A falling dollar is set to boost the export value of education, which is yet to bottom out despite a 15 per cent fall since 2007.

Education, the only top export to capture Australia as more than a quarry with a view, remains Australia’s fourth-largest export, behind iron ore, coal and gold, and ahead of tourism.

Education is Victoria’s largest export and the second-biggest export revenue earner for NSW, behind coal.

Its value as an export for Australia dropped 15 per cent from a peak $17 billion in 2009 to $14.5 billion in 2012. It is yet to bottom out, though the March 2013 value was the lowest quarterly result in seven years.

Forecasts are for a further drop to $14.2 billion in 2013, before a turnaround to $15 billion in 2014 and $16.2 billion in 2015.

The value of the Australian dollar had been one factor in a perfect storm affecting education exports. Other factors identified included increased global competition, changes in migration settings and concerns about the quality of Australia’s education brand.

In the three months since April, the value of the Australian dollar has dropped 15 per cent. For a family in China, saving for an Australian education either in Chinese yuan or US dollars, the cost of tuition fees for a year of business studies at a Group of Eight university in Australia is down by the equivalent of $4000.

Already there are signs of recovery.

In a release to the Australian Stock Exchange in April 2013, Navitas chief executive Rod Jones said: “We are pleased to be able to report a continued improving trend in enrolments for our Australian colleges and, more importantly, the ongoing growth in new student enrolment.” Official data from Australian Education International, covering year to date May 2013, also show green shoots.

Across all education sectors, new starts by international students are up 3.5 per cent on a year earlier. The problem, in terms of export revenue, is that numbers of students from boom times completing their courses are still greater than numbers of new students. In year to date May 2013, while numbers of new students increased 3.5 per cent, the stock of students still fell 2.4 per cent.

In 2013, demand for university places is driving recovery of international education in Australia.

Using May figures, higher education starts are up 3.5 per cent on a year earlier. Across Australia, 20 per cent of international students commencing higher education come through English language programs, and new starts in English courses were up 13.1 per cent in the five months to May.

As a leading indicator; student visa grants for higher education in the nine months to March 31, 2013 were up 15 per cent on a year earlier.

But a major problem for Australia’s exports is that international education has become a two-speed industry, with numbers of international student commencements in vocational education and training down, and staying down. Starts dropped 13 per cent from 2011 to 2012, and a further 5 per cent in the first five months of 2013.

In a response to the perfect storm, the Australian government adopted streamlined visa processing for universities and their partners. All international student applicants to universities and their designated pathways are treated as low risk. The Australian Council for Private Education and Training, representing private tertiary education providers, has been frustrated by broken commitments to extend streamlined visa processing. With two different student visa regimes, international education will continue to be a twospeed industry.

Demand from China is leading recovery. China accounts for 40 per cent of international higher education students,
and there are green shoots.

Numbers of higher education starts are up 2 per cent so far this year, student numbers from China entering English language courses are up 13 per cent. From South Asia, higher education starts from India have rebounded, up 46 per cent in a year; starts from Pakistan and Nepal are up 51 per cent and 23 per cent, respectively. From south-east Asia, starts from Malaysia, Indonesia and Singapore are all down 6 per cent; starts from Vietnam have dropped 4 per cent, but numbers of students from Vietnam entering English language courses are up 80 per cent from 2012 to 2013.

As the Australian dollar drops, greater value for money, in both fees and living costs, will boost recovery.

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