

Australia's Trade Outlook – Services Sector

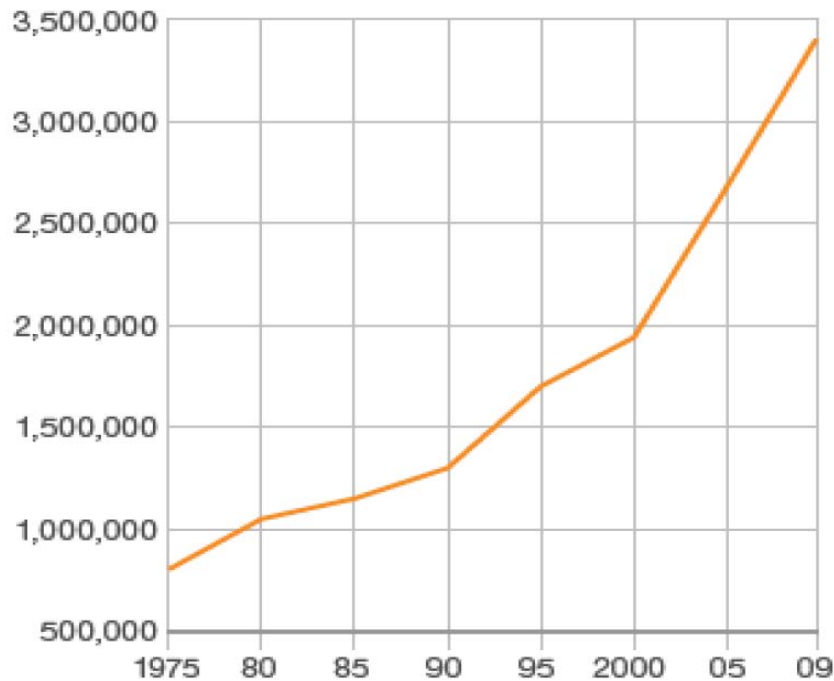
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17 November, 2011

Strong Global Growth

International student numbers

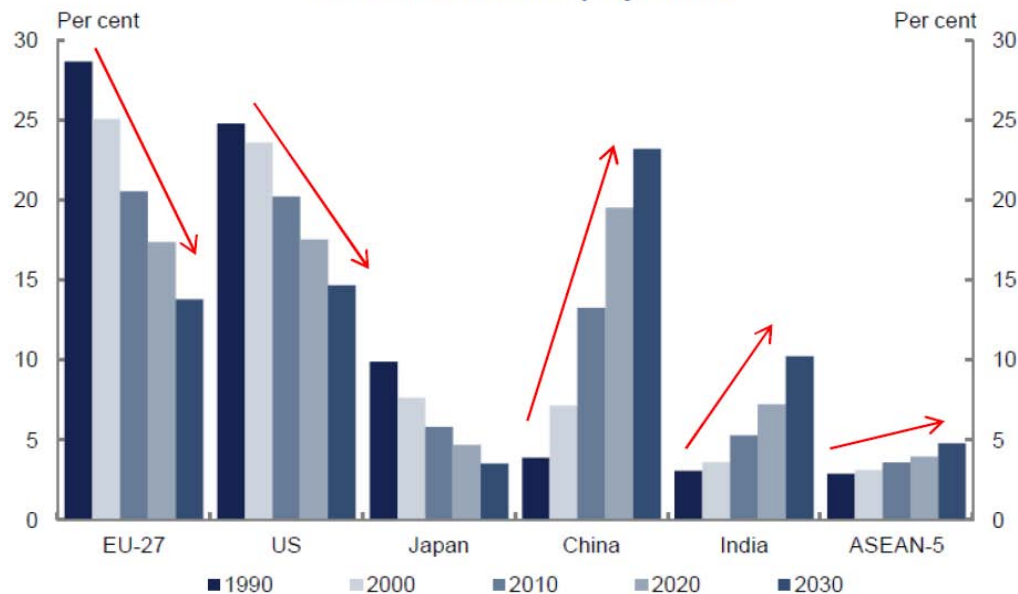


Source: Unesco

- Latest UNESCO figures report 3.43 million students in 2009
 - 6.5% p.a. growth since 2000
 - 5% p.a. growth since 1975
- Globalisation factors continue to drive growth
 - People movement
 - Connectedness
 - Evolution of education
- Expect strong growth to continue in different directions due to economic, demographic and technological forces

People Movement

Chart 1: World GDP projections



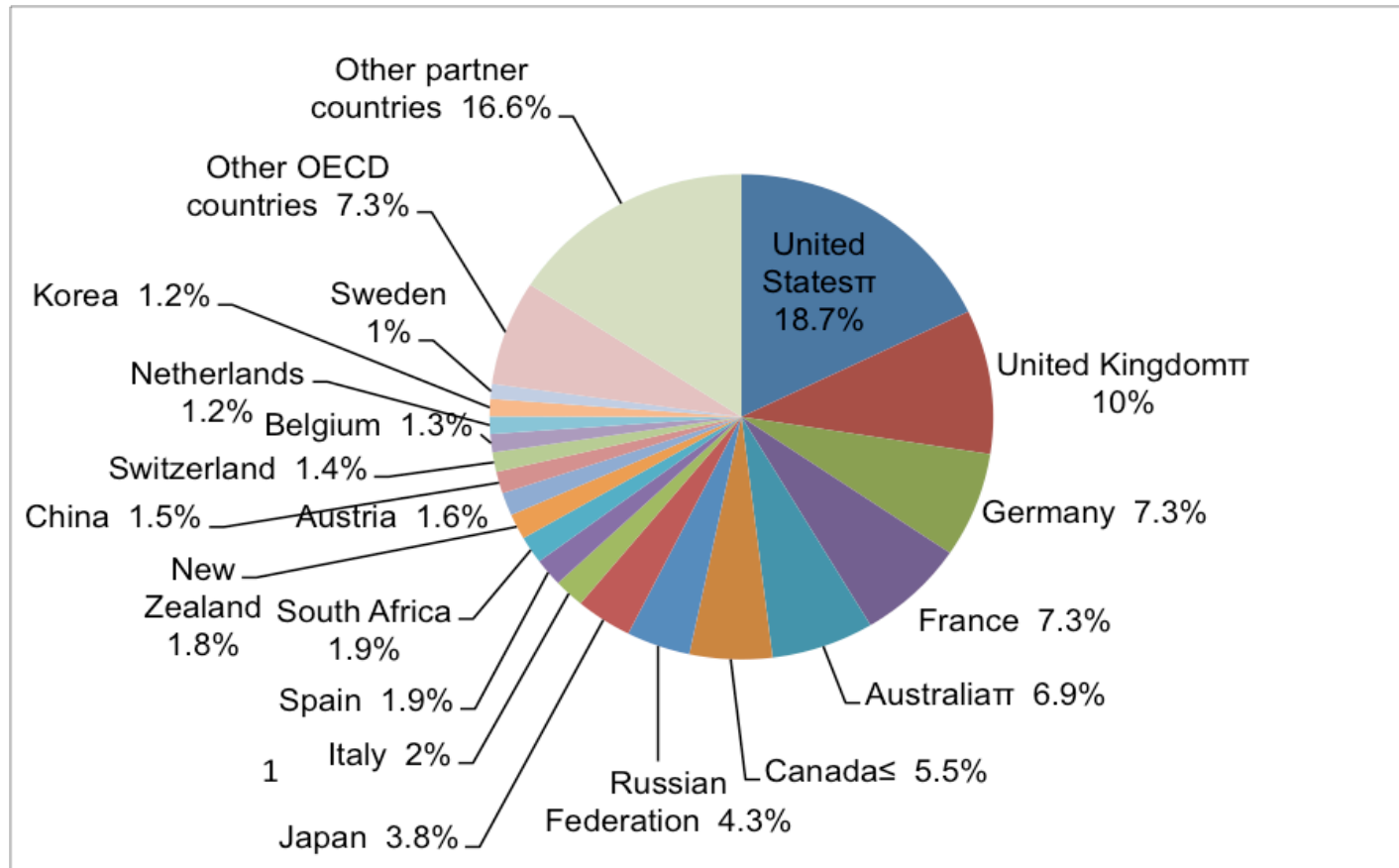
Note: Purchasing power parity adjusted GDP. ASEAN-5 comprises Indonesia, Malaysia, The Philippines, Thailand and Vietnam.

Source: The Conference Board Total Economy Database, Maddison (2007), IMF World Economic Outlook Database, World Bank, OECD, United Nations Population Database and Treasury.

- People movement from developing economies will not abate
- It will continue to drive demand for international education
- However the **pattern and composition of the flow will change** as China and India become super economies

Source: Australian Government, budget papers 2011

Distribution of Foreign Students in Tertiary Education, by Country of Destination (2008)



Source: OECD

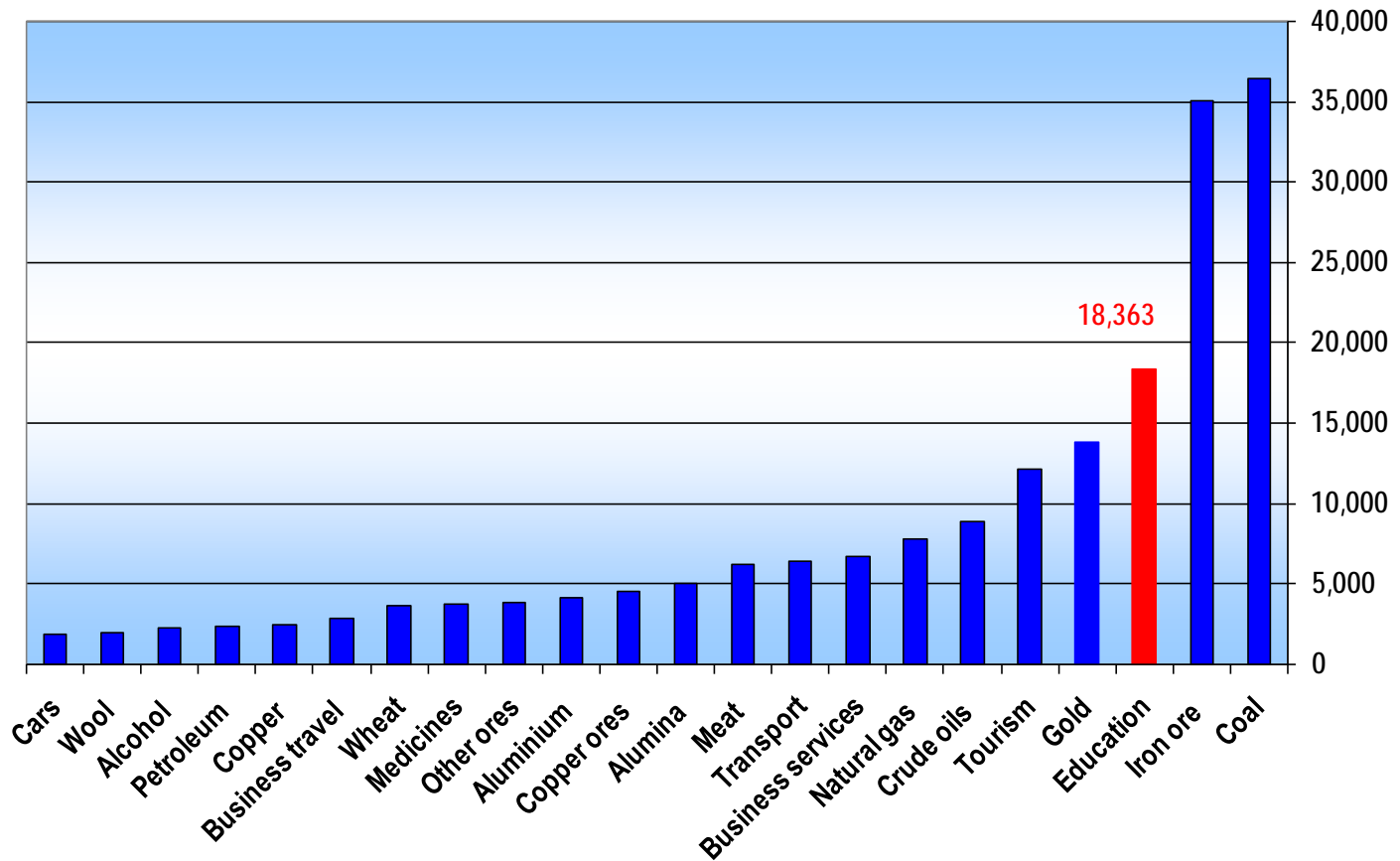
Trade Outlook for Services in the Asian Century

‘We are familiar with Asia’s role in driving our mining boom. Less understood are the opportunities for the broader Australian economy from the expansion of the Asian market for goods and services as income, wealth and living standards rise in the region.’

Treasurer Wayne Swan

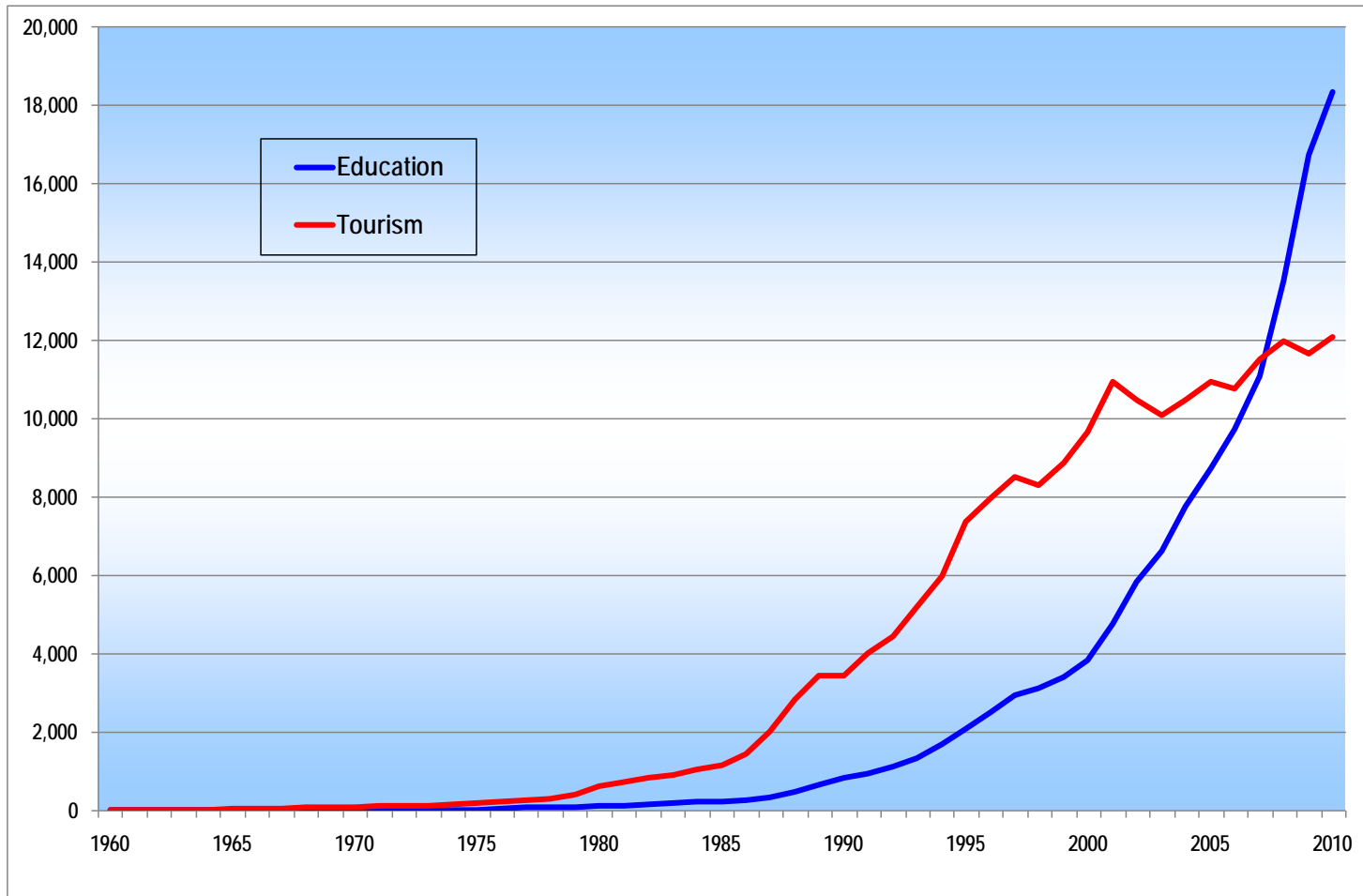
Post-budget speech to National Press Club, 11 May 2011

Australia's Top Exports 2009/10 (\$ millions)



Source: ABS

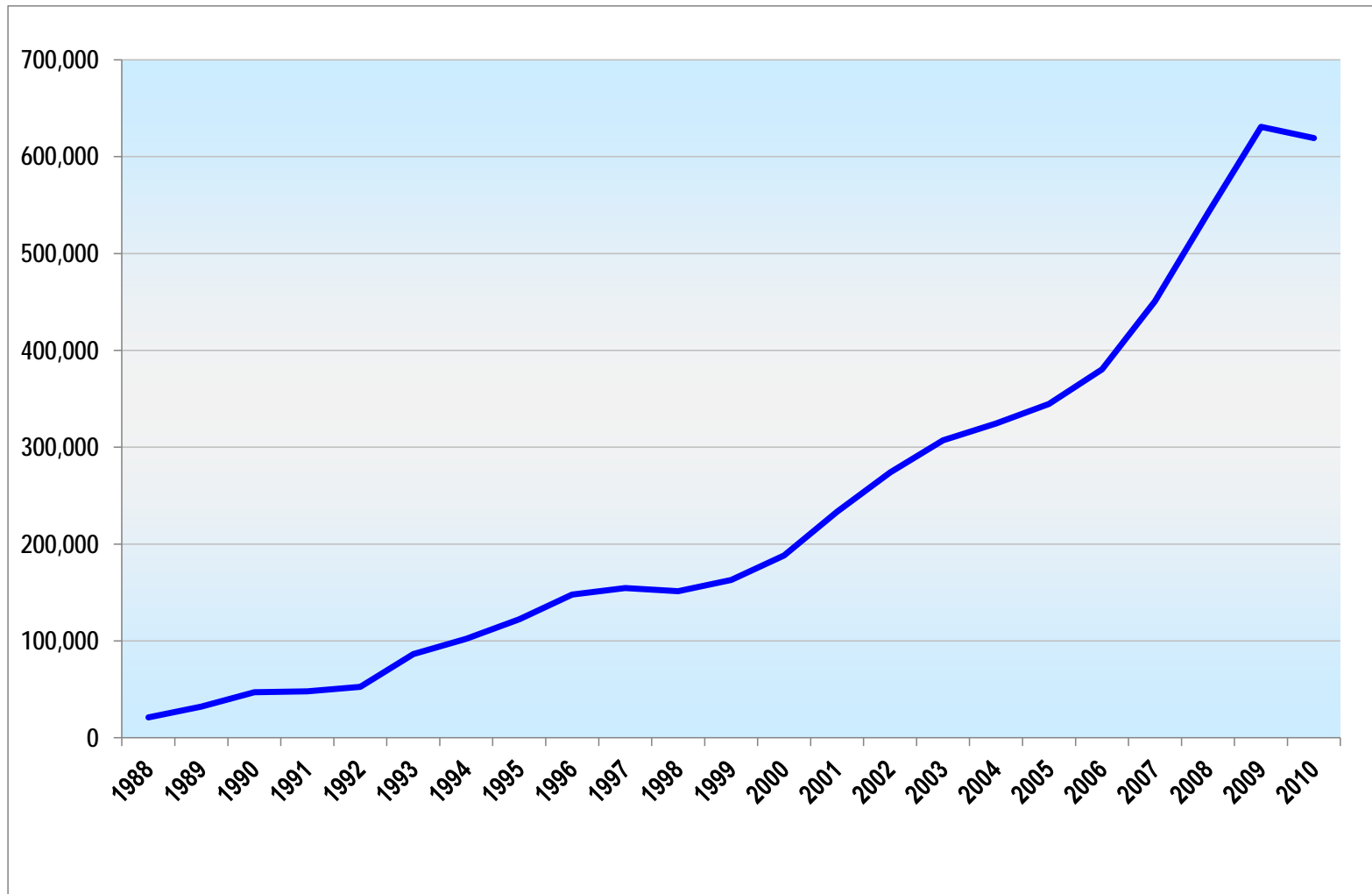
Exports Time Series (\$ millions)



Source: ABS

Student Enrolments

International student enrolments in Australia: 1988 to 2010



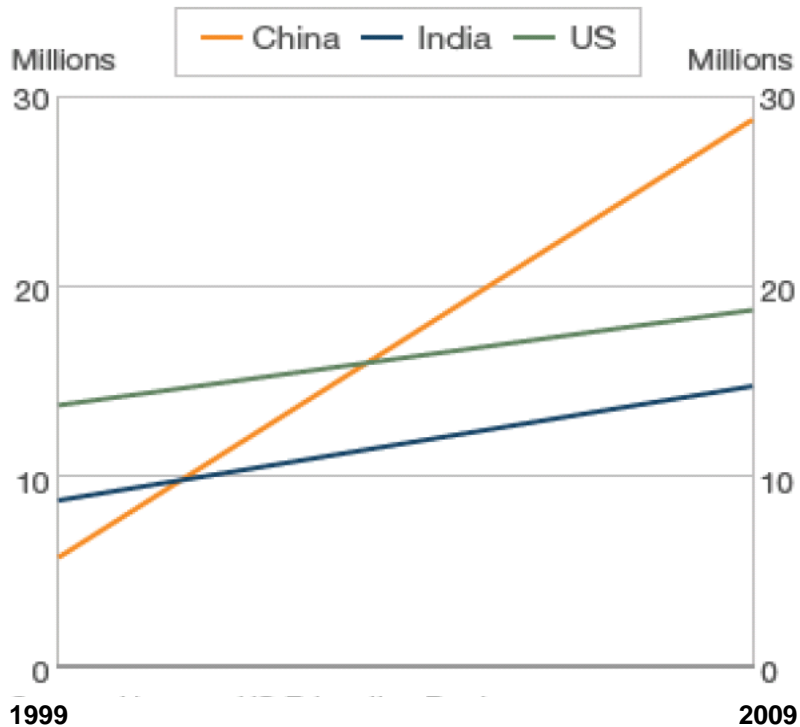
Source: Austrade, AEI, AEIF

Short Term/Long Term Dichotomy

- Advantages for Australia
 - Multicultural society
 - Big pool of international students
 - High demand for skilled workers in Australia
 - Lifestyle very attractive to student/family
 - Australian institutions adaptable
- Disadvantages for Australia
 - Growing competition from institutions in emerging economies
 - Financial attractiveness may dwindle
- International education in Australia facing a period of uncertainty
 - High \$A
 - Reputational damage
 - Greater competition from other countries
 - Visa restrictions

Grappling with Domestic Competition

Growth in university enrolment



Source: Unesco. US Education Dept.

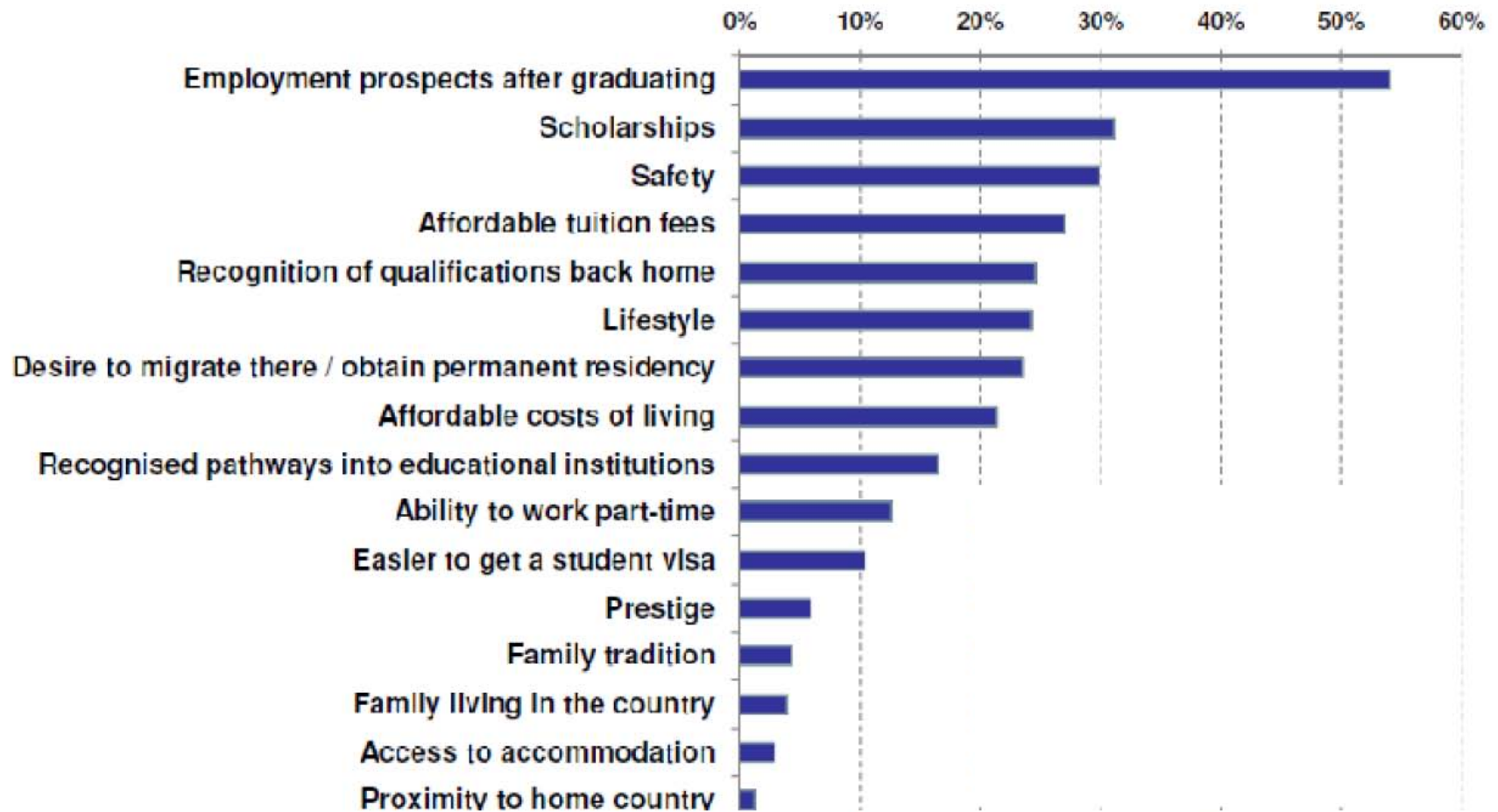
China

- Becoming a major provider of international education
 - Currently hosts 260,000 students, aiming for 500,000 by 2020
- China expected to meet only 40% of demand for higher education through domestic universities by 2020

India

- India aims to increase proportion of young people in higher education from 12% to 25% by 2025
- Massive spending program
 - 2010-2015 higher education budget is nine times larger than previous five years
- Bill to establish foreign transnational institutions in India is blocked in Parliament

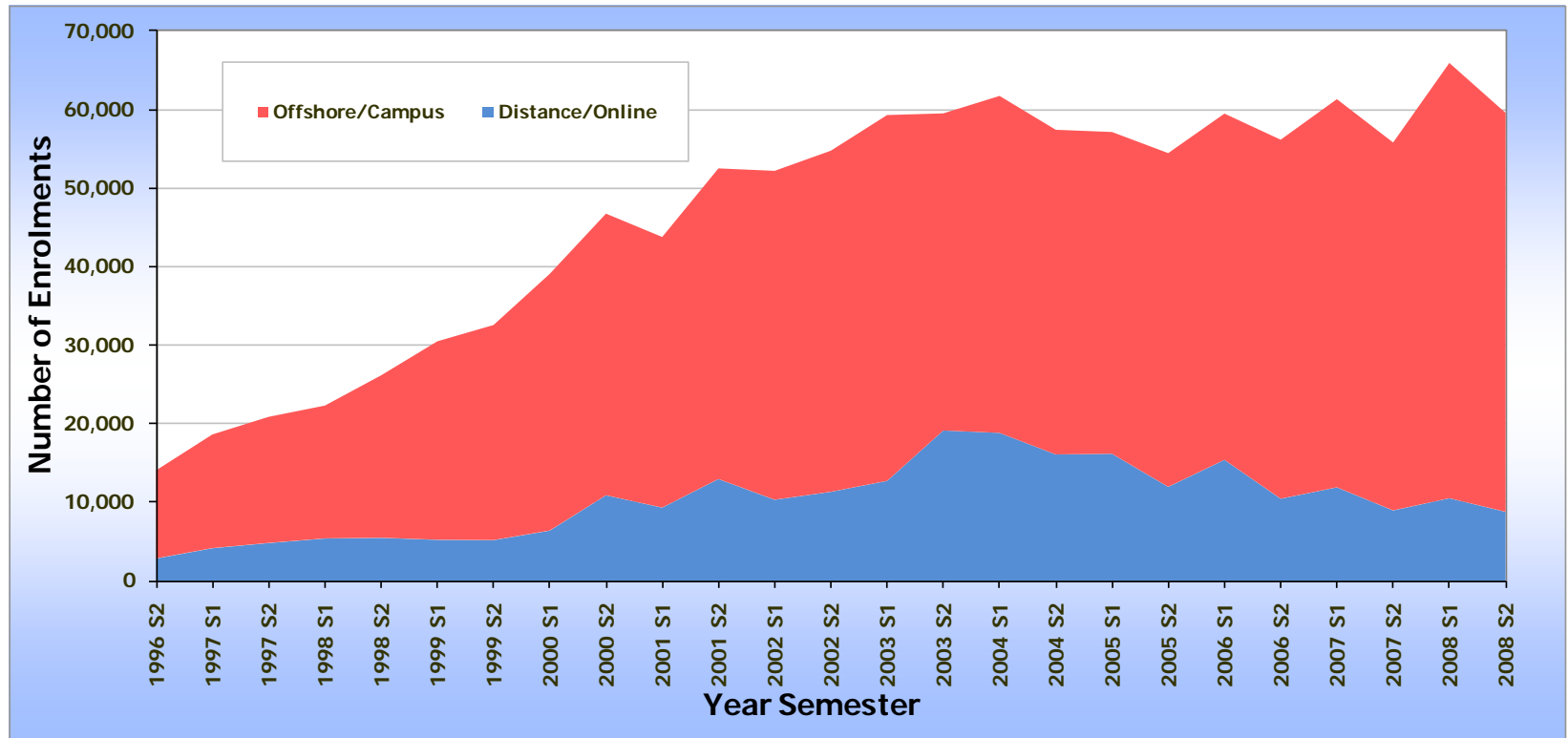
Factors Influencing Student Choice



Source: IDP International Student Attitudes' Survey 2010

Student Enrolments Offshore

Australian university transnational numbers by mode by semester: 1996 to 2008



Source: Banks et al., 2010

Who Benefits From International Education?

‘With this new chapter in Australia’s international education story, our intention was to build on the successes of the Colombo Plan by providing expanded opportunities for many more students in our region. We hoped that not only would they acquire valuable qualifications here, but they would return home with a deep knowledge of Australia’s way of life and a lifelong affection for us. We expected growth in student enrolments, but did not realise at the outset that we were creating an industry that would soon grow to rival Australia’s major exports of coal and iron and surpass tourism. The economic and social benefits to Australia and to the students’ home countries have massively exceeded our initial expectations.’

*Hon. Susan Ryan
former Minister for Education*

Benefits of International Education

- Enhancement of public diplomacy and trade, especially through alumni of Australian institutions
- Closer relationships through education with countries in the region
- Academic benefits for all students including enhanced quality of education, a culturally rich learning environment and internationalised curricula that enhance study and employment opportunities
- Better campus services and infrastructure for all students including student residences
- Enhanced research capacity from contribution of international research scholars and international research collaboration
- Student exchange opportunities leading to personal and career development
- Greater international understanding and awareness among students and development of multinational professional and personal networks
- Enriched community links through interactions between international students and local communities increasing cultural understanding and relationships.
- Human resource development, institution capacity-building and research capability in home countries.

Source: Eric Meadows, 'Making a Difference: Australian International Education', Ch.1, pp.34

Summary

- International education is fast growing
- Strong factors will drive continued globalisation
- Australia well placed to take advantage
- Third biggest export sector
 - Onshore
 - Offshore
- Benefits are numerous for
 - Students
 - Employers
 - Academic institutions
 - International relations
 - Economic growth