



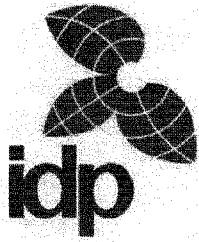
Submission No 4

Inquiry into Australia's trade and investment relationship with the economies of the Gulf States

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SUBMISSION

INQUIRY INTO AUSTRALIA'S TRADE AND INVESTMENT RELATIONS WITH THE PERSIAN GULF STATES

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Introduction

IDP Education Australia (IDP) welcomes the opportunity to provide input to the Federal Government's "*Inquiry into Australia's trade and investment relations with Persian Gulf states*".

About IDP

Established in 1969, IDP has played a key role in supporting the dynamic success of Australian universities in international education. IDP is a not-for profit company owned by 38 Australian universities and is the single largest overseas representative of Australian education and training. Representing all sectors of the Australian education industry, IDP provides a broad range of services through a network of 90 offices with activities in some 50 countries.

IDP is committed to supporting the future growth and development of the Australian international education industry as well as our other core business areas which include: development services; examinations services; marketing; research and consultancies; and graduate services.

We believe that given the strong competitive forces in the global markets, Australia needs a more concerted approach across a broad range of government initiatives. Clearly, one of these areas is ensuring compatibility in the core elements of the Australian image being promoted by various government and private sector organisations in the international marketplace.

IDP in the Persian Gulf states

IDP has played an active role in the development of Australia's market in the Persian Gulf states which represent important growth markets for IDP. IDP UAE is now in its fifth year of operation and since opening the office in 1999 IDP has expanded with offices in Bahrain, Kuwait, Oman, Saudi Arabia (3 offices), Qatar and more recently, Jordan. IDP has also invested heavily in promoting Australian education through its exhibitions and publications. An example of recent publications targeted to the region is IDP's *Swap* magazine for muslim students, a copy of which can be viewed at http://swap.idp.com/gulf_muslim.

IDP exhibitions attract large numbers of students and education and ministry officials from the Persian Gulf states and, while global tensions have created some uncertainties in the region, student applications through IDP's offices have continued to grow strongly (by 40% in 2002 and 39% for the first 9 months in 2003). The value of IDP's business in the Persian Gulf has increased significantly since the opening of an office in Dubai in January 2000. IDP UAE now also manages offices in Oman, Kuwait and Bahrain. In 2003 the value of IDP's business in the



Persian Gulf reached \$1.5million. This translates to an injection of approximately \$50 million into the Australian economy when annual tuition fees and living costs are factored in to gauge the overall impact of IDP's business in the region.

The United States and the United Kingdom have traditionally attracted most of the students from the Persian Gulf states seeking an international education in the major English speaking destination countries. Recent restrictions to student visas and perceptions of the US and the UK as being "unsafe" and "unwelcoming" destinations for students from the Middle East and Gulf regions are likely to result in increased numbers of students looking for alternative study destinations. IDP believes there is tremendous potential for the expansion of Australia's role in international education and development in the region and seeks increased government support for its initiatives.

The International Education Market in the Persian Gulf

The Persian Gulf states are of increasing importance in Australian International Education. This trend is evidenced by the phenomenal growth in the number of student visas issued in the region. According to the latest DIMIA statistics (January to October 2003), the number of student visas awarded to students in the Persian Gulf has grown from 124 in 2000, to 896 in the comparable period in 2003. This represents an annual compound growth rate of 93.3%.

In particular, the Higher Education sector has witnessed exponential growth in the number of students from the Persian Gulf, albeit from relatively small bases. Since 2000, compound annual growth rates have been greater than 100% for all countries, with the exception of Qatar. According to 2003 IDP Timely Statistics, the largest source country for onshore and offshore enrolments was the United Arab Emirates (1289 students), followed by Iran (826), Oman (515), Saudi Arabia (277), Kuwait (222), Bahrain (149) and Qatar (55). In all countries other than UAE, the number of students studying onshore in Australia outnumbers those studying offshore.

While in 2000, 73% of students from the Gulf States were enrolled in an Australian Higher Education degree, a number of students also pursued studies within the local ELICOS (19%) and VET sectors (7%).

Of Australia's competitors in the international education market, the United States has had the largest share of international students from the Persian Gulf states. Between 1998 and 2002, the number of such students increased from 12,802 to 14,587 (representing a compound annual growth rate of 3.3%) with almost 40% of these students citizens of Saudi Arabia. The number of



students from Bahrain and Qatar had also been increasing at a rapid pace (11% and 8% respectively).

Between 1998 and 2002 the number of students pursuing studies in the United Kingdom also increased at compound annual growth rate of 8.2% so that the number of such students now surpasses 6,500.

As indicated previously, recent events make it likely that many of the students who would otherwise have selected the US and the UK as study destinations will seek alternatives and with effective promotion and support, Australian institutions may be able to attract an even greater share of the market.

A market with enormous potential¹

IDP's forecasts of global demand for international education² indicated strong potential for growth in international education in the Persian Gulf states through to the year 2025, with compound growth rates of 8.1%, 7.5% and 7.9% for Iran, the UAE and Jordan respectively. Recent events in the Middle East suggest that these forecast growth rates are now conservative and there is also huge potential for growth in development projects..

The need for the Arab world to invest in building a knowledge society was highlighted in the recent second Arab Human Development Report (AHDR) produced by the UN Development Program (UNDP). Despite some criticism, the report has been lauded for its recommendations for improving the quality of education in the Middle East through:

- better governance;
- greater participation by citizens;
- more government transparency;
- a larger role for women;
- better quality technical and scientific education;
- employing greater numbers of qualified teachers; and

¹ Part of the market information provided in this section was sourced from the government website at www.aei.dest.gov.au

² IDP 2002



- encouragement of 'free critical thinking' rather than 'submission, obedience, subordination and compliance'.

Further to these recommendations, the education environment in the Persian Gulf States is characterised by:

- High level of demand for overseas places by expatriate Indian students.
- High level of demand for vocational education and training;
- A shortage of tertiary places thus requiring many students to seek places for study overseas.
- Opportunities for provision of Postgraduate and online learning
- opportunities for government scholarships, which in the past have been directed to US universities;
- good prospects for Australian education institutions seeking to deliver transnational programs in partnership with a local education provider, particularly in the higher education and VET sectors

There is a growing demand for Australian consultancies in curriculum development and education in the school, higher education and VET sectors and Australia's strengths in many of the areas outlined in the AHDR report afford numerous opportunities for Australian education and development.

In the past, Australia's position in the market has been hampered by the lack of awareness among potential students and the perception that Australia is too far away. In contrast, the US and UK have traditionally performed strongly in the university and English language sectors.

However, Australia's profile in the region is increasing. Australia is currently considered a safe destination for students studying overseas and Australia's profile has been enhanced through the presence of IDP, education agents and regular institutional visits to the market.



Recommendations

In order for Australia to capitalise on the trade and investment opportunities presented in international education, IDP recommends support from Government in the following areas:

1. Implementation of strategies to ensure increased visibility of Australia and Australian education in the region. This should include an increase in number of official visits, especially to Saudi Arabia which is adversely affected by DFAT travel warning. The future of the Gulf region is likely to be dominated by Saudi Arabia and hence it is essential we increase our presence there.
2. Provision of support for the development of alliances that will increase Australia's presence and build Australia's credibility in the region.
3. Given that the decision making for an international education is based not so much on academic excellence or cost but cultural issues, promotion of Australia's strengths as a multicultural society is of critical importance. There is a need for the government to provide a strong message that Australian is open to all religions and cultural groups and providing for all groups through the provision of the mosques, the prayer rooms, the halal food etc.
4. Promotion of the safety and security of Australia including aspects such as Australia's gun controls is also of critical importance.
5. Given that nationals from the region seek tertiary education to obtain qualifications for jobs in the public sector, recognition of qualifications in the region is critical and strategies should be implemented to ensure that Australian qualifications from all sectors are both understood and widely recognised.
6. A number of select sponsoring agencies are geared towards developing future leaders. These agencies select only the best universities (Ivy league) for the students they sponsor. Australian universities suffer from an "image" problem as they are not very well known as yet. Support is needed to improve the image of Australian universities compared with their US and UK counterparts and competitors.
7. The majority of nationals are sponsored by a third agency so cost of tuition is not an issue for them. However it is necessary for the universities to be on the approved lists of the respective government agencies. Support is needed from the Australian government to ensure that Australian universities are included on these lists.



8. Sept 11 has provided opportunities for Australian institutions as nationals are looking at alternatives to USA. But this should only be considered as "window of opportunity" as it will not be in perpetuity. The longing for USA still remains! It is essential that Australian universities are marketed as aggressively as possible now (especially in Saudi Arabia which sends approximately 7000/8000 students overseas every year) or else the opportunity will be lost.
9. IDP believes that there is scope for better co-ordination between Commonwealth agencies promoting Australia internationally. The achievement of better co-ordination would result in greater cohesion in the brand imagery of Australia promoted internationally. Australia's tourism imagery can for example, have negative branding implications for Australia's positioning in other industries. The casual and relaxed lifestyle depicted in Australia's tourism brand positioning is used by Australia's competitors in the international education field, to detract from the quality of Australia's education system. Hence we believe a co-ordination of brand imagery and brand messages would minimise the potential for this to occur.
10. Enhanced co-ordination would also enable the development of integrated promotional activities and potential co-branding in markets of mutual interest. This is particularly the case in emerging markets such as those in the Persian Gulf states, where there are a number of commonalities in the key messages (eg Australia's sophistication) that need to be communicated about Australia as a study or tourist destination.
11. IDP recommends the government establish an annual roundtable between the Department of Foreign Affairs, Defence and Trade, the Australian Tourist Commission, Austrade, AEI, IDP and representatives of the international education industry to discuss the appropriateness of the Australian brand attributes and imagery to key education source regions such as the Persian Gulf States. A key outcome of the roundtable would be the development and agreement on a strategic plan to target countries of mutual interest between sectors.
12. IDP recommends the government develop a whole-of-government strategy on Australia's positioning in the region, with in-country adaptation as appropriate.