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## MEDIA RELEASE

Economic output associated with Australia's third largest export industry will shrink by as much as \$600 million in 2011 and by \$1.2 billion to 2012, unless urgent action is taken to address pressing policy concerns.

The forecast reduction in the International education industry, which last year generated \$18 billion in exports (50% more than tourism), will also see the loss of up to 9,000 jobs in 2012 across Australia, rising to a total loss of 19,000 jobs by 2012, as related sectors such as retail and hospitality are hit by the downturn.

The **Australian Technology Network of Universities (ATN)** has released "*The Economic Implications of Fewer International Higher Education Students in Australia*". It is the first report to concentrate such analysis on the nation's universities which in 2009 attracted 203,324 International students.

ATN Chair and Vice Chancellor, UTS, Professor Ross Milbourne, said the most immediate issue for government to address was the impact on the sector of policy in regards to student visa conditions, permanent residency issues and regulation of quality issues in the sector.

"What we are seeing from current policy settings is potentially economic suicide. Government must reconsider its policy settings. As outlined in the report, Higher Education – the largest economic and employment generator in the sector, with the least problems in terms of quality – is already suffering reduced enrolments and lower visa grants in what appears to be a case of significant collateral damage arising from policy measures aimed mainly at other sectors in a challenging international environment," Professor Milbourne said.

"We absolutely accept there have been serious issues related to international students that needed to be dealt with. But those **did not** relate to universities. Yet, the Government has made no differentiation in its crackdown on student entry requirements.

"By refusing to deal with university students in a separate category, we are about to see a massive economic fallout which will reverberate across the nation in the form of job losses in tourism, retail trade and hospitality - one we simply cannot afford."

The report, commissioned by the ATN from the **John Curtin Institute of Public Policy (JCIPP) at Curtin University** shows that:

- Higher education is the most significant part of the sector. With 32% of the International student market it generates 57% of the export revenue.
- International onshore education is now a billion dollar industry in its own right in New South Wales and Victoria, generating value-added of around \$3 billion in each state. It has an overall economic impact of \$1.4 billion in Queensland.

- On average each International student in higher education generates \$50,874 for Australia, 36% of this being spent on fees with the remainder mainly on accommodation, food, restaurants and retail.
- For every two International students enrolled in an Australian university one extra job is created.
- This value add from International university students in 2009 saw an additional 102,387 jobs created, of which 83,050 were created outside the education sector.

“The ATN contends that the damage has to be stemmed and that International students must be made welcome in our universities in growing not reducing numbers,” Professor Milbourne said.

Economic modelling undertaken by the JCIPP, which examined three possible scenarios, shows a ‘best case’ decline in enrolments of 10% with a worst case decline of 35% in 2011.

“This will severely diminish the impact of the international higher education sector on the Australian economy with potential job losses in unrelated market sectors such as retail and trade – such is the economic reach of this sector.

“Under the worst case scenario of a 35% fall in commencements in 2011, and a flattening out of overall enrolments thereafter, around 36,000 jobs are placed at risk throughout the entire Australian economy. So the impact on Australia is not confined to the higher education sector. There are real job losses throughout the economy at a time of great economic uncertainty elsewhere.”

“Our Universities have built this market on a foundation of diversity and a guarantee of quality and safety. We must now work hard to ensure those are not compromised in any way and that we continue to provide the high quality flexible learning environments which have enabled many thousands of students achieve their potential in an increasingly globalised community.

“A key issue which must be addressed as part of an urgent policy rethink is the current student visa restrictions and timing and financial complexities that are driving International students away from attending our universities to study in the United States and the United Kingdom. Australia’s loss is another country’s gain. That is unacceptable.”

The ATN has this week advised the Federal Government it is seeking to have a new visa category implemented to address this issue and that of the looming skills shortage in researchers, many of which must be attracted from overseas.

The ATN group has a particularly strong international focus and overseas student profile with the five universities comprising a significantly greater proportion of international students than all other Australian universities – over a third of our student population (34%).

***For interviews with either the authors of the report, John Phillimore and Paul Koshy, or the ATN Chair, Professor Ross Milbourne, contact the ATN Executive Director, Vicki Thomson on 0417 808 472.***

**Background brief:**

- International education is Australia’s third largest export industry, generating \$18 billion in exports in 2009. It is 50% larger than tourism-related travel.
- Higher education is **the most** economically significant part of the sector. With 32% of the total student market it generates 57% of export revenue
- In 2009 there were 629,981 International students in Australia, of whom 203,324 were in higher education
- There has been a marked growth in Australia’s entire International student sector since 2004. Since that year it has grown by 94%.
- Approximately 56% of all International higher education students in 2009 were undergraduates with 44% being postgraduates.
- Total value-added for the economy generated by International higher education students – including both students and their visitors – was \$9.3 billion (0.76% of GDP) in 2009. Of this, \$3.5 billion was in education and the other \$5.8 billion in the rest of the economy. This generated employment equal to around 102,387 jobs in Australia in 2009, of which 83,050 were created outside the education sector.
- The most popular “broad field” of higher education study for International higher education students is ‘management and commerce’ which accounted for 48.3% of enrolments. ‘Engineering and related technologies’ was second largest at 8.3%.
- According to Australian Education International (AEI) there has been a 6.3% decline in international student commencements across all sectors in the year to June 2010.
- Department of Immigration and Citizenship statistics indicate a similar downward trend with International higher education student visa grants declining in 2009-2010 by 11.5%, and offshore visa grants, which are dominated by commencing students, declining by 24.9% over the same period.
- Together with anecdotal evidence from other sectors such as the ELICOS and VET sectors, it is likely that new international commencements in higher education will fall in 2011, with future recovery uncertain due to a range of factors.
- The modelling in this report shows the economic impact of declines in higher education commencements of between 10% and 35% in the near future. In the worst case scenario, a rapid decline in commencements of 35% in 2011 followed by a flattening out for three years sees 36,000 less jobs across Australia in 2014 compared to 2010, and almost 47,000 fewer jobs compared to a modest baseline growth projection. A ‘steady decline’ scenario of 20% fewer commencements per year for three years sees employment in 2014 fall by 18,000 compared to 2010.

Note:

The International student market is also being affected by the impact of the Global Financial Crisis on demand for places, a stronger Australian dollar, increased competition from other countries (in particular the US and the UK), reputational damage caused by the collapse of private colleges, changes to the student visa rules and skilled migration, and the current election campaign discussion about immigration and population issues. None of this can be negated by financial 'rescue packages'. However, it can, to a significant degree, be rectified by targeted visa requirements for International university students.