



SOUTH AUSTRALIA'S INTERNATIONAL EDUCATION INDUSTRY

Submission for the Bradley Committee by Education
Adelaide
on behalf of its stakeholders

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Executive Summary

Education Adelaide on behalf of South Australia's international education providers, the State Government, Adelaide City Council and others asserts the social, cultural and economic value of international education and urges the Bradley Higher Education review committee to balance these benefits against the reported challenges in the industry.

This submission provides an overview of the depth of support for South Australia's international education industry and makes a series of recommendations to address the challenges.

International education is South Australia's fourth biggest export earner, generating \$673 million in 2007 and supporting 3250 jobs – and according to recent forecasts has the capacity to be a \$2 billion export earner for South Australia by 2014.

Along with mining and defence, international education has the potential to shape the state's economy in a number of ways:

- By helping South Australia meet its goal for population growth
- By reversing the state's ageing population profile
- By beating the skills shortage – increasing the pool of skilled migrants to ensure South Australia capitalises on its major economic opportunities, especially in the mining and defence industries
- By encouraging other skilled workers to migrate to South Australia from overseas
- Through student fees, accommodation and general spending
- By creating development to provide student accommodation and services
- Through family reunion tourism.

The increasing number of international students has brought positive social changes - the gradual, but noticeable, development of a more multi-cultural, cosmopolitan community.

South Australia's international education industry has the full support of the State Government, the Adelaide City Council, universities, TAFESA, schools – public and private - and other key stakeholders.

With this support Adelaide will continue to develop a reputation as an education city with all of the associated research, innovation and trade benefits.

Student Numbers

Over the past five years, the number of international students in South Australia has increased as the result of Federal and State Government policy, promotion by Education Adelaide, the Adelaide City Council, the universities, other tertiary institutions and schools.

In 2003, more than 13,700 overseas students studied in South Australia - 4.5 per cent of overseas students in Australia.

Between 2003 and 2006, South Australia achieved an average annual growth rate of 14.4 per cent, well above the national average growth rate of 7.6 per cent. This increased South Australia's market share of international students in Australia to 5.4 per cent in 2006.

In 2007, South Australia's growth continued - with student enrolments increasing by 14 per cent on 2006 to 23,300.

Challenges and Opportunities

South Australia's Vocational Education and Training (VET) sector grew by 34.3 per cent and the English Language (ELICOS) sector was up by 20.4 per cent.

Nationally, the number of VET students studying in Australia in 2007 was 121,422. This represents an increase in the order of more than 45 per cent on the previous year.

In the year to May 2008, 115,791 students were enrolled in VET courses, again, a 45.5 per cent increase on May 2007 figures.

This presents both an opportunity and a challenge. In South Australia there is a real need to increase the number of private, for profit, training providers without compromising the quality of education.

Unquestionably, a lack of providers offering flexible, targeted and competitively-priced courses is contributing to the lower growth in student numbers in VET programs. South Australia has fewer private VET providers and with a significantly greater ratio of public to private providers.

It could be argued, with the extraordinary and potentially unsustainable increases in international VET student numbers, particularly in Sydney and Melbourne, providers may be well served to explore opportunities for greater regional dispersal for improved student outcomes in an effort to continue to increase student numbers and grow the industry in Australia.

The Government could also support a quality assurance framework with appropriate resources to ensure a measure of consistency and with significant resources to ensure compliance.

The Government and its agencies may also be well served by seeking support from peak industry bodies and frameworks to manage those institutions, and agents, who have significant numbers of non visa compliant students to protect Australia's education reputation and brand.

By the end of April 2008, more than 19,000 international students were enrolled in South Australia and it is anticipated more than 25,000 will have studied in Adelaide at the end of year.

The aim is to increase South Australia's market share of overseas students to 9 per cent by 2014. This in turn could prove to be a good regional development strategy nationally, as it will help sustainability and relieve pressure on the growing Sydney and Melbourne markets.

It is an ambitious goal but with a focus on student welfare, graduate outcomes, diversity strategies and an institution attraction scheme it may be realised.

Also crucial to growth is a continued commitment by the Federal Government to grow the industry.

As demand for higher education in Australia continues to grow other challenges, including international to domestic student ratios and concentration of students from source countries arise.

With Asia supplying about 65 per cent of international students and half of them studying management and commerce (*Melbourne Age* 26/07/08), diversification strategies are crucial.

With this in mind, we note the focus on new and emerging markets such as Latin America and the Middle East by AEI. These two in particular have also been selected by South Australia using a number of qualifying indicators (e.g. government-to-government relationships, economic competitiveness, population growth, demand for international education, research and education institution relationships) as good source markets for international students and education linkages.

Population Growth and Skilled Workers

South Australia aims to increase its population to two million by 2050 and also wants to raise the proportion of younger people to beat the ageing of the population and the associated shortage of skilled workers

Continued growth of the international education sector has the capacity to ease pressures resulting from the state's declining birthrate and ageing population.

A population growth report by University of Adelaide Professor of Geography Graham Hugo indicates a projected positive increase in the 18-29 age group in South Australia.

The *Populate or Perish?* report suggests there is a clear link between the growth in international students and the corresponding rise for this age group.

Research shows 70 per cent of international students eventually want to migrate and about 45 per cent of Australia's skilled migrants are former students.

Students also provide a ready-made, locally-trained pool of skilled labour, ensuring the state has the human resources to capitalise on the growing industries of the future such as defence and mining.

Labor force planning experts predict 370,000 additional workers will be needed to sustain the growth of the economy in the coming decades.

Recently, Australian Financial Review Journalist Joanne Mather reported that international students are integral to Australia's future workforce.

Foreign students could help ease the skills crisis, with a nationwide survey revealing nearly two thirds plan to stay on and work after graduating.
Australian Financial Review, page 3, 2 July, 2008

International students also boost the research capacity of institutions, helping stimulate associated business investment in research and development and enhancing South Australia's knowledge economy. The Federal Government's commitment to research scholarships plays a key role in attracting some of the best and brightest students from around the globe in an increasingly competitive market for postgraduate students.

Students Becoming Migrants

Dr Michael Keating's report *Review of Skills and Workforce Development in South Australia: The Challenge for the Next Decade (June 2008)* found that targeting immigration to skills can be an effective strategy where the skills are not available locally.

Research shows there are strong links between international education and skilled migration, with a growing proportion of overseas students taking out Australian Permanent Residency and General Skilled Migration.

Department of Immigration and Citizenship statistics show the number of permanent visas granted to former overseas students who graduated in Australia is increasingly annually, reaching 22,858 in 2006-07.

Since July 2003, the Federal Government has offered a migration incentive to South Australia's international students – offering five bonus points for study in a regional centre.

Under the program, students studying in South Australia for at least two years receive an additional five points towards the skilled migration pass mark of 120 points.

However, Federal Government visa changes introduced in September 2007 have reduced the five bonus points to symbolic value only. Students in South Australia still receive the five points, but they are insufficient to actually ensure success.

South Australia's student numbers have doubled since the introduction of the bonus points (from 11,042 in 2002 to 23,296 in November 2007).

Certainly, the additional points contributed to a 10-fold increase in the number of international students from India (from 257 to 2,692). Although this critical mass of students should help with word-of-mouth recommendations to friends and family back home, there is little doubt that the loss of the bonus points has had a negatively impact on Adelaide's attraction as a study destination. This is particularly true of Indian students, who are more likely than students from other countries to be influenced by post-study job prospects.

International Student Graduate Outcomes

A study by Synovate, a market research company, on behalf of Education Adelaide surveyed more than 1200 international students studying in Adelaide to determine their part-time and professional job satisfaction rates related to graduate outcomes. Key findings include:

- More than 60 per cent of graduates who studied in South Australia found employment during their studies
- Of graduates who remained in Adelaide, 64 per cent found work in a field related to their studies within one year of graduating
- 88 per cent found some form of work in Adelaide within one year, compared with the Australian average of 69 per cent (AEI survey)
- Graduates who stay in Adelaide are more satisfied with their rate of pay than those who return home

- 54 per cent of prospective students are more likely to study in Adelaide as a result of the information they received through the StudyAdelaide brand.

International student Jack Liao says:

“Studying here has given me an opportunity to work towards new career opportunities. Adelaide is definitely a great city for learning and living.”

International trade and migration links

International trade relations can, and have been, fostered through South Australia’s international alumni.

Former Singapore Deputy Prime Minister and University of Adelaide graduate Dr Tony Tan, describes the relationship between Australia and Singapore as “excellent”.

The constructive and friendly rapport we enjoy with Australian leaders is set to deepen and strengthen in the years ahead. Both countries share a common strategic outlook and have reached a comfort level which allows us to cooperate effectively. In a globalised world, strong links with like-minded countries such as Australia are vital for us to meet the challenges ahead (2005).

Education Adelaide has calculated the associations between education, tourism, migration and trade for the top 15 student markets and found clear links between them.

Some notable findings from the 2004 data were that:

- China ranked number 1 for student visas; ranked 19 for tourism (visitors); ranked 2 for skilled migration and overall migration and ranked 6 for trade.
- Malaysia ranked 2 for student visas; 10 for tourism; 5 for skilled migration; 6 for overall migration and 8 for trade
- India ranked 4 for student visas; 23 for tourism; 3 for skilled migration; 3 for overall migration and 19 for trade.

International Partnerships

South Australia has established a number of international partnerships to further increase the flow of students from overseas and build research capacity.

Most recently, a MoU between South Australia and the Italian region of Puglia was signed in February, 2008.

The Letter of Intent commits the Government of Apulia to provide scholarship funding of €750,000 for 10 Apulian students per year to study at universities in Adelaide over three years.

This amounts to €25,000 per student. Ten areas have been identified for the scholarships - biotechnology, energy, integrated logistics, nanotechnology, mechatronics, agriculture, conservation, water, IT and tourism.

In return, the South Australian Government will provide \$1.2m over three years for collaborative research initiatives, particularly in the same areas identified for scholarships.

The University City Project within the Department of the Premier and Cabinet is also working to establish a Hellenic Languages and Cultural Centre.

The primary aim of the Centre will be to increase the number and quality of teachers and students of Greek language and culture in South Australia and to create further economic and social ties between Greece and South Australia.

Partners in this project include Flinders University, the Greek Government and the Greek community.

Tourism

With around five million people transiting through Adelaide Airport (Adelaide Airport Limited statistics) and more than 23,300 international students studying in South Australia, the tourism industry is one of the beneficiaries of a strong international education industry.

Friends and family come to visit students and the word-of-mouth marketing this creates is a major advantage.

In the year to March 2008, a total of 364,100 international visitors came to South Australia – contributing \$553 million to the state's economy (SATC).

Significantly, between 2002 and 2007, the total passenger movements - students and their visitors - averaged more than 61,000 per year.

Key Stakeholders

The South Australian Government – and particularly the Premier Mike Rann - is committed to doubling the State's share of the national international student market by 2014.

The Premier Mike Rann's long-term vision for international education is underscored by two strategies:

- To establish Adelaide as a university city of the future
- To establish Adelaide as an international education destination – and by doing so, attract a greater share of Australia's overseas students.

This agenda is driven by much more than a desire to build an impressive list of new universities, or put students on seats in Adelaide's existing institutions. The importance of the industry is also measured by its contribution to the broader economy and society.

The Adelaide City Council also has shown strong commitment to building the number of international students in South Australia.

Lord Mayor Michael Harbison specifically has committed the Council to working with state and federal governments and education providers to foster continued growth of the industry.

The Council's own strategic plan sets out a comprehensive program aimed at forecasting international student demand and growing the industry – it plans to attract new providers, expand the capacity of existing institutions, promote Adelaide in key overseas markets and facilitate the continued expansion of vital infrastructure such as suitable, affordable accommodation.

The Council has taken a lead role in directly promoting opportunities to developers and working strategically to increase student accommodation.

Eight student accommodation projects across the city have been completed since 2001, providing rooms for an extra 976 students. Another eight developments have been approved by the Council. They include The Octagon on Hindley Street, set to provide 432 student beds, and the 222-bed "ipad" development on Waymouth Street.

These developments have helped ensure an adequate supply of good quality accommodation and at a price point students can afford.

International student Jasirat Singh says of living in Adelaide:

Adelaide is a vibrant, multicultural city which offers ample opportunities for students in all fields. It is university life to its fullest in a safe, nurturing and enjoyable environment.

South Australia's universities, TAFE Institutions and private and public schools are firmly committed to increasing the numbers of international students in the state – and they also emphasise the need for high quality educational experiences to further promote the state in overseas markets.

Satisfied Students

Education Adelaide, and its stakeholders, know the quality of the education experience - including the opportunity to live, work and interact with domestic students is the key to building positive word of mouth and lasting relationships.

A study by Synovate of more than 1200 international students in Adelaide for Education Adelaide shows that:

- Since arriving in Adelaide, students' expectations were most positively exceeded in the areas of cost of living, safety, smaller city; and moderately exceeded in the areas of education/academic reputation and access to/choice of places
- Student satisfaction for education-related factors (e.g. course content, admission and enrolment processes and teaching standards) was higher than for living-related factors (e.g. convenient public transport and access, accommodation choice and availability, finding information about what to do)
- Two-thirds of current students surveyed would recommend Adelaide as a place to study
- Students identified good study environment, comfortable setting and friendly and welcoming people as the most likely recommendation that they will make to others.

Adelaide High School student Ranjani Rajenthiran says:

The experience of leaving home and living in Adelaide has made me more optimistic and receptive to new experiences. Coming here has broadened my perspective and understanding of the world.

Education Adelaide and its stakeholders are aware not every international student has such a positive experience and we acknowledge there are some issues in international education with regard to international to domestic student ratios. To break down barriers and facilitate integration Education Adelaide and our partner provide a range of sporting, social and cultural student activities, that seek to bring international and domestic students closer together. A specific example is an upcoming visit to an AFL football game for 300 students.

Key Recommendations

This submission highlights South Australia's success to date in taking a whole of government, education sectors and industry approach to international education through strategies such as the State Strategic Plan and mechanisms such as Education Adelaide and the University City Project. The following recommendations for Federal Government action would provide the supportive national policy framework that would underpin and facilitate state's goals and targets. Education Adelaide and its stakeholders urge the Federal Government to:

- Powerfully brand Australia as a quality education destination for the social, cultural, economic and diplomatic benefits the industry brings. Australian Education International (AEI) should allocate a robust budget for marketing the Study in Australia Brand.

- Encourage by providing scholarships, mutual recognition of qualifications and marketing, domestic students to undertake part of their degree outside of Australia to increase the two-way flow of students.
- Ensure a stable visa policy environment with adequate foreshadowing of mooted change – the September 2007 GSM changes are a case in point of sharp market responses to policy shifts. There should be greater synergy between DIAC; DEEWR and DFAT given the interconnectedness of our foreign policy; immigration and population strategies and international education.
- Ensure a greater regional presence, through the AEI, of branding and profiling activities including showcasing Australian research and quality education initiatives.
- Facilitating a national approach to the issue of waiving secondary school fees for Higher Degree Research scholarship holders – by instituting a matching funding scheme for dependents. This would make Australia more competitive in the PhD Scholarship schemes around the region in Malaysia, Thailand, Indonesia and Vietnam.
- Support a quality assurance framework with appropriate resources to ensure a measure of consistency and to ensure compliance.
- Seek support from peak industry bodies and frameworks to manage those institutions, and agents, who have significant numbers of non visa compliant students to protect brand Australia.
- Consider adopting a regional dispersal strategy to encourage more international students to study outside the major metropolitan centres in the interests of increasing international student integration, maintaining community support and ultimately growing and sustaining of the industry.