Introduction

According to Deloitte Access Economics\(^1\), Australia’s international education export earnings have declined from $17.9 billion in 2009-10 to $15.3 billion\(^2\).

To better understand the drivers of this decline, the Australian Council for Private Education and Training (ACPET) analysed Australia’s international tertiary student market, examining the latest data on both offshore student visa applications and the enrolment patterns and preferences of international students already in Australia.

ACPET’s analysis highlights three key trends:

1. Offshore applications to study in Australia are alarmingly low. The full extent of the downturn in new applications is hidden in enrolment data, which is being ‘propped up’ by students already onshore applying to do more study.

2. Private providers are growing in popularity amongst international students in Australia, dominating the vocational education and training (VET) and the English Language Intensive Courses for Overseas Students (ELICOS) sectors, while also gaining market share in higher education.

3. Declining enrolments from China and, in particular, India have still not stabilised.

While Australia continues to be a global leader in international education, that leadership is eroding rapidly and is under considerable threat as competing countries grow their share of the market\(^3\).

Australia’s expensive and inflexible student visa system, onerous and inefficient regulatory regime, preferential treatment of the university sector over other trusted institutions and a reluctance to aggressively promote international education overseas are combining to turn prospective students away from Australia, with devastating results for the sector.

While the university sector is now rebounding, thanks in large part to streamlined visa processing, the evidence is clear that the VET, ELICOS and schools sectors remain in deep decline.

While some measures have been introduced to assist the sector, such as enhanced post study work rights for higher education graduates, reducing financial requirements for high risk visa applicants, streamlining student visa processing (SVP) for universities, establishing the Tuition Protection Service and risk based approaches to determining levies for private providers, such approaches have not been evenly applied across the sector and have resulted in disproportionate impacts on market recovery.

In order to correct this rapid decline in one of Australia’s largest exports, it is vital that the next Australian Government:

- fully recognises the social, economic and strategic contribution that international education makes to Australia and the role that the private education sector plays;
- supports the scope, diversity and contributions of private institutions; and
- applies regulation and risk management evenly across the international education sector\(^4\).

Key trend #1: Offshore applications to study in Australia are alarmingly low

The true extent of the decline in Australia’s international education sector is broadly misunderstood and underestimated. Much of this stems from the prevalence of using enrolment data rather than offshore student visa applications in public debate.

The latest Australian Education International (AEI) data\(^5\) shows that there were 379,214 enrolments by full-fee paying international students in Australia on a student visa at year to date (YTD) June 2013. While this decline of 2.2% from the same time in 2012, is itself concerning (particularly in contrast with an annual growth rate over the preceding decade of 5.8%) it is actually “propped up” by students already onshore applying to do more study, and masks the real nature of this crisis.

To understand the real freefall in international student applications, we need to look at offshore visa applications\(^6\) (new students applying from outside Australia to study here) as the most reliable indicator of the health of the sector. Here, the pattern of decline is entrenched and debilitating for the VET and ELICOS sectors.

As shown in Figure 1, overall offshore student visa applications are down by more than 37% from 262,086 in 2008/09 to 163,793 in 2012/13.

Looking closely at the impact on VET and ELICOS sectors (Figures 2 and 3), we see that offshore applications in 2012-13 were at

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1. The Economic Contribution of International Students, Deloitte Access Economics, ACPET 2013
3. Countries such as the UK, Canada and Germany give significant aid funding for vocational education and training in Asian and Africa. In contrast Australian has limited investment in assisting countries to improve capacity in this sector and impact on Australia’s place in the international market.
Three Key Trends

their lowest in the past five years.
• In the VET Sector, just 19,061 visa applications were lodged offshore in 2012-13, down by a staggering 79% since 2008-09.
• In the ELICOS sector, 21,695 visa applications were lodged offshore in 2012-13, down by more than a third (34%) since 2008-09.

Figure 1: Visa Applications Lodged Offshore

Key trend #2: Private sector is growing market share

Private institutions are increasingly popular amongst international students in Australia.

As figure 4 illustrates there were 284,369 international tertiary student enrolments in 2008, with 42% of enrolments in private providers.

Overall international student enrolments peaked in 2012 (358,132) after a decline in 2011 (303,479). Figure 4 shows how the percentage of private enrolments has shifted over the same period. In 2008, private enrolments comprised 42% of tertiary enrolments. This grew to 45% in 2009, declining to 36% in 2011, before recovering to 45% in 2013.

Figure 4: Enrolments of International Students 2008 – 2013 (YTD June): Public/Private Split by Tertiary Market.

Again, it is important to look closely at the sub-sectors where we see the private sector dominating VET and ELICOS, but also gaining ground in higher education

ELICOS

Private institutions dominate the ELICOS sector, with 75% of enrolments. After faltering in 2010 and 2011, ELICOS enrolments are now showing some growth. Enrolments in YTD June 2013 show growth in the private sectors of 13.0% over the previous year.

VET

The private sector also dominates VET, with over 85% of international student enrolments. Consequently, the private sector is particularly affected by declining enrolments in VET.

The VET sector has not fared well since 2008. Like all sub-sectors, it enjoyed growth in 2009, but then fell away dramatically over 2010 and 2011. Following a slight rebound in 2012, the sector has again declined in 2013, with both public and private sectors enrolments falling by 20.6% and 13.2% respectively. A key driver of this second decline has been the Commonwealth Government’s decision to apply streamlined visa processing and post-study work rights to the Higher Education sector but not the VET sector.

Higher Education

Public higher education providers (universities) dominate the higher education sector, with over 86% of international student enrolments. However, Figure 5 also shows that the private higher education sector continues to grow its market share, increasing from 3773 students (2.7%) in 2008 to 25,628 (13.4%) in YTD 2013.

Expressed differently, Figure 6 examines private sector enrolments for the same period. While this figure highlights overall fluctuations in enrolments, it is encouraging that the private sector’s share of higher education enrolments has shown some resilience since 2008, enjoying continuing growth despite the tertiary market downturn in 2011.

Indeed, latest figures show that while the public sector higher education enrolments declined by 8,076 (4.9%) YTD June 2013 from the previous year, private sector enrolments grew by 2,481 (9.7%) over the same period.
Three Key Trends

Key trend #3: Declining enrolments from China and, in particular, India have still not stabilised.

In this section, total industry sector figures have been used\(^7\) to examine the changing mix of nationalities represented by international students in Australia.

China and India remain the largest single nations of origin for international students in Australia, with China now accounting for 29.7% of total international student enrolments in Australia and India 9.2%.

Table 1 and Figure 8 highlight the continued decline in enrolments from China since 2010 and India since 2009. While Chinese enrolments have reduced to their 2009 levels, the decline in Indian student enrolments continues to alarmingly low levels. The proportion of Indian Students in Australia’s international student mix has roughly halved from 19.1% in 2009 to 9.2% in 2013.

Other countries, such as Malaysia and Vietnam, are showing some sign of recovering, but the message is clear that urgent efforts must be focused on stemming the decline in enrolments from India and China.

### Table 1: The top 5 Nationalities of Australia’s enrolments 2008-2013

<table>
<thead>
<tr>
<th>Country</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>93,387</td>
<td>111,855</td>
<td>129,857</td>
<td>125,553</td>
<td>115,591</td>
<td>112,665</td>
</tr>
<tr>
<td>India</td>
<td>65,377</td>
<td>89,564</td>
<td>79,096</td>
<td>56,181</td>
<td>41,844</td>
<td>34,867</td>
</tr>
<tr>
<td>Korea</td>
<td>27,341</td>
<td>27,526</td>
<td>26,213</td>
<td>23,104</td>
<td>20,613</td>
<td>19,911</td>
</tr>
<tr>
<td>Vietnam</td>
<td>15,953</td>
<td>23,751</td>
<td>19,607</td>
<td>18,895</td>
<td>17,000</td>
<td>18,294</td>
</tr>
<tr>
<td>Malaysia</td>
<td>18,070</td>
<td>19,839</td>
<td>20,467</td>
<td>19,936</td>
<td>18,596</td>
<td>17,802</td>
</tr>
<tr>
<td>Other</td>
<td>172,504</td>
<td>194,872</td>
<td>197,411</td>
<td>185,212</td>
<td>174,243</td>
<td>175,675</td>
</tr>
</tbody>
</table>

Total enrolments for 2008-2013 are 392,632, 467,407, 472,651, 428,881, 387,887, and 379,214 respectively.

### Conclusion

ACPET believes that the protracted decline in international education in Australia, and the apparent lack of focused government support for the sector, are unacceptable for an industry that remains one of the nation’s largest exports and contributes more than $15 billion a year to the national economy.

As a matter of utmost urgency, ACPET calls upon the next Australian government to:

- improve government coordination across the myriad agencies which impact on the international education market (currently these are DFAT, DIAC, Innovation (International Education, Austrade, etc), AusAid, ASQA, TEQSA);
- improve the promotion of the benefits of international education to Australia;
- improve the timeliness of visa approvals through extending SVP arrangements to all sectors of the international education market and removing the Genuine Temporary Entrant criterion;
- extend post study work rights for graduating international VET students at the Diploma and level above, so that they can enhance their skills with work experience prior to entering the workforce on returning home or undertaking additional studies; and
- increase support for providers who are prepared to deliver services offshore through providing assistance to education providers to establish partnerships with current and emerging trading countries; and
- streamline regulatory reporting requirements for providers including aligning reporting with similar definitions, reporting intervals and multiuse of data rather than individual collections and reporting systems.

\(^7\) Data includes HE, VET, ELICOS, Schools and Other.