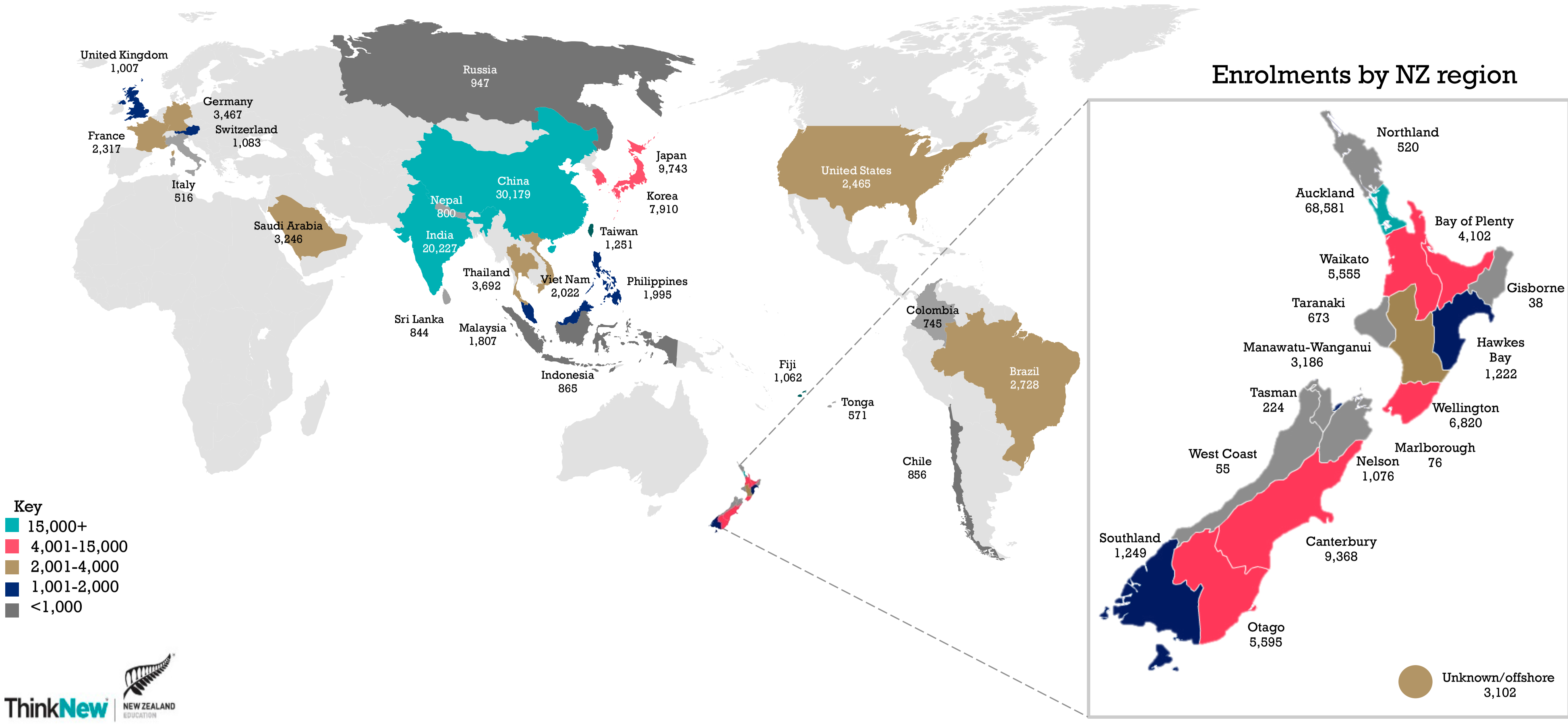
NEW ZEALAND
INTERNATIONAL EDUCATION SNAPSHOT

2014 FULL YEAR REPORT

NEW ZEALAND
EDUCATION
ThinkNew

New Zealand's international student enrolments 2014 (top 25 markets)



Introduction – growing a diverse industry

International education is well established in New Zealand's educational environment. Many educational institutions are dedicated to fostering an international component to their work – usually through attracting students from outside New Zealand and, in some cases, through exporting their services or exploring offshore ventures.

This adds up to a deep and valued international connection for these educational institutions. International education is a success story for many education providers who have made it a critical part of their business. It is also a life-changing experience for thousands of students.

Yet there are challenges that we and the industry have to manage. These include the diversity and sustainability of New Zealand's markets and products, the challenge of technology, the growing role of trans-national education and public awareness of the place of international education in New Zealand.

The awareness of the industry is important because the experience that New Zealand offers international students is bound up in not just the high quality education they receive but the overall experience they have in New Zealand with New Zealanders. It's critical that New Zealanders continue to understand the value that international education brings the country not only economically but culturally.

Education New Zealand and the agencies and institutions we work with have to ensure we are attracting students from a broad range of countries, and that we are exploring the markets that will be important future sources of growth. It is risky to remain strongly reliant on just one or two countries.

The industry is also keeping an eye on the opportunities and challenges of technology, and the changing dynamics of trans-national education. Increasingly, students can pick and mix qualifications from online options. Equally, many internationally renowned providers are offering education well outside their traditional national borders. These are areas we must keep scanning for opportunities.

The growth of the New Zealand international education industry that you see in this Snapshot is a great platform for us to continue exploring these opportunities.

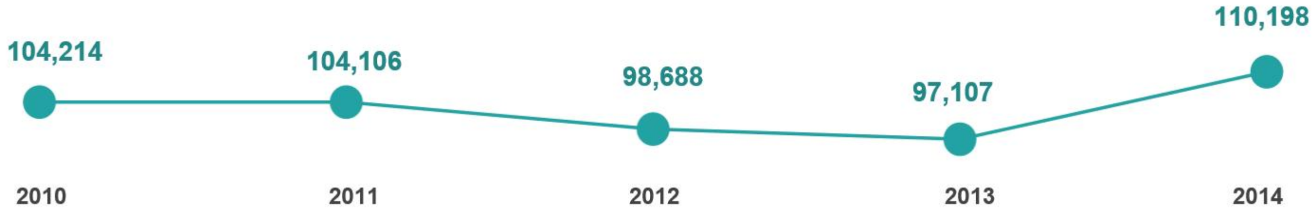
Grant McPherson
Chief Executive
Education New Zealand

Overall international student trends

Full year 2014

The number of international students	Tuition fee income	Students studying for a Masters degree*	International student enrolments in Australia
+13%	+17%	+23%	+12%

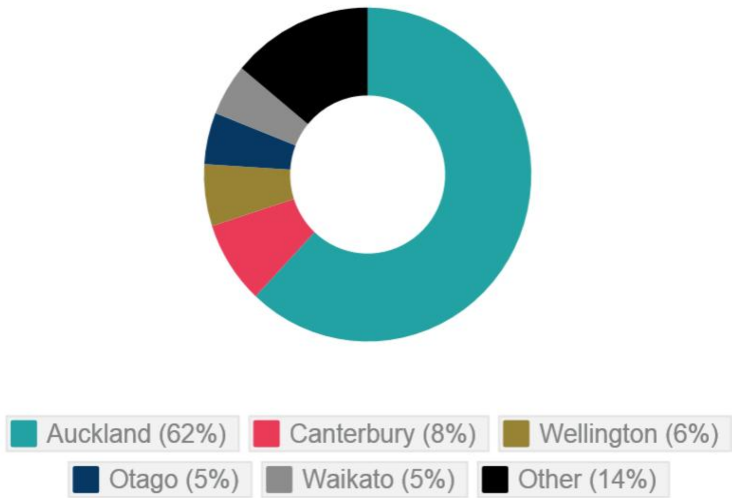
Number of international students from 2010 to 2014



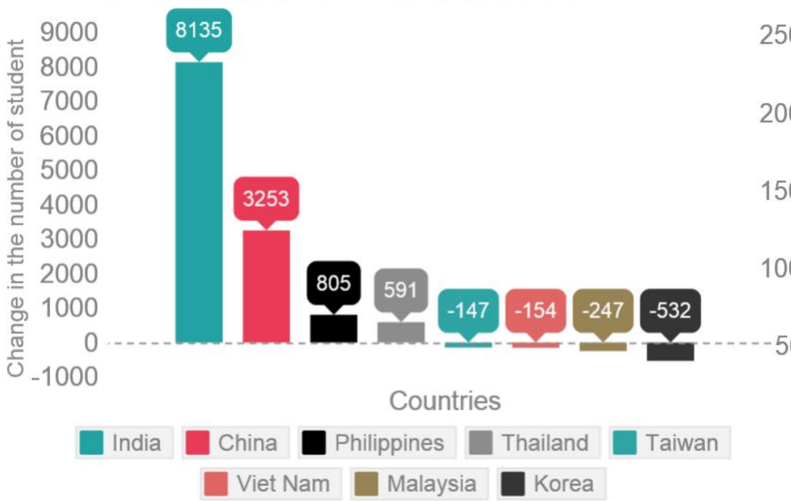
Regional enrolment variations (alphabetically)

Auckland Region	17% (9,790)
Bay of Plenty Region	15% (538)
Canterbury Region	18% (1,417)
Gisborne Region	41% (11)
Hawkes Bay Region	8% (87)
Manawatu-Wanganui Region	0% (10)
Marlborough Region	3% (2)
Nelson Region	25% (218)
Northland Region	8% (38)
Otago Region	-2% (-129)
Southland Region	18% (187)
Taranaki Region	20% (114)
Tasman Region	45% (70)
Unknown	8% (225)
Waikato Region	10% (490)
Wellington Region	2% (165)
West Coast Region	-27% (-20)

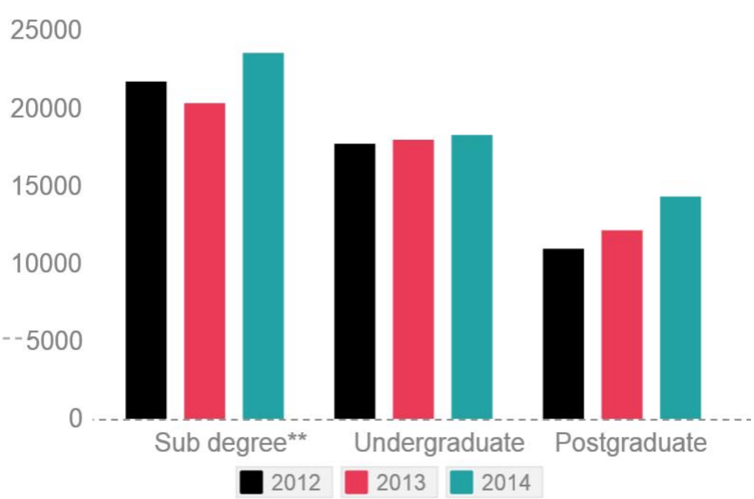
Proportional distribution of students by region



Top four increases and decreases by country



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.

University sector international student trends

Full year 2014

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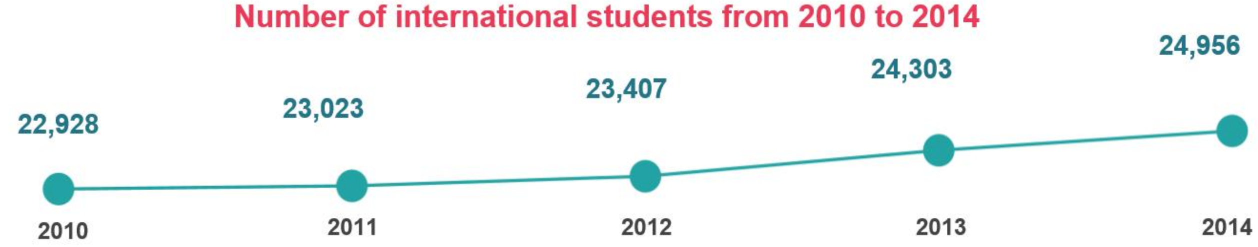
The number of international students	Tution fee income	Students studying for a Masters degree**	Students studying Civil Engineering
+3%	+5%	+22%	+26%

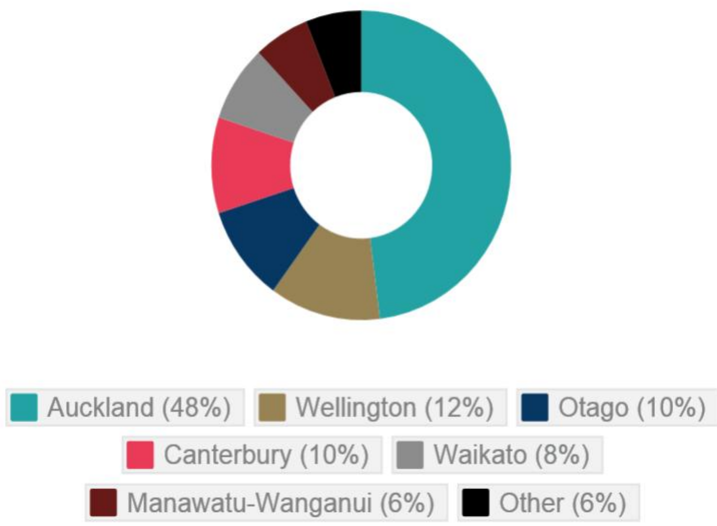
Number of international students from 2010 to 2014



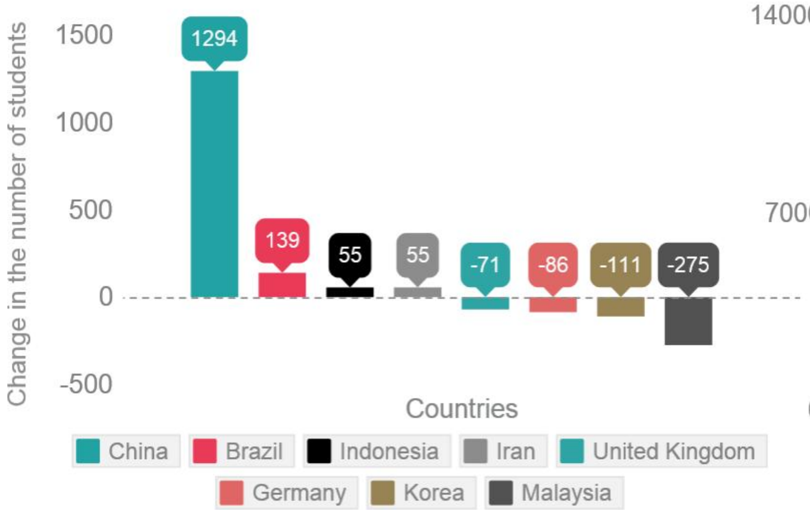
Regional enrolment variations (alphabetically)*

Auckland Region	6% (708)
Bay of Plenty Region	240% (12)
Canterbury Region	2% (40)
Manawatu-Wanganui Region	-2% (-34)
Otago Region	0% (3)
Unknown	10% (121)
Waikato Region	3% (61)
Wellington Region	-2% (-69)

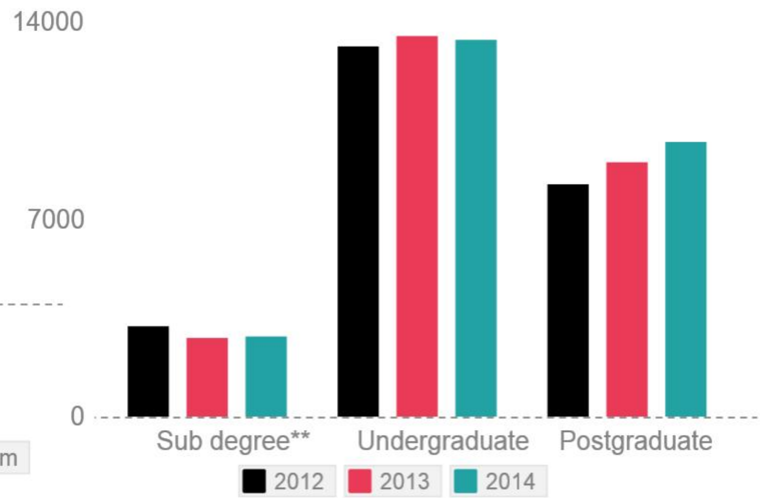
Proportional distribution of students by region



Top four increases and decreases by source country



Enrolments by level of study, 2012 - 2014



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*Regions that have less than 10 enrolments have not been included.
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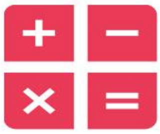
ITP sector international student trends

Full year 2014

The number of international students

+15%



Tuition fee income

+18%

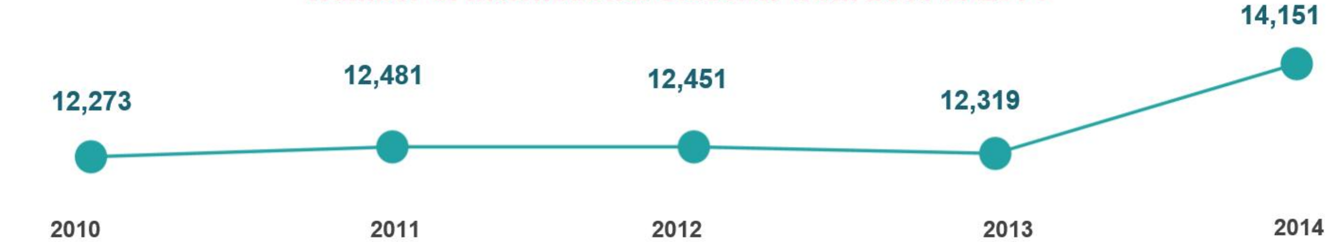
Students studying at postgraduate level*

+45%

Students studying Computer Science

+21%

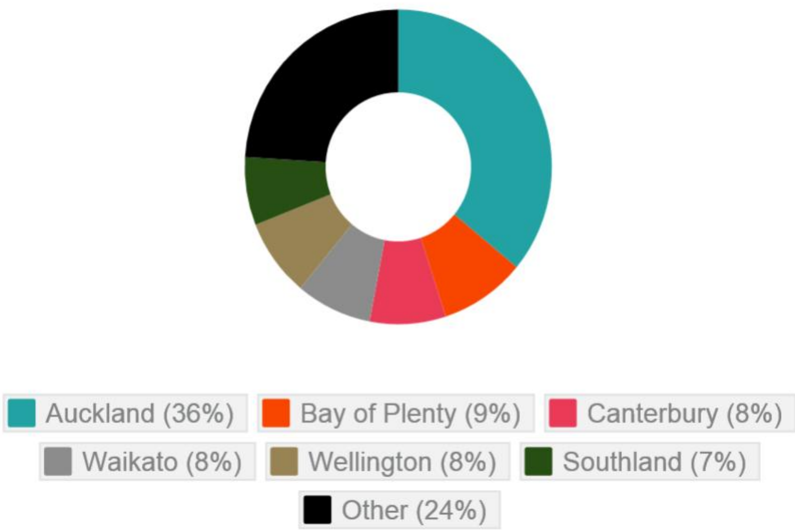
Number of international students from 2010 to 2014



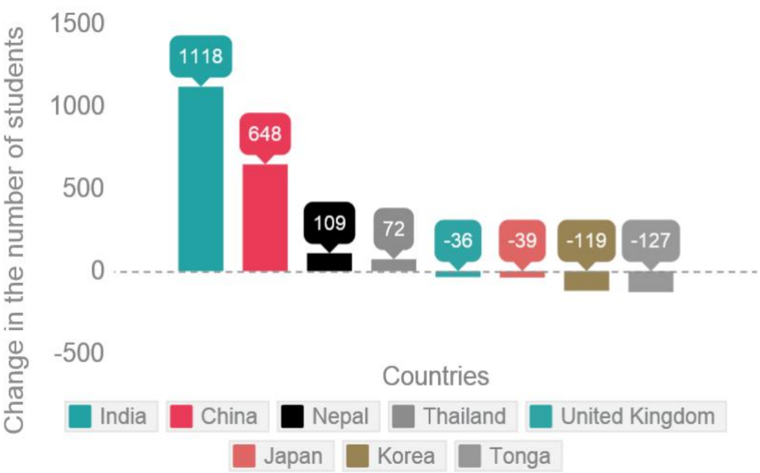
Regional enrolment variation (alphabetically)

Auckland Region	18% (780)
Bay of Plenty Region	27% (277)
Canterbury Region	11% (116)
Hawkes Bay Region	-4% (-13)
Manawatu-Wanganui Region	-21% (-74)
Marlborough Region	0% (0)
Nelson Region	42% (117)
Northland Region	40% (53)
Otago Region	10% (35)
Southland Region	17% (146)
Taranaki Region	81% (88)
Unknown	5% (75)
Waikato Region	17% (161)
Wellington Region	6% (63)
West Coast Region	-30% (-18)

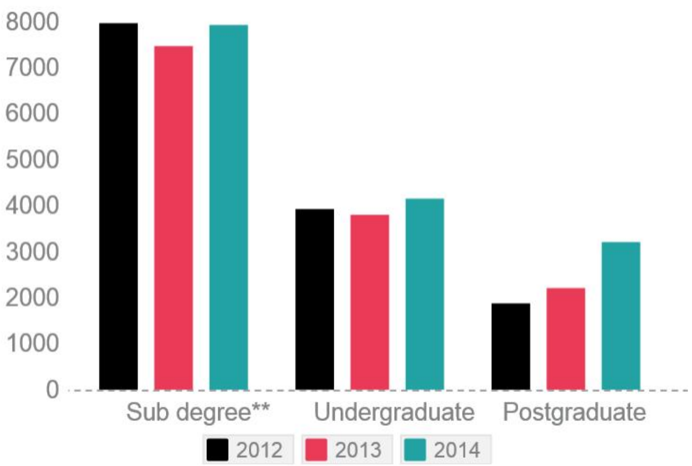
Proportional distribution of students by region



Top four increases and decreases by country



Enrolments by level of study, 2012 - 2014



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**Sub degree includes Certificates from level 1 - 4 and Diplomas from level 5 - 7 in the SDR.

School sector international student trends Full year 2014

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Primary and intermediate schools

The number of international students

+2%

Tuition fee income

+11%

Secondary schools

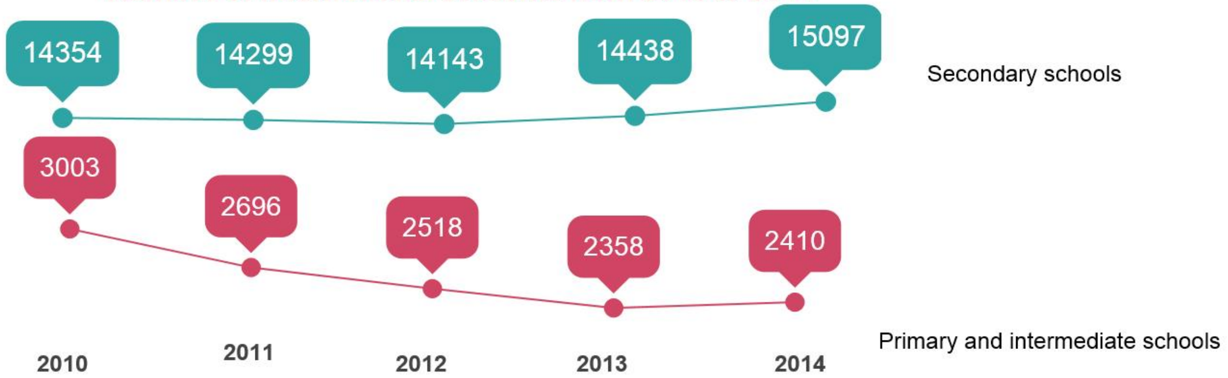
The number of international students

+5%

Tuition fee income

+7%

Number of international students from 2010 to 2014



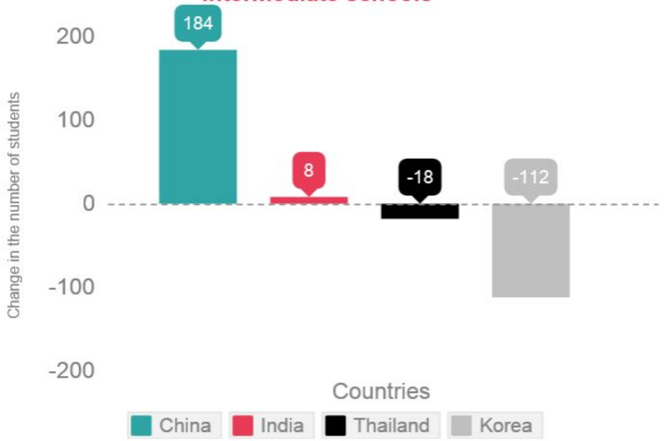
Regional enrolments variations (alphabetically)*

Auckland Region	2% (37)
Bay of Plenty Region	15% (33)
Canterbury Region	-5% (-10)
Hawkes Bay Region	-47% (-14)
Manawatu-Wanganui Region	8% (3)
Northland Region	-8% (-2)
Otago Region	-25% (-16)
Southland Region	27% (4)
Tasman Region	43% (9)
Waikato Region	0% (0)
Wellington Region	8% (4)

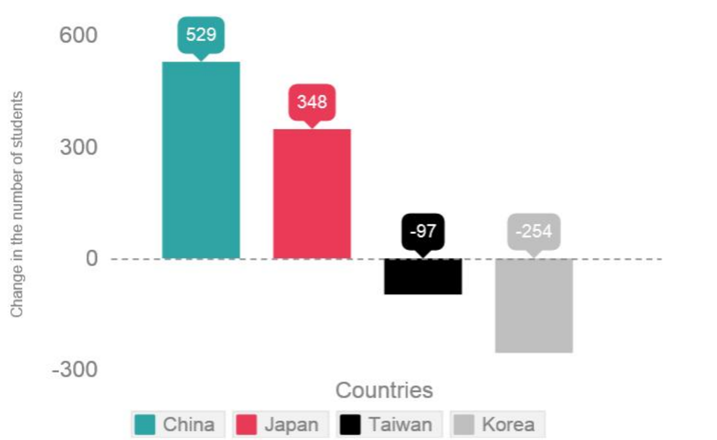
Regional enrolments variations (alphabetically)

Auckland Region	4% (312)
Bay of Plenty Region	3% (24)
Canterbury Region	11% (153)
Gisborne Region	38% (8)
Hawkes Bay Region	-3% (-9)
Manawatu-Wanganui Region	-3% (-18)
Marlborough Region	0% (0)
Nelson Region	2% (5)
Northland Region	-4% (-14)
Otago Region	-9% (-73)
Southland Region	18% (37)
Taranaki Region	3% (4)
Tasman Region	45% (55)
Waikato Region	8% (65)
Wellington Region	10% (113)
West Coast Region	-14% (-2)

Top two increases and decreases by country: primary and intermediate schools



Top two increases and decreases by country: secondary schools



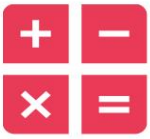
Developed by Education New Zealand.
This infographic includes data on full fee-paying and exchange students. The data is sourced from the Ministry of Education's Export Education Levy.
*Regions that have less than 10 enrolments have not been included.

PTE sector international student trends

Full year 2014

The number of international students

+22%

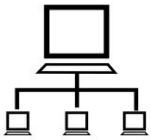


Tuition fee income

+41%

Students studying at postgraduate level*

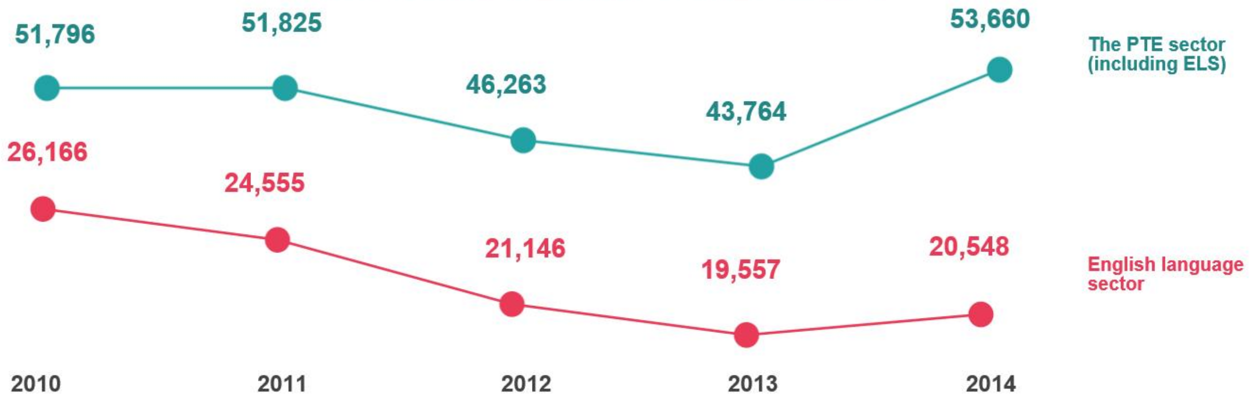
+53%



Students studying Information Technology*

+26%

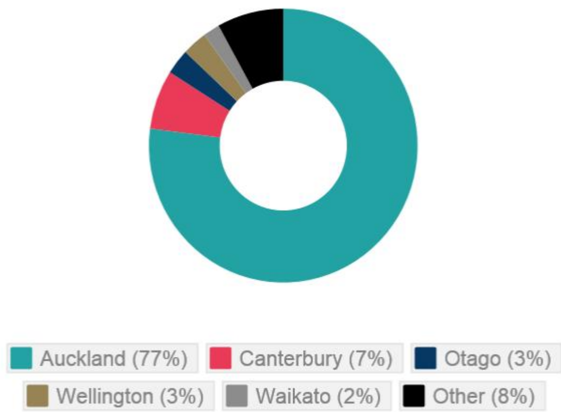
Number of international students from 2010 to 2014



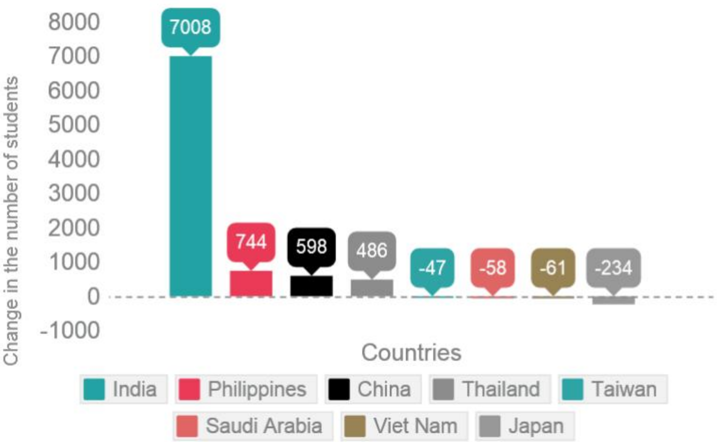
Regional enrolments variations (alphabetically)

Auckland Region	24% (7,953)
Bay of Plenty Region	12% (192)
Canterbury Region	39% (1,118)
Hawkes Bay Region	29% (124)
Manawatu-Wanganui Region	26% (133)
Nelson Region	36% (96)
Otago Region	-4% (-78)
Taranaki Region	6% (20)
Tasman Region	55% (6)
Unknown	28% (29)
Waikato Region	18% (203)
Wellington Region	4% (54)

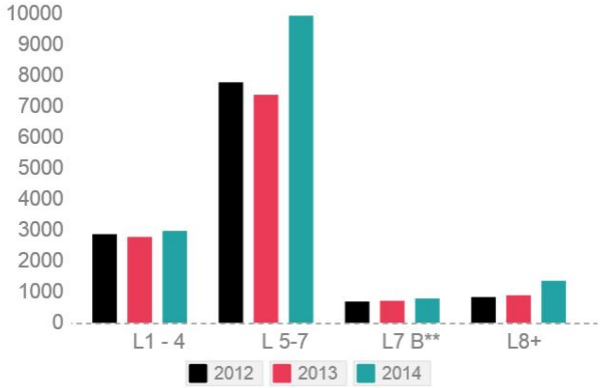
Proportional distribution of students by region



Top four increases and decreases by country



Enrolments by level of study from 2012-2014*



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*This only includes government funded private training establishments.
** This includes undergraduate studies only.

Key trends for 2014:

- New Zealand's international education industry experienced significant growth in 2014 with enrolments the highest they have been since 2004.

- 2014 saw an overall increase of 13% (13,091) in international students when compared to 2013.

- The last trimester of 2014 (September–December) saw a 21% (2,998) increase in enrolments.

- Tuition fee income from full fee-paying international students grew by 17% ($129m), when compared to the same period in 2013. While all sectors experienced tuition fee income growth, the ITP and PTE sector (excluding the English Language Schools (ELS)) saw the most significant growth ↑18% ($18.2m) and ↑41% ($85.2m) respectively.

- There were record high levels of[1]:
    - Postgraduate enrolments in the publicly funded tertiary sector ↑18% (2,182). This growth was driven by Masters level enrolments ↑23% (663) and Doctoral level enrolments ↑7% (247)
    - ITP sector enrolments ↑15% (1,832)
    - Regional growth:
        - Auckland ↑17% (9,790)
        - Bay of Plenty ↑15% (538)
        - Waikato ↑10% (490)
        - Southland ↑18% (187)

- 2014 saw Canterbury region international student enrolments return close to 2011 levels, up 18% (1,417) on 2013[2].

- It is estimated that the value of New Zealand's international education industry has increased by $258m to a total $2.85 billion[3] when compared to the 2012/13 valuation.

- It is estimated that the international education industry now supports 30,230 jobs in the New Zealand economy, an increase of 7.3% (2,060) since 2012[4].

- 2014 saw strong growth from key markets: China ↑12% (3,253), India ↑67% (8,135), and Thailand ↑19% (591).

[1] The dataset ranges from 2007 – 2014.
[2] In 2011 there were 9,853 enrolments in the Canterbury region compared to 9,368 in 2014.
[3] Infometrics, The Interim Economic Impact of International Education 2014/2015. This figure includes the estimated $104m from Export Services.
[4] Ibid.

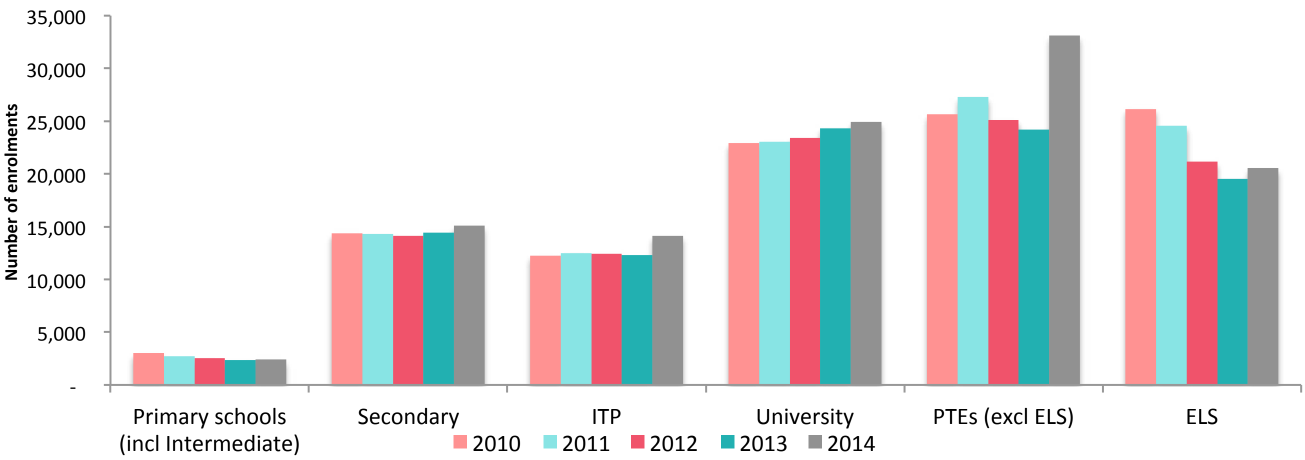
This report provides a snapshot of the trends in New Zealand's international education industry for the 2014 year. The report utilises information from the Export Education Levy, Single Data Return (SDR) and student visa statistics. It builds on five reports released previously: January–April 2013, January–August 2013, full year report for 2013, January–April 2014, and January–August 2014[5].

Overview:

Building on record level first and second trimesters, the 2014 full year result sees international student enrolment numbers at the highest they have been since 2004.

In 2014, 110,198 international students enrolled with a New Zealand education provider[6]. This was an overall increase of 13% (13,091) 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 (excludes wānanga)



The growth in international students is estimated to equate to a $258m increase to the New Zealand economy since the 2012 valuation, increasing the economic value of the international education industry (industry) to $2.85 billion[7]. This increase in value is estimated to have created an additional 2,060 jobs with the industry now thought to contribute to 30,230 jobs[8] in total.

The record growth in enrolments in 2014 was also experienced at a regional level, with Auckland (↑17%), Waikato (↑10%), Bay of Plenty (↑15%), and Southland (↑18%) experiencing significant growth compared to 2013.

5 Data in this report has been revised by the Ministry of Education and may differ from previously published figures.

6 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.

7 Infometrics, The Interim Economic Impact of International Education 2014/15

8 This includes 22,176 direct and 8,055 indirect jobs

After experiencing notable declines following the Canterbury earthquakes, the Canterbury region is now experiencing strong growth. The Canterbury region saw an 18% (1,417) increase in international students, making it the second largest region of growth after Auckland, when compared to the same period in 2013[9].

There has been a notable shift in the number of international students enrolling in postgraduate studies, with postgraduate enrolment numbers also hitting record levels. Tertiary enrolments at postgraduate level have increased from 21% of all international student enrolments in the tertiary sector in 2010 to 26% in 2014.

Along with traditional markets such as China and India, there has been significant growth from a number of emerging markets. Colombia, France, Chile and the Philippines are a few of the emerging markets that have experienced record level enrolments.

Table 1: Sector breakdown of enrolments and tuition income, 2014 compared to 2013

Sectors	Schools	Universities	ITP	ELS	PTE (excl ELS)	Total PTE	Total
% change in student numbers	↑4%	↑3%	↑15%	↑5%	↑37%	↑23%	**↑13%**
Total change	711	653	1,832	991	8,905	9,896	**13,091**
% change in tuition income	↑7%	↑5%	↑18%	↑15%	↑37%	↑41%	**↑17%**
Total change in tuition income ($m)	$8.8	$16.3	$18.2	$6.7	$78.5	$85.2	**$128.6**
Total 2014 tuition income ($m)	$131	$343.4	$118	$52.3	$239.3	$291.6	**$884**

The number of first time students coming to New Zealand is at record levels demonstrating New Zealand is gaining profile and momentum in the global international education marketplace as a quality study destination. The launch and promotion of New Zealand's "Think New" education brand in 2013 and the delivery of the brand through global digital marketing campaigns during 2014 has been a key catalyst for the rise in awareness and active consideration of New Zealand by international students.

The on-going efforts to develop strategic partnerships with key stakeholders, along with developing business opportunities offshore and increasing media and promotional activities is expected to ensure this continuing growth of the international education industry contribution to the economic, social and cultural progress of New Zealand.

NZ Inc agencies are working with the industry to ensure the appropriate level of controls are in place to encourage quality and sustainable growth. The New Zealand Qualifications Authority (NZQA) has introduced changes to the English language requirements for international students. These changes will mean that international students from countries with a student visa approval rate of less than 80 per cent will have to sit an internationally recognised English language test to demonstrate that they have the level of English required to study successfully in New Zealand.

[9] In terms of absolute numbers.

Leveraging the growth experienced in 2014, the future challenge will be to continue building a sustainable industry. While 2014 has seen specific markets, sectors and regions experience rapid growth, the on-going focus of Education New Zealand and the industry is to ensure that New Zealand continues to attract high quality students from a range of markets. As the industry experiences this growth, the purpose continues to be delivering high quality experiences and qualifications to international students.

Analysis

There were five key themes that emerged from the January to December period:

- Regional growth
- Growth in priority and emerging markets
- Declining markets
- Growth in value
- Trimester growth

Regional growth

Along with record level growth in Auckland ↑17% (9,790 student enrolments), there was notable growth in the other regions for 2014. Of the other metro regions, Canterbury experienced the biggest growth outside of Auckland, up 18% (1,417). This increase was driven by the PTE, ITP and secondary school sectors ↑39% (1,118), ↑11% (116), and ↑11% (153) respectively.

While Canterbury enrolment numbers have not yet recovered to pre-earthquake levels, 2014 saw the highest enrolments numbers for Canterbury since the earthquakes. This growth sees an increase of $36m in economic contribution to the regional economy when compared to 2012, with the Canterbury international education industry totalling over $230m. Stakeholder feedback indicates that the four-year ENZ programme of work underpinned by government's $5m investment in supporting industry recovery in the region is highly valued and seen as effective. The Christchurch Industry Support Programme finishes on 30 June 2015.

The Bay of Plenty experienced record enrolments with a 15% (538) increase in student numbers in 2014. This growth was driven by the ITP and PTE sectors, ↑27% (277) and ↑12% (192). This region appears to be developing study programmes to meet new demand, as there has been a notable trend in enrolments at postgraduate level in ITPs. There were 176 enrolments at Honours degree / postgraduate certificate and Masters level. As a participant in ENZ's Regional Partnership Programme it is pleasing to see early positive outcomes from this region.

The Waikato region saw strong growth ↑10% (490 enrolments), making 2014 the strongest on record for the region. This growth was driven by the ITP and PTE sectors, ↑17% (161) and ↑18% (203). The university sector stabilised after four years of consecutive declines in student enrolment with a 3% (61) increase in enrolments.

With over 1,200 international students choosing Southland as a study destination, the Southland region saw record level enrolments ↑18% (187). The growth was driven by the ITP sector ↑17% (146) with clear demand for Management and Commerce ↑15% (68) and Society and Culture ↑28% (86)

courses. The increase in international students is estimated to contribute $28m to the Southland region economy and support approximately 250 jobs[10].

Growth in priority and emerging markets

There has been notable growth from China, India, Thailand and Brazil. Growth in these priority markets represents a successful two years of increased presence in-market, promotional activities, media coverage and other activities leveraging off the back of the launch of the "Think New" brand in 2013.

There has been a 12% (3,253) increase in Chinese students enrolling with New Zealand providers, with strong growth experienced in all sectors. University sector enrolments increased by 15% (1,294); this was driven by increase in undergraduate and Masters level enrolments of ↑11% (550) and ↑43% (470) on 2013.

To help build this growth Education New Zealand undertook a series of activities in-market over 2013 / early 2014, including increased ENZ presence in Guangzhou and Shanghai, promotion and awareness raising activities, and development of closer government, agent, and industry ties. ENZ also launched the Odds On campaign late in 2013, which promoted New Zealand as a study destination. This campaign reached over 73 million students. Demand by Chinese students for taught Masters programmes which universities are moving to expand is also evident in the growth New Zealand is experiencing.

Growth in enrolments from India has been the major driver of industry growth in 2014 ↑67% (8,135), when compared to 2013. This growth has provided crucial stability for the industry during a period where mature markets, such as Korea and Malaysia, are experiencing declines. The PTE sector has benefited the most from these gains. Between 2011 and 2013 the PTE sector experienced an average annual decline of 8% (-4,030) in total enrolments, however 2014 results see PTE sector growth of 23% (9,897) over 2013.

Globally, there was a 10% (300,000) increase in Indian students studying abroad in 2014, reversing a four year trend of declining mobility[11]. New Zealand, Australia and Canada have predominately benefited from this growth.

New Zealand's success in attracting these students comes off the back of the November 2013 work rights changes and an increase in momentum over the past two years in-market by the industry and ENZ. This encompassed an intensive award-winning integrated marketing and communications campaign to amplify messaging about New Zealand as a quality education destination and partner of value. This was done through targeted activities including the strong promotion of ENZ's "Think New" messages, the use of Stephen Fleming as an education brand ambassador to raise New Zealand's profile, media familiarisation visits hosted in New Zealand, and the launch of scholarships to attract level seven and above students. The future focus of NZ Inc and the industry is to ensure that there is sustainable and targeted quality growth for all international education industry sectors from the Indian market.

Indonesia has experienced relatively strong growth in 2014 ↑16% (119). After steady growth, averaging an additional 63 students each year over the past four years, this market has begun to experience strong and steady growth.

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[10] This is estimated by multiplying the average economic value of a student from the South Island (excluding Canterbury and Otago) by the number of students in Southland.
[11] http://thepienews.com/news/outbound-indian-student-growth-overtakes-chinese-first-time/

While all sectors have experienced growth from Indonesia, the majority of the increase has been experienced in the university sector ↑16% (55). Postgraduate level studies have seen the biggest growth specifically in Masters and Doctoral level studies, ↑72% (39) and ↑34% (31). ENZ has increased its presence in-market over the past 12 months and interest in New Zealand as a study destination is increasing with record level attendance at recent student recruitment fairs.

Thailand has also experienced relatively strong growth in 2014 up 19% (591). This growth was driven by the ELS sector with enrolments increasing by 48% (420). The growth in the ELS sector was driven by an increase in short-term students. With Thailand's academic year changing to align to the rest of ASEAN from a March start to a May start, this resulted in a large cohort of students searching for short courses overseas during this break. Building on New Zealand's strong momentum in this market, New Zealand benefited from being one of the leading English language destinations that experienced this increase.

While there has been notable growth in current priority markets, there have also been positive shifts within emerging markets. These shifts are showing signs of diversification within New Zealand's international education portfolio. Brazil, Colombia, and the Philippines are a few of the markets that have seen strong growth.

Brazilian international student enrolments increased by 17% (395 student enrolments) in 2014. This growth was driven by the university sector, experiencing a 232% (139) increase. These positive gains are coming off the back of increased ENZ presence in-market. ENZ and New Zealand providers attended student recruitment fairs in March 2014 in Brazil which saw record attendance of over 16,000. ENZ has been working closely with our NZ Inc partners and industry to develop strategic partnerships with Brazilian agents, tertiary institutions and government agencies.

While the growth from priority and emerging markets has been crucial in the re-building the industry, the future focus for the industry will be to ensure sustained growth from existing markets whilst developing new markets to drive further growth over the next decade.

Declining markets

Some of New Zealand's mature and traditional markets are in decline. Continuing a four year trend, Korea declined by 6% (-532) compared to 2013. With the exception of the PTE sector experiencing a flat result ↑2% (64), all other sectors experienced a decline. The secondary school sector declined by 15% (-254), the ITPs ↓28% (-119), universities ↓13% (-111), Intermediates ↓12% (-77) and primary schools ↓5% (-35). The decrease is in response to a slowing Korean economy and decrease in demand for international education[12].

Between 2011 and 2014, the number of Korean students studying abroad has declined by 16% (-42,000)[13]. Traditional destination markets such as the USA, Australia, UK and New Zealand have all experienced the reduction in Korean students since 2011. While Korea is an important source market for New Zealand, the slowing of students studying abroad coupled with Korean students being more price sensitive will continue to be challenging for the industry.

Similar to Korea, Malaysian enrolments have been in decline since 2010 in New Zealand. In 2014, the industry experienced a 12% (-247) decline in Malaysian enrolments. This was driven by a 16% (-275)

[12] http://monitor.icef.com/2015/02/number-korean-students-abroad-declines-third-straight-year/
[13] http://www.koreaherald.com/view.php?ud=20141207000358

decline in the university sector. Growth in the PTE sector offset some of the university decline, ↑19% (24) increase.

The declining numbers in New Zealand is in response to Malaysia becoming a competitor market. As Malaysia aims to strengthen its position as an international education hub, the number of Malaysian students studying abroad appears to be slowing[14]. In April 2015, Malaysia's Prime Minister launched a new higher education strategy *"The Malaysia Education Blueprint 2015-2025"*. This strategy outlines Malaysia's target to increase the number of international students from 103,000 in 2013 to 250,000 by 2025[15]. This signals a shift in the focus for Malaysia from being key source market to a destination market, which may be reflected in future enrolment volumes.

Growth in value

ENZ commissioned Infometrics to conduct an interim valuation of New Zealand's international education industry in November 2014[16]. The need for interim evaluation was driven by the strong growth in international students experienced in 2014.

Total gross spending by international students is estimated to have risen by 10% ($250m) since 2012, to $2.75 billion[17]. This is estimated to have led to a 7% (2,060) increase in jobs created or supported by the growth in international students, with the sector now contributing an estimated 30,230 jobs to the New Zealand economy.

While Chinese students continue to account for the single largest proportion of the total economic value of the industry, 2014 growth in economic value is largely the result of growing Indian student numbers. The economic value of the Indian students grew by 72% ($181m) in 2014, now totalling $433m.

The ITP sector was the fastest growing sector, experiencing a 25% ($77m) increase in economic value to $381m. This growth sees the ITP sector now the third largest economic contributor to the international education industry (up two places behind the university and PTE sectors). The university sector saw the biggest growth in absolute value ↑11% ($102m), now valued at $1 billion. The PTE sector (excluding the ELS sector) also experienced strong growth ↑11% ($66m) now valued at $649m. The secondary school sector saw a flat result ↓1% ($3m) and the primary school sector experienced a 17% decline ($9m). These declines were driven by a continuing decrease in Korean students.

Trimester growth

Growth in international student enrolments was consistent throughout all three trimesters. The first trimester (January – April) is the most significant trimester where 61% of the year's enrolments occurred. During this trimester there was an 8% (5,110) increase in international students, when compared to the same period in 2013. The second trimester (May – August) represented 23% of the year's enrolments. This was a significant period of growth in the 2014 academic year, increasing by

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14 http://monitor.icef.com/2014/06/malaysia-continues-to-build-its-position-as-a-regional-education-hub/

15 http://hes.moe.gov.my/event/docs/3.%20Malaysia%20Education%20Blueprint%202015-2025%20%28Higher%20Education%29.pdf

16 The Interim Economic Impact of International Education 2014/15 Report assumes a forecasted full-year result of 107,000 international students. The full report can be found here: http://www.enz.govt.nz/markets-research/latest-research

17 This excludes the estimated $104m from Export Services – last evaluated in 2012/13.

24% (4,983) increase. The final trimester (September – December) represented 15% and grew by 21% (2,998).

With the exception of the university sector, all sectors experienced a strong finish to the 2014 academic year. In the final trimester the school sector saw strong growth, with primary schools experiencing an increase of 64% (96), intermediates ↑503% (156), and secondary schools ↑17% (258) compared to the same period in 2013. The ITP, ELS and PTEs (excluding ELS) experienced a 9% (133), 4% (207) and 53% (2,519) increase in the final trimester. Universities saw a 42% (-377) decline in enrolments, which was driven by a 212% (-294) decline in undergraduate and a 4367% (-131) decline at Honours degree/postgraduate certificate level enrolments. Some of this decline was offset by increases at Masters and Doctoral level ↑64% (63) and ↑23% (52), when compared to the same period in 2013.

Full-year sector summary

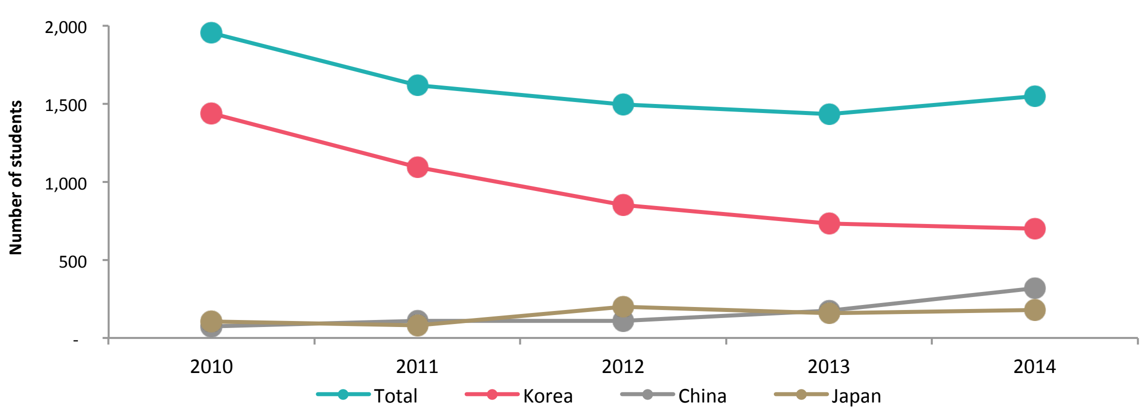
Primary school sector

Student enrolments in the primary school sector are recovering with enrolment numbers at their strongest since 2011. Between 2010 and 2013 the primary school sector experienced a relatively significant decline in student numbers, declining by an average of 10% per annum. This decline was specifically driven by the Korean market, which declined an average of 20% per annum during 2010–2013. The decline slowed in 2014, with Korean students decreasing by 5% (-35) compared to 2013. When removing Korean students from the overall numbers, the underlying trend was a 22% (151) increase in enrolments.

The primary sector stabilised in 2014 and showed early signs of growth, ↑8% (116 enrolments) on 2013. The sector experienced an 18% ($1.2m) increase in tuition fee revenue, when compared to the same period in 2013. This growth was driven by China ↑85% (147 enrolments) and Japan ↑14% (22).

The international student body in the primary school sector has been experiencing a notable shift. In 2010 Korean students made up 74% of all international students in the primary school sector, compared to 2014 when only 45% were Korean. Though overall numbers were lower than 2010, the reduction in Korean students has been offset by growth in Chinese students now representing 21% of the student body, compared to 4% in 2010. Figure 2 illustrates the impact of the declining Korean market on overall enrolments and the positive impact of the growth from the Chinese market.

Figure 2: International student trends in the primary school sector 2010 - 2014

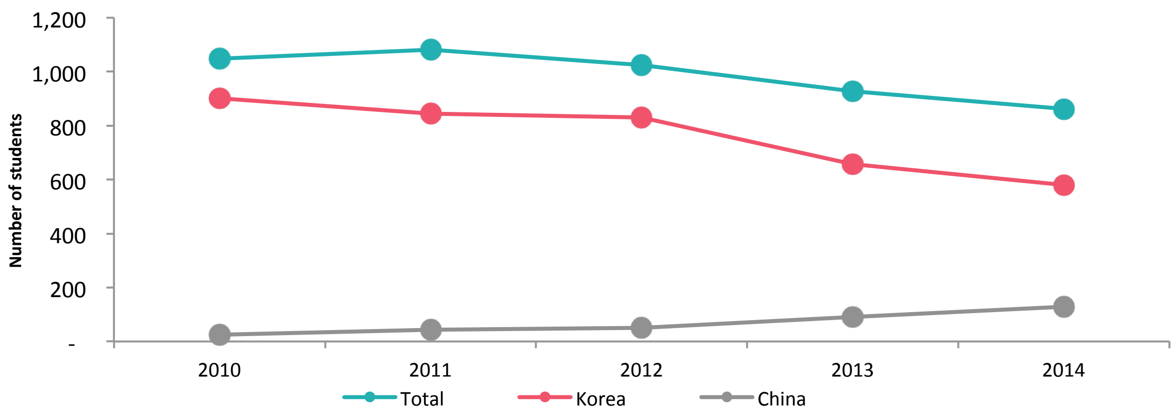


The primary sector in the Bay of Plenty, Auckland and Waikato all saw strong growth, ↑26% (31), 10% (91) and 18% (15) respectively. The regional growth in the primary school sector compliments efforts across 11 New Zealand regions and their participation in Regional Partnership Programmes. The major thrust of the programme being the development and implementation of regional international education growth strategies for all sectors.

Intermediate school sector

This sector experienced a 7% (-64) decline in student enrolments in 2014, when compared to 2013.This was driven by a 12% (-77) decline in Korean students. Figure 3 illustrates the impact of the Korean market on overall enrolments.

Figure 3: International student trends in the intermediate school sector 2010 - 2014



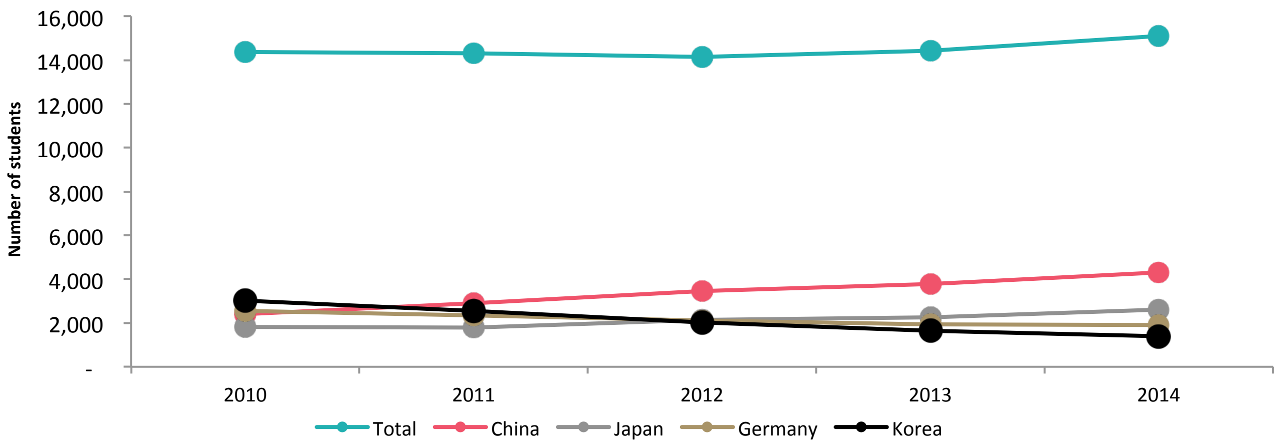
The decline in the intermediate school sector was concentrated in Auckland ↓8% (-54), where 74% of intermediate international students enrol. Despite this decline, the sector experienced a flat result in tuition fee income ↓1% (-$49,281) compared to 2013.

Secondary school sector

The secondary school sector grew by 5% (659) in 2014 compared to 2013. This is a record result for the secondary school sector. This overall growth was achieved despite a 15% (-254) drop in Korean students. Tuition fee income grew by 7% ($7.7m) compared to the same period in 2013.

The sector has gone through an encouraging diversification of its market portfolio over the past four years, with this beginning to show in the results. Scholarship arrangements with countries including Chile and Brazil have provided new markets for this sector. While the overall trend for the past four years appears to be flat, there have been some significant shifts in arrivals by country, specifically in the top three countries the sector receives international students from. Figure 4 demonstrates how other markets have offset the Korean decline.

Figure 4: International student trends in the secondary school sector 2010 - 2014



While from a lower base than other growing markets, the sector saw an increase in Latin American students over the past 18 months due to scholarship arrangements, which included the Chilean 'Penguins without Borders' and the Pernambuco programmes. ENZ, with support from NZ Inc partners, continues to develop relationships with other governments to tailor products and services to expand the international education industry in New Zealand.

Along with Auckland, there was strong growth in the regions also. The top five regions with growth were:

- Auckland ↑4% (312)
- Canterbury ↑11% (153)
- Wellington ↑10% (113)
- Waikato ↑8% (65)
- Tasman ↑45% (55), and
- Southland ↑18% (37)

Otago and the Manawatu-Wangnui regions experienced the biggest declines, down 9% (-73) and 3% (-18) respectively.

ENZ's work with the school sector, including primary and intermediate schools, is currently focused on the establishment of the Schools International Education Business Association and a number of sector collaborative business model pilots around New Zealand.

Institutes of technology and polytechnics

The ITP sector experienced record level enrolments numbers, with a 15% (1,832) increase in 2014 compared to 2013. The ITP sector saw strong growth in tuition fee income ↑18% ($18.2m) compared to the same period in 2013. This growth was driven by Chinese and Indian students ↑14% (648) and

38% (1,118) respectively. Figure 5 below shows how relatively flat the sector has been for the previous four years when compared to the strong growth in 2014.

Figure 5: International student trends in the ITP sector 2010-2014

Within the ITP sector there has been significant growth in postgraduate level enrolments ↑45% (999). This growth was driven by a 37% (631) increase in graduate certificates and diplomas and a 74% (326) increase in honours degree enrolments. Just over 60% of the postgraduate growth stemmed from Indian enrolments ↑47% (627).

The majority of ITP sector growth from the Chinese market has been at Bachelors level, ↑18% (373). Indian enrolments in certificates/diplomas levels 5–7 has recovered after four consecutive years of decline, experiencing a 39% (403) increase on 2013.

Subjects that saw the strongest growth were Business and Management ↑34% (1,364 enrolments), Accountancy ↑26% (414), Computer Science ↑21% (270), Banking and Finance ↑40% (269) and Food and Hospitality ↑22% (202).

Trends in the ITP sector are showing signs of market and product diversification. The sector is expanding from being vocationally focused to offering qualifications to meet the growing demand in subjects that offer transferable skills, such as Finance, Information Systems, and Language and Literature.

Along with diversification of markets and products, ENZ continues to work with providers/groups that are interested in diversifying their delivery models by supporting providers on pursuing large scale commercial offshore delivery opportunities. ENZ is also working with the sector on developing a strong ITP / vocational education story to complement the New Zealand Education Story and Think New brand.

University sector

The university sector experienced a 3% (653) increase in enrolments on 2013. This was driven by strong growth from Chinese enrolments ↑15% (1,294), which offset a decline in Malaysian student enrolments ↓16% (-275). This trend is demonstrated in Figure 6 below. Along with the growth in enrolments, the sector also experienced a 5% ($16.3m) increase in tuition fee revenue.

Figure 6: International student trends in the university sector 2010–2014

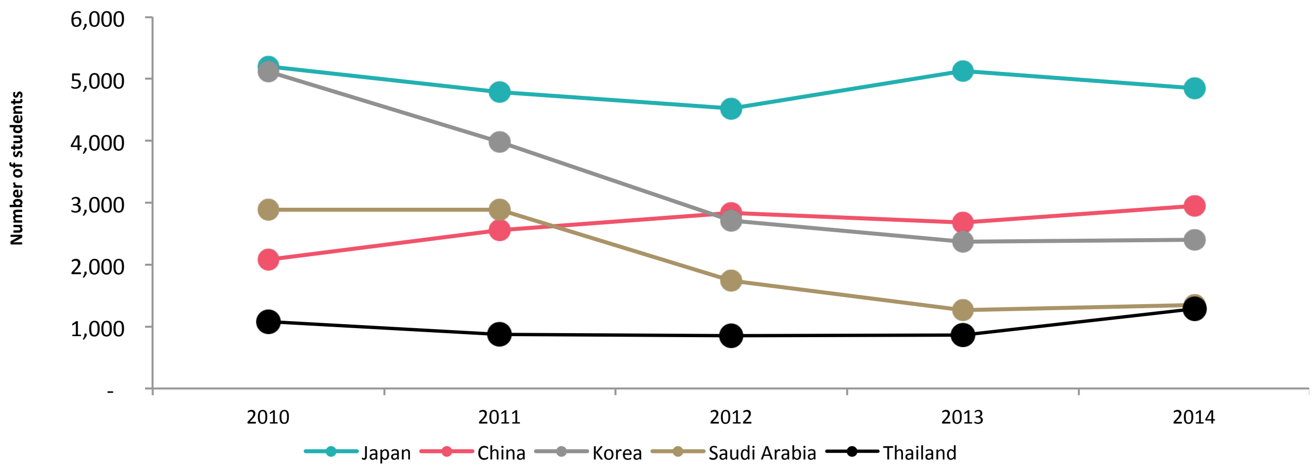
The overall increase in enrolments is being driven by strong growth at Masters and Doctoral level. Masters level enrolments grew by 22% (578) with Management & Commerce and Engineering seeing the strongest growth, ↑35% (428) and ↑36% (130) respectively. Approximately 80% of the growth in Masters enrolments was driven by Chinese students, ↑43% (470). Doctoral level enrolments grew by 7% (250). The growth was spread over several subjects, including Management and Commerce ↑21% (65), Education ↑22% (50), Natural and Physical Sciences ↑4% (42), Engineering ↑5% (35) and Health ↑11% (35). Doctoral level growth was driven by enrolments from China ↑30% (129), Indonesia ↑34% (31), and Iran ↑22% (61).

These trends indicate the growing demand and perception of New Zealand as high quality study destination, specifically in relation to the strong demand for postgraduate level studies. ENZ is currently working with the university sector via Universities New Zealand on a range of projects which will see the continued development of a strong University story that identifies the distinctive strengths of the sector and will complement the New Zealand Education Story and “Think New” brand.

English Language sector

The English Language sector (ELS) experienced 5% (991) growth in enrolments in 2014 compared to 2013. This is a particularly positive result, reversing a three year trend of declining enrolments. This growth was driven by Thailand ↑48% (420) and China ↑10% (270), and has led to a 15% ($6.7m) increase in tuition fee revenue.

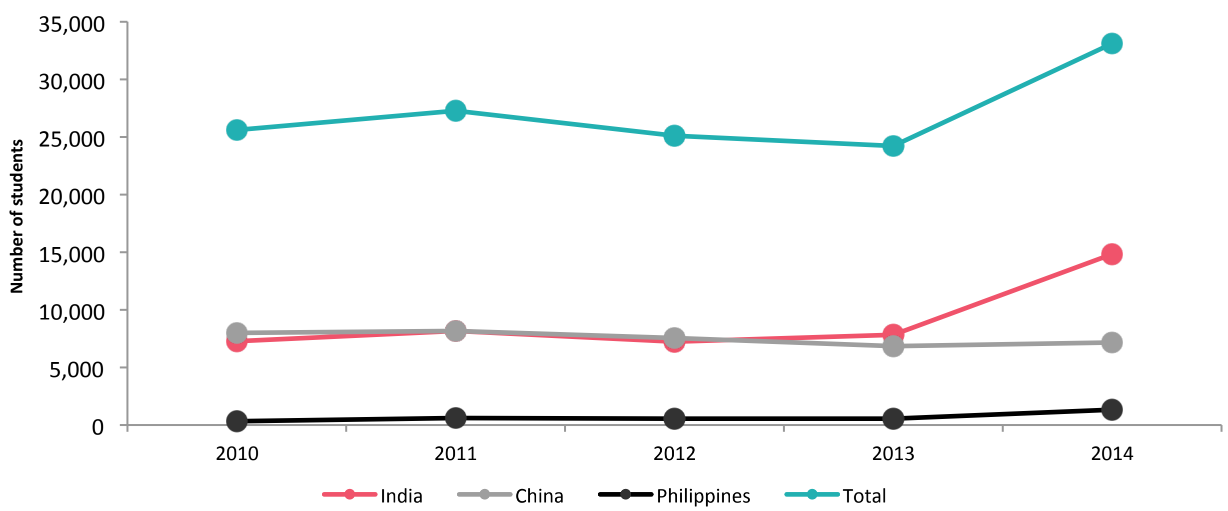
Figure 7: International student trends in the ELS sector 2010-2014



PTE sector (excluding ELS sector)

After two years of declines the PTE sector has experienced strong growth ↑37% (8,905) on 2013. This increase has been driven by growth in Indian student enrolments, up 89% (6,955). This growth resulted in a 49% ($78.5m) increase in tuition fee revenue for the sector. This is the biggest growth experienced by any sector in 2014. Figure 8 below illustrates the correlation between the growth of Indian students and the growth of the sector in 2014.

Figure 8: International student trends in the PTE sector (excluding ELS) 2010-2014



The growth in publicly funded PTEs was driven by enrolments in Management and Commerce ↑43% (1,792), Food and Hospitality ↑26% (573) and Information Technology 26% (392). Certificates/Diplomas at level 5-7 is the most popular level of study in publically funded PTEs, representing 68% of enrolments, and experienced a 35% (2,554) increase in enrolments in 2014.

Recent changes to work rights settings has complimented and increased the attractiveness of New Zealand's educational offerings for international students and in particular the PTE sector. ENZ continues to work with the industry and other NZ Inc agencies to identify further opportunities to increase attractiveness of New Zealand via refining policy settings.

Competitor trends

Australian student enrolment trends

In 2014 there were 589,860 enrolments of international students in Australia, an increase of 12.3% (64,683) on 2013. All sectors experienced growth in 2014, with the non-award sector and English language sector (ELICOS) experiencing the largest increases, up 22.4% (6,263) and 19.5% (22,446) respectively.

Australia's fastest growing markets came from a diverse range of countries including India ↑29% (14,274), China ↑8% (11,906), Brazil ↑27% (4,682), Viet Nam ↑16% (4,206), and Thailand ↑18% (3,978). Emerging markets such as Nepal, Pakistan and Nigeria continued double digit growth in 2014, up 28% (3,937), 16% (2,046) and 70% (565) respectively.

Unlike New Zealand, Australia was able to maintain Korean numbers with a 2% (576) growth in enrolments. This growth was driven by a 20% (1,965) increase in the VET sector, despite declines in all other sectors.

The international education industry contributes A$16.3 billion (approximately $17.8 billion NZD) to the Australian economy and is the third largest export[18]. International education is gaining momentum with the Australian federal government recently released its draft National Strategy for International Education[19] for consultation. The strategy acknowledges Australia's reliance on Asia and recommends that its industry pursue diversification strategies, specifically through engagement in Africa, Latin America, and the Middle East.

USA enrolment trends

Overall international tertiary student numbers in the United States for 2013/2014 were at record levels ↑8% (66,408 students) compared to 2012/2013. Of this growth, over 80% came from three markets; China ↑17% (38,842), Saudi Arabia ↑21% (9,353) and India ↑6% (5,919). Chinese and Saudi Arabian growth continues, with strong increases seen in 2012/2013, while growth in Indian numbers represent a reversal after three years of decline. Reports suggest that the growth from India will continue into the 2014/2015 academic year[20].

[18] http://dfat.gov.au/trade/resources/trade-at-a-glance/Pages/top-goods-services.aspx
[19] https://internationaleducation.gov.au/International-network/Australia/InternationalStrategy/Documents/Draft%20National%20Strategy%20for%20International%20Education.pdf.
[20] http://www.business-standard.com/article/current-affairs/indian-students-studying-in-the-us-rise-by-28-114111800442_1.html

There were declines in student numbers from traditional markets: Korea (↓4%, -2,580), Taiwan (↓3%, -601) and Japan (↓1%, -234).

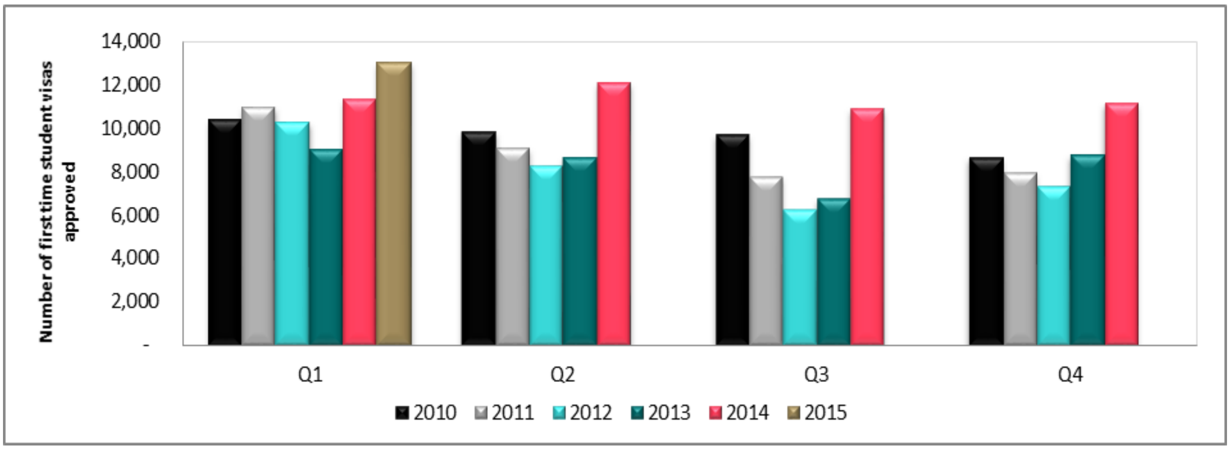
The growth in international students sees a 12% increase in economic value for the USA international education industry and economy, now contributing $26.8bn (USD) when compared to the previous academic year. This growth sees an 8.5% increase in jobs created now totalling 340,000[21].

New Zealand's international education outlook

Student visa trends provide a useful proxy lead indicator of international student enrolment trends and are available on a monthly basis. Student visa results for the January – March 2015 (Q1) period continue to indicate strong growth in enrolments for the important first trimester intake in the 2015.

Q1 2015 continues to experience growth seen throughout 2014. Total student visas (TSVs) grew by 6% (1,882) and first time student visas (FSVs) grew by ↑16% (1,777). Q1 proves to be the strongest Q1 since 2009 for TSVs and FSVs. Q1 growth was driven by India, China, the USA, the Philippines and Colombia. The ITP, PTE and university sectors have experienced the strongest Q1 growth up 56% (721), 13% (559), and 8% (215).

Figure 9: Overall first time student visas approved quarterly 2010 - 2015



Future trends

The global education industry appears to be experiencing an increase in demand from globally mobile students, with competitor countries such as Australia, Canada and the USA also experiencing an increase in international student numbers.

The changing and complex international environment presents new challenges and opportunities, with the emergence of new markets such as the Philippines, Brazil and Colombia, and changing modes of delivery. These include in-market delivery, online delivery and new qualifications for New Zealand,

[21] http://www.nafsa.org/Explore_International_Education/Impact/Data_And_Statistics/The_International_Student_Economic_Value_Tool/

such as the taught Masters degrees which tend to have high demand due to the length and quality of the courses.

In order to sustain the growth experienced in 2014, New Zealand's international education industry will need to focus on continuing to take advantage of the changing environment. ENZ is working with the New Zealand education industry through the strategic roadmaps process to implement key projects designed to enhance growth prospects for the industry into the future.

Along with maintaining growth from New Zealand's key markets such as China and India, the international education industry will need to continue developing new markets in order to ensure diversification and sustainable growth.

New Zealand's international presence continues to strengthen with ENZ'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 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 March 2015, the start of the 2015 academic year will continue to see an increase in international student numbers and in the value of the industry.

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.

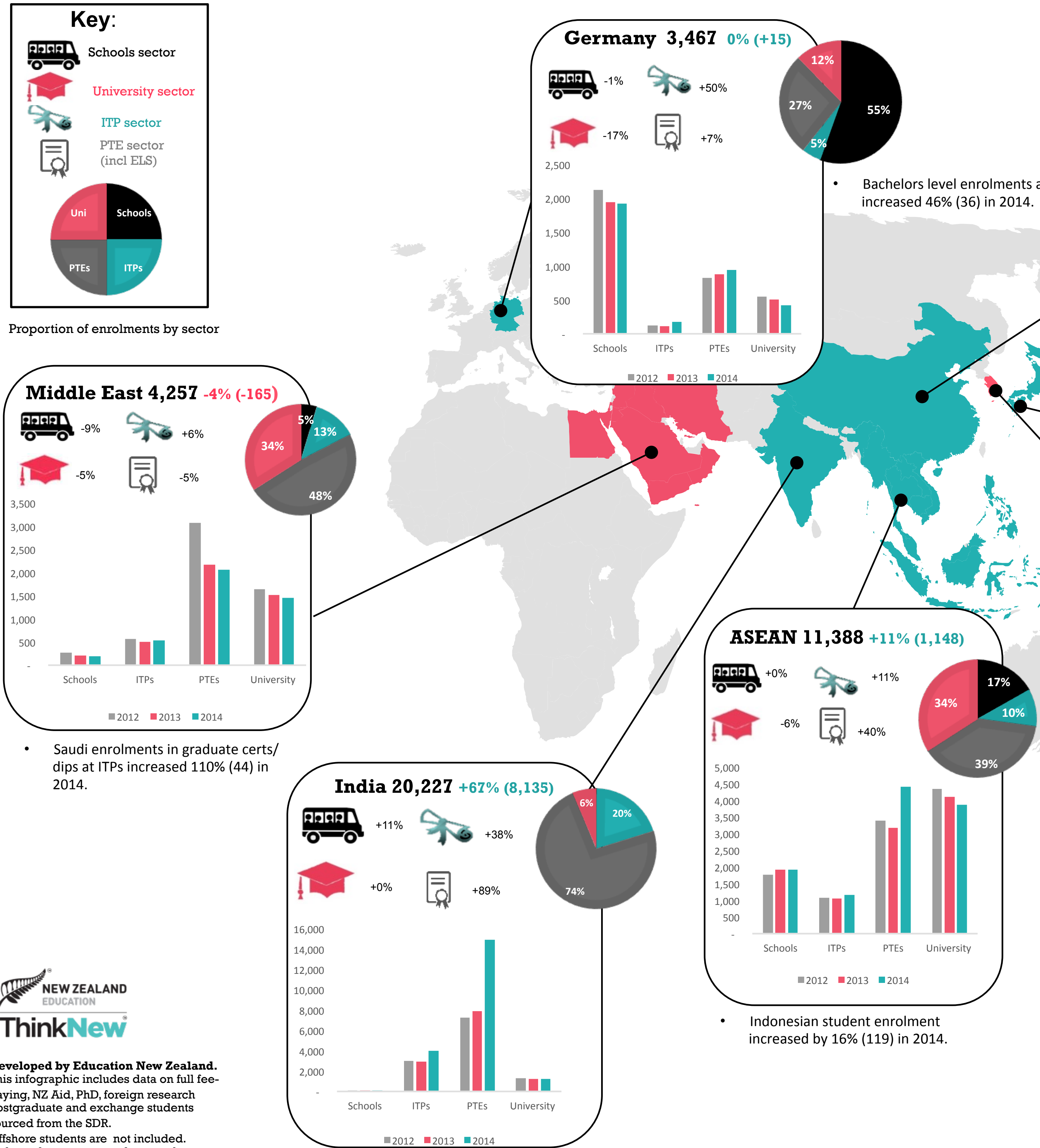
Along with full fee-paying students, the following categories have been included when measuring the economic value and performance of international education industry[22]:

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

Data source and breakdown:

Data source	Sector	2013	2014	Change on 2013	% change
Formal qualifications: Onshore and offshore: SDR	University	24,303	24,956	653	3%
	ITP	12,319	14,151	1,832	15%
	Wānanga	2	1	-1	-50%
	SDR-PTE	11,362	14,549	3,187	28%
Full fee-paying and exchange students	Primary	1,432	1,548	116	8%
	Intermediate	926	862	-64	-7%
	Secondary	14,438	15,097	659	5%
Export Education Levy: includes Subsidiaries	Non-SDR PTE	12,845	18,563	5,718	45%
	English language	19,557	20,548	991	5%
Total enrolments		**97,184**	**110,275**	13,091	13%
Total head count		**97,107**	**110,198**	**13,091**	**13%**
Combined sub-sectors (enrolments)	Schools	16,796	17,507	711	4%
	PTEs (incl ELS)	43,764	53,660	9,896	23%

22 These categories are considered to be domestic students under the Education Act 1989.

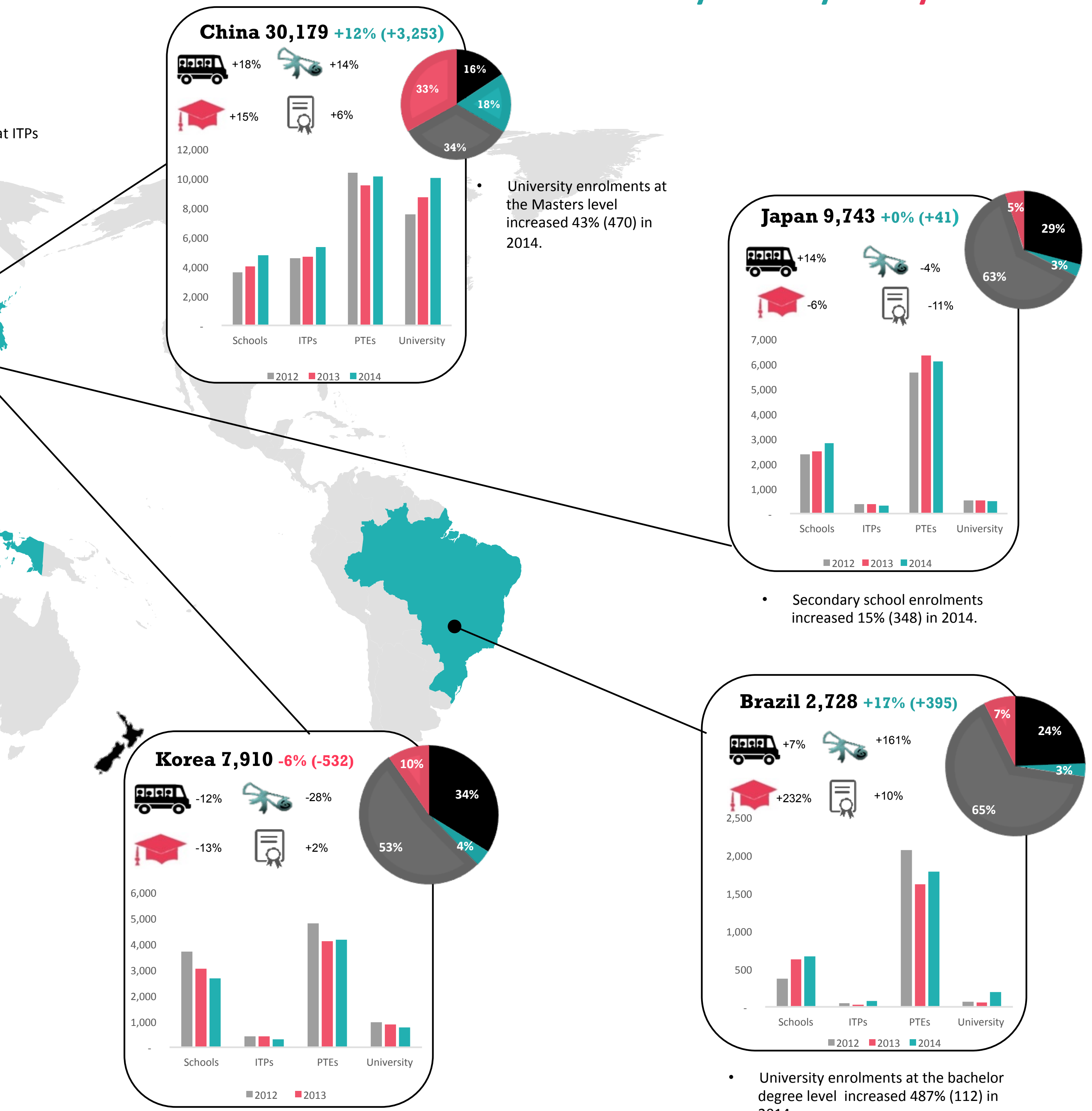


- Bachelors level enrolments a increased 46% (36) in 2014.
- Saudi enrolments in graduate certs/ dips at ITPs increased 110% (44) in 2014.
- Indonesian student enrolment increased by 16% (119) in 2014.
- Enrolments in honours degrees at ITPs increased 109% (255) in 2014.

NEW ZEALAND EDUCATION ThinkNew

Developed by Education New Zealand.
This infographic includes data on full fee-paying, NZ Aid, PhD, foreign research postgraduate and exchange students sourced from the SDR.
Offshore students are not included.
Links to data source: student numbers (www.educationcounts.govt.nz)

Trends by country: Full year 2014



- University enrolments at the Masters level increased 43% (470) in 2014.
- Secondary school enrolments increased 15% (348) in 2014.
- University enrolments at the bachelor degree level increased 487% (112) in 2014.
- Student enrolments increased by 15% (162) in the last trimester of 2014.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