

**Deloitte.**

# Comparative Costs for International Students.

Presentation to New Zealand International Education  
Conference

9 August 2007



# Agenda

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- Background
- Approach
- Qualifications
- Issues Encountered
- Country Highlights
- Main Findings
- Implications for New Zealand
- Questions



# Background

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- International Education is a big industry for New Zealand
- Intense global competition to attract students
- Essential that New Zealand remain globally competitive in attracting high quality students
- Deloitte contracted by ENZ in December 2006 to undertake research into cost of an international education in the following countries:
  - New Zealand
  - Australia
  - Canada
  - United Kingdom
  - United States



# Our Approach

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- Adopted same methodology as previous research conducted by IDP Education Australia in 2001
  - Analysis of tuition fees and other ‘additional’ fees charged by:
    - o Universities
    - o Polytechnics/Institutes of Technology
    - o Secondary Schools
    - o Private Training Establishments
    - o English Language Schools
  - Analysis of the comparative living costs for international students



# Context

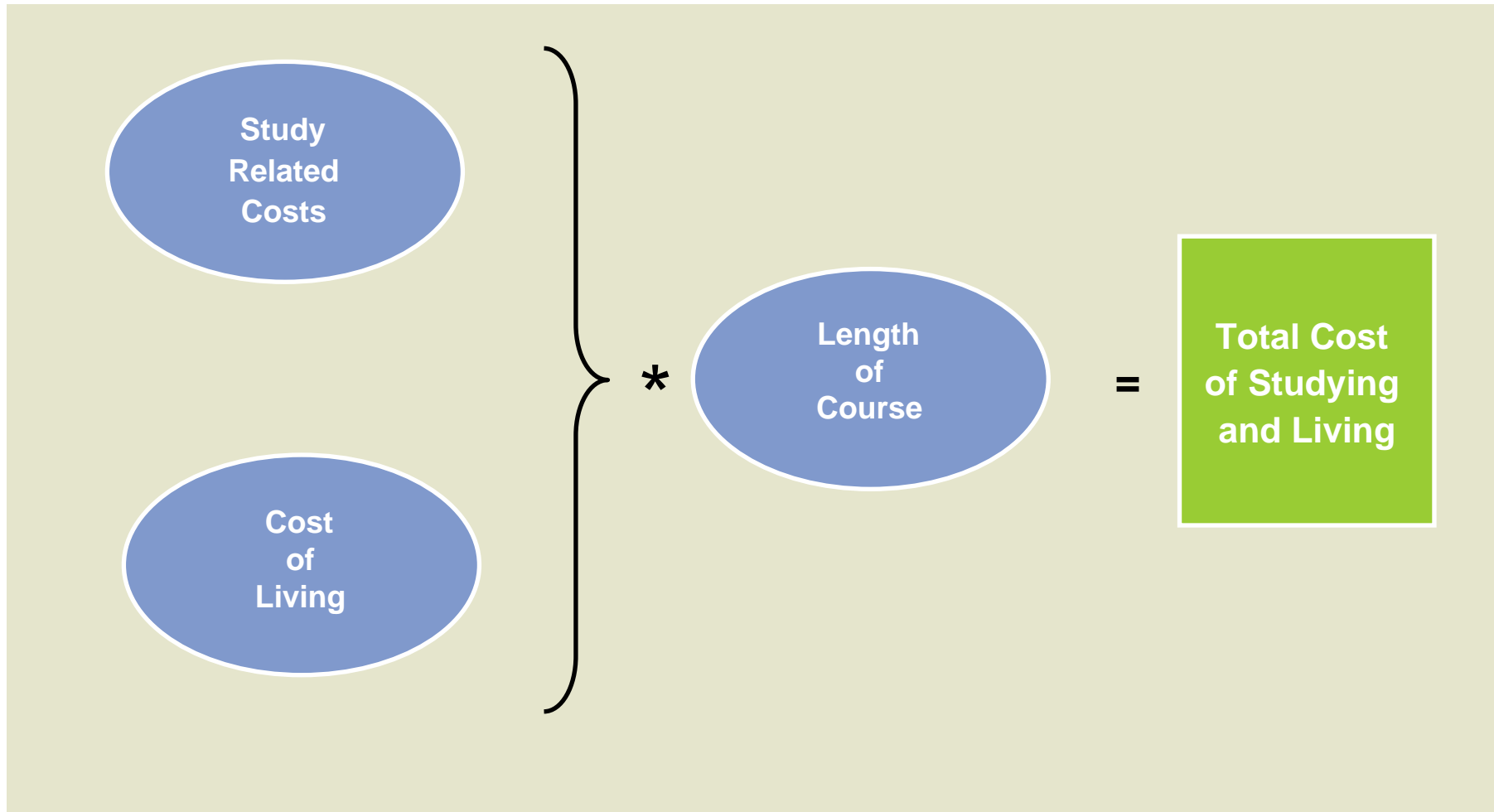
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- Current research adopted same methodology as IDP Education Australia used in 2001 research.
- At this time the exchange rate was  $\$NZ1 = \$US0.43$
- This research just looked at universities and not other educational institutions.
- Outcomes of 2001 IDP research, showed that:
  - **Cost of Living:** New Zealand had the lowest cost of living per year for international students. (\$US5,523) with UK being the highest (\$US8,783); and
  - **Tuition Fees:** In general, annual tuition fees were lowest in New Zealand and Canada and highest in US private universities and in the UK.



# Our Approach

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# Our Approach – Cost of Living

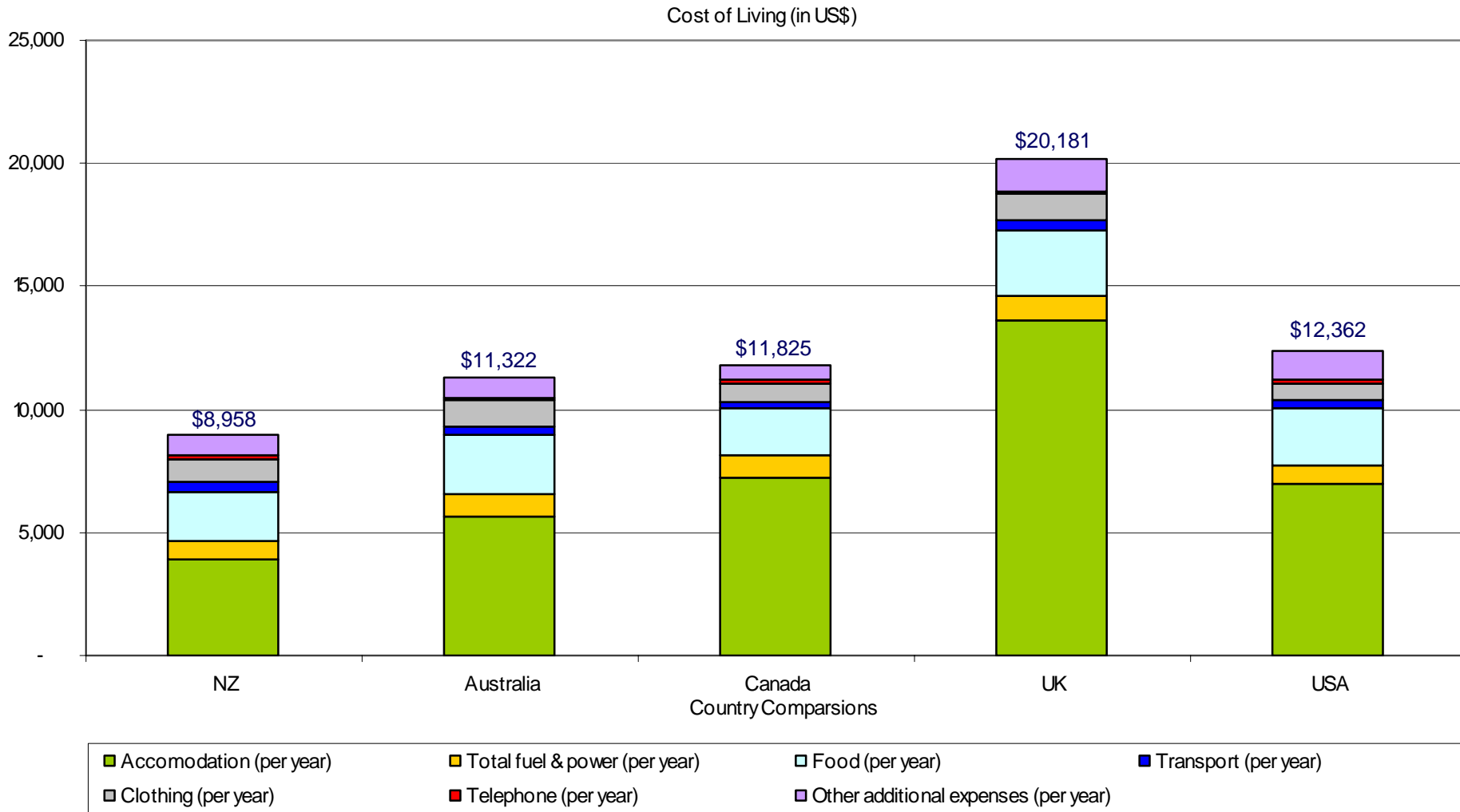
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- Individual Country Data was obtained from the Economist Intelligence Unit (EIU) to inform the Cost of Living Analysis. This approach ensured consistency of data.
- EIU data used accommodation costs for young professionals so this was modified to allow for 'student type' accommodation by referring to accommodation costs from individual education providers websites.
- For the purposes of the research two cities in each country were selected in relation to cost of living data. These cities were chosen from cities with the largest populations of international students.

Country	Cities
New Zealand	Auckland, Wellington
Australia	Melbourne, Sydney
Canada	Toronto, Vancouver
United Kingdom	London, Manchester
United States	New York, Los Angeles

- A basket of goods was chosen on which cost of living data was obtained. Cost of Living for a country was weighted to each city according to international student numbers in the city.
- The cost of living for an international student will vary depending on the choice of study location within a country, eg the cost of living is likely to be cheaper in Dunedin or Christchurch than it is in Auckland.

# Our Approach – Cost of Living



# Our Approach

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## Sample of Institutions

Country	Secondary Schools	Universities	ITP's	English Language Schools	PTE's	Total
New Zealand	28	8	17	22	9	<b>84</b>
Canada	23	56	8	27	17	<b>131</b>
United Kingdom	30	20	20	30	12	<b>112</b>
United States	15	20	18	30	13	<b>96</b>
Australia	18	25	8	35	10	<b>96</b>
<b>Total</b>	<b>114</b>	<b>129</b>	<b>71</b>	<b>144</b>	<b>61</b>	<b>519</b>

# Qualifications

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- Our approach was to undertake secondary, desk based, research
- Used information which was publicly available and which was often in a summarised format
- Published information was not independently verified
- The figures in the report are shown in \$US with the exchange rate on 4 April 2007 being used (\$NZD1=\$USD0.72)
- Movements in exchange rates will impact on the results

A photograph of a currency exchange board. The board displays exchange rates for various countries and currencies. The rates are shown in red digital displays. The board is tilted slightly to the right. The visible entries are:

Country	Unit	Rate
USA	1 USD	6.430
EURO	1 EUR	8.368
SVERIGE	100 SEK	92.440
DANMARK	100 DKK	112.29
STORBRIANNIA	1 GBP	120.47
SVEITS	100 CHF	53.130
JAPAN	100 JPY	60.900
AUSTRALIA	1 AUD	5.775
CANADA	1 CAD	

# Issues Encountered

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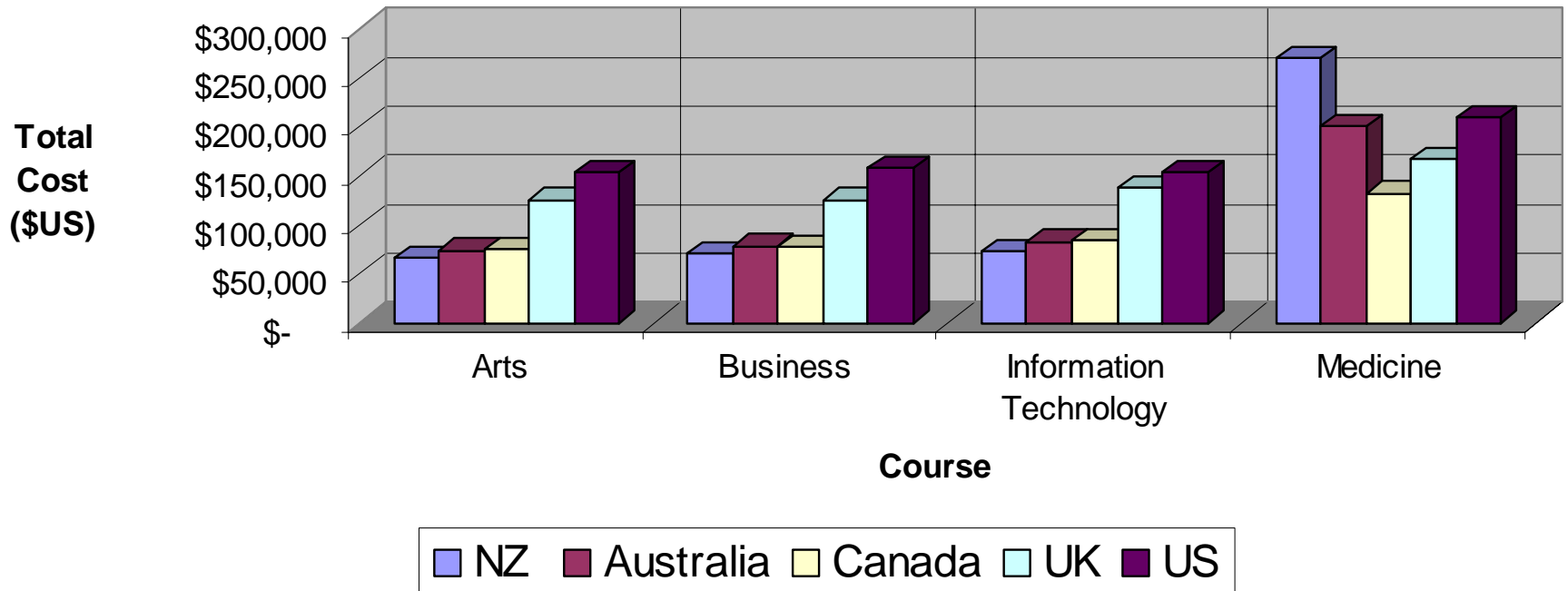
- Difficulty in defining what is a PTE in overseas jurisdictions resulting in difficulty gathering robust and comparable data
- Definition of education institutions differs between countries
- Difficult to gather data in respect of private providers overseas because no central body coordinating their activity
- Not a strong sample of private training providers in respect of overseas data – potentially means that data is not representative of the whole population
- Not the level of consolidated body reporting that we had anticipated at the start of this assignment
- Fee data has required some degree of interpretation due to variability across regions, inclusion of additional costs in fee costs, varying lengths of courses



# Summary – University Bachelor Degrees

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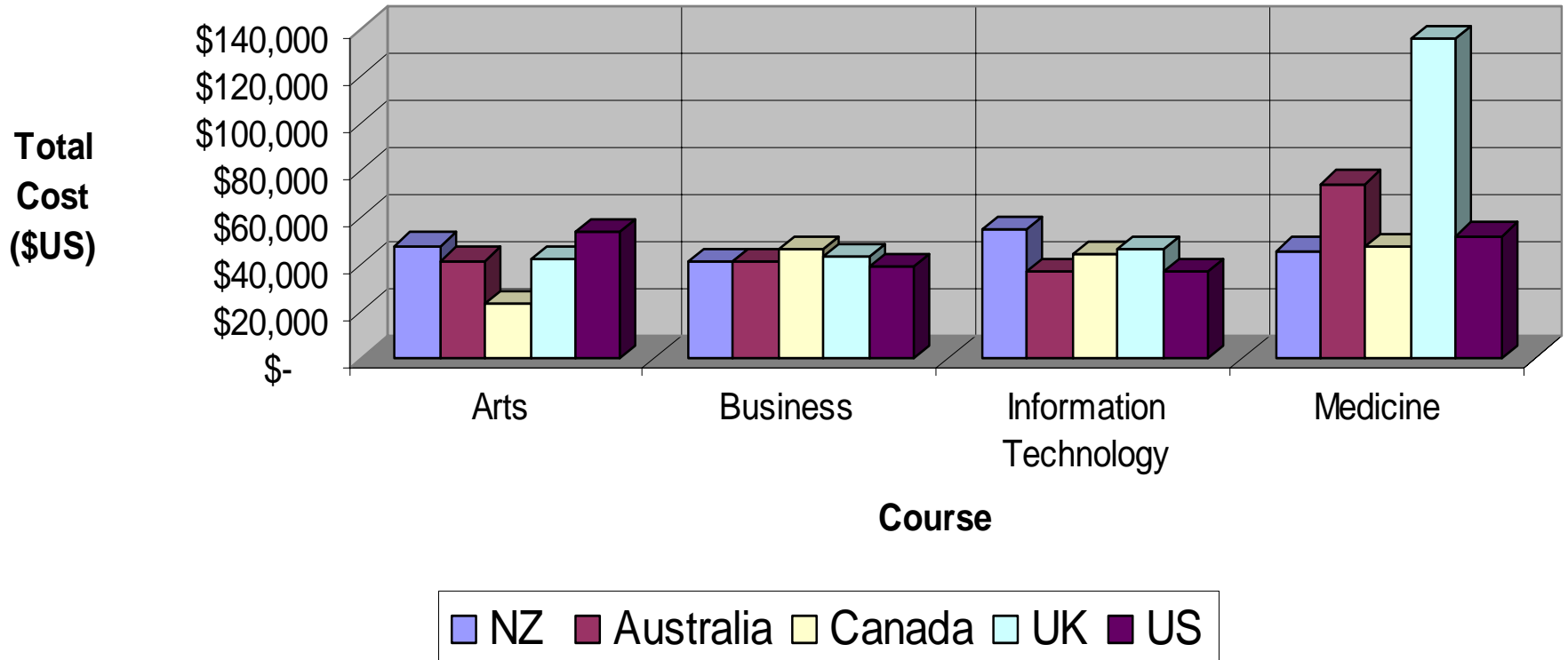
## University Bachelor Level Courses



# Summary – University Masters Degrees

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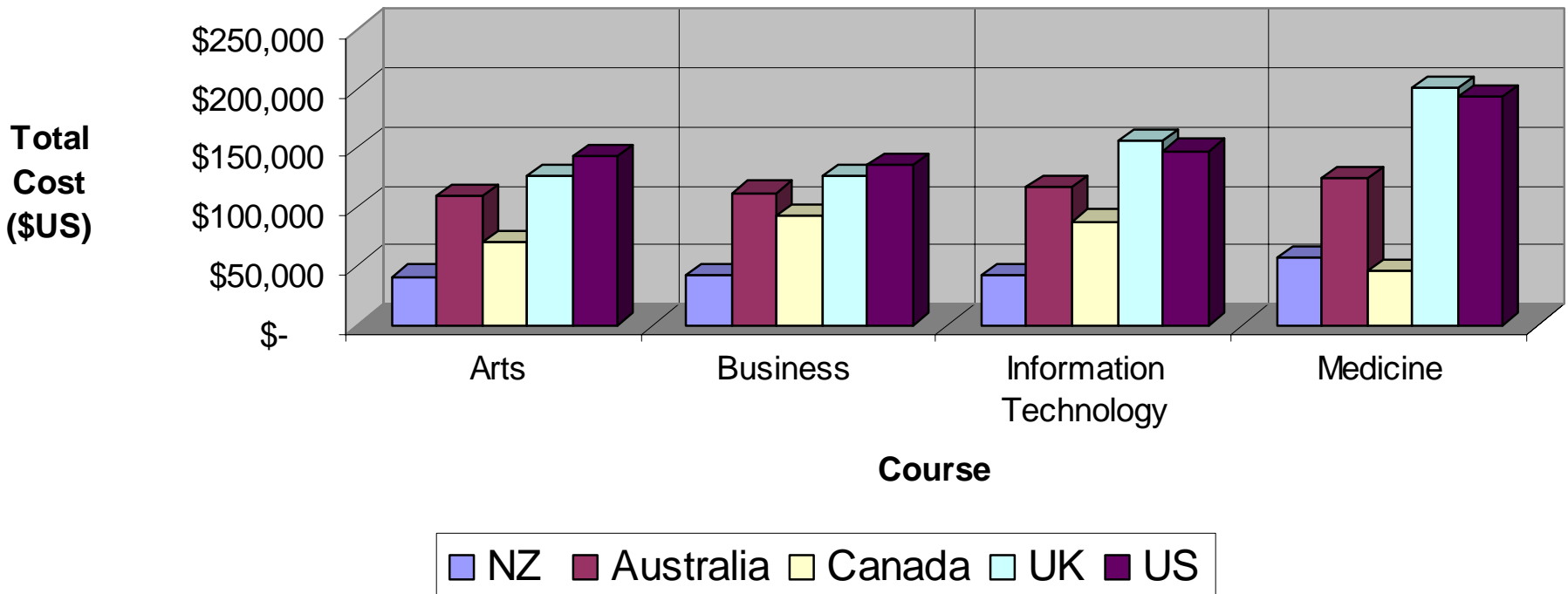
## University Masters Level Courses



# Summary – University Doctorates

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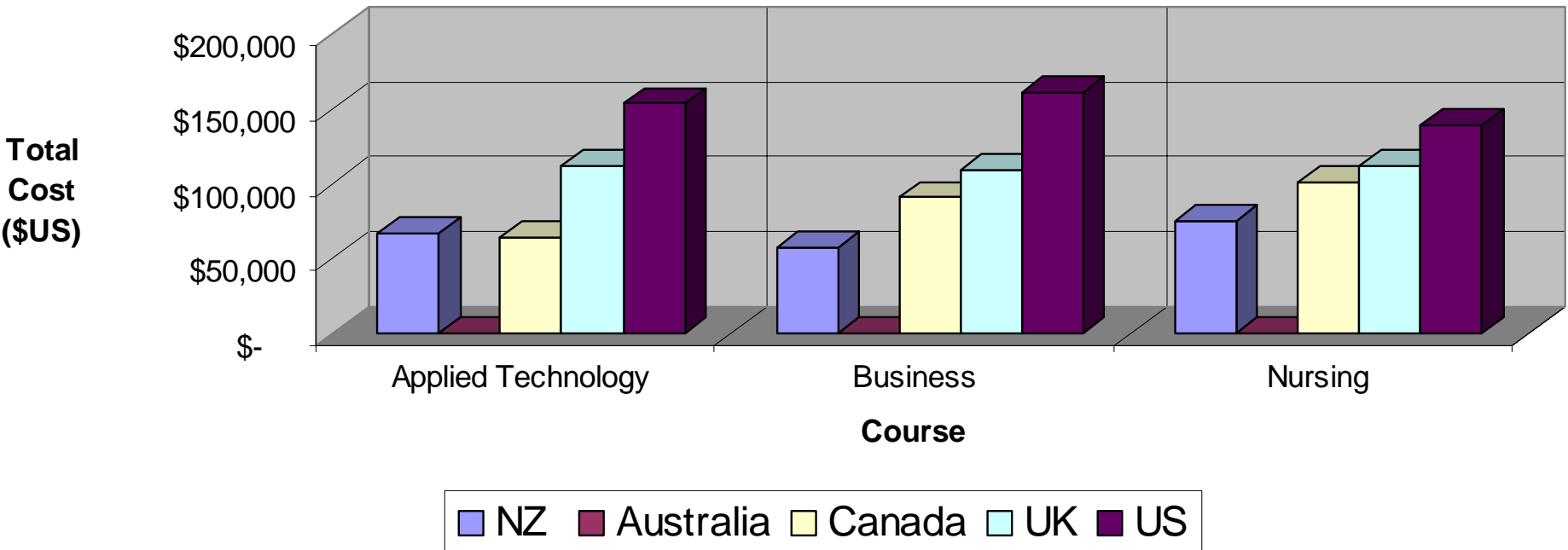
## University Doctorate Level Courses



# Summary – ITP Bachelor Degrees

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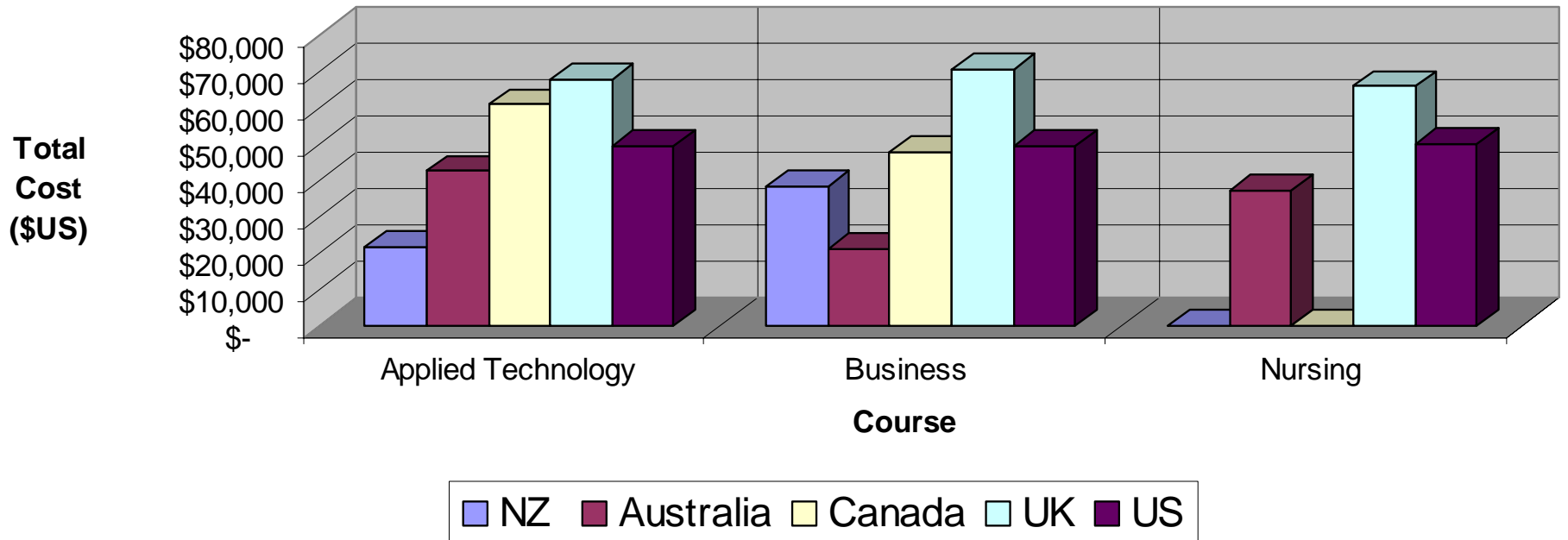
## ITP Bachelor Level Courses



# Summary – ITP Diplomas

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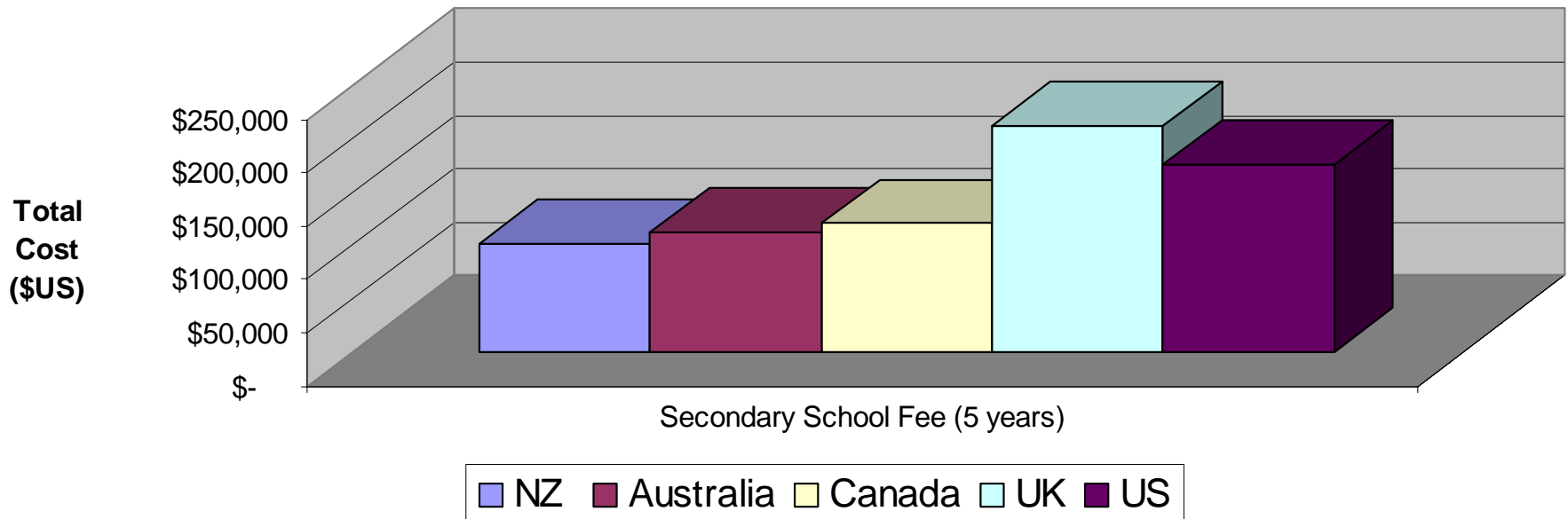
## ITP Diploma Level Courses



# Summary – Secondary Schools

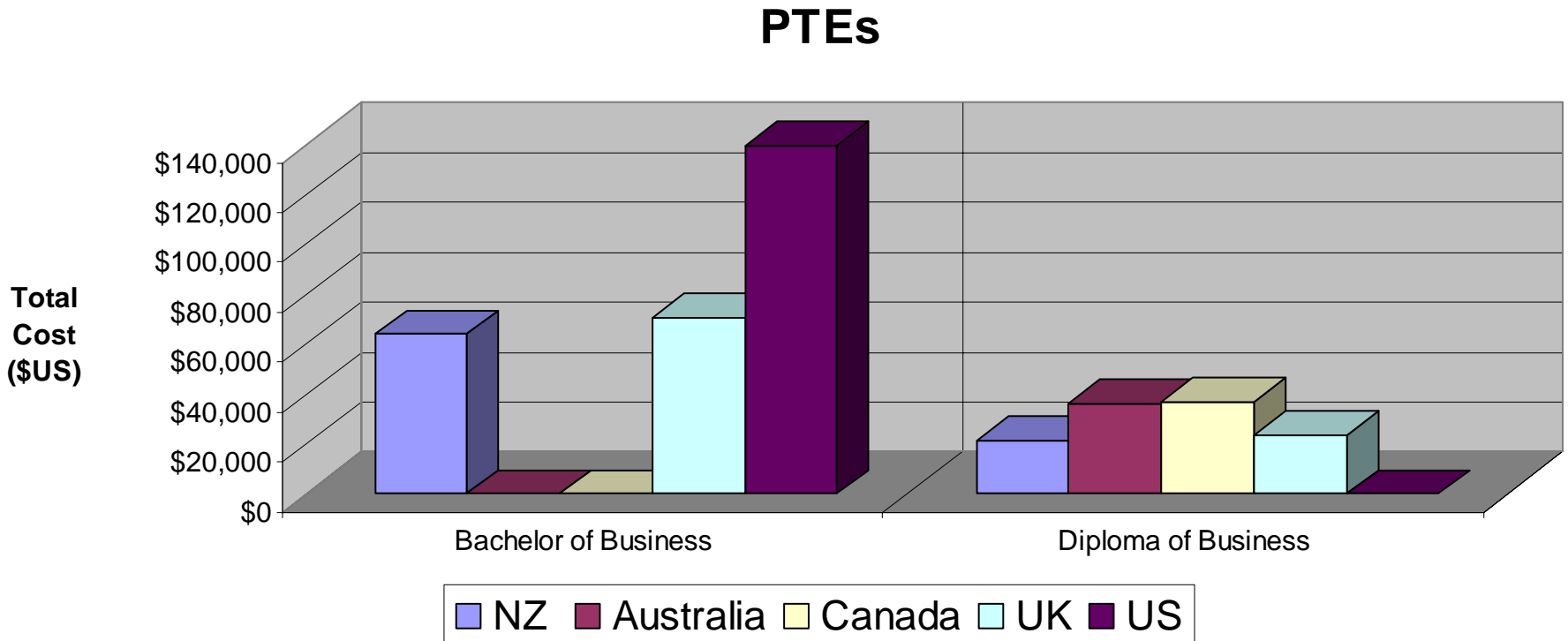
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## Secondary Schools



# Summary – PTEs

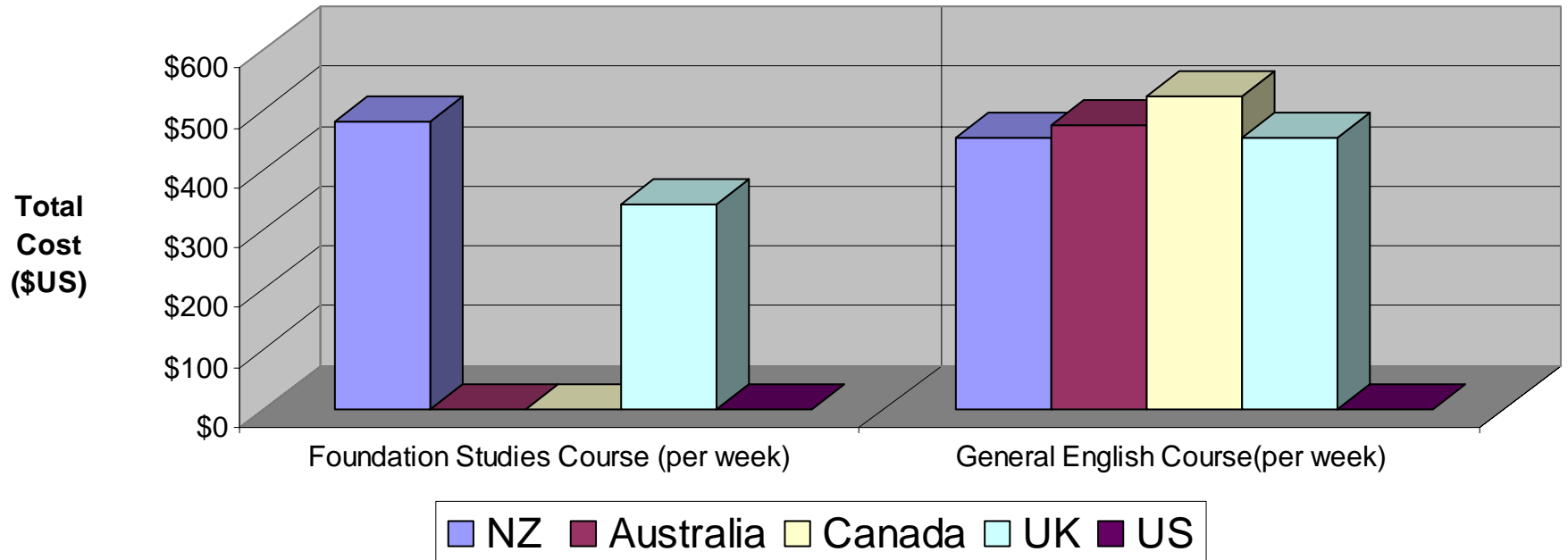
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# Summary – PTEs

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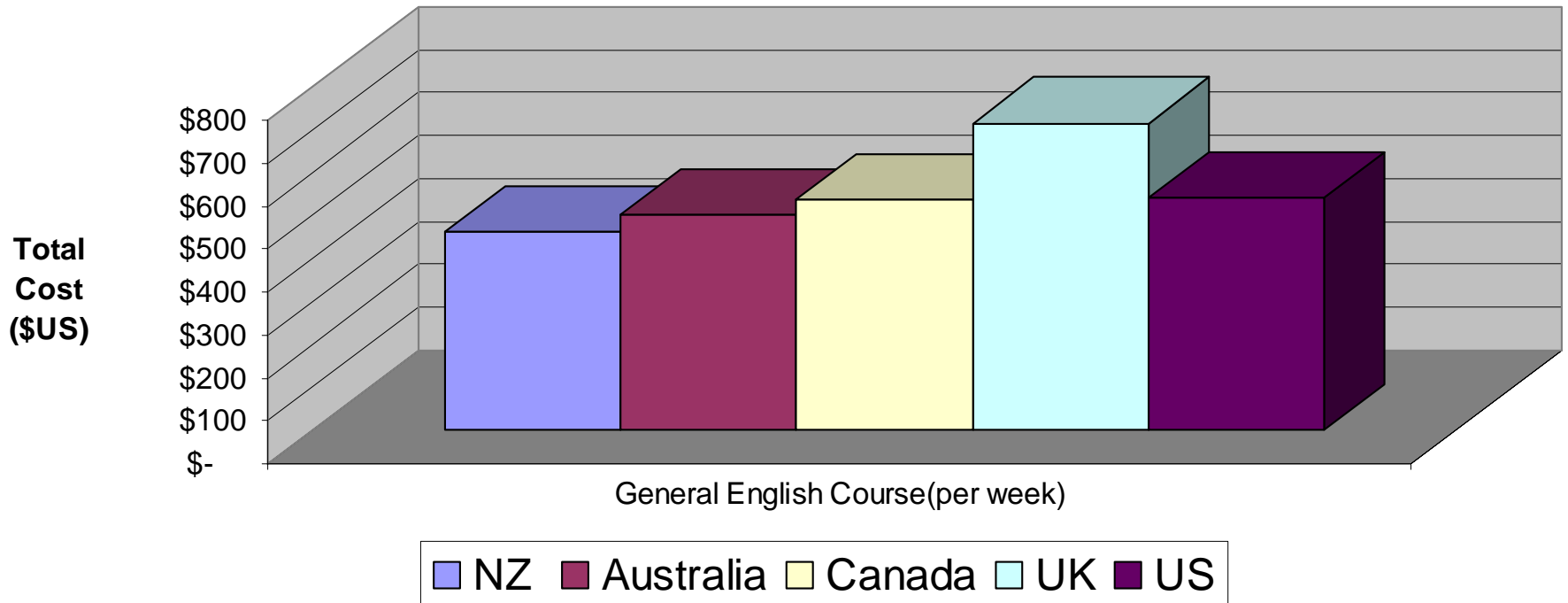
## PTEs



# Summary – English Language Schools

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## English Language Schools



# Main Findings – Tuition Fees

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- Length of course is a key variable in the comparative cost analysis
- Subtle differences exist between countries
- Tuition fees in Canada are generally the least expensive out of the five countries considered.
- New Zealand fees generally had a lower standard deviation consistent with less variability amongst New Zealand providers
- At all levels and across all courses, university tuition fees were generally least expensive and fairly similar in New Zealand, Australia, and Canada. Tuition fees in the US and UK were consistently much higher



# Main Findings – Tuition Fees

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- Across ITPs and Polytechnics there was little variability in tuition fees between countries at the Diploma level, but the US was consistently the most expensive at the Bachelor level
- At the Secondary School level, New Zealand offers the lowest tuition fees, closely followed by Australia and Canada. Tuition fees in the UK and US are more than twice the level of New Zealand
- PTEs – New Zealand's Diploma of Business, Foundation Studies and General English tuition fees are the most expensive
- There was little variability between countries for tuition fees at English Language Schools



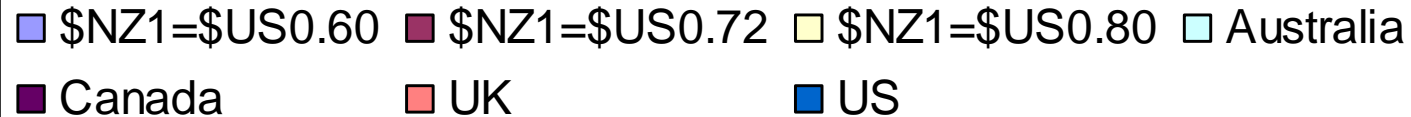
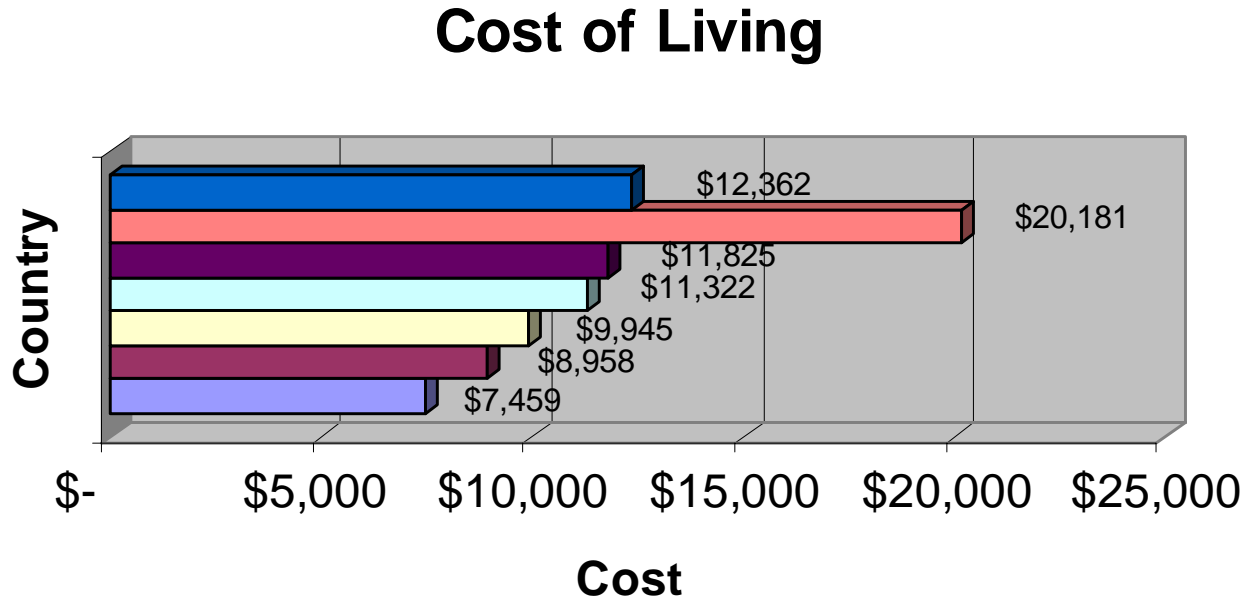
# Main Findings –By Qualification

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- **PhDs** – The cost of undertaking a PhD in New Zealand is considerably less than other countries due to domestic fee arrangements being in place.
- **Masters** – Total costs are tightly grouped between the various countries suggesting that this course of study is internationally more competitive. New Zealand is more expensive due to its two year as opposed to one year Masters qualification.
- **Bachelors** – New Zealand is generally the least expensive but Canada is very competitive.
- **Diplomas** – New Zealand, Australia and the US are relatively comparable
- **Secondary Schools** – New Zealand is the least expensive

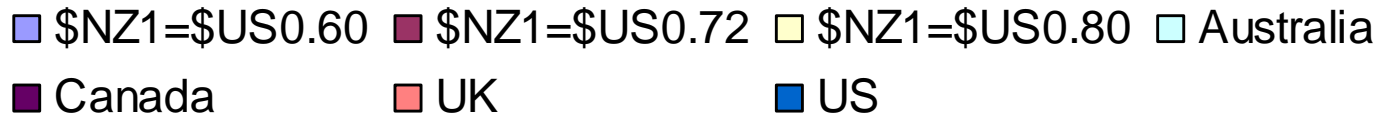
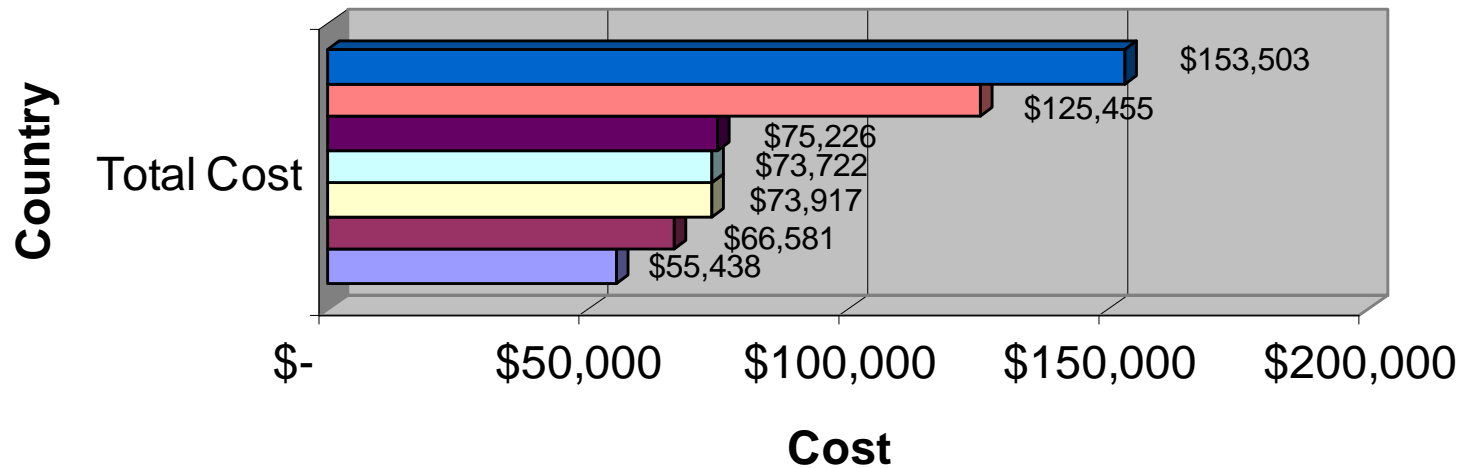


# Main Findings – Impact of Exchange Rate Fluctuations



# Main Findings – Impact of Exchange Rate Fluctuations

## Total Cost of Study - University Bachelor of Arts



# Implications for New Zealand

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- New Zealand can no longer compete solely on “affordability” in a global marketplace
- Fluctuations in the \$NZ have an impact upon the extent to which the cost of a New Zealand education is globally competitive
- New Zealand may have to rely on marketing efforts targeting the other benefits of studying in New Zealand eg Lifestyle benefits, lower security concerns, quality of education, ‘the New Zealand experience’
- International students are more conscious of the study options available to them both in their home countries and New Zealand



# Implications for New Zealand

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- As economic conditions in the Asian region continue to stimulate demand for international education, it is likely that part of this demand will be met by new Asian study destinations which are likely to be the new 'cost-competitive' providers
- New international students are likely to be more accepting of new technology and different methods of course delivery, for example online, which may reduce demand
- Since the 2001 IDP study there has been a broadening of education destinations for international students eg Germany, China, South America. This trend is likely to continue
- New Zealand fees do still need to remain competitive with major competitor countries and providers need to ensure that they are providing a 'total package' to international students



# Questions to Participants

- What stands out as consistent or inconsistent with your expectations?
- What are the implications for New Zealand?

