

# Foreign students to bring in \$30b

Opinion



Alan Olsen

The value of education as an export for Australia is forecast to double, with the soaring growth in the number of international students arriving in the country.

International student commencements, the industry's leading indicator, were 21 per cent higher in the first half of 2014 than in the same semester a year ago. English language starts were up 28 per cent in a year, with many students on pathways to higher education or vocational education and training.

Modelling suggests the value of education as an Australian export will double, from \$15.7 billion in financial year 2014 to \$30.8 billion in 2020.

Sydney is the world's fifth most expensive city at 20 per cent pricier than New York, and the Economist Intelligence Unit's 2014 survey, suggests student living costs will boost the contribution to the Australian economy.

Serendipity for Australia's international education providers in 2014 follows the perfect storm of 2010.

Education as an Australian export doubled in value from \$7.9 billion in 2004 to \$16.4 billion in 2010. Then came the perfect storm: the strength of the Australian dollar; the rapidity and magnitude of changes to Australia's migration and student visa policy settings; damage to Australia's reputation from international students' safety; bad publicity from provider closures; the effects of the global financial crisis; and competition from international education providers in other countries.

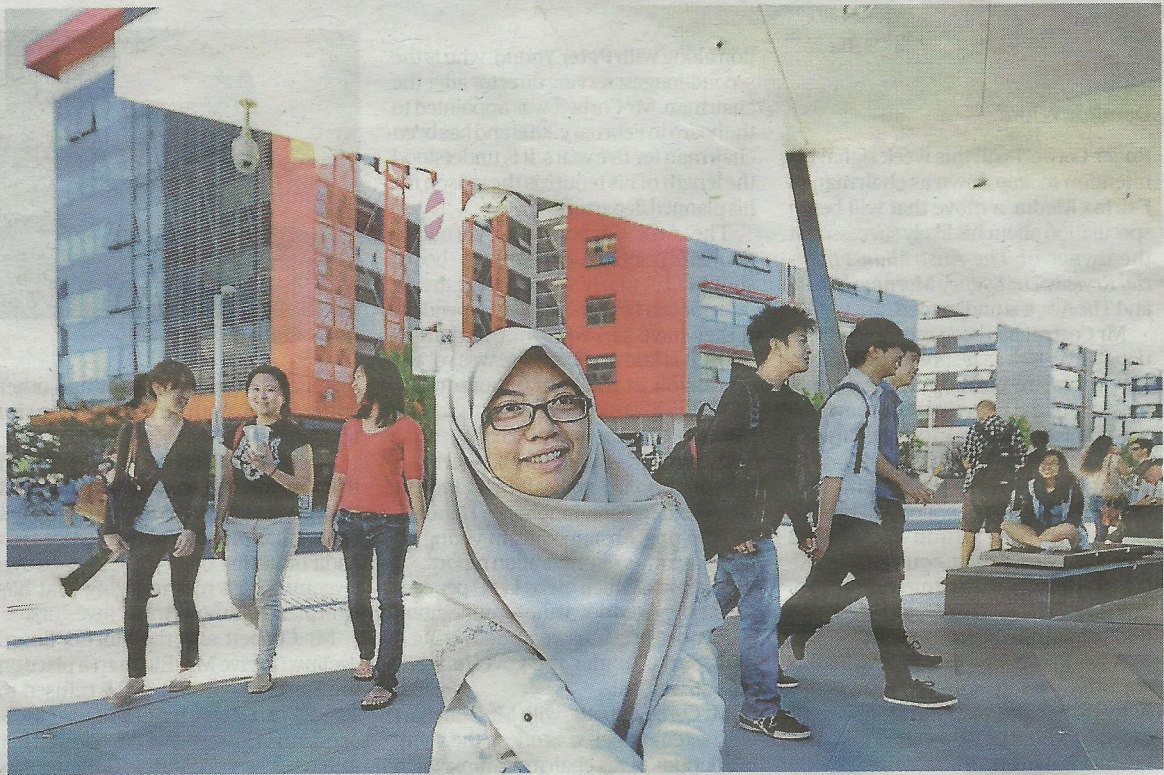
Numbers of new starters dropped for six semesters in a row; the export value bottomed out at \$14.6 billion in financial year 2013.

Early green shoots appeared in the first semester of 2013, with starts up 2 per cent year on year. Growth increased to 16 per cent in the second semester 2013, then 21 per cent in the first semester 2014.

The value of the Australian dollar has dropped 15 per cent since the beginning of 2013.

Fees have become less expensive, some of the world's costliest cities have become more affordable.

Austrade's August 2014 paper *Return to Growth* tracks positive



Foreign students such as Nadia Radzman, will double the value of education as an export by 2020. PHOTO: MELISSA ADAMS

changes in Australia's student visa settings; the introduction of streamlined visa processing for the university sector in April 2012; post-study work visas for graduating international students in 2013; and further reforms in 2014, including simplification of assessment levels and extension of the streamlined process.

*An international student in 2014 pays \$40,600 a year. This is forecast to rise to \$51,400 in 2020.*

Austrade suggests that three leading indicators show strengthening growth: new student visa grants up 27 per cent; starts across all sectors up 21 per cent; and English language starts up 28 per cent. Austrade points out that strong demand for English language courses flows through to the higher education and vocational education and training sectors.

Following the rule of 72, the value of education as an export for Australia

doubles in six years with compound annual growth of 12 per cent. Modelling suggests this rate will be achieved.

Across all education sectors, each international student in 2014 pays \$40,600 a year in fees and living costs. This is forecast to rise 4 per cent a year to 2020, just ahead of the rate of inflation and maintaining the value of fees. In 2020 dollars, international students will pay \$51,400 in fees and living costs for a year's education.

Starts already are up 16 per cent in the second semester 2013, 21 per cent in the first semester 2014 and, tentatively, 15 per cent in the second semester 2014.

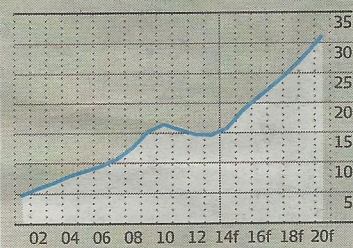
With these growth figures factored in, modest increases of 5 per cent a year will bring student numbers to 600,000 in 2020.

With those 600,000 international students paying \$51,400 for a year's education in Australia that year will reach that figure of \$30.8 billion.

Australia uses number of enrolments as its measure of the size of its international student population. Enrolments are a cumulative count of students who have enrolled at any point in the year, and include commencing students, returning

## High growth potential

Australian education exports (\$b)



SOURCE: ABS, ALAN OLSEN

students from last year and completing students who have studied in Australia for part of the year, but have departed.

Australia in 2020 will welcome 440,000 new arrivals. It will also host the equivalent of 600,000 full time international students, and will count 800,000 enrolments bringing in the forecast \$30.8 billion in export revenue from education.

Alan Olsen is a researcher in international education and director of SPRE Pty Ltd. He is a speaker at the Australian International Education Conference, October 7-10, in Brisbane, [www.aiec.idp.com](http://www.aiec.idp.com).