INTERNATIONAL student numbers have plummeted to a five-year low as the high Australian dollar, problems over visa processing and competition from the US continue to hammer the once-buoyant sector.

An 8.5 per cent slump in overseas student enrolments in the year to June sliced $1.34 billion off the sector’s value. It still contributed $14.7bn in export dollars but that was down 18 per cent from $18bn in 2009-10.

NSW Premier Barry O'Farrell was joined in China this week by South Australian Premier Jay Wetherill, both with international education on their radar.

Enrolments from China, the source of one in three international students, are down 8 per cent and Indian numbers are down nearly 25 per cent. University enrolments fell 5 per cent in the last year to 196,000, down from 205,800 a year ago; the vocational education sector was the hardest hit -- down 14.4 per cent.

Mr O'Farrell noted that new visa rules have "locked out" TAFEs.

Peter Holden, of TAFE Directors Australia, said immigration officials were rejecting 40 per cent of visa applications for students. "Immigration officers seem to be questioning why students would come here to do a vocational education course," he said.

Education has fallen from the third-most profitable export industry (behind iron ore and coal) to fifth. Travel and gold have surged ahead but the sector still attracts more export income than the natural gas industry, which was valued at $13bn in the year to June.

Sean Gallagher, author of a report on internationalisation in higher education released on Wednesday, said the decline was likely to continue for the foreseeable future.

"There has been no fundamental change to either the Australian or global factors that are damaging Australia's higher education exports," said Mr Gallagher, who is with the US Studies Centre at the University of Sydney.

The high dollar made it difficult for Australia to compete with elite US universities, which were recruiting from Asia.
"In 2011, there was a 43 per cent increase in Chinese tertiary enrolments in the US," he said.

Meanwhile, in a bid to boost enrolments in China, Tertiary Education Minister Chris Evans yesterday launched a promotional guide telling students they did not need to speak Chinese to study there because many universities offer programs in English. The 19-page AddChina Undergrad Toolkit includes a reassuring picture of a Chinese beach and the comforting comment that "nightlife can be more or less similar to at home, just with more karaoke."

Senator Evans noted that only 3000 Australians were studying in China.

Mr Gallagher said Australia had to rethink its attitude to international education in response to increased competition, the emergence of free online education and economic growth in Asia.

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