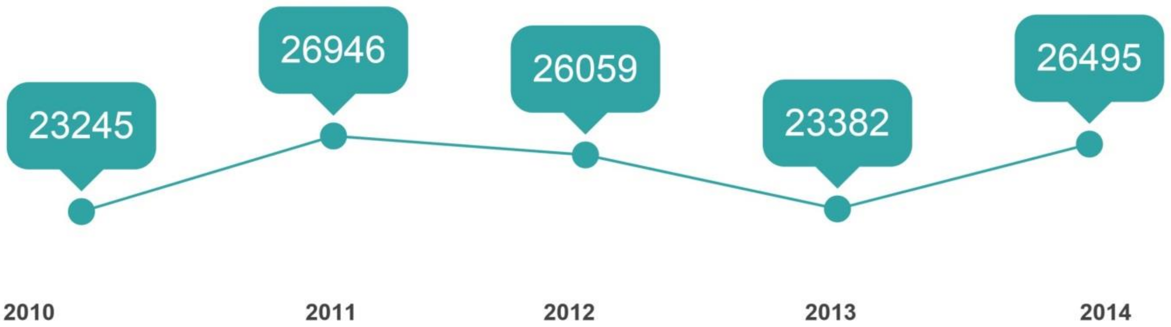
Indian students

+59%

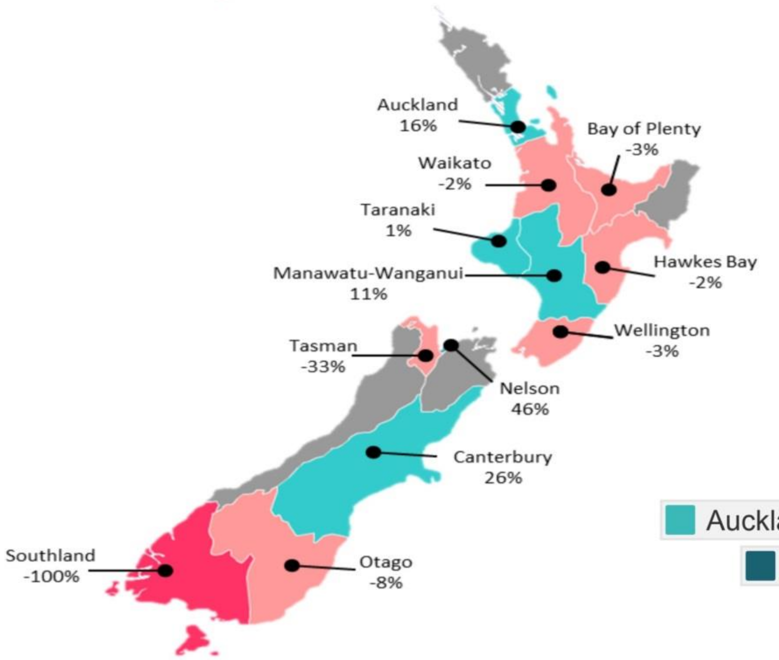
International students studying in Auckland

+16%

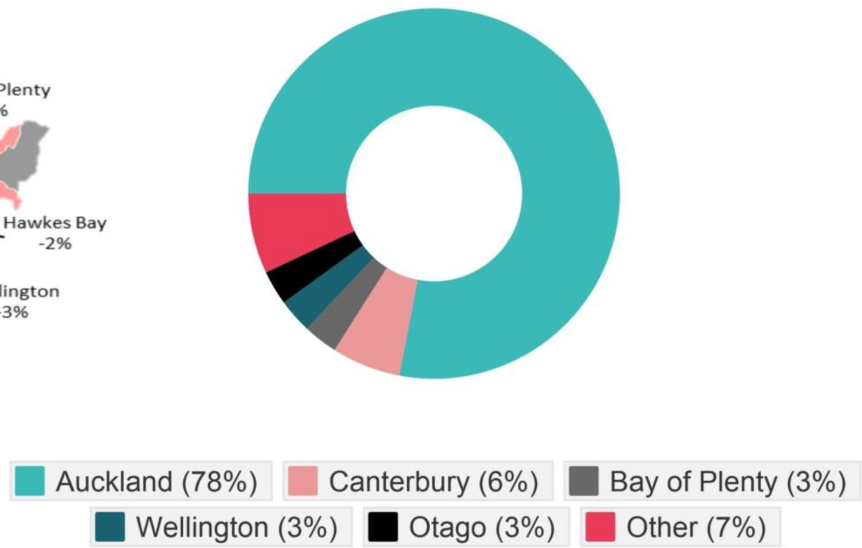
Number of international students from 2010 to 2014



Regional variations

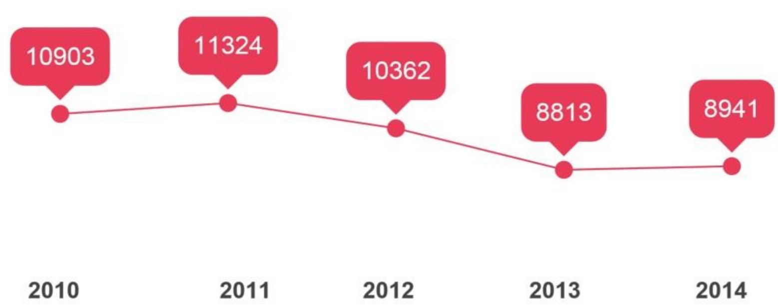


Proportional distribution of students by region, 2014



Top three increases & decreases by source country

Number of international students in the English language sector, 2010 - 2014



Developed by Education New Zealand.
This infographic includes data on full fee-paying, NZ Aid, PhD, foreign research postgraduate and exchange students. It combines the following data sources from the Ministry of Education: the Export Education Levy and Single Data Return (SDR) data. Link to data sources: student numbers (www.educationcounts.govt.nz). This data includes SDR-PTEs, Non-SDR PTEs, and Subsidiaries.
These figures are provisional and is subject to change in the full-year data release in early 2015.

Key trends for 2014:

- The first trimester (January – April) of 2014 (T1) saw an overall increase of 8% (5,110 students) in international student enrolments when compared to the same period in 2013.

- It is estimated that the value of New Zealand's international education industry has increased by $100m. This figure includes a 10% ($40.2m) increase in tuition fee income for the industry.

- There were record high levels of:
  - postgraduate enrolments in the Government funded tertiary sector, which increased by 12% (1,165). This was driven by record Masters level enrolments ↑20% (454)
  - university enrolments ↑4% (827)
  - institutes of technology and polytechnics (ITP) enrolments ↑9% (811)
  - secondary school enrolments ↑5% (444).

- Indian international students represented the largest proportion of the increase ↑41% (2,996).

- Chinese student enrolments grew by 12% (2,212).

- The number of international student enrolments in Auckland has stabilised after experiencing declines in previous years, increasing by 12% (4,336) in 2014. The total number of international student enrolments in Auckland at the end of T1 was 40,639. This is a record high result for the Auckland industry since 2007.

- After experiencing a strong finish to 2013, Canterbury enrolments continued to increase in T1, growing by 10% (494).

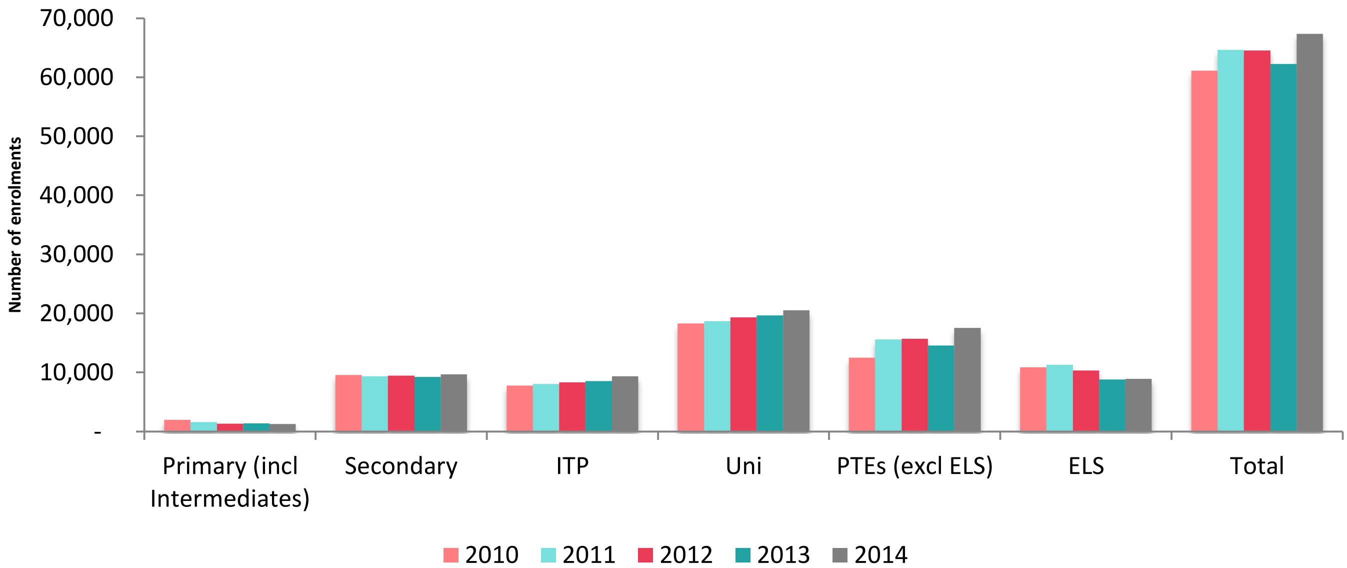
This report provides a snapshot of the trends in New Zealand's international education industry for the 2014 year to date. The report utilises information from the Export Education Levy, Single Data Return (SDR) and student visa statistics. It builds on three reports released previously: January – April 2013, January – August 2013, and a full year report for 2013.

Overview:

The first trimester of 2014 was the strongest first trimester on record[1]. With the exception of the intermediate school sector, the international education industry experienced a positive start to the 2014 academic year. The secondary school, university and ITP sectors experienced record high enrolment numbers.

In T1 there were 67,387 international students enrolled at a New Zealand education provider[2]. T1 of 2014 saw an overall increase of 8% (5,110) in international student enrolments when compared to the same period in 2013.

Figure 1: The number of international students in the New Zealand international education industry, 2010 - 2014



There was strong growth from both traditional and emerging markets. Indian students saw the biggest increase ↑41% (2,996). This growth came from non-English language PTEs ↑59% (2,601) and the ITP sector ↑22% (403). Chinese student enrolments grew by 12% (2,212). This growth was driven by the university sector ↑15% (1,063) and the school sector ↑22% (581). There was a significant increase in Filipino student enrolments, which grew by 75% (446) and was driven by non-English language PTEs ↑194% (308).

[1] The introduction of the National Student Number (NSN) in the school sector began in 2007, which allowed the Ministry of Education to develop a relatively robust dataset based on individual international student numbers.

[2] This includes offshore students enrolled in a formal qualification at a university, ITP, wānanga, and government funded private training establishment (PTE). It also includes students enrolled in a non-formal qualification at a non-government funded PTE. See Appendix 1 for the breakdown and definition of international students used in this report.

Auckland and Canterbury, representing almost 70% of enrolments, are the two biggest regions for international students. Post-Canterbury earthquakes, these regions experienced a notable decline in student enrolments. However 2014 has seen both regions increase their international student enrolments. Auckland enrolments increased by 12% (4,336), driven by the PTE sector ↑16% (2,791) and the university sector ↑9% (846). Canterbury increased by 10% (494). This was driven by the PTE sector ↑26% (348) and the ITP sector ↑19% (121).

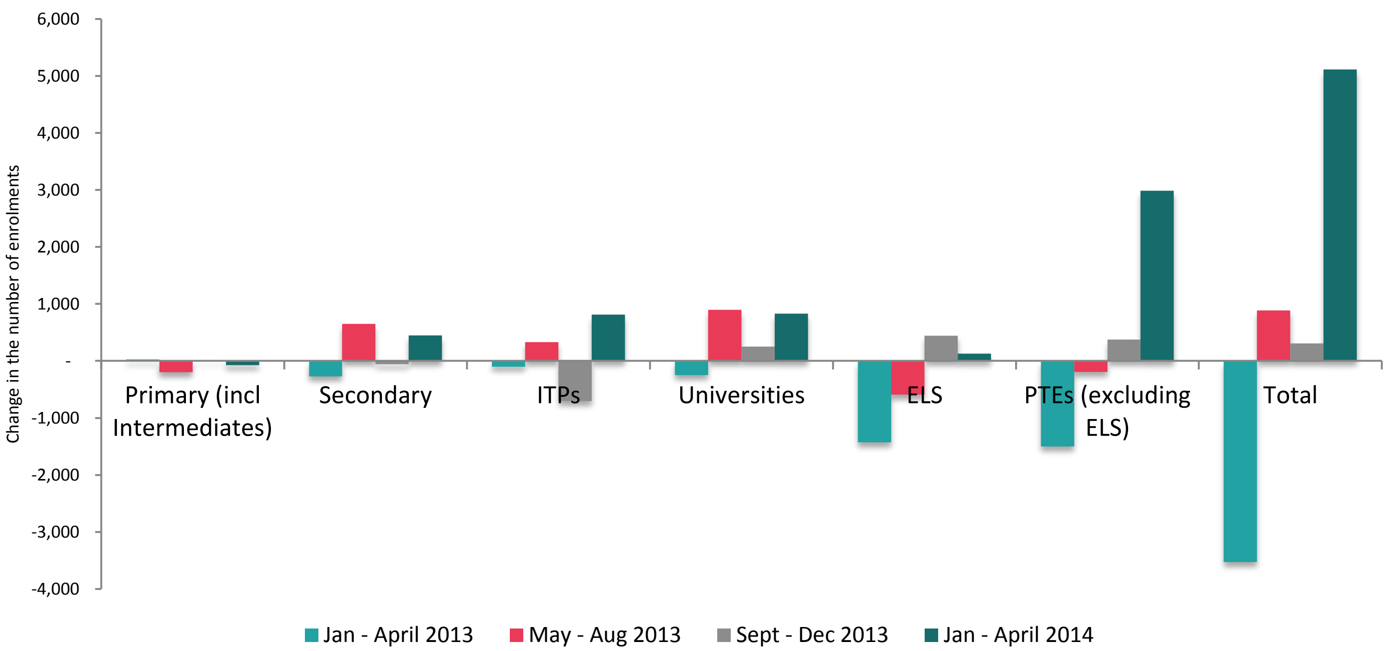
Table 1: The percentage and total change in international students and tuition income, 2014 T1 vs. 2013 T1 (excludes wānanga)

All Sectors	School	Universities	ITP	PTE (excluding ELS)	ELS	Total PTE	Total
% change in student numbers	↑3%	↑4%	↑9%	↑20%	↑1%	↑13%	**↑8%**
Total change	↑370	↑827	↑811	↑2,985	↑128	↑3,113	**↑5,110**
% change in tuition income	↑7%	↑6%	↑12%	↑25%	↑7%	↑22%	**↑10%**
Total change in tuition income ($m)	↑$2.4	↑$14.1	↑$6.5	↑$16.1	↑$1.2	↑$17.2	**↑$40.2**

Analysis:

The strong result for the beginning of 2014 marks three consecutive trimesters of growth for the industry. T1 proved that the industry has recovered and continues to rebuild from the effects of the Canterbury earthquakes and the Korean decline, which resulted in a reduction in international student numbers in 2012 and the first trimester of 2013.

Figure 2: 2013 and 2014 trimester breakdown of the change in the number of international students, compared to the same period from the previous year



There were three key notable trends in the first trimester of 2014. These were:

- growth in the PTE sector, specifically Category One and Two providers
- growth in postgraduate enrolments
- growth in Indian student enrolments.

Private training establishments sector growth[3]:

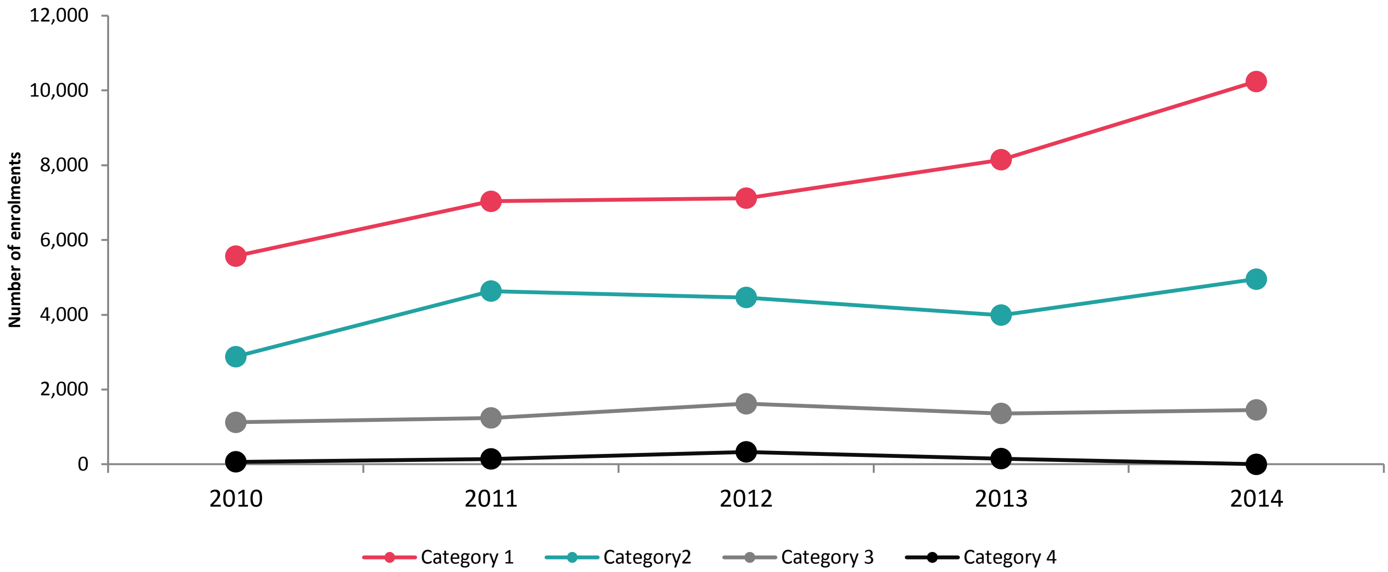
After two consecutive years of declines, the PTE sector is showing strong signs of recovery ↑13% (3,113) when compared to the same period in 2013. Overall international student numbers are now ↑2% (436) on the same period in 2012.

International students are continuing to choose to enrol in high quality PTEs as the increase in the sector is being driven by Category One and Two providers[4]. Category One providers appear to have

[3] Includes subsidiaries.
[4] NZQA places non-university providers into one of four provider categories on the basis of external evaluation and review (EER). This includes institutes of technology and polytechnics, wānanga, private training establishments and government training establishments: **Category 1**: two

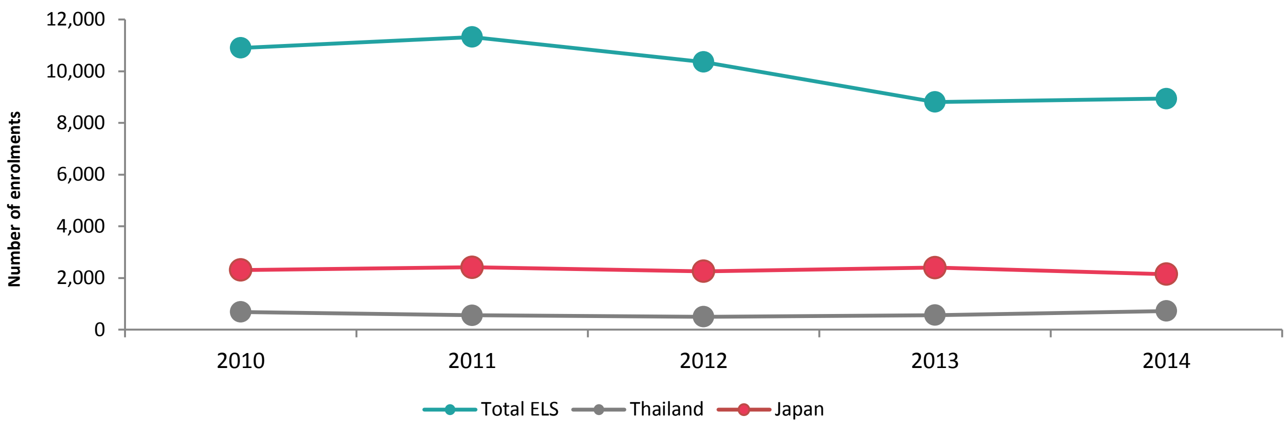
been performing relatively positively for the past four years, growing at an average rate of 14% per year. However T1 2014 has seen a sharp increase of 26% (2,093). The decline in Category Four enrolments previously offset much of this growth.

Figure 3: International students in the PTE sector broken down by NZQA's External Evaluation and Review (EER) rating[5]



The English language sector (ELS) has experienced a relatively flat result for 2014 ↑1% (128). The ELS sector has been experiencing a decline in student enrolments since 2011. The flat result for 2014 is a positive indication that the sector has slowed the overall decline and is seeing signs of growth. Overall, this sector experienced encouraging growth from several key markets including Thailand ↑30% (166), China ↑8% (92), Korea ↑8% (88) and Germany ↑19% (58). However a sharp decline in Japanese students ↓10% (-251) offset much of this growth.

Figure 4: International students in the ELS sector, 2010 - 2014



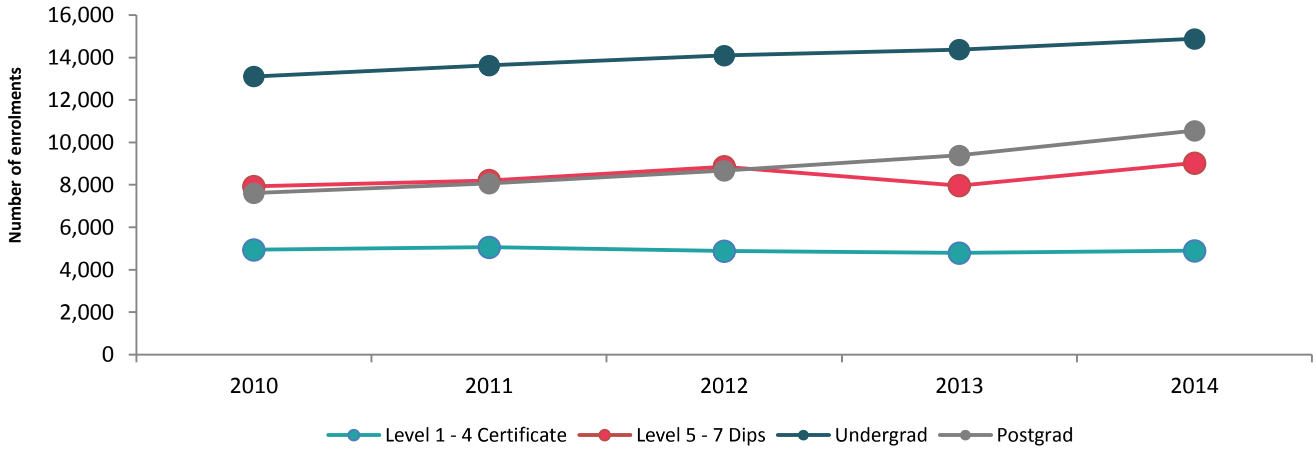
Highly Confident judgements, or a Highly Confident judgement for educational performance and a Highly Confident/Confident judgement for self-assessment capability., **Category 2**: two Confident judgements, or a Highly Confident judgement in self-assessment and a Confident judgment in educational performance. **Category 3**: any Not Yet Confident judgement. **Category 4**: any Not Confident judgement. For more information see: http://www.nzqa.govt.nz/providers-partners/approval-accreditation-and-registration/provider-categories/provider-categories-eer/

[5] This graph breaks down the EER rating of providers in the PTE sector who increased or decreased by more than 50 enrolments in 2014.

Growth in postgraduate studies[6]:

There has been a consistent trend in international students focusing on quality higher level education in New Zealand. Postgraduate studies in the Government funded tertiary sector saw the biggest actual increase in enrolments by level of study for 2014. Postgraduate enrolments are now at record levels[7] ↑12% (1,165 enrolments) continuing strong growth from previous years. This growth is driven by enrolments in Masters degrees ↑20% (454) and Graduate certificates and diplomas ↑20% (328). Enrolments in Doctoral degrees have also seen a steady increase ↑5% (173). The growth at Masters level is a reflection of the growing demand for New Zealand taught-Masters programmes, particularly in Management and Commerce. It is expected that this demand will continue as New Zealand providers introduce additional taught Masters programmes to meet international student demand.

Figure 5: Qualification level trends in Government funded tertiary providers, 2010 - 2014



Growth in Indian student enrolments

The number of Indian student enrolments increased by 41% (2,996) in T1. This growth was key in stabilising declines from previous years. The growth was driven by the non-English language PTE sector, up 58% (2,598). The bulk of this increase was in Level 5 – 7 Diplomas in Management and Commerce. The ITP sector also experienced a strong increase in Indian enrolments ↑22% (403). The majority of the ITP growth (64%) was driven by Diplomas at Level 5 – 7, which grew by 41% (257), with Health and Information Technology seeing the biggest increases.

India is a key market for the international education industry, with the growth in Indian students reflecting the importance placed on this market. Education New Zealand continues to work with the New Zealand international education industry and NZ Inc agencies to focus on attracting quality students from India. The Christchurch Skills Scholarships and the New Zealand India Sports Scholarships target students enrolling in qualifications at Level 7 and above to support positive outcomes for Indian students and for New Zealand. The emphasis on growth and quality remains the key strategy focus of all NZ Inc partners engaged in the India market.

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[6] This includes all Government funded tertiary providers

[7] Records/data dates back to 2010.

Commentary on other sector level trends:

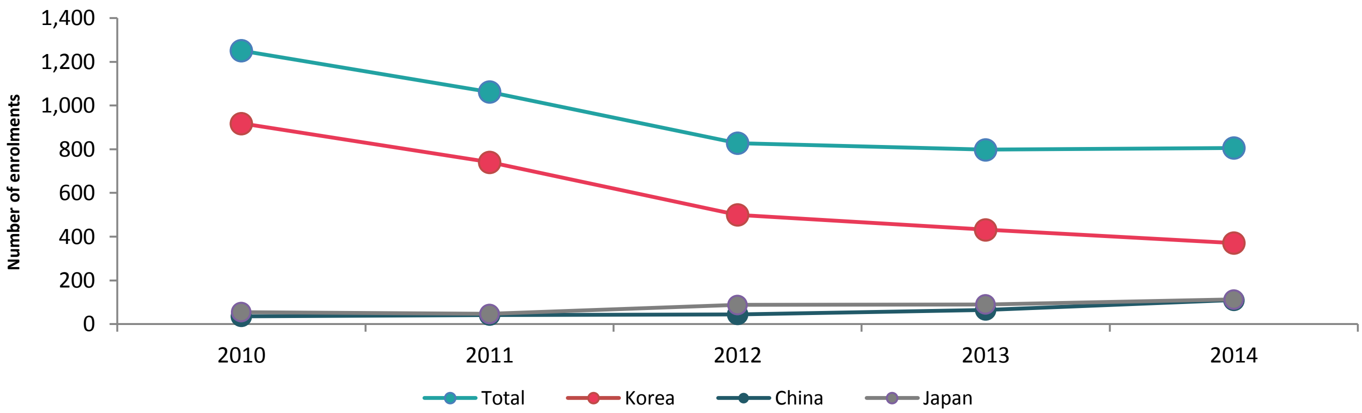
Primary school sector

The primary school sector has seen a flat result for T1 ↑1% (8). This positive result is a demonstration of the sector stabilising from previous years' declines.

The sector has offset a historical trend in declining Korean student numbers by balancing new growth from the Japanese and Chinese markets.

The Bay of Plenty region saw the biggest growth ↑31% (28), followed by the Canterbury region ↑19% (14).

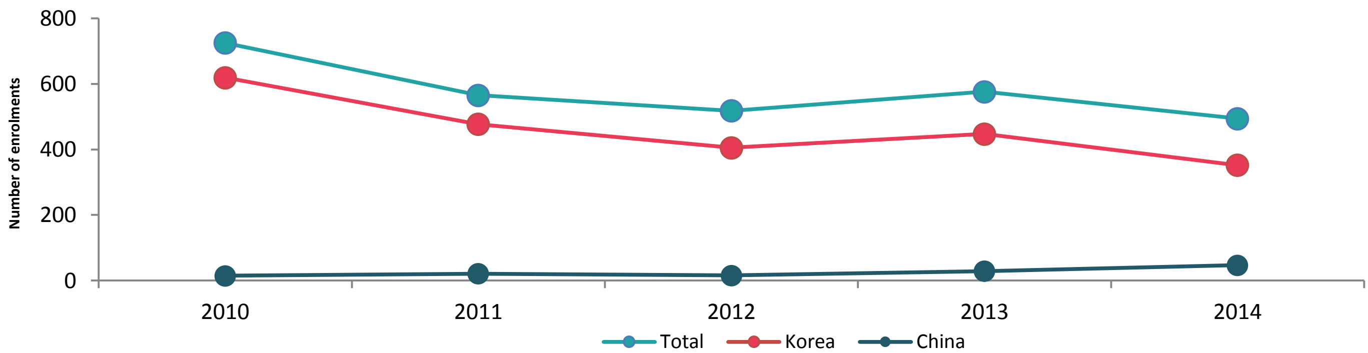
Figure 6: International student trends in the primary school sector, 2010 - 2014



Intermediate school sector

This sector saw a 14% (-82) decline for T1. This decline was driven by a 21% (95) decrease in Korean students. A 62% (18) increase in Chinese students offset some of the Korean decline.

Figure 7: International student trends in the intermediate school sector, 2010 - 2014



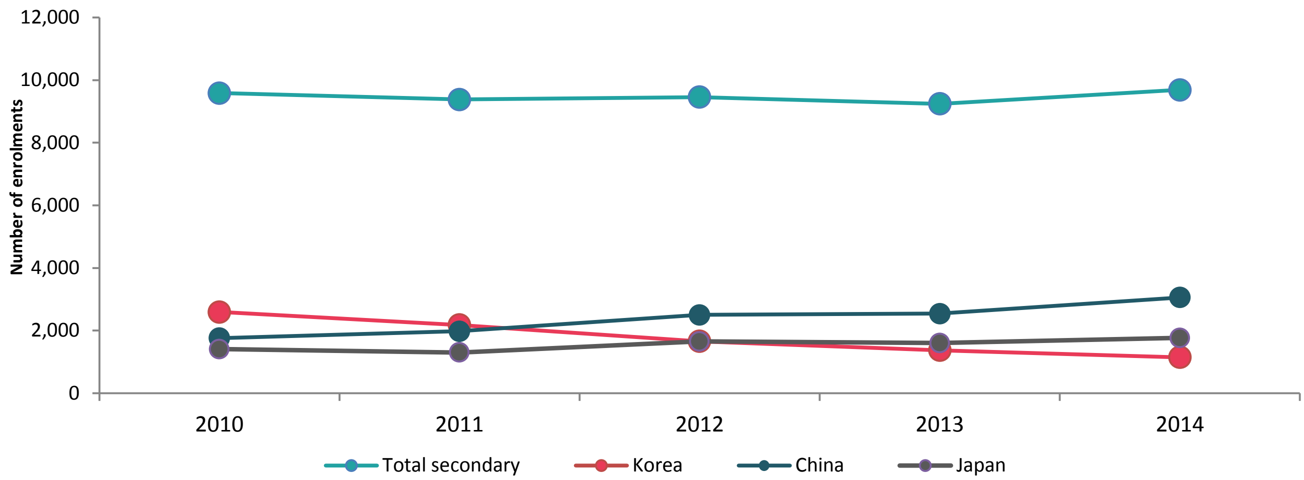
Secondary school sector

The secondary school sector grew by 5% (444) in T1 2014. This is a record high for the secondary school sector. This sector saw growth despite a 17% (-229) loss in Korean students and a 30% (-148) loss in Brazilian students. The loss in Brazilian secondary schools students was due to a reduction in Pernambuco Win the World scholarship students[8].

The sector has gone through an encouraging diversification of its market portfolio over the past four years. While the overall trend for the past four years appears to be flat, there have been some significant shifts in source countries, specifically in the top three countries the sector receives international students from. Scholarship arrangements with Chile and Brazil have provided other markets for this sector to work with.

The sector saw an increase in Latin American students over the past 18 months due to scholarship arrangements, which included Chilean Penguins without Borders and the Pernambuco programmes. Education New Zealand, with support of NZ Inc partners, continues to develop relationships with other governments to tailor products and services to expand the international education industry in New Zealand.

Figure 8: International student trends in the secondary school sector, 2010 - 2014

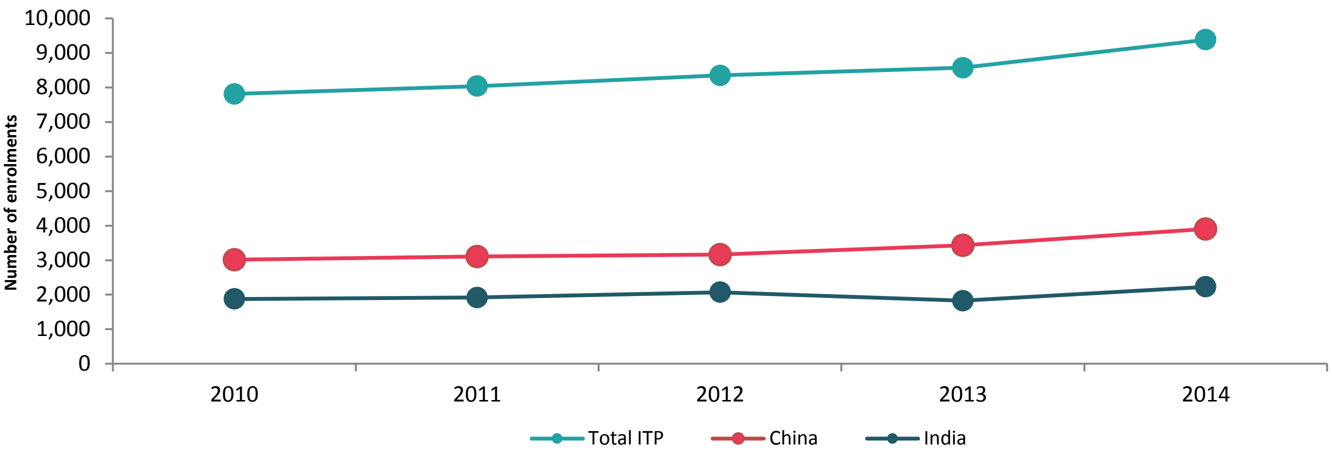


Institutes of technology and polytechnics

The ITP sector grew by 9% (811) in T1 2014. This is a record year for the number of international students in the ITP sector. This was driven by growth in Chinese students ↑ 14% (476) and Indian students ↑22% (403). Though from a lower base, there was strong growth from Thailand ↑81% (54), Brazil ↑269% (43) and the Philippines ↑11% (28).

[8] In 2012 New Zealand received 334 students however we received 200 in 2014.

Figure 9: International student trends in the ITP sector, 2010 - 2014



While Auckland's ITPs saw the biggest growth**,** ↑14% (429), the regions also experienced strong growth. Southland increased 38% (188), the Bay of Plenty ↑24% (158) and Canterbury ↑19% (121).

There has been continued steady growth at undergraduate level ↑8% (226), strong growth at postgraduate level ↑18% (254), and below undergraduate level studies have seen growth in 2014 (↑7% (319)). The sector appears to be rebuilding its pipeline of students. In previous years undergraduate level and above provision grew, while lower level provision declined. This can impact the pipeline of international students, as students tend to pathway through from lower level provision into higher levels of education. The ITP sector appears to be balancing growth at all levels of study in T1. This is encouraging for the year ahead.

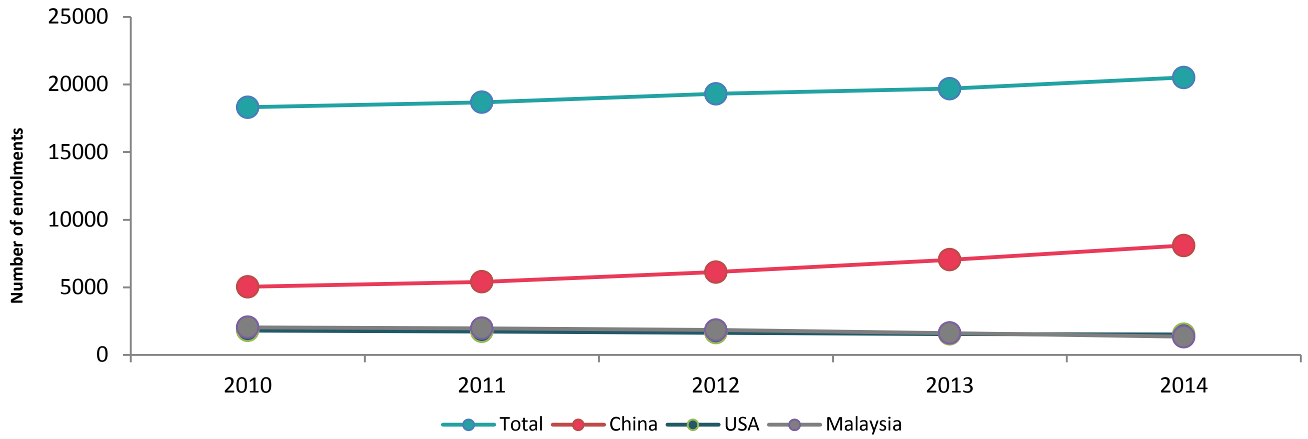
Management and Commerce studies saw the biggest increase ↑15% (522), followed by Society and Culture ↑7% (162)[9], and Food, Hospitality and Personal Services ↑32% (154).

University sector

The university sector experienced another strong result for the first trimester of 2014 ↑4% (827). This is the strongest first trimester on record for the sector; however it is largely attributed to the performance of Auckland-based universities. This growth was driven by Chinese international students ↑15% (1,063). This strong Chinese growth was driven by enrolments at undergraduate level and above, with undergraduate enrolments ↑13% (567) and postgraduate enrolments ↑ 28% (536). Most of the Chinese postgraduate enrolment growth was at the Masters ↑49% (386). A decline of 17% (-282) in Malaysian students and 15% (-112) in Saudi Arabian students offset some of the growth.

[9] Which includes English language studies.

Figure 10: International student trends in the university sector, 2010 - 2014



University enrolments in the Auckland and Manawatu-Wanganui regions experienced the biggest regional growth, up 9% (846) and 6% (78) respectively. The Waikato region saw the biggest decline, down 11% (-187).

Engineering-related studies saw the biggest increase ↑8% (209) followed by Management and Commerce studies up 3% (198) and Creative Arts ↑12% (194).

Overall postgraduate enrolments saw a significant increase ↑10% (711). This was driven by a 20% (421) increase in Masters level enrolments. Management and Commerce saw the biggest increase ↑30% (286). This growth is related to the recent expansion of taught-Masters degrees in New Zealand, with some universities reporting that Management and Commerce taught Masters are in high demand.

Value of international education:

International student tuition fee income increased by 10% ($40.2m) in T1, compared to the same period last year. The majority of this increase (43%) came from the PTE sector, which experienced a 22% ($17.2m) growth in fee income. The university sector also experienced significant growth in fee income with a 6% ($14m) increase.

The 2013 valuation of the international education industry is valued at $2.6 billion. It is estimated that the increase in fee income and increased expenditure from additional international students in T1 equates to a total increase of $100m to the economy[10].

[10] This is calculated by updating the value of international students from Infometrics' report on the Economic Impact of International Education 2012/2013.

Australian student enrolment trends January – April:

After two years of declines, Australian international student enrolments have increased for January – April 2014 period. Though this may not represent the actual trends in student numbers, course enrolments have increased by 10% (33,970)[11]. All sectors are experiencing increases, with the English language sector experiencing the biggest increase ↑25% (13,782).

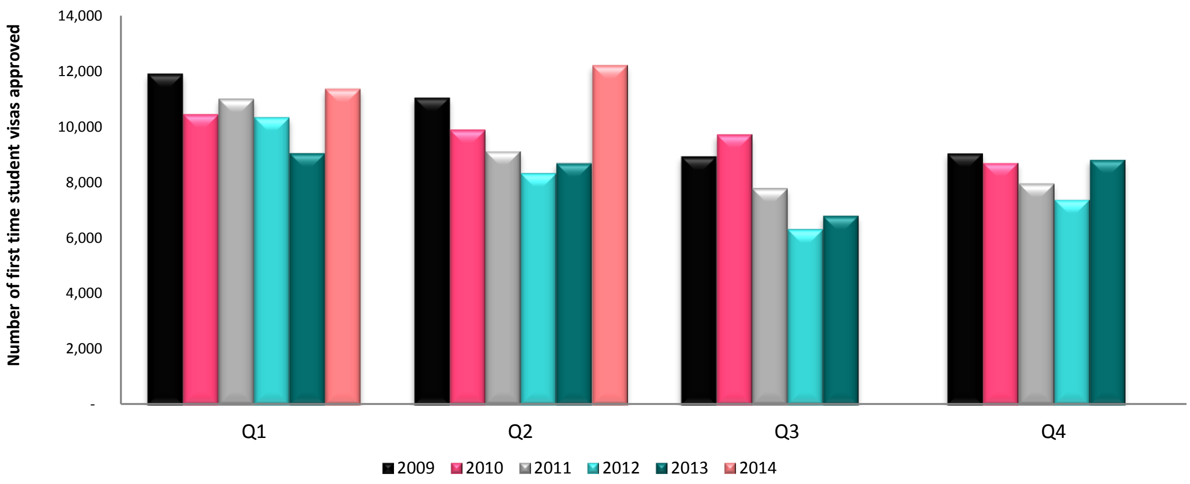
These increases were driven by India ↑18% (5,790), China ↑5% (5,728), Brazil ↑45% (3,927), Viet Nam ↑20% (3,419), and Nepal ↑27% (2,548).

Future outlook:

Student visa trends are a strong indicator of whether international students are remaining, leaving or entering New Zealand to study in the interim period where student enrolment data is unavailable. For the second quarter of the calendar year (April to June 2014) student visa numbers continued to grow at record levels.

There was a 17% increase (7,480) in the total number of student visas approved for January to June 2014 when compared to the same period in 2013. This was the second strongest January to June result on record, with only 2002 being stronger. First time student visas (FSVs) for the second quarter (April to June) increased by 41% (3,528), when compared to the same period in 2013. This was the strongest second quarter for FSVs on record.

Figure 11: Overall total first time student visas approved quarterly, 2009 - 2014[13]



[11] These figures count the number of 'course' enrolments. A student will be counted multiple times if they have enrolled in multiple courses; therefore this may not truly reflect the trends in the volume of international students in Australia.

[12] Source: This data was sourced from Immigration New Zealand: http://www.immigration.govt.nz/migrant/general/generalinformation/statistics/.

Future trends:

As the global economy is set to pick up pace towards the second half of 2014, student mobility is forecast to grow[13]. The global international education industry appears to be experiencing an increase in demand for international education, with competitor countries such as Australia and Germany also experiencing an increase in international student numbers.

The changing and complex international environment presents new opportunities, with the emergence of new markets such as the Philippines, Indonesia and Chile, and new modes of delivery. These include in-market delivery, online delivery and new qualifications such as the taught Masters degrees which tend to have high demand due to the length and quality of the courses.

New Zealand is well placed to take advantage of new opportunities in the global international education industry. Education New Zealand is working with the New Zealand education industry through the strategic roadmaps process to develop a collective view of what success in 2025 will look like, and what actions are required to achieve this success for each sector.

New Zealand's international presence continues to strengthen with Education New Zealand's on-going focus on developing relationships and business prospects in-market. The November 2013 launch of the New Zealand Story, New Zealand Education Story and 'Think New' international education brand was crucial in supporting New Zealand's presence in the global international education industry.

These factors, along with recent work rights changes, have begun to show strong results for New Zealand's international education industry for 2014. It is estimated that, based on student visa results for January to June 2014, the year end of 2014 will continue to see an increase in international student numbers and in the value of the industry.

[13] Euromonitor, *"Top 5 Largest Advanced Economies: What is the Mid-year Outlook in 2014?"* (August 2014).

Appendix 1: Definition and breakdown of an international student:

As part of the Economic Impact of International Education 2012/2013 study, Education New Zealand (ENZ) revised its definition of international students to align with international standards.

ENZ defines international students as students who are non-residents of New Zealand who:

- have entered into New Zealand expressly with the intention to study, or
- have enrolled in a New Zealand provider offshore, where the educational programme is delivered in-market.

Along with full fee-paying students, the following categories have been included when measuring the economic value and performance of international education industry[14]:

- international PhD students
- exchange students
- NZ AID students
- foreign research post graduate students
- offshore and onshore students

Data source and breakdown[15]:

Data source[1]	Sector	2013	2014	Change on 2013	% change
Formal qualifications: Onshore and offshore: SDR	University	19,696	20,523	827	4.2%
	ITP	8,571	9,382	811	9.5%
	Wānanga	12	1	-11	-91.7%
	SDR-PTE	7,427	8,652	1,225	16.5%
Full fee-paying and exchange students	Primary	798	806	8	1.0%
	Intermediate	576	494	-82	-14.2%
	Secondary	9,242	9,686	444	4.8%
Export Education Levy: includes Subsidiaries	Non-SDR PTE	7,142	8,902	1,760	24.6%
	English language	8,813	8,941	128	1.5%
	Total	**62,277**	**67,387**	**5,110**	**8.2%**

[14] These categories are considered to be domestic students under the Education Act 1989.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Overall international student trends
January to April 2014

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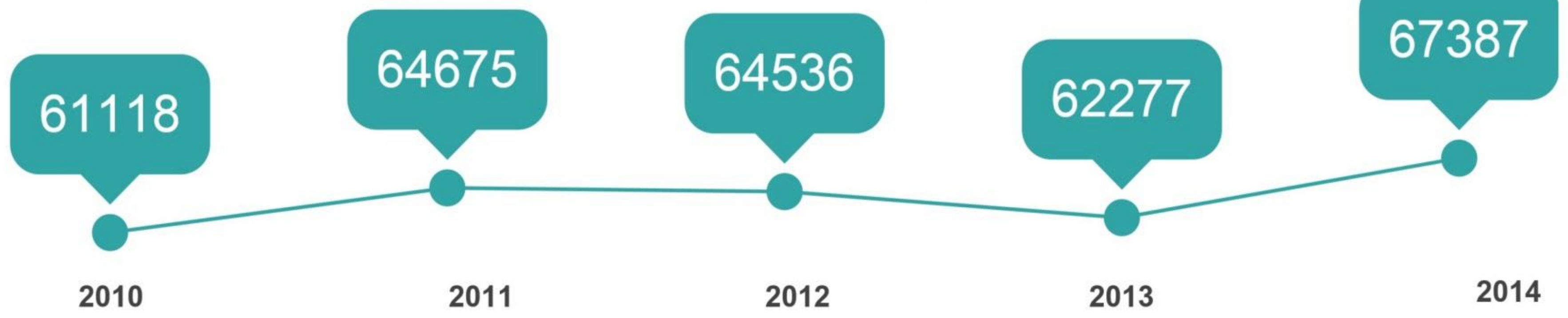
The number of international students
+8%

Tuition fee income from students
+10%

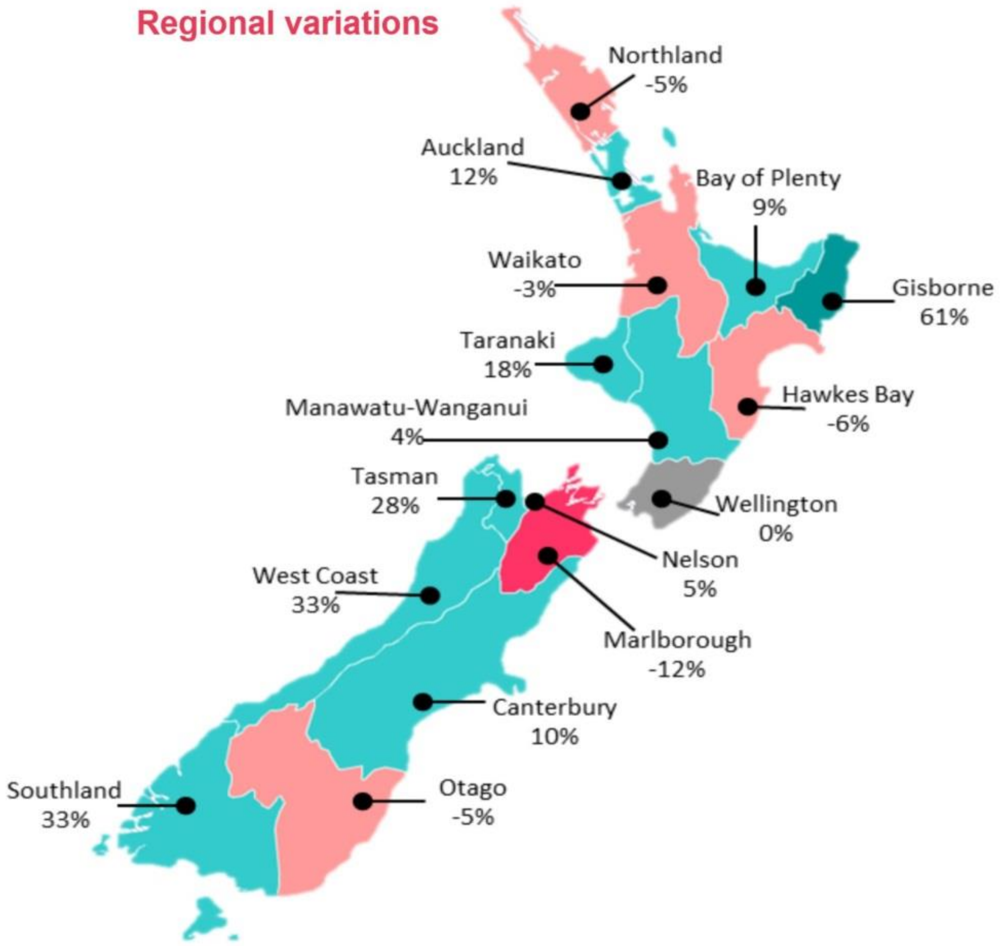
Students studying at postgraduate level*
+12%

Students studying Management and Commerce
+12%

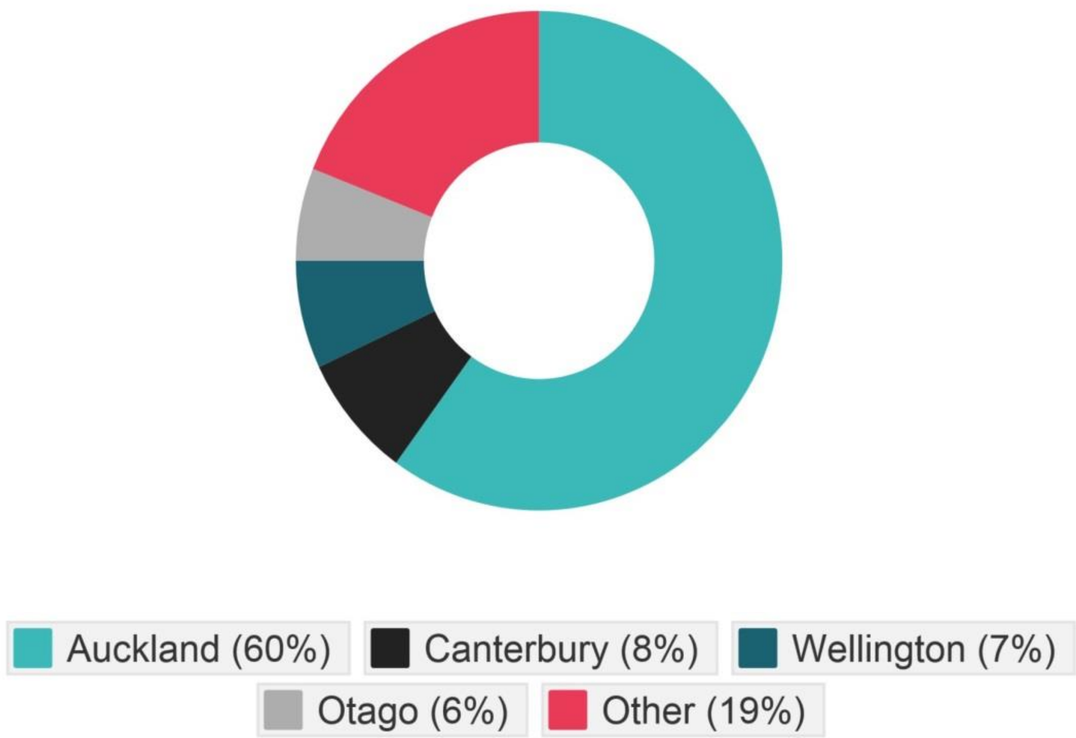
Number of international students from 2010 to 2014



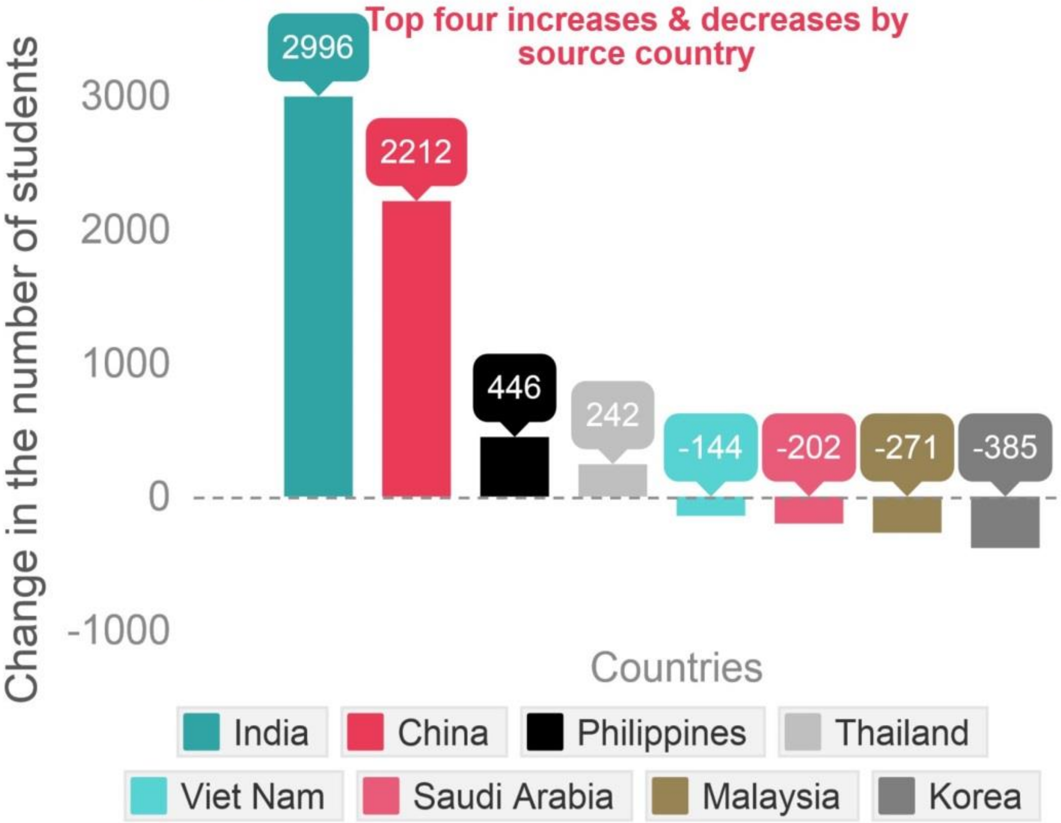
Regional variations



Proportional distribution of students by region, 2014



Top four increases & decreases by source country



Student enrolments by level of study, 2012 - 2014*

Developed by Education New Zealand.
This infographic includes data on full fee-paying, NZ Aid, PhD, foreign research postgraduate and exchange students. It combines the data sources from the Ministry of Education: the Export Education Levy and Single Data Return (SDR) data. Offshore students are also included if classified as offshore in the SDR. Link to data source: student numbers (www.educationcounts.govt.nz.)
*These include Government funded tertiary providers only, which are universities, institutes of technology (ITPs), wānanga, and government funded private training establishments (PTEs).
**Sub-degree includes Certificates from level 1 - 4 and Diplomas from level 5 - 7 in the SDR.
These figures are provisional and subject to change in the full-year data release in early 2015.