

# MEDIA RELEASE

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## *Global economic crisis may affect education exports*

The current economic crisis has the potential to reverse, or at least slow down, the growth of international student numbers in Australia, according to a paper presented to a conference on the economics of education in Melbourne today.

International education contributed \$12.5 billion in export income to the Australian economy in 2007, up 17% since 2006. Education is the third largest export sector behind coal and iron ore. Universities rely on international student fees for about 15% of their funding. Around 18% of Australia's tertiary enrolments are by international students – well above the OECD average of 7%. Among the other OECD countries only New Zealand (16%), the United Kingdom (14%) and Switzerland (14%) come close to the Australian proportion.

Dr Phillip McKenzie, ACER Research Director, Transitions and Post-School Education and Training said “The rapid deterioration in the world economic outlook in recent months probably poses even more risks for Australia than for other countries. Currency swings have recently been volatile, but if the current relative position of the Australian dollar is sustained for any length of time, this would have the effect of making Australia a more competitive destination for international students, provided other factors stay broadly the same. Despite this, the prospect of prolonged economic downturn raises questions about the prospective demand for education places, international students' capacity to finance their studies, and how national governments may respond.”

The largest source countries for international students in Australia are China (22%) and India (14%). “Economic and social developments in these countries are going to have the largest impact on international education enrolments in Australia,” Dr McKenzie said.

International education in Australia may also be affected by the development of bilateral Free Trade Agreements between Australia and individual countries in the Asia-Pacific region and the initiatives of groups of countries such as ASEAN and the East Asia Summit to strengthen educational cooperation.

“The Free Trade Agreements seem to have made only a modest contribution to the rapid growth in international trade in educational services. Most agreements have only recently been introduced, and their provision for education services is quite limited. However, their influence may grow, with large trading partners such as China and India now negotiating or considering a Free Trade Agreement with Australia,” Dr McKenzie said.

The Annual Conference of the Monash University-ACER Centre for the Economics of Education and Training (CEET) will be held in Melbourne on Friday 31 October at Ascot House, 50 Fenton St, Ascot Vale, Melbourne. CEET is a joint venture of Monash University - Faculty of Education and Faculty of Business and Economics - and the Australian Council for Educational Research (ACER). The Centre undertakes research, training, consultancies and dissemination on the economics and finance of education and training.

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Further details on the conference are available from the CEET website at <http://www.education.monash.edu.au/centres/ceet/conferences/>

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