

NEAS Conference 2010 International Education in Australia 2020

Launching a book about the early years of the Colombo Plan, in Canberra in 2005, Australia's then Minister for Foreign Affairs, Alexander Downer, said:

The Colombo Plan occupies a prominent place in the history of Australia's relations with Asia. It is best remembered here for sponsoring thousands of Asian students to study or train in Australia's tertiary institutions.

It is difficult to imagine today that most Australians up until the 1950s rarely encountered people from Asian nations and near neighbours in their daily lives in Australia.

Sadly, there are in my view still people in Australia who wish for those days, when they rarely encountered people from Asian and other nations in their daily lives.

But, as then Minister Downer pointed out, the Colombo Plan helped to change this state of affairs by introducing students from many parts of the region into our society.

The Colombo Plan also commenced the process of internationalisation of education in Australia.

There were other things happening with Australia's population at that time.

In The Australian newspaper a few weekends ago, George Megalogenis quoted Arthur Sinodinos as pointing out that Prime Ministers like Menzies did not need opinion polls.

A Gallup poll taken in 1951 asked voters "whether or not Australia should get immigrants" from a list of seven countries.

The Netherlands (80.6%), Sweden (76.8%) and France (59.4%) recorded strong yes votes. Six years after the war, Germany recorded 55.4%.

At the other end of the scale, the public said "not wanted" to people from Greece (only 42.7% of voters wanted them), Yugoslavia (33.5 per cent) and Italy (27.3 per cent).

Menzies ignored these polls. Melbourne finished up with Lygon Street and our first generation of ethnic taxi drivers. Australia scored people like Megalogenis and Sinodinos.

As Tim Soutphommasane pointed out in The Monthly magazine in March, Prime Minister Fraser's decision as prime minister to accept, during the late 1970s and early '80s, close to 70,000 Indochinese refugees forever changed the complexion of the Australian population. Melbourne again benefited disproportionately, scoring some of the world's best bread makers.

My colleague Robin Jeffrey, formerly of La Trobe University and now Visiting Professor in the Institute of South Asian Studies at the National University of Singapore, lived and taught in India and his PhD from Sussex is in Indian history.

In South China Morning Post in March, Robin asked whether foreign students would close Australia's Asia gap?

Australia, a country shaped by migration, is again being challenged to define itself by a new wave of migration from its giant Asian neighbours. How Australia deals with the new and different influx from China and India will also affect its political and strategic relations.

Reeling from a spate of violence against Indian students, Australia, where racism now is a dirty word, has engaged in soul searching, and the outcome might be a blessing in disguise. A deepening of relations with India that could follow might help to put more flesh and blood in the emerging political ties.

The Indian student presence could also solve the puzzle of Australia-India relations. For 50 years, Australian policymakers struggled to understand why Australia-India relations were not as rich as it seemed they ought to be. What was missing were people. But the influx of Indian students, most of them seeking permanent residency, should change this.

One view of Australia's future is as a calm centre for Asia. The large presence of students from Asia for the past 15 years provides substance for such a picture, especially now that the missing Indian link has arrived. And the fact that now about 250,000 young Indians and Chinese meet each year in Australia offers potential for ties and understanding that will drive the region's interactive future.

Of course, as Tony Adams, my predecessor as President of the International Education Association of Australia, has pointed out, they will in due course own the taxis and the convenience store franchises.

The diversity of Australia's higher education student population largely reflects the diversity of the Australian population.

In the Australian census in 2006, 22.2% of Australian residents were born overseas, and a further 6.9% did not say where they were born. The top five countries of birth (other than Australia) were England, New Zealand, China, Italy and Vietnam.

In the Australian census in 2006, 15.8% of Australian residents reported speaking a language other than English at home, and a further 5.7% did not report the language spoken at home. The top five languages spoken at home (other than English) were Italian, Greek, Cantonese, Arabic and Mandarin.

The Australian higher education student population, onshore in Australia, in 2008 was made up of

- Non indigenous Australians or Australian residents who speak English at home: 65.4%
- Non indigenous Australians or Australian residents who speak a language other than English at home: 11.8%
- Indigenous Australians: 0.9%
- New Zealanders: 0.7%

- International students: 21.2%.

Internationalisation of education in Australia has contributed greatly to Australia's diversity.

International student mobility is Australia's greatest public diplomacy tool. There simply is no substitute for bringing young people here where they learn with us and from us and make up their own minds about Australia. But in Australia this explicit connection between education and the extension of international understanding is asserted only occasionally.

The benefits fall into two categories: creating a positive image for Australia and opening doors and exerting influence. Australian diplomats have successfully used the Australian alumni network to gain access and advance diplomatic objectives.

Australia also needs to show more serious interest in the region through, for example, more teaching of Asian languages (in fact, more teaching of any foreign languages would be ideal) and more encouragement to students to spend time studying at overseas universities through exchange programs.

Faced with an unbalanced flow of students into Australia, we are still learning how to reciprocate. Each year we send 6% of our own undergraduates overseas on study experiences and internships. 60% of these international study experiences are supported by university funds.

6% does not sound like a lot. It is in fact just over 8,000 students each year, compared with the 89,000 international students who arrived at our universities in 2009. But our 6% from Australia compares with 10% from the US, which is at least 50 years ahead of Australia in its development of a culture and tradition of study abroad.

We are building international research linkages and universities are backing those linkages with scholarships. In a survey of university International Directors early this year, 26 universities reported providing scholarships and stipends valued in aggregate at \$89.1 million to commencing international postgraduate research students. These 26 universities in 2009 reported revenue of \$2.121 billion from their international student programs in Australia.

These 26 universities in 2009 spent \$89.1 million, the equivalent of 4.2% of revenue, on scholarships and stipends for commencing international postgraduate research students.

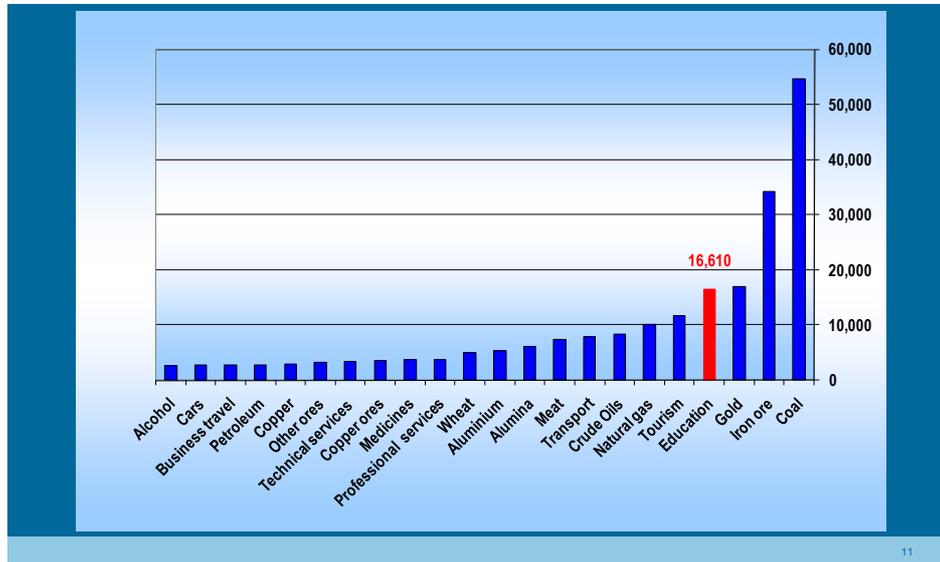
How big is 4.2%? It is a big number, higher than the 4.1% spent by universities on commissions.

Universities in 2009 spent more on scholarships and stipends for commencing international postgraduate research students than on agent commissions.

We are building campuses overseas. A 2009 survey by the Observatory on Borderless Higher Education identified 12 branch campuses overseas of Australian universities, operated by Charles Sturt, Curtin, Monash, Swinburne, CQUniversity, James Cook, Newcastle, Murdoch, Wollongong and RMIT universities, in countries such as South Africa, UAE, Kuwait, Malaysia, Singapore and Vietnam.

There is no doubt that international education has been good for Australia's economy.

Australia's Top Exports 2008/09 \$ millions



The definitive source on the economic impact of Australia's exports of education services is a Reserve Bank Bulletin in June 2008.

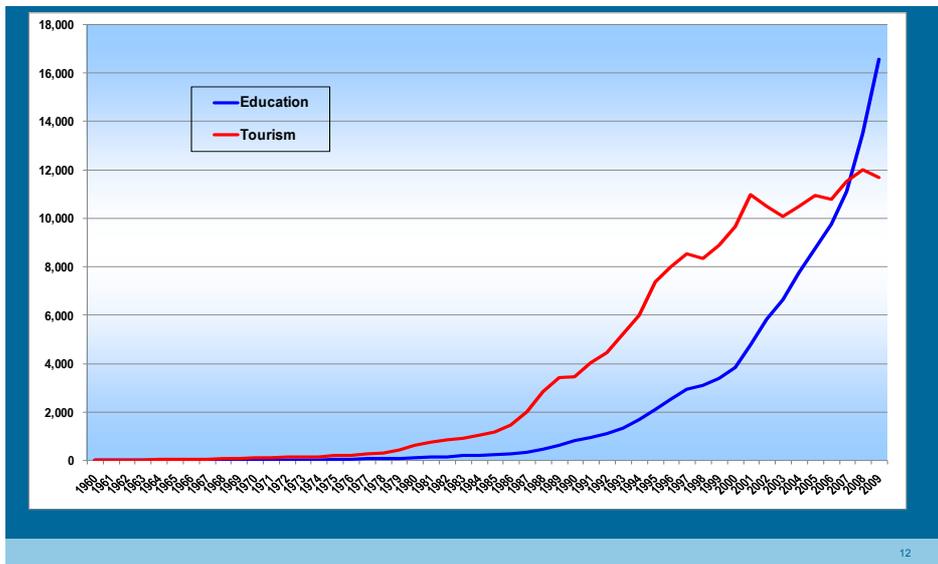
Since 1982, education services exports have grown at an average annual rate of around 14 per cent in volume terms, with their share in the value of total exports increasing from less than 1 per cent to almost 6 per cent in 2007. They have now displaced leisure travel services as Australia's largest service export. Indeed, education exports are now Australia's third largest export, behind only coal and iron ore.

From data supplied by the Australian Bureau of Statistics (ABS), the chart puts the value of education as an export for Australia into context. Education in 2008/09 was Australia's fourth largest export, behind coal, iron ore and gold, and the only one of Australia's top exports that captures Australia as more than a quarry with a view, a term first used by George Megalogenis.

ABS in February 2010 reported the value of Australia's education exports to be \$17.7 billion for 2009, and up from fourth to third again.

From time series data published by ABS, the chart compares the value to Australia of tourism and education as exports over a period of 50 years.

Exports Time Series \$ millions



Access Economics P/L studied **The Australian education sector and the economic contribution of international students** for the Australian Council for Private Education and Training in 2009 and reported on the employment impact of Australia's international student program.

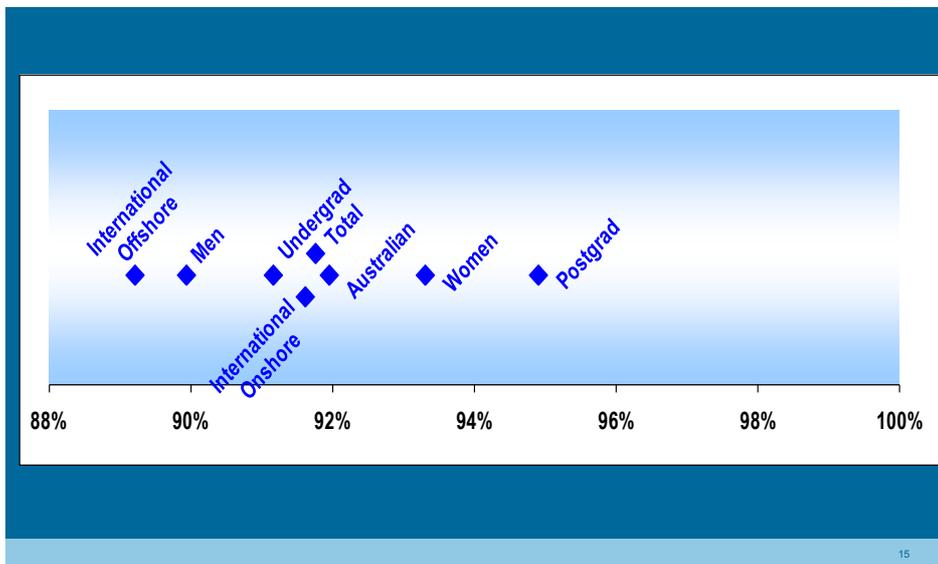
International student expenditure in Australia contributes to employment in the Australian economy. It is estimated to have generated just over 122,000 FTE positions in the Australian economy in 2007-08, with 33,482 of these being in the education sector. Total student related expenditure (spending by students and visiting friends and relatives) generates a total of 126,240 FTE positions.

With 10.8 million employed persons in Australia in March 2009, Australia's international student program increased employment in Australia by about 1.2%.

International students do not drag standards down. International students perform academically just as well as Australian students. This has been the consistent finding in three studies over 12 years of students in Australian universities, suggesting that Australian universities are attracting talented international students to Australia, are setting entry standards at about the right levels and are achieving successful outcomes in educating these international students.

Most recently, in a 2008 study of Group of 8, 195,694 students in 2007 passed 91.8% of what they attempted. The 46,812 international students on campus in Australia passed 91.6% of what they attempted, and did just as well as the 140,903 Australian students, who passed 92.0%. The 7,939 international students offshore, resident outside Australia but studying at a Go8 university, including those at offshore campuses and those international students studying by distance or online, passed 89.2% of what they attempted.

Student Progress Rates by Groups



In terms of student progress rates

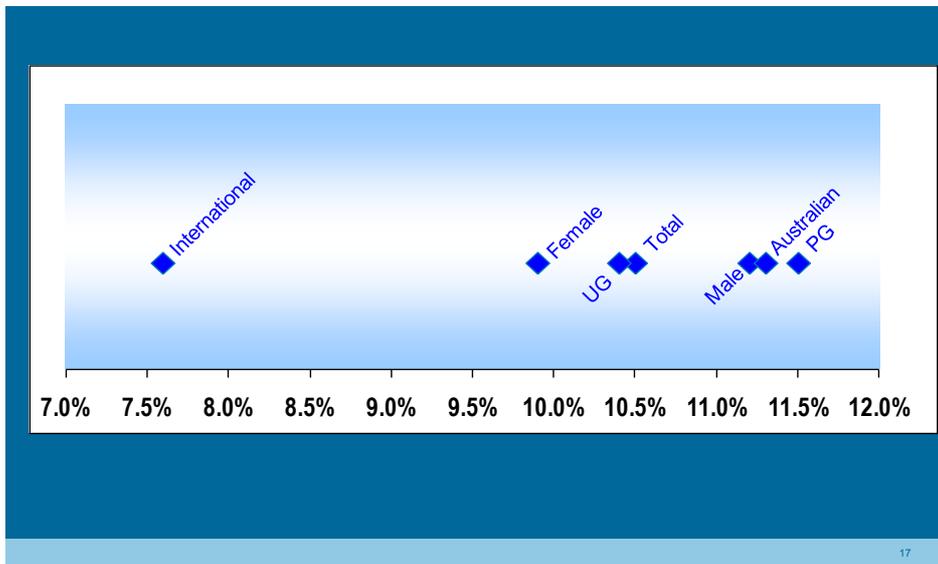
- women did better than men
- postgraduate coursework students did better than undergraduates
- international students on campus in Australia did as well as Australian students and did better than international students offshore.

The chart compares the student progress rates for these seven groups with the total population.

A study of retention and attrition in 32 Australian universities in 2008 found that international students stayed the course better than Australian students.

The study looked at retention and attrition for 485,983 students in 32 Australian universities in 2006. The retention figure was 89.5%: that is, 89.5% of students either completed the course in 2006 or continued to 2007. Conversely the attrition figure was 10.5%: that is, 10.5% of students dropped out.

Attrition Rates by Groups



In staying the course

- women did better than men: 9.9% of female students dropped out, staying the course better than male students, 11.2% dropped out
- undergraduates did better than postgraduate coursework students: 10.4% of undergraduate students dropped out, staying the course better than postgraduate coursework students, 11.5% dropped out
- international students did better than Australian students: 7.6% of the 102,686 international students dropped out, staying the course better than the 383,297 Australian students, 11.3% of whom dropped out.

The chart compares the attrition rates for these six groups with the total population.

What is also evident from studies of retention and attrition is that combined domestic and international drop outs cost Australian universities about \$1b annually in lost revenue. Every percentage point that we can reduce attrition by, universities save \$100 million each year. There are some things we need to pay more attention to.

Gender needs to be on the agenda.

In the 2008 study of comparative academic performance, female students in 2007 passed 93.3% of what they attempted and did better than male students, who passed 89.9%.

In the 2008 study of attrition and retention, 9.9% of female students dropped out, staying the course better than male students; 11.2% dropped out.

In terms of outgoing international student mobility, the study of 2007 found that women dominated all types of international study experiences.

A comment on the gender agenda suggests that *girls do better than boys* to the extent that, in any research on outcomes of higher education, it may be that a cohort dominated by women will do better than a cohort dominated by men.

But, when we look at the relative academic performance of international students, we must be careful. We should not presume that students in pathways to higher education are developing their English language proficiency to the point where their English is good enough for university studies.

In studies of performance analysed by English language channels, which understandably are tightly held by universities, there can be a problem where it is presumed that a student in a pathway to higher education will have enhanced English language skills.

Only around 20% of international students are tested on their English language ability at the point of entry to higher education.

Students who demonstrate their English competence through IELTS or TOEFL outperform academically at the end of the first year of higher education, as do international students who are native English speakers, or for whom English has been the language of instruction or who have achieved in English in an overseas education system.

Importantly, students from English for academic purposes courses taught by Australian English language centres onshore with direct entry to university programs outperform academically at the end of the first year of higher education.

But the underperformance comes from students who have articulated from foundation or diploma or TAFE programs, or from school in Australia, where there appears to be a presumption that a student entering such a pathway, for example as a modest user of English, will emerge from the program as a competent user of English. Simply, we must be careful.

Rapid growth in the noughties in education as an export for Australia was unsustainable.

The lived experiences of international students in some cases have been less than they expected with social, welfare and integration issues. There has been damage to Australia's reputation and brand. There has been a skewing of international education, away from a focus on delivering high quality Australian qualifications, towards an emphasis on education as a quick pathway to migration. While these problems have been focused on specific pockets in the private vocational education and training sector, it will be the Australian international education brand overall that is tarnished.

In the noughties, numbers of international student commencements in private vocational education and training doubled every two years, fueled by education as a shortcut to migration. Perhaps the most telling indicator of an unbalanced industry was that numbers of higher education students as a proportion of Australia's international student program dropped from 47% in 2005 to 39% in 2007 and 32% in 2009.

With Australia's brand damaged, the international student program is rapidly headed for a period of rationalisation and restructuring. Numbers of applicants are dropping, the student visa mindset is toughening, more onerous requirements for skilled migration are putting a stop to

education as a shortcut to migration and Australia's currency is doing its export industries no favours.

In 2020, international education as an export industry for Australia could be worth 22 billion dollars, in real terms about the same as in 2009. But if we want our international student program to stay the same, lots of things will have to change.

We will need to have learnt the lessons of the noughties. No more unsustainable growth. No more damage to our reputation and brand. No more skewing of international education, away from a focus on delivering high quality Australian qualifications, towards an emphasis on education as a quick pathway to migration. Improvement in the lived experiences of international students.

Australia's international education business models, particularly in higher education, and in pathways to higher education, including ELICOS, remain essentially sound.

The industry in 2007 modeled that demand for international higher education places in Australia would grow at a little over 4% per year to 2010, then at 3% to 2015, then slower again. Growth in demand has been much faster, with three semesters of double-digit growth in enrolments in higher education in 2009 and 2010.

Even with the inevitable slowing in demand over the next few semesters, demand should still hit the projected 260,000 by 2020, from 203,000 at the end of 2009. At 260,000 in 2020, many universities will have reached the limit of their appetites and capacities for international students.

As demand for international higher education places in Australia exceeds the appetites and capacities of Australian universities to supply places for international students, private providers will need to play a bigger role in higher education. The focus of those private providers will be on the provision of Australian degree qualifications, to a domestic and international cohort. Private providers have been easy targets of late, but Australia will not achieve the Bradley reforms and will not sustain a comprehensive international education industry without them.

I said earlier that numbers of higher education students as a proportion of Australia's international student program dropped from 47% in 2005 to 39% in 2007 and 32% in 2009. Numbers of ELICOS students as a proportion of all international students since 2002 have been steadily around 21% to 23% of the international student population.

If numbers of higher education students as a proportion of Australia's international student program are at 40% in 2020, and if there are 260,000 international students in higher education, we can calculate that there are 650,000 international students in Australia in 2020, from 632,000 at the end of 2009, and we have the beginning of a sketch of what a restructured and rationalised international student program in Australia might look like in 2020.

The table shows the situation at the end of 2009.

Australia in 2009



Sector	2009	2009 %
Higher Education	203,324	32%
Private VET	199,269	32%
TAFE	33,206	5%
ELICOS	135,141	21%
Schools	27,506	4%
Other	33,489	5%
Total	631,935	100%

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The situation in 2020 might be as in the following table.

Australia in 2020



Sector	2020	2020 %
Higher Education	260,000	40%
Private VET	129,000	20%
TAFE	36,000	6%
ELICOS	147,000	23%
Schools	36,000	6%
Other	42,000	6%
Total	650,000	100%

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Putting those two tables together, we have the following comparison

2009 and 2020



Sector	2009	2009 %	2020	2020 %
Higher Ed	203,324	32%	260,000	40%
Private VET	199,269	32%	129,000	20%
TAFE	33,206	5%	36,000	6%
ELICOS	135,141	21%	147,000	23%
Schools	27,506	4%	36,000	6%
Other	33,489	5%	42,000	6%
Total	631,935	100%	650,000	100%

Towards 2020: First Quarter 2010

Sector	2009 %	2020 %	2010 Commencements %
Higher Ed	32%	40%	38%
Private VET	32%	20%	23%
TAFE	5%	6%	7%
ELICOS	21%	23%	19%
Schools	4%	6%	4%
Other	5%	6%	9%
Total	100%	100%	100%

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The first steps in this restructuring and rationalisation took place in the first quarter of 2010, where the numbers and shape of commencements provide us with a leading indicator of where Australia's international education industry might be heading.

The table compares the shape of Australia's international education industry at the end of 2009 with the sketched shape of the industry in 2020 and the shape of commencements in the first quarter of 2010.

Clearly, in one quarter, there has been a lot of movement from the 2009 shape towards the sketched 2020 shape.

ELICOS took a hit, with commencements in the first quarter of 2010 down 13% on the first quarter of 2009.

ELICOS commencements dropped 4,000 students, of which 2,400 or nearly 60% were from India. ELICOS commencements from India dropped 84%, from 2,945 in first quarter 2009 to 485 in first quarter 2010. Some years ago, I was in the ELICOS business, and I am not sure about building an ELICOS business model based on international students from India.

But the drop in ELICOS commencements was widespread, with only China, where numbers of commencements grew 11%, barely keeping the ELICOS canary singing in Australia's international education coalmine.

And the biggest danger to Australia's international education industry? A continued lack of coordination of federal and state government departments, operating without strategy, leadership, foresight or planning.

The ESOS (Education Services for Overseas Students) Act has real teeth.

Yet the state and federal authorities over more than a decade have failed to close down or reform errant providers.

(Baird estimated that 20% of the vocational education and training sector was dodgy. From the joint press conference with Deputy Prime Minister Gillard on 9 March:

BRUCE BAIRD: I think there has been quite a distortion which started some time ago. And we have permanent residency factories. Those that are in that grouping if you ask any of the good providers, they will quickly name those that they believe are the dodgy operators who are corrupting the system. And it is those groups that we should be directing our attention to. And I certainly think that they represent, in my view, those who have been predominantly aimed at the permanent residency outcomes, rather than the education one, would probably represent 20 per cent of the vocational sector, in my view. And that is the general consensus. We haven't done a quantitative analysis of them – that's my sense of it.

JOURNALIST: So how many dodgy students is that, Mr Baird?

BRUCE BAIRD: I don't believe there is such a thing as a 'dodgy student.')

In a speech in Melbourne last month, Tony Adams suggested that our two largest states have ignored for a quarter of a century the presence and importance of international students. The negligence of the Victorian and NSW governments over this period is appalling.

The refusal over this time to grant transport concessions to international students is symptomatic of a larger malaise and a lack of concern and respect.

And at this point I will remind you about the Australian International Education Conference, also in Sydney, in October this year, and ask for questions.