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ACPET
AUSTRALIAN COUNCIL FOR
PRIVATE EDUCATION AND TRAINING

Submission to the Australian Senate Inquiry into the Welfare of International Students by the Australian Council for Private Education and Training

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Submission by ACPET to the

Australian Senate Inquiry into the Welfare of International Students

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Context

The Australian Council for Private Education and Training (ACPET) is the peak professional organisation representing private post compulsory education and training providers. Of ACPET's 1,200 members more than 700 are actively engaged in the delivery of international education to overseas students both onshore in Australia and offshore, especially in the Asia Pacific region, South America and Africa. For the purpose of this submission however, most of ACPET's comments will relate to onshore delivery.

ACPET members deliver education and training services to more than 170,000 international students; these services are underwritten by ACPET members thus providing international students with the single most comprehensive international education support service worldwide.

In the first half of 2009, ACPET generated new data and insights upon the business and market environment in which international education operates as well as its economic impact upon Australia; an individual analysis and economic impact upon all Australian States was also undertaken. Over the second half of 2009 we intend to release a comprehensive analysis of international students' education, learning support and living experience incorporating survey data and results from six international student roundtables conducted by ACPET in each state providing an authoritative quantitative and qualitative analysis of this most significant industry.

ACPET is therefore a leading expert and professional brand in international education and through its consistent monitoring of the business environment and generating specific economic and student data analysis is in a unique and authoritative position to advocate and defend quality, diversity and choice in international education on behalf of its members.

On 17 June 2009 the Senate referred the following matters to the Senate Education, Employment and Workplace Relations Committee for inquiry and report.

(a) the roles and responsibilities of education providers, migration and education agents, state and federal governments, and relevant departments and embassies, in ensuring the quality and adequacy in information, advice, service delivery and support, with particular reference to:

(i) student safety,

(ii) adequate and affordable accommodation,

(iii) social inclusion,

(iv) student visa requirements,

(v) adequate international student supports and advocacy,

(vi) employment rights and protections from exploitation, and

(vii) appropriate pathways to permanency;

(b) the identification of quality benchmarks and controls for service, advice and support for international students studying at an Australian education institution; and

(c) any other related matters.

Summary of ACPET's Submission

ACPET welcomes the opportunity to make a submission to the Senate Inquiry. The key message that ACPET presents to the Senate is that it is now time for Australian international education to *focus, collaborate and thrive* if it is to meet the challenge of mounting international competition.

In brief, ACPET's view is as follows:

- International Education in Australia, is not a cottage industry but a vast, diverse and vital export industry bringing new capital into the every State economy and significantly impacting upon each State's prosperity and therefore that of Australia.
- International education in Australia, is subject to considerable regulation and scrutiny by National and State authorities; these arrangements must be implemented effectively, efficiently and consistently.
- Policy adjustments in international education need to use a wide lens in order to carefully calculate the full potential impact of any recommended change.
- Evidence available suggests that the vast majority of students find their experience a very positive, safe and cultural-development experience.
- International education in Australia is well supported by initiatives that have promoted
    - a community of practice
    - independent analysis and research
    - policy initiatives broadening the market engagement of diverse providers

Given the above summary of its position, it is ACPET's view that adjustments to policy and practice should:

1. acknowledge that international education in Australia is a successful and sophisticated industry where the vast majority of institutions provide a high quality education and rewarding social and cultural experience
2. adopt an approach which better manages demand through developing effective informed consumers and by empowering diversity and choice by offering a range of quality education and training options

3. acknowledge the strength of the existing regulatory framework, use an evidence base to strengthen the framework and focus on effective, efficient and consistent implementation of effective regulation.

Finally, ACPET proposes, given its very rapid development, that the diversity and complexity of Australia's international education industry may not be well understood nor appreciated as seen from responses to the findings of our recently released report on the economic impact of international education. ACPET is pursuing a strategic agenda in this regard particularly in terms of the political and professional leadership, and of consumer advocacy of the industry. ACPET intends to examine as a strategic priority on behalf of the industry measures in relation to better advocacy, data collection and research, and professional development.

ACPET would be pleased to make a presentation to the Australian Senate of the unique data and evidence that we are generating upon Australia's international education industry.

Submission detail

ACPET's submission to the Australian Senate inquiry is informed by our view of the student experience, which commences with students' consideration of an opportunity to study in Australia and continues through recruitment, purchase, induction, residency, study, completion, and exit. This cycle of experience involves a considerable number of stakeholders and service providers which cumulatively contribute to the building of the student experience. The Australian Senate must consider all of the elements relevant to stages of this cycle of the student experience. For this reason it is ACPET's considered opinion that a holistic view of the student educational and transaction experience should be taken in any policy adjustment considered by the Australian Senate especially in terms of additional regulatory impost.

ACPET submits for the consideration of the Australian Senate our synthesis of key data drawn from international surveys of more than 4,500 students from120 countries:

- better quality of education is the main motivation for considering study overseas
- traditional markets for Australian education tend to seek 'broadening' experience
- despite widespread publicity of the intentions of South Asian students to seek residency following their studies this is not indicated in the early stages of decision making suggesting that residency decision making follows the study decision and a period of time 'in country'
- other motivators for study included improvement of career prospects and improvement of English language skills with clear indications for the work and findings of the Australian Senate
- decision taking by prospective students is based on a specific course of study with *less than 20 per cent* of students choosing their study destination first
- online discussion groups and message boards are not within preferences cited by international students as methods of advice or support, with face to face, phone and email preferred
- trusted people and sources of information are significant influencers of international students with other methodologies such as league tables and agents having nil influence
- anxiety among international students is common; evidence indicates that 95% of international students experience levels of anxiety above the general host country population presenting significant implications for host countries, support services and providers

- while quality of program and reputation are important aspects, practical factors such as safety, cost and accessibility (visa, arrival/departure etc) are important benchmarks
- opportunity to study with people from other cultures is rated a low importance among other learning experience attributes
- living experience rated lower than the learning experience in student decision making other than personal safety and security

This data presents a picture that is at odds with recent reports and in exposing common myths suggests international education to be a maturing knowledge economy market with resilient demand and remarkable supply options.

Australia's international education industry and the knowledge economy

Australian society is an immigrant society which values the individual but has to decide whether it wants to be a committed cultural neighbour of Asia. In the science and innovation driven global economy of the twenty-first century, there is a rich interplay between a country's economic strength and its capacity for development and competitiveness. With Asia being home to the world's two most populous countries, China and India, the centre of gravity for economic strength and leadership in science and innovation will shift further westwards, towards the Asia Pacific.

The cultural complexity generated by such a successful international trade in education, such as has occurred in Australia, has shrunk the space between cultures and civilisations. Often the outcome has been to make concentrations of diverse peoples into reluctant neighbours. Social integration in this context can be seen to require careful rather than casual social engineering.

Immediate circumstances aside, economic growth and a huge population base in an emerging Asia is likely to prosper demand for international education growing threefold by 2025. Its rising investment in higher education to meet the demand will give Asia a comparative advantage in a talent-based, innovation-driven global economy. With the rising Asia-Pacific tide, our geographical location can be Australia's strategic advantage in optimising both the demand and supply sides of the international education market cycle given the right policy settings favourable to diversity, choice and quality.

In commercial business, best practices gained in one business unit, or country office, spread quickly across a company sponsoring innovation. For international educational and training providers, especially in small economies, the flow needs to speed up in order to reap the benefits of being more highly networked. We will otherwise fail to meet the challenge of increasing global competition. Networked professional communities of practice such as represented by ACPET's private College membership are therefore in our opinion critical to realising the potential future of Australia's role as the educational hub of the Asia – Pacific region.

In ACPET's view, the Australian Senate must give voice to the significantly positive experience enjoyed by the majority of international students in Australia. Exceptions are in ACPET's experience isolated instances and do not indicate any sense of system failure or inadequacy. However, representing a professional community of practice, ACPET also cautions that this high rate of satisfaction should not lead to complacency, rather to be alert to risk given the goodwill capital generated and invested in 'brand Australia' by such high levels of satisfaction. Risk in this sense can be seen to be where the actions of a few may imperil the benefits earned by the many active in Australia's international student industry.

Inadequately resourced and inconsistent regulation of education and training is in our view a risk to Australian international education and prompts a view that Australia's international reputation may be better served by national quality arrangements.

Similarly, rogue elements both on and offshore on the demand side sponsoring ill informed choice or worse exploiting vulnerable consumers also are a significant risk.

ACPET is pleased to provide the following perspectives on a number of specific issues as per the Senate Inquiry's Terms of Reference.

(a) The roles and responsibilities of education providers, migration and education agents, state and federal governments, and relevant departments and embassies, in ensuring that quality and adequacy in information, advice, service delivery and support

(i) Student safety

ACPET strongly supports the right of all people to feel safe. International students have special needs given the effect of social dislocation and isolation, and cultural differences. However, ACPET is of the view that one feature of the student experience is the expectation and perception that Australia is a safe place.

From a range of perspectives ACPET has concluded,

- that students from societies with higher levels of social control, or with a history of family support and leadership do not view Australia as a safe place
- ACPET is uncertain of the extent to which Australian domestic social support and management such as Police, information services etc are prepared to handle requirements from a large population group of international students
- That critical incidents lack the quick response coordination and management required to assist the student/s and manage the risk to Australia's reputation
- That Australian public transport, especially rail, warrants special consideration for safety intervention

It is ACPET's view based on feedback from its member providers that safety of international students is better addressed through induction strategies which are revisited from time to time throughout student programs and which can be characterised as proactive protective behaviours. While ACPET members provide this as part of the experience, it may be that a sample kit could be developed for use by providers.

ACPET has developed a number of initiatives and model strategies and programs both on and offshore supporting student safety. These include safety kits and seminars developed by international experts in public safety and have proved extremely popular especially on the sub continent.

(ii) adequate and affordable accommodation

International students represent one of the largest purchasing cohorts for accommodation services. Without sound, reliable, affordable, safe accommodation support services, trade in international education would not function.

Accommodation in Australian institutions is always in short supply. Unlike many US and UK institutions which are located in regional areas, Australian institutions are largely located in major cities. Students tend to share housing which can be adequate unless students or landlords opt for overcrowding to maximise returns.

Investment in the private accommodation market has been demonstrated to occur when investors feel confident about occupancy and return on investment. One way this could occur would for example be much clearer signals from the international education market and its government regulators indicating demand and take up.

ACPET does not support the view that training providers should be responsible for providing access to accommodation for overseas students. This is neither the core business of training providers nor is it necessarily their area of expertise. ACPET is concerned that such a requirement may lead perversely to a lowering of standards should this be mandated by training regulation. A market orientation by which training and service providers can disaggregate themselves in a well developed and mature international education market as exists in Australia is in ACPET's view a preferable strategy and which if sponsored by Government would provide a much better return on investment by better delivering a range of safe affordable accommodation in appropriate locations. Such an approach supported by appropriate policy settings has been seen to sponsor innovation including community networks. ACPET is establishing a peak agreement with community networks including Australian Homestay Network through ACPET's international education matrix.

Other options may include:

- sourcing affordable housing
- encouraging commercial 'flat mate' finding and real estate agents specialising in this area
- establishing a housing office by peak bodies such as ACPET in partnership with national networks of service providers such as Australian Homestay Network in each capital city to source and inspect affordable housing.
- tax benefits for providing student accommodation to encourage building or converting accommodation for students.

(iii) Social inclusion

While supporting the value of social inclusion of international students, which is indeed common practice among private providers, ACPET supports the view that enhancing social inclusion requires innovative approaches and therefore a market orientation rather than a regulatory imposition.

(iv) Student visa requirements

The Australian visa is one of the most expensive in the world – a reduction in price would be a positive move. The justification in the past was that we had a work component to the student visa. This has now been matched by most of the major competitors and the high fee can no longer be justified. The fact that the fees also went into consolidated revenue and not spent on international student services is also noted.

The visa system itself is still robust and the envy of many competitors around the world. The fact that the system is transparent and that if students meet the requirements they will get a visa is to be commended. The interview system used by some countries is subjective and ineffectual – Australia should monitor and maintain the current visa requirements.

(v) Adequate international student supports and advocacy

ACPET has made previous representations that the international education industry should be supported by

- An industry ombudsman's office
- An international education parliamentary secretary
- Market and provider based solutions in welfare possibly through a small rise in OSHC fees to cover health and welfare counselling support.

(vi) Employment rights and protections from exploitation

The positive experiences of international students while studying in Australia has provided an effective marketing tool and communication loop to other potential students. The consequent growth in the international student cohort has resulted in large numbers of international students exercising their work rights frequently in highly visible occupations. This may give rise to public perceptions of international students ‘taking Australian jobs’. ACPET is sceptical of this view and argues that much work is done by international students that is unpopular even in a softening domestic labour market.

Further investigation has been warranted in our view into the economic impact of international students including an assessment of the net value created by international students, i.e. the total economic benefit less the value of the employment take up by international students. ACPET has released in April its first analysis of the economic impact of the international education industry. This report confirms the net benefit of international students. (Refer Appendix).

The student work rights (20 hours part-time) that are currently available are adequate for maintaining living costs in most capital cities. However students often come with less money that they should to support themselves for three or more months on arrival, opening opportunities for exploitation by employers. Students will often have to work to cover fees and living costs and this requires long work hours which impact on study.

The solution rests with ensuring that students have adequate funds for travel to and arriving in Australia. The funds would have to be paid into an account set up prior to travel and this involves a lot of compliance costs by providers or government. An arrangement with a banking group for a monthly stipend would not need monitoring and could be easy to administer once negotiated.

Students frequently have financial problems and adequate training by agents, providers and the government on the real costs of living in each specific city regularly updated.

The chances of employment, case studies of students, employment strategies, work rights, superannuation explanations would also be useful. (Business SA has a program to assist students in finding work and arranges work placements with employers.)

(vii)Appropriate pathways to permanency

Expanding the system of the Graduate Visa 485 may present an alternative approach for all students that are eligible for residency in trades or services allowing 18 month unrestricted work but only after showing a genuine 12 months of work backed by pay slips, letter from employer and other visual or tangible evidence of work.

The providers that have only courses that are deemed 'visa related' would be high risk (migration regulations can change) and would face high TAS fees, and a bank guarantee.

The current system of TRA related courses with only 900 hours of work experience unsubstantiated has lead to many of the current problems. Folding all the pathways into the 885 class with an IELTS 6.0 bas requirement will make it a more even playing field and put the focus back on education as proper pathway.

The unrestricted approval of CRICOS providers offering courses from the MODL list has led to an over-supply of students seeking work placements to complete the requirements for which there are insufficient places available. This has potential for desperate students and/or providers to falsify records. National and State-based workforce planning needs to inform the approval of CRICOS providers in delivering over-subscribed courses.

(b) The identification of quality benchmarks and controls for service, advice and support for international students studying at an Australian education institution

(c) It is ACPET's daily experience that the economic impact of international education is not understood by politicians, government agencies, peak industry groups, or the community. In addition it is ACPET's view that information flow from disparate sources is confusing; members report that students trust the information source and since the primary relationship is frequently with their provider, that providers should be supported with reliable succinct and strategic information to provide a trusted one stop information source. This is supported by preliminary pre-arrival data.

Indeed it our view based upon a survey of more than 4,000 people considering international education prior to their signing up that course quality is the primary determinant in a student's decision. Australia has a strong reputation for quality education and training which needs to be managed to ensure our competitive capability is not undermined by isolated poor practices.

Quality is well provided for in existing regulatory arrangements. In ACPET's view the issue lies more with inconsistent approaches to regulatory arrangements within and between states and territories.

(d) Any other relevant matters

(i) Marketing and recruitment

ACPET undertakes frequent analysis of the international student market on behalf of its members. This analysis identifies trends in the market as well as indentifying surplus capacity and market inhibitors. We have reached conclusions about the impact of private providers in Australia's international market, difficulties with expanding higher education as well as trends in comparisons with other states. Preclusion of Australian private providers from China's higher education market is one example of our analysis of capacity that is being inhibited by market regulatory failure.

(ii) Education and Immigration

There is an intrinsic link between international education and immigration that must not be ignored. Immigration via education has been a substantial plank of the Commonwealth Government's policy in targeting skill shortages.

For migrants who have become citizens and permanent residents of Australia via an education pathway, their perception of Australia during their time spent as an international student will be a significant factor in shaping their view of Australian society. This presents an issue for that must be part of the prism through which international student welfare is viewed. The 'student phase' of an education pathway migrant will heavily effect how they integrate with the Australian community and plays to the 'heart' of social cohesion and respect for Australian values. Social cohesion of all migrant cohorts, regardless of whether they have migrated to Australia via the education pathway or some other means, provides enormous social, cultural and economic benefits to Australian community.

Recognition that the student experience can have long term implications to social cohesion and integration should be considered in any policy setting context.

(iii) Agent's registration

There are no unscrupulous education agents without institutions willing to work with these agents – there are no institutions without accreditation from the state authorities. A two stage approach of engagement with education agents and taking a lead in risk assessment of international providers is required.

Education Agents

The best method of working with agents is through engagement and education. AEI has set up the online agents course with PIER Online and is working with agents in every major market to get better results. This is an effective strategy and policy settings should work within this type of framework rather than imposing a unilateral set of criteria.

Conclusion

As stated throughout this submission, ACPET's proposition to the Australian Senate is that any consideration of adjustments to policy and practice in the field of international education should:

1. acknowledge that international education in Australia is a successful and sophisticated industry where the vast majority of institutions provide a high quality education and rewarding social and cultural experience
2. adopt an approach which better manages demand through developing effective informed consumers and by empowering diversity and choice by offering a range of quality education and training options
3. acknowledge the strength of the existing regulatory framework, use an evidence base to strengthen the framework and focus on effective, efficient and consistent implementation of effective regulation.

Finally, ACPET proposes, given its very rapid development, that the diversity and complexity of Australia's international education industry may not be well understood nor appreciated as seen from responses to the findings of our recently released report on the economic impact of international education. ACPET is pursuing a strategic agenda in this regard particularly in terms of the political and professional leadership, and of consumer advocacy of the industry. ACPET intends to examine as a strategic priority on behalf of the industry measures in relation to better advocacy, data collection and research, and professional development.

ACPET would be pleased to make a presentation to the Australian Senate of the unique data and evidence that we are generating upon Australia's international education industry. ACPET would also be pleased to provide further details or explain aspects of this submission to the Senate; contact with ACPET for this purpose can be via:

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Appendix to the ACPET Submission to the Australian Senate Inquiry into the Welfare of International Students

April 2009

The Australian education sector and the economic contribution of international students

Report by Access Economics Pty Limited for

Australian Council for Private Education and Training

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TABLES

EXECUTIVE SUMMARY

This report outlines the economic contribution of trade in education services to the Australian economy. It features three main components: (1) the economic contribution of students and the associated flow-on effects; (2) an analysis of the domestic education sector; and, (3) an overview of Australia's standing in the international education market.

Share of exports

Education services ranks as the third largest export category earner for the year 2007-08 (see Table A), behind coal and iron ore. Education services include expenditure by students in Australia ($13.7 billion) and exports from other education operations ($438 million).

TABLE A: AUSTRALIA'S TOP TEN EXPORTS BY VALUE, 2007-08

	$M
Coal	24,866
Iron ore	21,302
Education services	14,164
Gold	12,272
Personal travel (excl education) services	11,994
Crude petroleum	9,610
Professional, technical & other business services	5,963
Aluminium ores & conc. (incl. alumina)	5,903
Natural gas	5,854
Aluminium	5,465
Total Exports	234,308

Source: DFAT 2008.

Education services ranks ahead of services categories of personal travel and professional services and merchandise trade categories of gold, crude petroleum and aluminium.

Contribution

Each international student (including their friend and family visitors) contributes an average of $28,921 in value added to the Australian economy and generates 0.29 in full-time equivalent (FTE) workers (Table B). Overall, this sees international students, and the associated visitation from friends and family contribute $12.6 billion in value-added. This is based on student expenditure of $13.7 billion and visiting friends and family expenditure of $365.8 million.

TABLE B: ECONOMIC CONTRIBUTION OF INTERNATIONAL STUDENTS

	Total contribution $M 2007-08	Per-student contribution $2007-08
Expenditure	14,092	32,376
Value added	12,588	28,921
Total employment (FTE)	126,240	0.29

Source: Access Economics' estimates. Includes expenditure by visiting friends and family. Assumes constant expenditure figures for students and visiting friends and family.

The share of education-related travel services has increased from around one per cent of total services exports in the early 1970's to 27 per cent in 2007-08. Education-related tourists also contribute more in expenditure than leisure travellers, who spend $12.0 billion.

Students spent 46.7 per cent of total expenditure, or $6.4 billion, on education, but they also spend money on other items like food and accommodation. Given the total economy-wide value-added of $12.3 billion, this suggests that every dollar spent on education by an international student has the flow-on effect of $1.91 in economy wide value-added, base on their expenditure on other items.

International student expenditure in Australia contributes to employment in the Australian economy. It is estimated to have generated just over 122,000 FTE positions in the Australian economy in 2007-08, with 33,482 of these being in the education sector. Total student-related expenditure (spending by students and visiting friends and relatives) generates a total of 126,240 FTE positions. At the state level, NSW accrues the largest share of value added with $4.8 billion, followed by Victoria at just below $4.0 billion.

A recent study by Tourism Research Australia suggests that for every two formal students, one friend or relative visited Australia during the students' stay in Australia. This class of traveller is estimated to contribute $314.7 million to the Australia economy in value-added (Table B), comprising labour income of $179.7 million and gross operating surplus (GOS) of $135.0 million.

Illustrative demand shocks

The report also estimates the impact an illustrative demand shock to demonstrate the effects on the sector's economic contribution of a five per cent increase or decrease in student (and visiting friends and family) activity.

If we assume constant expenditure per student an illustrative five per cent drop in student numbers reduces spending by students and visiting friends and relatives falls from $14.1 to $13.4 billion. This has the effect of reducing the total value-added contribution from $12.6 to just under $12.0 billion; employment decreases from 126,240 to 119,928 FTE workers.

Under comparable assumptions, if student numbers increase by 5 per cent, value-added increases from $12.6 billion to $13.2 billion and employment increases from 126,240 FTE to about 132,552.

The international education market

For a relatively small country, Australia hosts a high proportion of the world's international students. Of the almost 2.8 million tertiary students studying abroad in 2006, just over 207,000 studied in Australia – 7.5 per cent of all international tertiary students studying worldwide (Table C). The United States of America and the United Kingdom host the largest numbers of foreign higher education students, accounting for 21.2 and 12.0 per cent of total higher education international students, respectively, in 2006.

TABLE C: AUSTRALIA AND THE INTERNATIONAL HIGHER EDUCATION MARKET, 2006

Host country or territory	Number	Per cent
Arab States	80,009	2.9
Central and Eastern Europe	208,101	7.6
Central Asia	51,174	1.9
East Asia and the Pacific	507,193	18.4
Australia	207,264	7.5
Latin American and the Caribbean	36,803	1.3
North America and Western Europe	1,798,299	65.3
South and West Asia	10,620	0.4
Sub-Saharan Africa	62,174	2.3
World	2,754,373	100.0

Source: UNESCO

As discussed in the report, China and India have the largest levels of expenditure in 2007-08, with $3.1 billion and $2.0 billion respectively.

Private sector

Overall, the international enrolments of private sector providers grew by 92.6% from 2006 to 2007. The highest growth was experienced in Victoria, with the sector increasing by almost 250 per cent—from around 2,500 to 8,750 enrolments. New South Wales increased by about 130 per cent, from 8,441 to 19,402 students attending private higher education providers.

International student activity by education sector

Relative to other parts of the sector, higher education has experienced relatively slow growth over recent years, with enrolments expanding by 7.7 per cent between 2006 and 2008. This suggests that the sector has reached a mature growth phase compared with other sectors of the education market. Conversely, ELICOS and the VET sectors have experienced an upsurge in growth over the same period, with enrolments increasing by 63.7 and 112.6 per cent, respectively. Both the schools sector and 'other (including non-award)' have experienced relatively flat growth over the whole period.

Residency

The international education sector also contributes to the Australian economy through augmenting the migration of skilled labour. In 2007-08, 21,421 students (while in Australia) were granted residency under various visa class applications; representing just below 20 per cent of all economic migration program residency grants for 2007-08.

Access Economics

April 2009

1. BACKGROUND

The Australian Council for Private Education and Training (ACPET) commissioned Access Economics to undertake an economic analysis of salient features of the Australian education sector including:

- The economic contribution of the Australian export education market;
- Australia's standing in the international education export market;
- The characteristics of the domestic education sector; and
- The success rates of international students in attaining Australian residency and citizenship.

The report uses a number of data sources including government agencies such as the Department of Education, Employment and Workplace Relations (DEEWR), the Department of Immigration and Citizenship (DIAC), the National Centre for Vocational Education Research (NCVER) and the Australian Education International (AEI).

While these sources provide a wide array of useful information, without a centralised, up-to-date data repository, assumptions have had to be made in compiling the data. These assumptions are discussed throughout the report.

Other Australian Government agencies publish useful information on education, including the Australian Bureau of Statistics (ABS) and Tourism Research Australia (TRA). The ABS publishes information on education-related exports for the whole education sector, which includes expenditure by students while they are studying in Australia. This information is used by the AEI to publish a snapshot of education exports, and is also drawn upon in this report.

TRA publish numbers of student travellers and their expenditure in Australia within the scope of their quarterly publication, the International Visitor Survey. TRA data were used in this report to apportion total ABS-defined education export figures to industry classifications in the national Input-Output tables. TRA also publish a number of reports on special topics relevant to the export of education services, of which one in particular, *Profile of International Visitors Who Studied in Australia*, was used to assess the impact of visiting friends and family members.

2. THE ECONOMIC CONTRIBUTION OF INTERNATIONAL STUDENTS

This section analyses the contribution of international students to the Australian economy for the financial year 2007-08. The economic contribution is measured by the impact of international student activity on national value-added and employment. Activity is in turn measured by the expenditure of international students while studying in Australia.

2.1 FRAMEWORK OF ANALYSIS

There are several measures of economic activity, each of which describes a different aspect of an industry's economic contribution. The two measures addressed here are value-added and employment.

Value-added measures the value of output (i.e., goods and services) generated by an entity's or sector's factors of production, in this case labour and capital. It can also be described as net output—the value of a firm's or sector's output less the value of produced inputs. It includes taxes on production less subsidies received to produce the output.

The sum of value-added across all entities in the economy equals gross domestic product (GDP). Given the relationship to GDP, the value-added measure can be thought of as an industry's contribution to economic welfare over a defined period of time.

Specifically, value-added is the sum of:

- **Gross operating surplus** (GOS), which represents the value of operating profit generated by the entity's capital inputs. GOS within the framework of analysis is captured by operating income less operating expenses. This is represented as the blue shaded area in Figure 2-1. GOS is similar to the earning before interest, tax, depreciation and amortisation (EBITDA) measure of profit.
- **Labour income**, which represents the value of output generated by the entity's labour inputs, as measured by the income to labour. This is depicted as the red shaded area in Figure 2-1.
- For completeness, value-added also includes **taxes on production less subsidies** provided for production. Given the framework of analysis employed in this report, both GOS and income to labour are pre-tax income flows; accordingly, tax does not need to be separately measured.

Employment is a fundamentally different measure of activity to those above. It measures the number of workers employed by an entity or sector (i.e., labour input) rather than the value of the workers' output.

2.2 METHODOLOGY

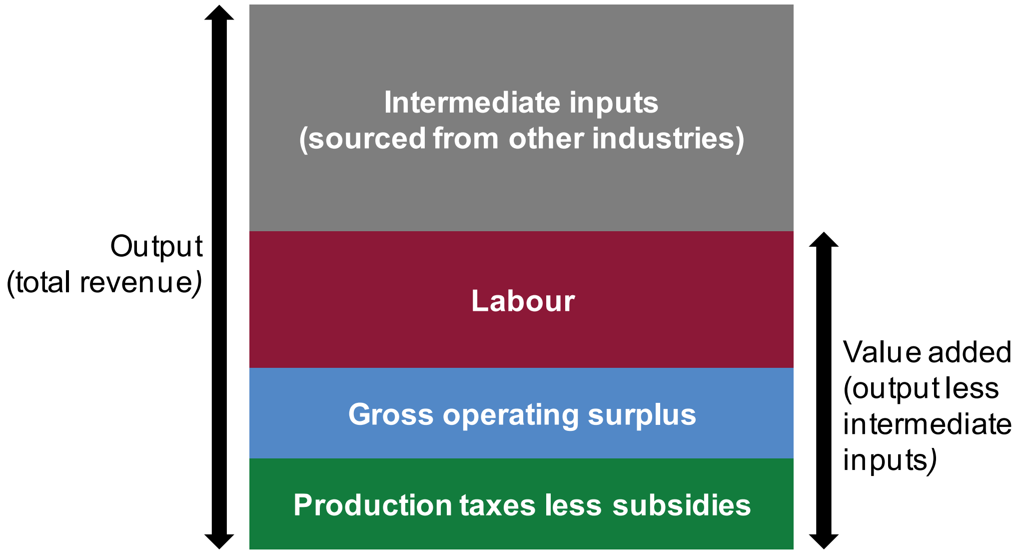
The methodology employed here assesses the income flow from expenditure by international students. This is achieved using the following steps:

1. assess the total expenditure by international students in Australia;
2. apportion spending into Input-Output (IO) table sectors of the economy; and
3. use an IO table framework to assess the income flows to capital owners and labour, as well as the employment contribution.

The last step is critical in assessing income flows because expenditure does not flow through exclusively to wages paid to employees or GOS to capital owners.

Figure 2-1 represents a stylised relationship between output (or expenditure) and value-added. This relationship holds when no imports are used as intermediate inputs.

FIGURE 2-1: STYLISED ECONOMIC ACTIVITY ACCOUNTING FRAMEWORK



Source: Access Economics.

Where imports are used for intermediate inputs, total value-added will be smaller than expenditure, since some GOS and labour income will flow to factors of production located outside Australia.

The IO table framework measures the imported component of intermediate inputs and adjusts value-added multiplier accordingly, (Table 2-1). The value added multiplier is the total economy wide value added (measured in dollars) generated from one dollar of expenditure.

Industries with higher levels of imported intermediate goods have lower value-added multipliers (like the petroleum and coal sector) whereas those with low levels of imported intermediate expenditure have higher value-added multipliers (like the education sector). This is the case because the value-added in the imported intermediate inputs flows to international capital owners and wage earners.

TABLE 2-1: VALUE-ADDED MULTIPLIER FOR SELECTED INDUSTRIES

Petroleum and coal products	0.47
Air and space transport	0.67
Electronic equipment	0.72
Textile products	0.73
Iron and steel	0.82
Dairy cattle	0.84
Accommodation, cafes and restaurants	0.85
Retail trade	0.90
Education	0.94

Source: ABS Cat. No. 5209.0, Access Economics estimates

2.3 INTERNATIONAL STUDENT EXPENDITURE

Of the $51.3 billion in service trade exports, $28.4 is generated by the activity of international visitors to Australia in 2007-08 (Table 2-2). This represents the spending by international tourists on travel and goods and services, defined as an export by the ABS, while in Australia. International students spend $13.7 billion in export related expenditure while studying in Australia; all other personal visitors spent $12.0 in 2007-08.

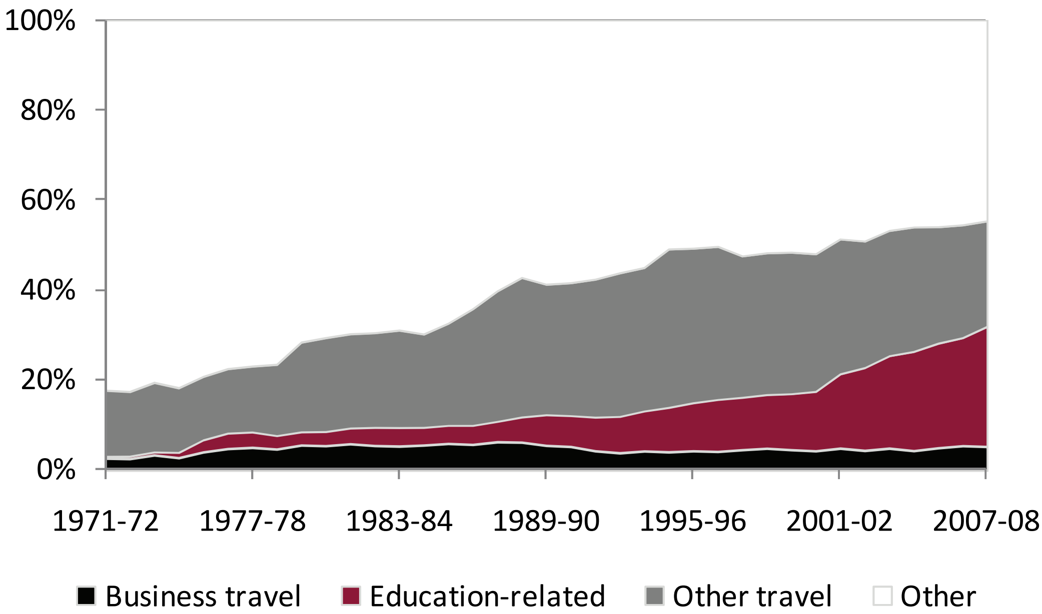
TABLE 2-2: EDUCATION RELATED EXPENDITURE, 2007-08

Category of spending	$M
Travel services	**28,430**
Business	2,710
Personal	25,720
Education related	*13,726*
Other	*11,994*
Other services trade	**22,889**
Total service trade	**51,319**

Source: ABS Cat. No. 5368.0.55.003 *International Trade in Services by Country, by State and Detailed Services Category*

The share of education-related travel services has been on the increase since the early 1970s when it made up about one per cent of service exports to 2007-08 where it constituted around 27 per cent (see Figure 2-2).

FIGURE 2-2: SHARE OF SERVICES TRADE 1971 - 2008



Source: ABS Cat. No. 5368.0

2.4 INTERNATIONAL STUDENT EXPENDITURE PROFILE

The next step in measuring the economic contribution is to apportion total expenditure into industries as represented in the IO tables. The average expenditure by a student traveller was derived from Tourism Research Australia's International Visitor Survey (IVS). As Table

2-3 shows, unsurprisingly, education fees represent a large proportion of expenditure (46.7 per cent), with food, drink and accommodation (31.8 per cent) also a major category of expenditure.

TABLE 2-3: INTERNATIONAL STUDENT TRAVELLER EXPENDITURE, 2007-08

Category	$M	Per cent
Organised tours	149.5	1.1
International airfares bought in Australia	353.7	2.6
Domestic airfares	90.1	0.7
Other transport fares	332.6	2.4
Self-drive, rent-a-cars, caravans	62.3	0.5
Petrol and oil for self-drive cars or other vehicles	109.3	0.8
Shopping items for use in Australia	480.3	3.5
Shopping items to take home	296.2	2.2
Food, drink and accommodation	4,366.4	31.8
Horse racing and gambling	42.2	0.3
Entertainment	188.8	1.4
Motor vehicles	408.4	3.0
Education fees	6,435.9	46.9
Phone internet, fax and or postage	261.7	1.9
Other	148.6	1.1
Total	**13,726.0**	**100.0**

Source: *International Visitor in Australia*, June 2008, Tourism Research Australia, Access Economics estimates. The proportions were applied excluding package tour expenditure and pre-paid international airfares.

Apportioning this expenditure to industries in the IO table was undertaken by mapping the categories outlined in Table 2-3 to comparable IO table industry classifications. For example, education fees were treated as expenditure in the education sector, while food, drink and accommodation was apportioned to the retail trade and accommodation, cafes and restaurants sectors. The resulting allocation of expenditure is summarised in Table 2-4 below.

TABLE 2-4: STUDENT EXPENDITURE BY IO TABLE INDUSTRY

	$M
Electricity supply	74.3
Gas supply	74.3
Retail trade	2,415.6
Accommodation, cafes and restaurants	3,334.6
Road transport	454.8
Air and space transport	443.8
Communication services	261.7
Education	6,435.9
Motion picture, radio and television services	94.4
Libraries, museums and the arts	94.4
Sport, gambling and recreational services	42.2
Total	13,726.0

Source: Access Economics' estimates

2.5 ASSESSING THE ECONOMIC CONTRIBUTION

2.5.1 VALUE-ADDED

The total economy-wide contribution to GDP made by international students is estimated as $12.3 billion in 2007-08 (Table 2-5). Of this, $8.6 billion is returned to labour as wages and $3.6 billion to capital owners as GOS.

TABLE 2-5: ECONOMIC CONTRIBUTION OF INTERNATIONAL STUDENTS, 2007-08

	$M
Expenditure	13,726.0
Labour	8,628.9
GOS	3,644.5
Value-added[1]	**12,273.4**

Source: Access Economics' estimates

Based on these estimates and given aggregate GDP of $1,131.5 billion, international students are estimated to have contributed just over one per cent of GDP (Table 2-6) in 2007-08.

TABLE 2-6: VALUE-ADDED CONTRIBUTION AND GDP, 2007-08

	$M
Value-added	12,273
GDP	1,131,51
Per cent	1.08

Source: ABS Cat. No. 5206, Access Economics' estimates

Contribution to education

Given expenditure of $6.4 billion in the education sector alone, an estimated $4.6 billion is generated in value-added (Table 2-7). Of this, $4.1 billion is paid to labour as wages and $433.3 million in GOS.

TABLE 2-7: ECONOMIC CONTRIBUTION TO THE EDUCATION SECTOR, 2007-08

	$M
Expenditure	6,435.9
Labour	4,597.3
GOS	482.8
Value-added	5,080.1

Source: Access Economics estimates

[1] Note that the input output table modelling framework used in economic contribution studies do have some limitations. This is the case because the analysis takes place in a static framework that ignores changes in prices and crowding out activities.

2.5.2 VALUED-ADDED

As outlined above, $12.3 billion in value-added is generated from $13.7 billion in expenditure by international students, implying a value-added multiplier of 0.88 (see Table 2-8).

TABLE 2-8: VALUE ADDED TO TOTAL EXPENDITURE RATIO

Expenditure on all goods and services ($Billion)	13.7
Value added ($Billion)	12.3
Value-added ratio	0.88

Source: Access Economics estimates

The value-added multiplier measures the income flows to domestic capital owners and labour from a dollar of expenditure. The estimates suggest that for each dollar spent by international students in Australia, $0.88 accrues in value-added as either wages to labour or GOS to capital owners and $0.12 accrues to foreign capital owners and wage earners.

The performance of the international education export market can also be measured in terms of flow-on effects expenditure by international students has on value added. From the IVS, it can be determined that 46.7 per cent, or $6.4 billion, of international student expenditure is directed towards education. But students also spend money on items like food and accommodation generating value added.

TABLE 2-9: VALUE ADDED TO EDUCATION EXPENDITURE RATIO

Expenditure on education ($Billion)	6.4
Value added ($Billion)	12.3
Value-added to education expenditure ratio	1.91

Source: Access Economics estimates

Given the total economy-wide value-added of $12.3 billion, this suggests that every dollar spent on education by an international student has the flow-on effect of $1.91 in economy wide value-added (see Table 2-9).

2.5.3 EMPLOYMENT

International student activity is estimated to have contributed just over 122,000 FTE employees to the Australian economy in 2007-08 (Table 2-10). Of these, 33,482 FTE were employed in the education sector and 88,649 in other related sectors.

TABLE 2-10: INTERNATIONAL STUDENT EMPLOYMENT CONTRIBUTION

Education	33,482
Other sectors	88,649
Total employment	122,131

Source: Access Economics estimates

2.5.4 EMPLOYMENT MULTIPLIER

As outlined above, international student expenditure in Australia is estimated to have generated just over 122,000 FTE positions in the Australian economy in 2007-08, with 33,482 employed in the education sector. This implies that for every person employed in the education sector, a total of 3.65 are employed economy wide (Table 2-11). This table also indicates an education employment multiplier of 8.90, suggesting that for every million dollars of international student expenditure, 8.9 FTE employment positions are contributed to the economy.

TABLE 2-11: FLOW-ON EMPLOYMENT EFFECTS

Education employment (FTE)	*33,482.1*
Total Employment (FTE)	*122,131.3*
Ratio of education sector employment to total employment	**3.65**
Total expenditure ($M)	*13,726.0*
Total employment (FTE)	*122.131.3*
Employment multiplier FTE (per $M of expenditure)	**8.90**

Source: Access Economics estimates

2.6 STATE CONTRIBUTION

At the state level, NSW accrues the largest share of value added with $4.8 billion, followed by Victoria at just below $4.0 billion (see Table 2-12). The state based contributions are based on each jurisdiction's share of the total export in education-related travel services, as published by the ABS.

TABLE 2-12: STATE CONTRIBUTION* OF INTERNATIONAL STUDENTS, 2007-08

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Aust.
Value added ($M)									
Labour	3,358	2,798	1,188	466	590	77	14	140	8,629
GOS	1,418	1,182	502	197	249	32	6	59	3,644
Value added	4,776	3,979	1,689	663	839	109	20	199	12,273
FTE									
Education	13,029	10,856	4,608	1,808	2,288	298	54	542	33,482
Other	34,497	28,742	12,201	4,786	6,059	788	142	1,434	88,649
Total	47,527	39,598	16,809	6,594	8,347	1,086	196	1,975	122,131

Source: Access Economics' estimates

* Contributions are weighted by state shares of education related travel services in 5368.0.55.003

2.7 OTHER EDUCATIONAL SERVICES

The education sector also contributes further to the Australian GDP through the export of other services. These include income from education operations overseas, through institutions overseas (excluding campus operations by Australian institutions) and consultancy services. In total $438 million was earned in other education export income in 2007-08, an increase of 23 per cent over the previous year (see Table 2-13).

TABLE 2-13: OTHER EDUCATIONAL SERVICES INCOME, $M, 2007-08

	2005-06	2006-07	2007-08	Per cent growth
Education consultancy services	74	117	147	25.6
Correspondence courses	32	24	23	-4.2
Services through educational institutions	101	93	152	63.4
Other education services	123	129	116	-10.1
Royalties on education services	-	8	-	–
Other educational services	330	362	438	21.0

Source: ABS Cat. No. 5368.0.55.003, as quoted in AEI (2008) *Research Snapshot (Number 42)*

3. THE FLOW-ON EFFECTS: FRIENDS AND FAMILY VISITORS

A recent study by Tourism Research Australia highlights that for every two formal students, one friend or relative visited Australia during the students' stay in Australia (see Table 3-1).

TABLE 3-1: FRIEND AND FAMILY VISITORS PER INTERNATIONAL STUDENT, 2006

	Formal study tourist	Informal study tourist	All students
Number of family visiting	0.3	0.1	0.3
Number of friend visiting	0.2	0.1	0.2
Total	0.5	0.2	0.5

Source: Tourism Research Australia 2007

Student tourists are defined in the following way:

- Formal: main purpose for visiting Australia was education.
- Informal: main purpose of visiting Australia was for a reason other than education but still studied a course while on the trip.

In total, given enrolments in 2008, this equates to an estimated 217,632 'friends and family' tourists visiting students in Australia (Table 3-2). This includes 76,629 friends and family visiting students in the VET sector. This assumes that all students in the higher education sector are classified as formal (that is, it was the main purpose of their visit).

TABLE 3-2: STUDENT AND FRIEND AND FAMILY VISITORS, 2008

	Formal/ informal	Students	Friend and family visitors
ELICOS	Formal	28,515	14,258
Schools	Formal	115,128	57,564
VET	Formal	151,258	76,629
Higher Education	Formal	176,161	88,081
Other	Formal	31,035	15,518
Total*		435,263	217,632

Source: Australian Education International, Access Economics estimates

* Note, components do not add to total as students can study in more than one sector

Table 3-3 outlines the average expenditure by tourists visiting students while studying in Australia as estimated by TRA. On average, this class of traveller spends $1,681 per visit, with almost half of this expended being on food, drink and accommodation, and about a quarter on shopping items. In all, the 217,632 tourists visiting students in Australia spent an estimated $365.8 million in the domestic economy in 2007-08.

TABLE 3-3: EXPENDITURE* BY EXPENDITURE CLASS, 2007-08

	Average expenditure	$M	Per cent
Organised tours	58.0	12.6	3.5
International airfares bought in Australia	26.0	5.7	1.5
Domestic airfares	58.0	12.6	3.5
Other transport fares	61.0	13.3	3.6
Self-drive, rent-a-cars, caravans	56.0	12.2	3.3
Petrol and oil for self-drive cars or other vehicles	44.0	9.6	2.6
Shopping items for use in Australia	107.0	23.3	6.4
Shopping items to take home	311.0	67.7	18.5
Food drink and accommodation	779.0	169.5	46.3
Horse racing and gambling	23.0	5.0	1.4
Entertainment	49.0	10.7	2.9
Motor vehicles	51.0	11.1	3.0
Phone internet, fax and or postage	23.0	5.0	1.4
Other	35.0	7.6	2.1
Total	1,681.0	365.8	100.0

Source: Tourism Research Australia 2008

* Expenditure excludes spending on package tours and pre-paid international flights and spending on education to avoid double count.

A significant proportion of spending by the visitors of international students is in the retail trade and accommodation, cafes and restaurants sectors of the economy, with just over $365 million dollars of expenditure in 2007-08 (Table 3-4).

TABLE 3-4: EXPENDITURE BY IO CLASSIFICATION, 2007-08

IO Category	$M
Electricity supply	3.8
Gas supply	3.8
Retail trade	156.6
Accommodation, cafes and restaurants	132.2
Road transport	30.5
Air and space transport	18.3
Communication services	5.0
Motion picture, radio and television services	5.3
Libraries, museums and the arts	5.3
Sport, gambling and recreational services	5.0
Total	365.8

Source: Access Economics estimates

To estimate the economic contribution of friends and family visitors, their expenditure is fed into the IO framework using the methodology outlined above. Economic activity by international visiting relatives is estimated to contribute a further $314.7 million in value-added to the Australian economy (Table 3-5). Of this, $179.7 million is earned by labour as income and $135.0 to capital owners as GOS.

TABLE 3-5: ECONOMIC CONTRIBUTION OF VISITING FRIENDS AND FAMILY, 2007-08

Value-added ($M)	
Labour income	179.7
GOS	135.0
Value-added	314.7
Employment (FTE)	
Retail trade	1,524.9
Accommodation, cafes and restaurants	970.1
Other	1,613.9
Total employment	4,108.9

Source: Access Economics estimates

In addition, economic activity by international visiting relatives contributes an estimated 4,109 FTE employees. Of these, 1,525 are employed in the retail sector and 970 in the accommodation, cafes and restaurant sector; reflecting the high level of expenditure in these sectors by visiting friends and relatives.

At the state level NSW accrues the largest share of value added with $122.5 million, followed by Victoria at $102 million (see Table 3-6).

TABLE 3-6: STATE CONTRIBUTION* OF FRIENDS AND FAMILY VISITORS, 2007-08

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Aust.
Value added ($)									
Labour ($M)	69.9	58.3	24.7	9.7	13.3	1.6	0.3	2.9	179.7
GOS ($M)	52.5	43.8	18.6	7.3	9.2	1.2	0.2	2.2	135.0
Value added	122.5	102.0	43.3	17.0	21.5	2.8	0.5	5.1	314.7
FTE									
Retail trade	593	494	210	82	104	14	2	25	1,525
Accom. etc.	377	315	134	52	66	9	2	16	970
Other	628	523	222	87	110	14	3	26	1,614
Total	1,599	1,332	566	222	281	37	7	66	4,109

Source: Access Economics estimates

* Contributions are weighted by state shares of education related travel services in 5368.0.55.003

4. ILLUSTRATIVE DEMAND SHOCKS

This section outlines the modelling results under a number of assumptions to demonstrate sensitivity of the sector's estimated economic contribution to changes in student (and associated friend and family visitor) numbers. The low scenario assumes five per cent fewer students for the reference year 2007-08 while the high case assumes five per cent more students. Table 4-1 outlines student and friends and family visitor numbers under the alternate assumptions. It should be noted that the illustrative demand shocks only model the changes in contribution during the students visit in Australia as a student; it does not include any potential contribution of other flow-on effects of the increase (or decrease) in student visitors.

TABLE 4-1: ALTERNATE STUDENT AND VISITOR MODELLING ASSUMPTIONS, 2007-08

	Low	Central	High
Students	413,500	435,263	457,026
Friends and family visitors	206,750	217,632	228,513

Source: Access Economics estimates

If constant expenditure per student and visitor is assumed under the low modelling scenario, spending by all international visitors falls to $13.4 billion from $14.1 (Table 4-2). This has the effect of reducing total value-added in the economy from $12.6 to just under $12.0 billion. Employment decreases from about 126,240 to 119,928.

TABLE 4-2: ECONOMIC CONTRIBUTION UNDER LOW, CENTRAL AND HIGH MODELLING ASSUMPTIONS

	Low	Central case	High
Students			
Expenditure ($M)	13,039.7	13,726.0	14,412.3
Labour ($M)	8,197.4	8,628.9	9,060.3
GOS ($M)	3,462.3	3,644.5	3,826.7
Value-added ($M)	11,659.7	12,273.4	12,887.0
Total employment	116,024.7	122,131.3	128,237.8
Visiting friends and family			
Expenditure ($M)	347.5	365.8	384.1
Labour ($M)	170.7	179.7	188.7
GOS ($M)	128.2	135.0	141.7
Value-added ($M)	299.0	314.7	330.4
Total employment	3,903.5	4,108.9	4,314.4
Student and visiting friends and family			
Expenditure ($M)	13,387.2	14,091.8	14,796.4
Labour ($M)	8,368.2	8,808.6	9,249.0
GOS ($M)	3,590.5	3,779.5	3,968.4
Value-added ($M)	11,958.6	12,588.0	13,217.4
Total employment	119,928.2	126,240.2	132,552.2

Source: Access Economics estimates

Under the high modelling scenario, value-added increases from $12.6 billion to $13.2 billion and employment increases from 126,240 to about 132,552.

5. THE INTERNATIONAL EDUCATION SECTOR

5.1 STUDENT ACTIVITY

For a relatively small country, Australia hosts a high proportion of the world's international students. Of the almost 2.8 million tertiary students studying abroad in 2006, just over 207,000 studied in Australia—7.5 per cent of all international tertiary students studying worldwide (Table 5-1). The United States of America and the United Kingdom host the largest numbers of foreign students, accounting for 21.2 and 12.0 per cent of total international students, respectively, in 2006.

TABLE 5-1: INTERNATIONALLY MOBILE TERTIARY* STUDENTS BY HOST COUNTRY, 2006

Host country or territory	Number	Per cent
Arab States	**80,009**	**2.9**
Central and Eastern Europe	**208,101**	**7.6**
Central Asia	**51,174**	**1.9**
East Asia and the Pacific	**507,193**	**18.4**
Australia	207,264	7.5
Japan	130,124	4.7
Latin American and the Caribbean	**36,803**	**1.3**
North America and Western Europe	**1,798,299**	**65.3**
Canada	75,546	2.7
France	247,510	9.0
Germany	259,797	9.4
United Kingdom	330,078	12.0
United States of America	584,814	21.2
South and West Asia	**10,620**	**0.4**
Sub-Saharan Africa	**62,174**	**2.3**
South Africa	53,738	2.0
World	**2,754,373**	**100.0**

Source: *Global Education Digest 2008, Comparing Education Statistics Across the World,* UNESCO Institute for Statistics, 2008

* This includes International Standard Classification of Education (ISCED) classifications 5 (first state of tertiary education) and 6 (second stage of tertiary education) only.

Table 5-2 shows the Inbound Mobility Rate—the number of international tertiary students as a proportion of total tertiary students—for a selection of countries in 2006. As is evident from the table, Australia is unique in that it has a high number of international students (some 207,000 in 2006) as well as a high proportion of international students relative to domestic students, with an international mobility rate of 20.2 per cent. By comparison, major host countries like the U.S. and the UK have international mobility rates of 3.3 and 14.1 per cent, respectively.

TABLE 5-2: INBOUND MOBILITY RATE FOR SELECTED COUNTRIES, 2006

Host country	Students	Inbound mobility rate (Per cent)
Macao, China	11,930	50.0
Luxembourg	1,137	42.2
Qatar	2,487	28.0
Cyprus	5,309	25.8
Australia	207,264	20.2
New Zealand	40,774	17.0
United Kingdom	330,078	14.1
United States of America	584,814	3.3

Source: UNESCO Institute for Statistics

Table 5-3 outlines the top five host destinations for a selection of international student source countries. Australia features in the top five.. Proximity has a major bearing on host destinations, with students from some of Australia's closest neighbours, including Indonesia, Malaysia and Singapore, opting for Australia as their preferred destination. For other countries, such as Vietnam, cultural and linguistic ties seem to be a factor in student destinations, with a high proportion of their mobile tertiary students studying in France (this is further analysed in Table 5-3 below).

TABLE 5-3: SOURCE COUNTRY AND TOP FIVE DESTINATIONS, 2006

Country	Top five destinations (number of students)
China	USA, Japan, UK, Australia (40,316), Germany
Hong Kong	Australia (13,525), UK, USA, Canada, New Zealand
Indonesia	Australia (11,302), USA, Malaysia, Germany, Japan
Japan	USA, UK, Australia (3,976), France, Germany
Malaysia	Australia (18,538), UK, USA, Japan, Ukraine
South Korea	USA, Japan, Australia (4,889), UK, Germany
Singapore	Australia (11,206), USA, UK, Canada , Malaysia
Thailand	USA, Australia (5,014), UK, Japan, Germany
Vietnam	USA, France, Australia (3,055), Germany, Japan
UK	USA, Australia (5,412), France, Germany, Denmark
USA	UK, Canada, Australia (3,935), Germany, France
Bangladesh	Malaysia, Australia (3,606), USA, UK, Japan
India	USA, Australia (22,039), UK, Germany, Canada
Pakistan	UK, USA, Malaysia, Australia (1,545), Canada
Sri Lanka	UK, Australia (2,726), USA, Japan , Malaysia
Kenya	USA, UK, Australia (1,230), Canada , India

Source: UNESCO Institute for Statistics

As a complement to Table 5-3, Table 5-4 shows the major source regions for international tertiary students, for a range of countries in 2006. As is clear from the table, three in five of Australia's international tertiary students are sourced from East Asia and the Pacific—more than double the share of these regions in the international market. China, with 40,316 tertiary students (20% of the Australian total) in 2006, is Australia's single largest source market, followed by India, Malaysia and Hong Kong.

TABLE 5-4: INTERNATIONAL TERTIARY STUDENTS BY REGION OF SOURCE, SELECTED COUNTRIES AND THE WORLD, 2006

Student source region by country of study	Australia	France	Germany	UK	USA	World
Arab States	1.8	30.0	6.4	4.4	2.8	6.9
Central and Eastern Europe	1.1	9.0	40.8	4.8	6.4	12.1
Europe Central Asia	0.1	0.7	2.9	0.3	0.6	3.3
East Asia and the Pacific	59.0	11.7	16.4	29.3	41.8	29.4
Latin America and the Caribbean	1.2	4.4	3.0	2.6	11.5	5.6
North America and Western Europe	11.0	14.5	20.2	37.0	13.9	17.8
South and West Asia	15.4	1.2	4.5	10.6	17.0	8.4
Sub-Saharan Africa	3.5	18.5	4.0	8.4	5.7	7.5
Unspecified	7.0	10.0	1.8	2.5	0.2	9.0
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: UNESCO Institute for Statistics

Table 5-4 also demonstrates that cultural/linguistic and historical ties may be a determinant in students' choice of location for foreign study. For example, a high proportion of international students in France come from Arab states and Sub-Saharan Africa, including the former colonies of Morocco (with 29,299 students), Algeria (21,641) and Senegal (9,399).

5.2 WORLD GROWTH

Many of the countries that place a high demand on the Australian education sector are developing and newly industrialised countries in the Asian regions. These countries are generally classified as having higher growth rates than the developed countries like the US and the world average. Notably, economic growth in China averaged nearly 12 per cent between 2006 and 2007, and economic growth in India, at just over nine per cent. However, economic growth in these markets is projected to have eased to 9.7 per cent, and 7.9 per cent, respectively in 2008.

TABLE 5-5: ECONOMIC GROWTH RATES FOR SELECTED COUNTRIES, 2006 TO 2008

	2006	2007	2008 (projected)
China	11.6	11.9	9.7
India	9.8	9.3	7.9
Indonesia	5.5	6.3	6.1
Malaysia	5.8	6.3	5.7
Korea	5.1	5.0	4.1
Singapore	8.2	7.7	3.6
United States	2.8	2.0	1.6
World	5.1	5.0	3.9

Source: International Monetary Fund, *World Economic Outlook*, October 2008.

5.3 EXPENDITURE IN AUSTRALIA

Table 5-6 outlines the student expenditure by source country. Consistent with student numbers, China and India have the largest levels of expenditure in the year 2007-08, with $3.1 billion and $2.0 billion respectively. Asian countries identified in Table 5-5 provide $9.2 billion of the $13.7 billion in education related exports. Brazil, the number ten ranked country by expenditure, contributed $316 million in expenditure in 2007-08.

TABLE 5-6: STUDENT EXPENDITURE CONSUMPTION IN AUSTRALIA BY COUNTRY, 2007-08

	$M
China	3,107
India	2,004
Republic of Korea	1,035
Malaysia	723
Hong Kong	574
Thailand	552
Indonesia	512
Vietnam	365
Japan	340
Brazil	316
Other countries	4,190
Education related travel services	13,726

Source: AEI *Research Snapshot (Number 42)*

5.4 SKILLED MIGRATION

The international education sector also contributes to the Australian economy through augmenting the migration of skilled labour. Many students choose to continue to reside in Australia following the completion of their studies. In 2007-08 21,421 students were granted residency under various visa class applications (Table 5-7). The table below outlines the number of visas granted to onshore student visa holders while in Australia. The 2007-08 figure is slightly down from 2006-07, but is up almost 20 per cent from 2005-06.

TABLE 5-7: ONSHORE STUDENT VISA HOLDERS TO SKILLED MIGRANT PATHWAYS*, 2005-06 TO 2007-08

	2005-06	2006-07	2007-08
Un-sponsored	15,504	20,288	17,851
Sponsored	2,392	2,570	3,570
Total onshore student	17,896	22,858	21,421
Total Economic migration – Skill stream	97,340	97,940	108,542

Source: Unpublished Department of Immigration and Citizenship visa grant data and DIAC Annual Reports 2006-07 and 2007-08. * Un-sponsored includes visa class 880 and 885 (skilled independent overseas student). Sponsored includes visa sub-classes 881 (Australian sponsored overseas student), 882 (designated area) and 886 (skilled sponsored).

Onshore student visa holders represented just under 20 per cent of all economic migration program residency grants for 2007-08. This is based on total economic migration of 108,542.

6. THE DOMESTIC EDUCATION SECTOR

This section provides a statistical description of the domestic Higher Education and Vocational Education and Training (VET) sectors in Australia.

6.1 AUSTRALIA'S HIGHER EDUCATION SECTOR

According to the Department of Employment, Education and Workplace Relations (DEEWR, 2008), the higher education sector in Australia comprises:

- the university sector consisting of 37 public and two private institutions;
- one approved branch of an overseas university;
- three other self-accrediting higher education institutions; and
- approximately 150 non-self-accrediting higher education institutions.

Just over one million students undertook higher education within the sector in 2007—this represents a 4.7 per cent increase over 2006 (See Table 6-1). New South Wales had the highest number of students in the sector, with just over 321,500 or 31 per cent of the national market, followed by Victoria with 266,800 (26 per cent).

TABLE 6-1: HIGHER EDUCATION STUDENT NUMBERS BY STATE, 2006 AND 2007

	2006 No.	2007 No.	Per cent Change
New South Wales	305,278	321,574	5.3
Victoria	251,694	266,842	6.0
Queensland	190,036	192,262	1.2
Western Australia	100,884	106,167	5.2
South Australia	69,401	72,949	5.1
Tasmania	18,759	19,531	4.1
Northern Territory	6,068	6,599	8.8
Australian Capital Territory	25,411	26,138	2.9
Multi-State*	16,530	17,784	7.6
Total	984,061	1,029,846	4.7

Source: Higher Education Statistics 2007, Department of Education, Employment and Workplace Relations

* Multistate: includes higher education providers that provide services in multiple states, includes the Australian Catholic University

Overall student numbers grew by 4.7 per cent between 2006 and 2007. The highest rate of growth was reported in the Northern Territory, with 8.8 per cent, though the base in the Territory is significantly smaller than that in other jurisdictions. Queensland exhibited the slowest rate of growth, with enrolments expanding by just 1.2 per cent between 2006 and 2007.

The relatively slow growth in Queensland resulted from a decline in the number of students in the public university sector (See Table 6-2). Indeed, Queensland was the only state or territory to experience a drop in public university numbers between 2006 and 2007. Though strong growth was experienced in Queensland's private tertiary education sector—as it was in all jurisdictions (Table 6-2)—the small number of students in private tertiary education was not sufficient to offset the fall in public sector enrolments.

Across Australia, the public university sector grew by 2.1 per cent between 2006 and 2007, with strong growth in the Northern Territory and the multi-state provider (the Australian Catholic University). Of the jurisdictions to record positive growth, New South Wales reported the slowest rate of growth (1.8 per cent), with student numbers increasing from around 296,800 in 2006 to around 302,170 in 2007.

TABLE 6-2: PUBLIC UNIVERSITY STUDENTS NUMBER BY STATE, 2006, 2007

	2006 No.	2007 No.	Per cent Change
New South Wales	296,837	302,172	1.8
Victoria	249,179	258,092	3.6
Queensland	183,090	181,224	-1.0
Western Australia	95,126	97,585	2.6
South Australia	68,118	70,260	3.1
Tasmania	18,719	19,437	3.8
Northern Territory	6,068	6,599	8.8
Australian Capital Territory	25,411	26,138	2.9
Multi-State	13,967	15,279	9.4
Total	956,515	976,786	2.1

Source: Higher Education Statistics 2007, Department of Education, Employment and Workplace Relations

Private providers of higher education generally grew at a much faster rate than the public university sector over the years 2006 to 2007, the only exception being the multi-state sector. The private sector grew from 27,500 to 53,060 students over the years 2006 to 2007, a growth rate of 92.6 per cent (See Table 6-3).

The highest growth among private providers was experienced in Victoria, with the sector increasing by almost 250 per cent—from around 2,500 to 8,750 enrolments. New South Wales increased by about 130 per cent, from 8,441 to 19,402 students attending private higher education providers. Tasmania also experienced a high level of growth, though from an extremely small base (40 students).

TABLE 6-3: PRIVATE PROVIDERS* OF HIGHER EDUCATION STUDENT NUMBERS BY STATE, 2006, 2007

	2006 No.	2007 No.	Per cent Change
New South Wales	8,441	19,402	129.9
Victoria	2,515	8,750	247.9
Queensland	6,946	11,038	58.9
Western Australia	5,758	8,582	49.0
South Australia	1,283	2,689	109.6
Tasmania	40	94	135.0
Northern Territory	-	-	.
Australian Capital Territory	-	-	.
Muti-state	2,563	2,505	-2.3
Total	27,546	53,060	92.6

Source: Higher Education Statistics 2007, Department of Education, Employment and Workplace Relations

* Private providers include accredited providers of higher education other than those listed at Table A of the Higher Education Support Act 2003 (HESA). Higher Education Providers listed at Table A are referred to as "Public Universities".

6.2 AUSTRALIA'S VOCATIONAL EDUCATION AND TRAINING SECTOR

The VET sector in Australia comprises a diverse set of education providers including:

- Technical and Further Education (TAFE);
- universities;
- secondary schools;
- industry organisations;
- private enterprises;
- agricultural colleges;
- community education providers; and
- other government providers (NCVER 2008).

Australia-wide, 1.67 million students were enrolled in the VET government funded sector in 2007, a small decrease of 0.7 per cent over the previous year. Broadly in line with population shares, New South Wales has the largest VET sector with 549,000 students (33 per cent of the total), followed by Victoria with 472,900 (Table 6-4). Other than New South Wales and Queensland, all jurisdictions experienced growth in VET enrolments between 2006 and 2007.

TABLE 6-4: VET STUDENT NUMBERS* BY STATE, 2006, 2007

	2006 No.	2007 No.	Per cent Change
New South Wales**	565,300	549,000	-2.9
Victoria	471,100	472,900	0.4
Queensland	293,300	287,100	-2.1
Western Australia	121,700	123,000	1.1
South Australia	137,200	142,300	3.7
Tasmania	41,800	43,900	5.0
Northern Territory	21,900	22,800	4.1
Australian Capital Territory	23,600	24,000	1.7
Total	1,676,000	1,665,000	-0.7

Source: Australian Vocational Education and Training Statistics: Students and Courses 2007, NCVER

** The decline in student numbers in New South Wales can be partly attributed to new and better defined exclusions from reporting scopes.

* Figures include TAFE and government providers, multi-sector higher education institutes, and community and private providers only.

Table 6-5 shows a breakdown of Australia's VET sector by type of provider. The TAFE and government sector is the largest VET provider, accounting for 79 per cent of student enrolments in 2007. 'Other registered providers' represented 10.7 per cent and community education providers a further 9.9 per cent.

TABLE 6-5: VET SECTOR BY STUDENTS BY TYPE OF PROVIDER

	2005	2006	2007		
	No.	No.	No.	Per cent	Per cent change
TAFE and other government providers	1,267,163	1,325,072	1,312,836	78.8	-0.9
Community education providers*	199,691	165,673	164,735	9.9	-0.6
Other registered providers	177,462	178,749	178,844	10.7	0.1
Students attending various providers	6,444	6,470	8,603	0.5	33.0
Total students	**1,650,760**	**1,675,964**	**1,665,018**	**100.0**	**-0.7**

Source: NCVER Statistical tables

* Note that definitional changes may explain some movement of levels in the data.

6.3 PRIVATE EDUCATION SECTOR

Along with the higher education and VET sector there is also a private education sector that hosts international students in Australia (see Table 6-6). ACPET membership records indicate of the 1,093 registered members, a total of 660 provide educational services to international students.

Australia wide 60 per cent of ACPET members rely on international students for part of their enrolment intake. This figure is higher for NSW and Victorian providers, at 66 per cent and 63 per cent respectively.

TABLE 6-6: PRIVATE EDUCATION PROVIDERS BY STATE, 2009

	NSW	VIC	QLD	SA	WA	ACT, NT, Tas	Total
International and domestic	205	222	136	44	40	13	660
Domestic students only	104	127	95	38	46	23	433
Total	309	349	231	82	86	36	1,093

Source: The Australian Council for Private Education and Training

6.4 INTERNATIONAL STUDENTS

The number of international students attending Australian education institutions has increased sharply over the three years to 2008, growing from 380,000 in 2006 to 544,000 in 2008—an increase of 43 per cent (see Table 6-7).

International enrolments in VET have increased from 82,540 in 2006 to 175,461 in 2008—an increase of over 112 per cent, and approximately 27 per cent of the aggregate increase in international enrolments over this period. The number of students in English Language Intensive Courses for Overseas Students (ELICOS) has also grown markedly, increasing by 63.7 per cent over the same period.

TABLE 6-7: INTERNATIONAL ENROLMENTS AND STUDENTS BY EDUCATION SECTOR, 2006 2008*

	2006	2007	2008	Per cent growth (2006-2008)
Enrolments				
ELICOS	76,822	101,856	125,727	63.7
Schools	24,506	26,884	28,798	17.5
VET	82,543	119,836	175,461	112.6
Higher Education	169,710	174,577	182,770	7.7
Other (Non-award courses, enabling courses)	26,431	27,406	31,142	17.8
Total	**380,012**	**450,559**	**543,898**	**43.1**
Students				
ELICOS	70,246	92,890	115,128	63.9
Schools	24,341	26,602	28,515	17.1
VET	74,552	107,066	151,258	102.9
Higher Education	164,237	168,052	176,161	7.3
Other (Non-award courses, enabling courses)	25,543	27,256	31,035	21.5
Total**	**317,909**	**370,238**	**435,263**	**36.9**

Source: Australian Education International

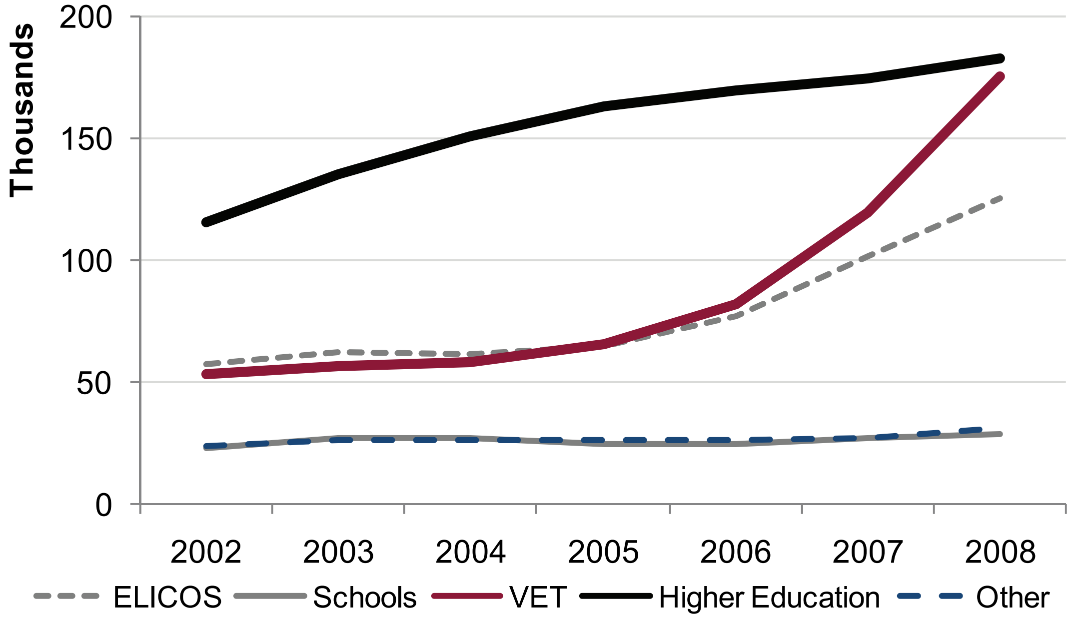
* Figures are year-to-date enrolments as at December

** Note, components do not add to total as students can study in more than one sector

The number of students in Australia over the period grew from 317,909 to 435,263; an increase of 36.9 per cent (see Table 6-7).

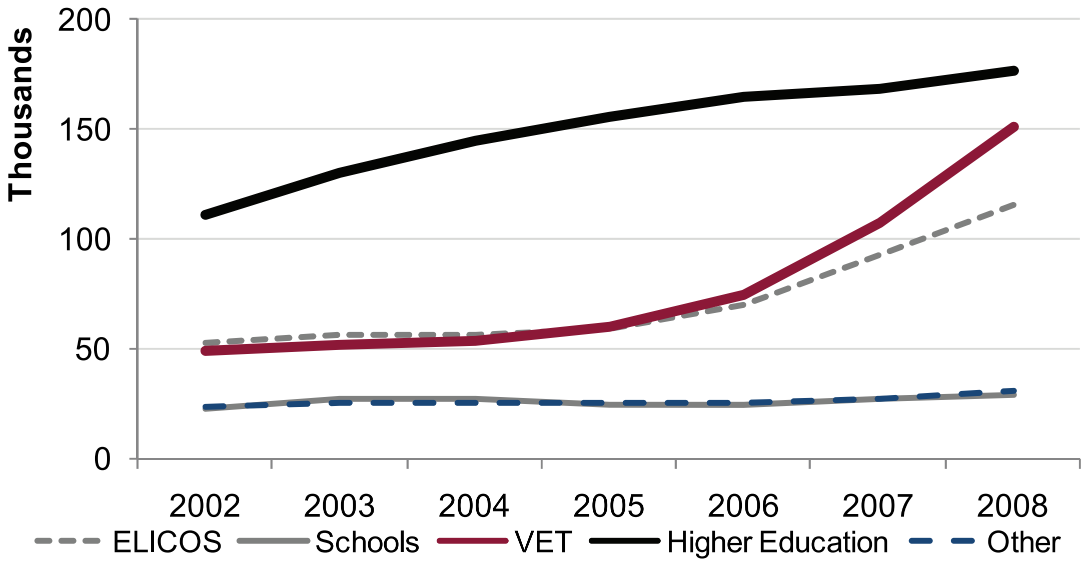
The lower rate of growth in higher education suggests that this sector has reached a mature growth phase compared with other sectors of the education market. This is confirmed by both enrolments in Figure 6-1 and student numbers in Figure 6-2, which shows a tapering off in growth in the higher education sector from around 2005 to 2008. Conversely, ELICOS and the VET sectors have experienced an upsurge in growth over the same period. Both the schools sector and 'other (including non-award)' have experienced relatively flat growth over the whole period.

FIGURE 6-1: INTERNATIONAL ENROLMENTS BY EDUCATION SECTOR, 2002 TO 2008



Source: Australian Education International

FIGURE 6-2: INTERNATIONAL STUDENT NUMBERS* BY EDUCATION SECTOR, 2002 TO 2008



Source: Australian Education International

6.5 PROVIDER TYPE

Over the period 2006 to 2008, international student enrolments grew by 43.1 per cent. The non-government education sector experienced a relatively large increase over this period, with enrolments expanding by 88.1 per cent. Enrolments in the government sector grew by a comparably slow 15.5 per cent (see Table 6-8). As at 2008 the non-government sector had slightly higher enrolments with 272,053 (compared with 271,845)

TABLE 6-8: INTERNATIONAL STUDENT ENROLMENTS* BY SERVICE PROVIDER TYPE, 2006 TO 2008**

	2006	2007	2008	Per cent growth (2006-2008)
Government				
ELICOS	22,220	26,890	30,936	39.2
Schools	9,350	10,626	11,694	25.1
VET	18,054	23,261	27,930	54.7
Higher Education	165,160	169,587	177,038	7.2
Other	20,628	21,595	24,247	17.5
Total	235,412	251,959	271,845	15.5
Non-government				
ELICOS	54,602	74,966	94,791	73.6
Schools	15,156	16,258	17,104	12.9
VET	64,489	96,575	147,531	128.8
Higher Education	4,550	4,990	5,732	26.0
Other	5,803	5,811	6,895	18.8
Total**	144,600	198,600	272,053	88.1

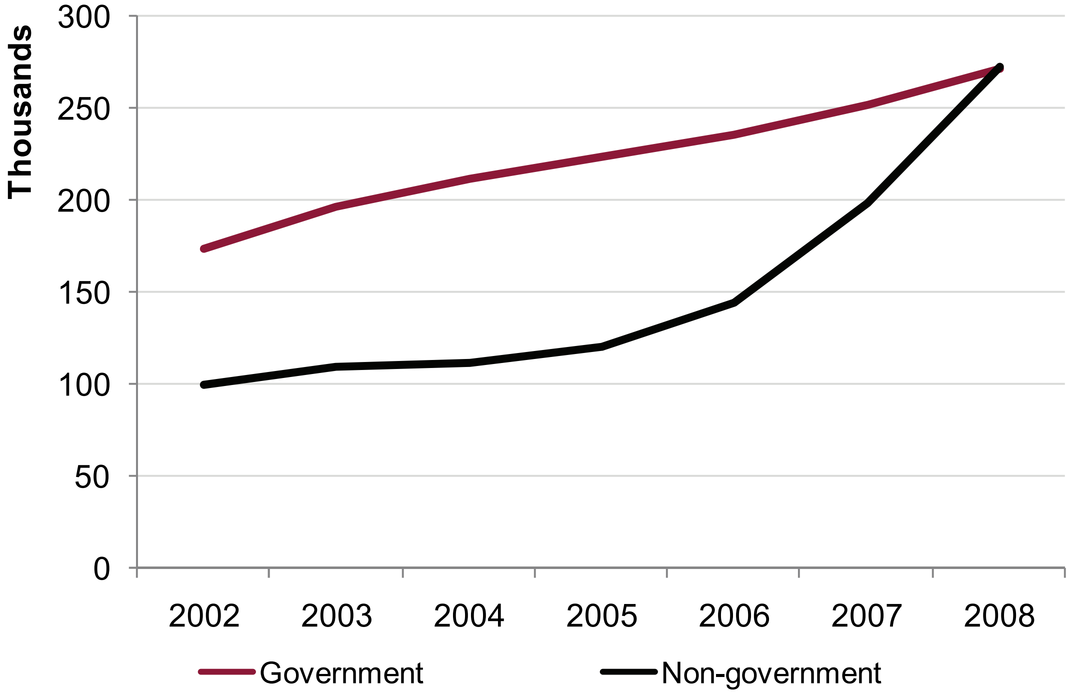
Source: Australian Education International Detailed Pivot Table

* Figures are year-to-date enrolments as at December

** Provider type is based on Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS)

The non-government sector has outpaced the government sector over a longer period of time also (Figure 6-3). Non-government sector enrolments have increased from about 100,000 in 2002 to 272,000 at 2008, government provider enrolments have increased from about 173,630 to 271,845.

FIGURE 6-3: STUDENT ENROLMENTS BY SERVICE PROVIDER TYPE, 2002 – 2008



Source: Australian Education International

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