

**International education, short-term  
trends and long-term prospects:**

**May the fundamentals be with you**

Justin Bokor

AUSFOG, October 6<sup>th</sup> 2021



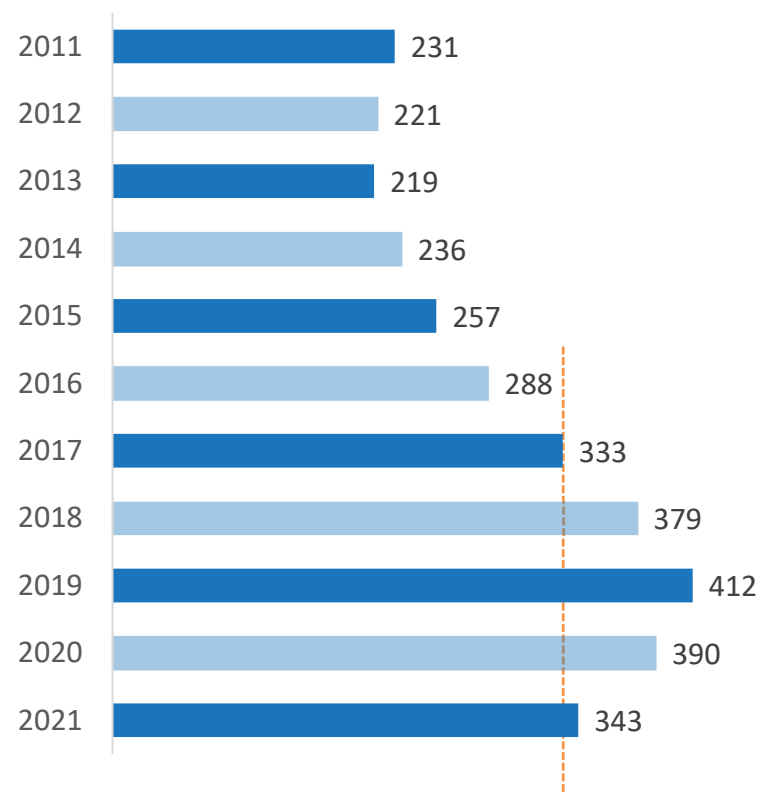
## Short term trends

## International enrolments and commencements – last decade

Despite the closing of the international borders, the international market has held up reasonably well. Enrolments remain above 2017 levels. Commencements have, of course, taken a bigger hit – they are back to 2013 levels.

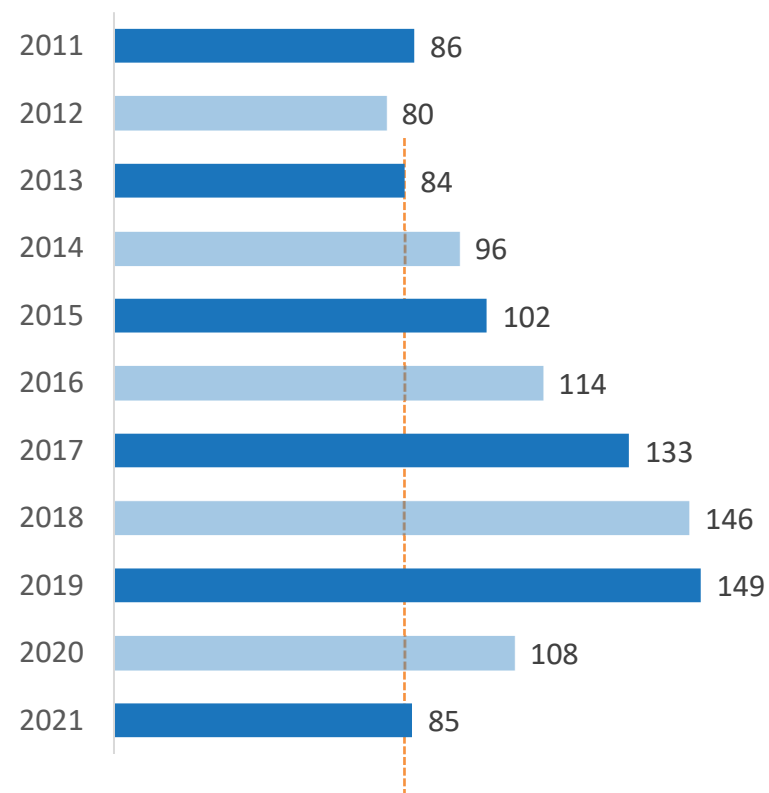
### International enrolments

(Higher education sector - '000 EFTSL)



### International commencements

(Higher education sector - '000 EFTSL)

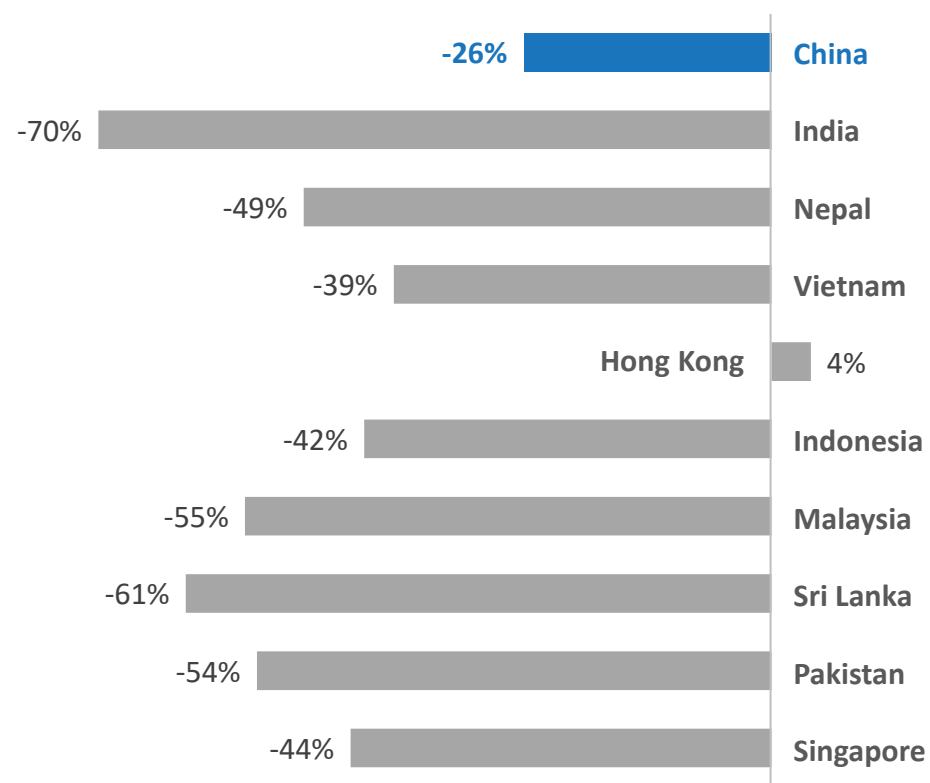


Source data: Australian Government, Department of Education, Skills and Employment: International student enrolment data; Justin Bokor Advisory analysis.

## Commencements by country – Top 10 source markets

Despite all the negative press, Chinese commencements have held up well – much better than every other market except for Hong Kong.

### International commencements, top 10 source countries – % change from 2019 to 2021



Source data: Australian Government, Department of Education, Skills and Employment: International student enrolment data; Justin Bokor Advisory analysis.

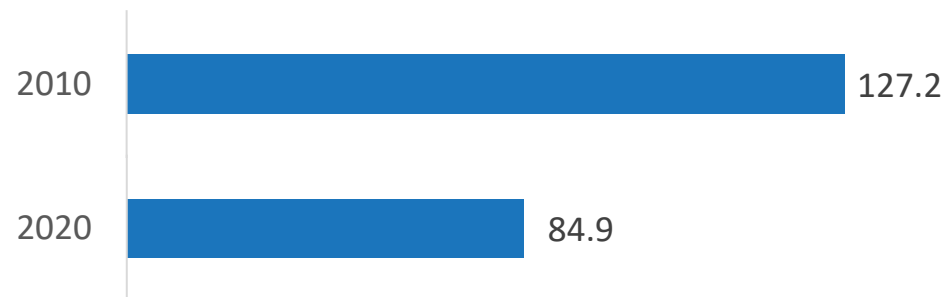
**Long-term prospects: How do the fundamentals look?**

**Let's start with the China market....**

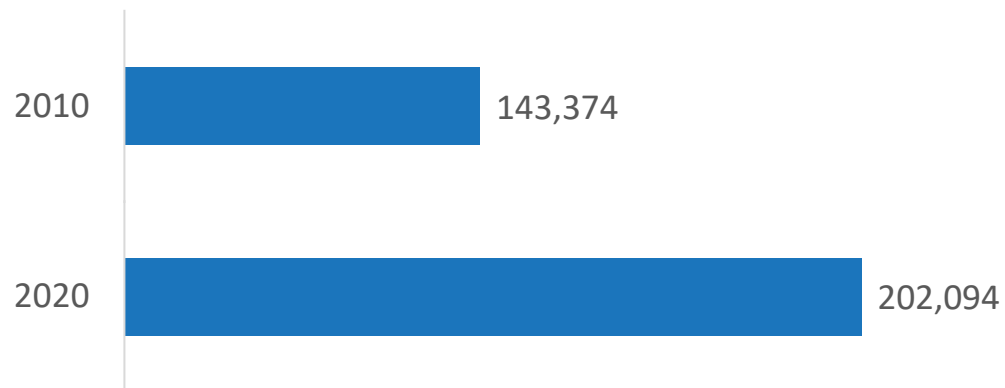


## China's population is aging as a legacy of the one-child policy – that will cause the China market to crash in the years ahead. Right?

### China: Population of 20-24 year olds (million people)



### Chinese international students in Australia



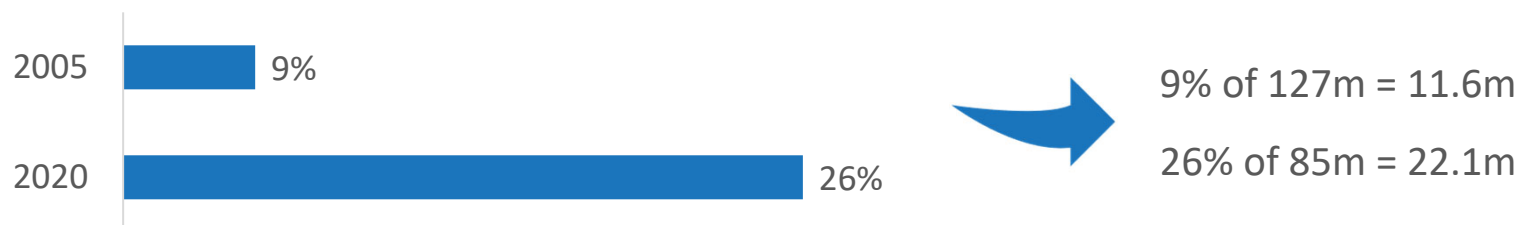
The population of 20-24 year olds has declined 33% - but international enrolments have grown by 41%

What's driving this....?

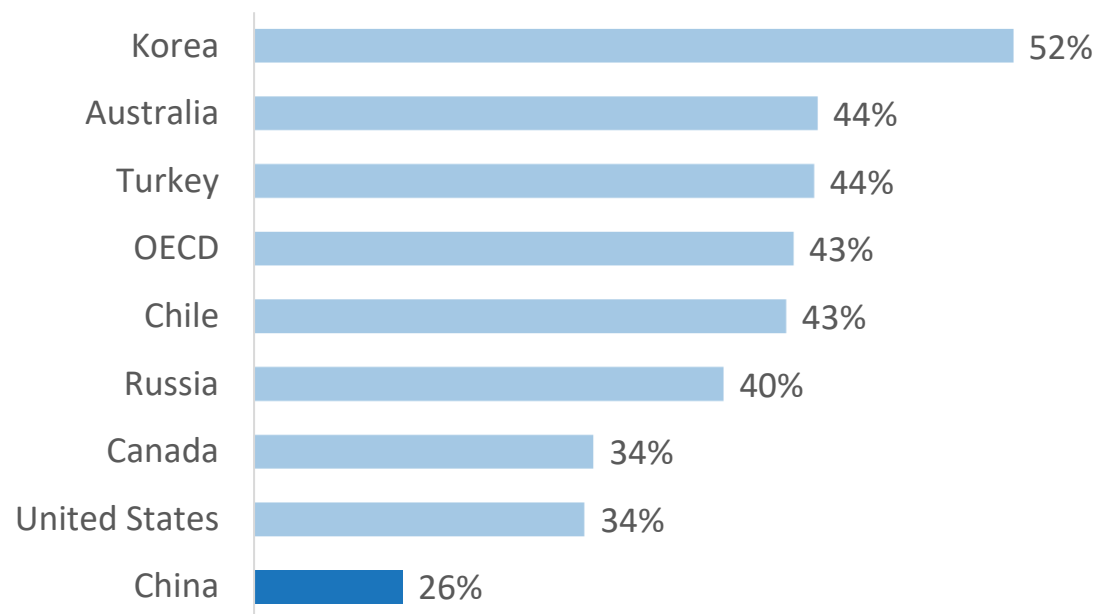
Source data: (a) World Bank Databank: Population estimates and projections, last updated: 09/15/2021. (b) Australian Government, Department of Education, Skills and Employment: International student enrolment data; Justin Bokor Advisory analysis.

## ...The growth in participation rates has swamped the decline in population

### China: Tertiary education participation rate (% of 20-24 year olds)



### Tertiary education participation rates – 2020 (% of 20-24 year olds)



**...and Chinese tertiary education participation rates have capacity for much more growth**

Note: OECD data here is weighted average of high-income OECD countries. Source data: World Bank Databank: Edstats; Justin Bokor Advisory analysis.



Moreover, the population 'pinch' has passed for this age group...

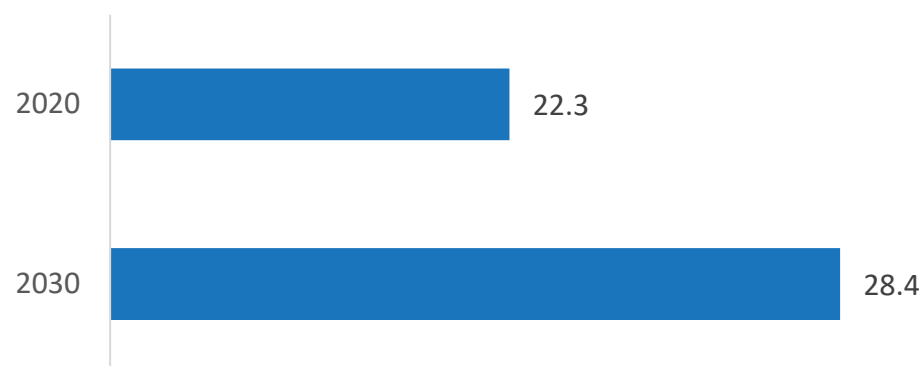
### China: Population of 20-24 year olds – current and projected<sup>1</sup>

(millions)



### China: Size of tertiary education market – current and projected<sup>2</sup>

(million students)



**...meaning the China market should be nearly 30% bigger a decade from now**

Note: (1) Projected population is based on current population aged 10-14 – no mortality rate factored in. (2) This assumes China closes half the gap to OECD participation rates over the next decade. Source data: World Bank: Population estimates and projections; Edstats; Justin Bokor Advisory analysis.

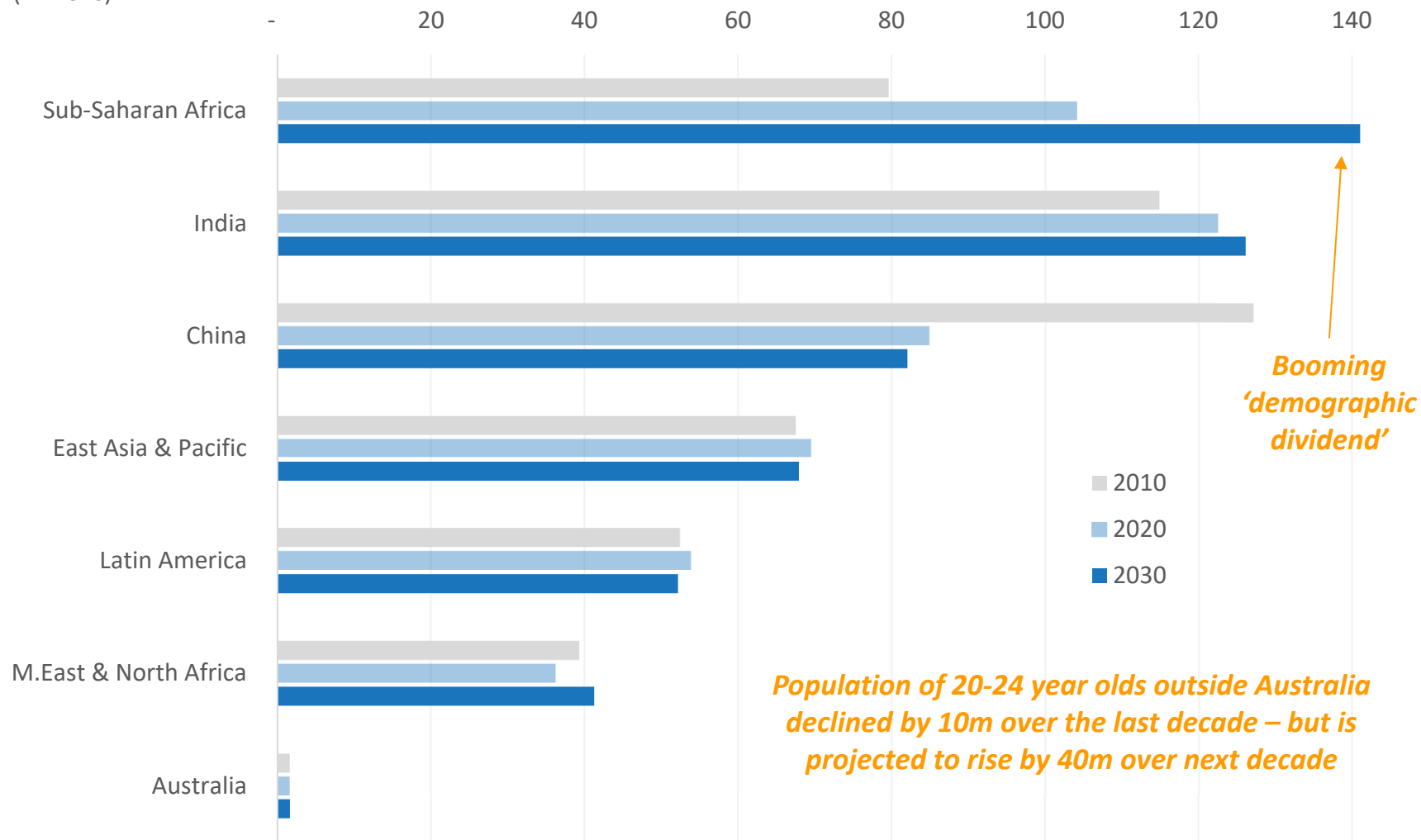
**What about other parts  
the world?**



## Population rates are relatively stable, except for the rapid growth in Africa

### Population of 20-24 year olds – current and projected

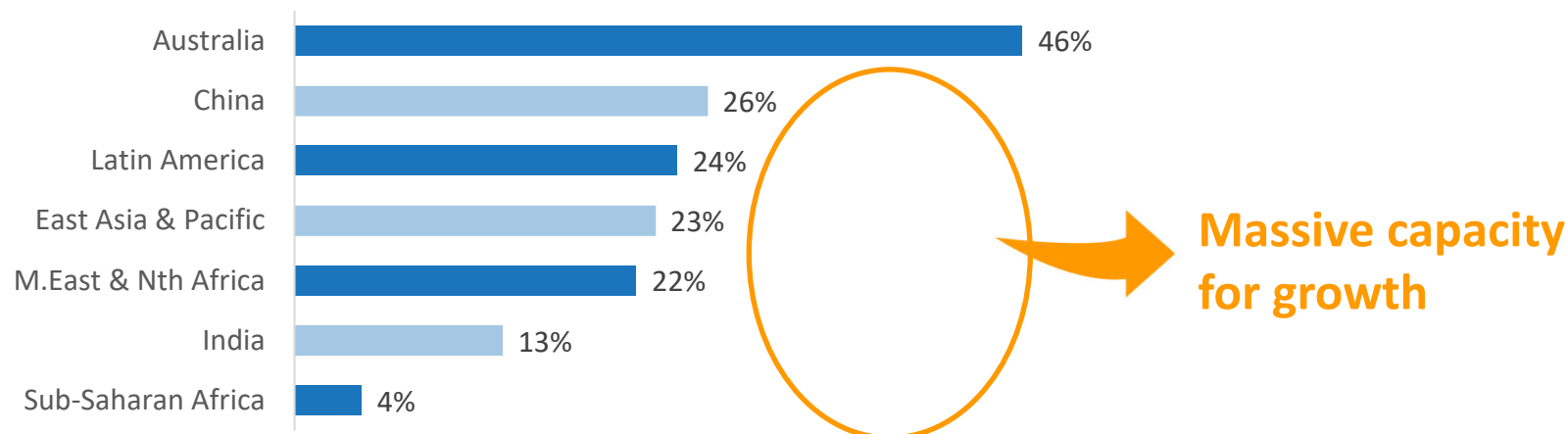
(millions)



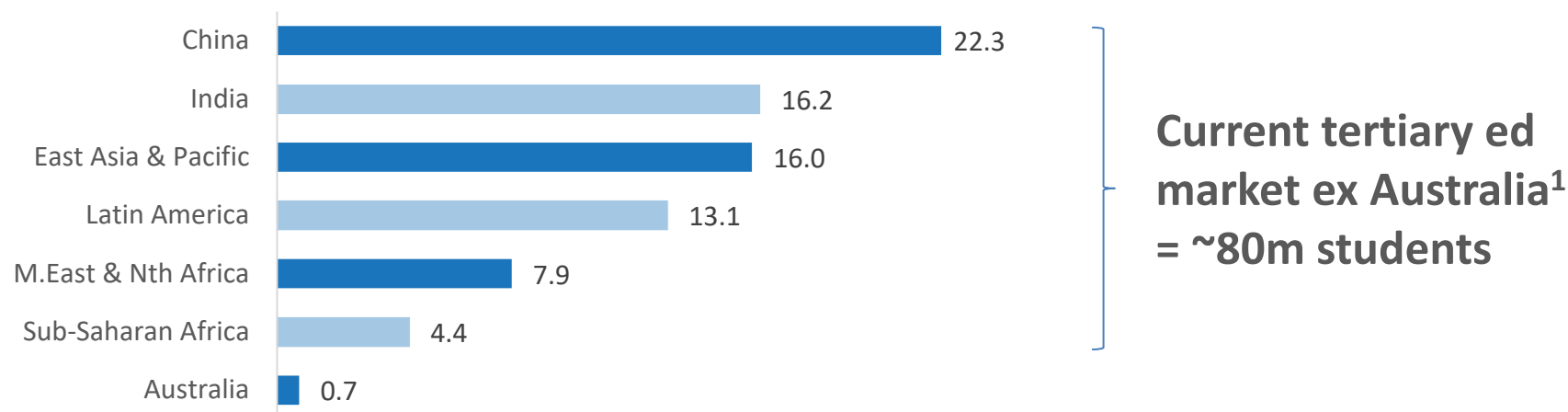
Note: Projected population is based on current population aged 10-14 – no mortality rate factored in. Source data: World Bank: Population estimates and projections.

## At current participation rates, market size is approx. 80m tertiary ed students

### Tertiary education participation rate – current (% of 20-24 year olds)



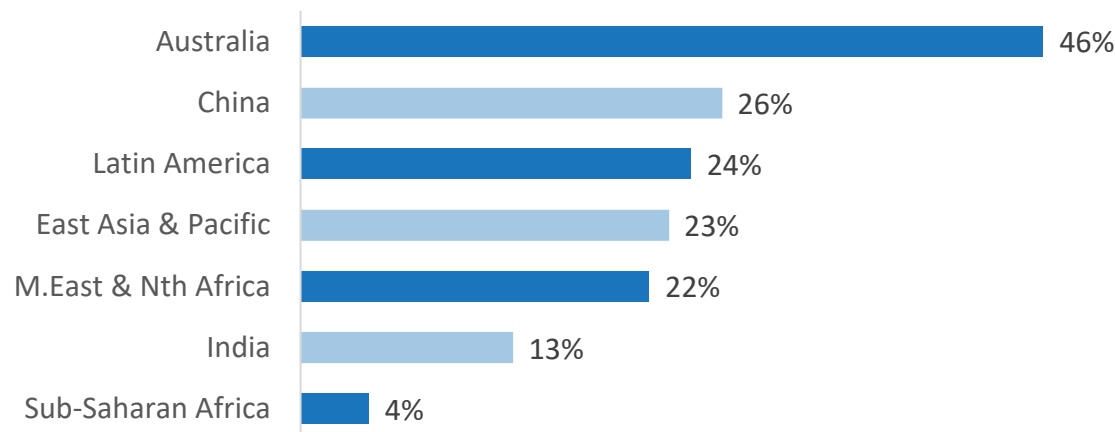
### # of tertiary ed students – current (million students)



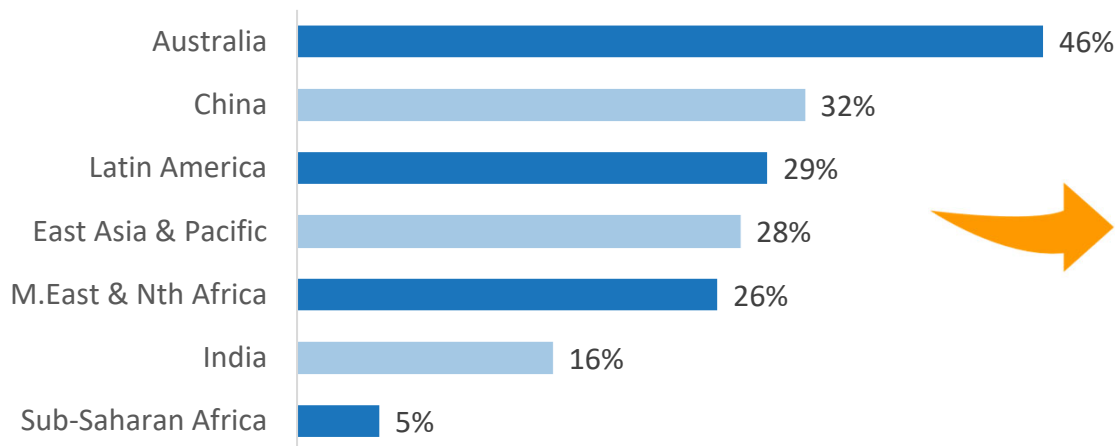
Note: (1) Excludes North America, Europe, Central Asia etc. Source data: World Bank; Justin Bokor Advisory analysis.

## Even modest growth in participation would rapidly grow the tertiary ed market

**Tertiary education participation rate – current** (% of 20-24 year olds)



**Tertiary education participation rate – 2030<sup>1</sup>** (% of 20-24 year olds)



**Even a modest closing of the gap in participation rates would grow the market ex Australia to 98m students**

Note: (1) Projection based on 20% growth in participation rates ex Australia. Source data: World Bank; Justin Bokor Advisory analysis.

## Pulling it all together...

The size of the international higher education market is a function of:

(a) size of population x (b) tertiary education participation rate x (c) proportion of students studying abroad

We have already seen that (a) and (b) are growing. (c) is growing too:

- Per capita incomes are growing across most of the developing world – this will provide more capacity to invest in education and send offspring abroad for study
- Education has an income elasticity greater than one – the more incomes rise, the greater the proportion that is committed to education

So, the fundamentals for international education remain very strong and look likely to drive substantial growth rates in the years ahead

Australia has to engineer a safe and sustained reopening of international borders. Once we've done that, **the prospects for long-term growth in international are strong.**

## For more information – Contact Justin Bokor

Justin Bokor is a senior advisory professional with more than 20 years' experience assisting clients to solve their most complex issues.

He has particular expertise in the higher education sector, advising universities on institutional and financial planning, leadership, sustainability, organisational structures, operating model design, governance and risk management. His academic background is in development economics, international politics and languages, where he holds postgraduate qualifications from the Australian National University and the University of Melbourne.

Justin is regularly published in the media on a range of higher education policy issues, including opinion pieces in The Australian's Higher Education Review and as an expert commentator in the Times Higher Education.

Justin has been operating as an independent advisor in the education and not-for-profit sectors since 2016, working as a trusted advisor to senior executives across Australia.

Prior to that, he spent 15 years at blue-chip advisory firms EY and Accenture and three years in a senior role at Monash University. During his time at EY, Justin authored the landmark University of the Future report, which received widespread national acclaim, as well as multiple other pieces of higher education thought leadership.



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