THE AUSTRALIAN

Soaring student numbers in source markets bode well for international education

JUSTIN BOKOR

By **JUSTIN BOKOR**
8:49PM MARCH 15, 2022 • 1 COMMENT

Gloomy forecasts abound for the international student market, despite the reopening of borders. The fall in commencements caused by the pandemic will take years to flow through the system, so the argument goes, and the China relationship appears damaged beyond repair.

That might be a fair reflection of the short term, but how do the fundamentals look for the longer term?

Scrutinising population growth rates and tertiary education participation rates reveals just how much capacity for growth remains in international education.

Starting with population, in 2010 there were 401 million 20 to 24-year-olds in the main source markets for international education (China, India, East Asia, Latin America, the Middle East and North Africa).

A decade later, there were 367 million 20 to 24-year-olds in these regions, the decline driven by falling birthrates in China in the 1990s due to the one-child policy. And yet, despite the decline, the number of international students globally rose by 65 per cent over the decade, from 3.7 million to 6.1 million. How do we explain this apparent discrepancy?

The answer lies in participation rates. The percentage of 20 to 24-year-olds attending tertiary education has been rising steadily for the past 20 years, coming off a very low base in the main international source markets. And the proportion of those students studying abroad has also been growing as incomes have risen.

The result has been a "double positive": more young people enrolling in university and more of them choosing to study overseas.

The good news for universities targeting the international market is that participation rates have much further to grow.

Australia's tertiary education participation rate among 20 to 24 year olds is 46 per cent, while the OECD average is 43 per cent. The corresponding figure in China is 26 per cent, East Asia 23 per cent and India just 13 per cent.

Even a partial bridging of the gap to OECD-level participation rates will bring tens of millions more young adults into universities and vocational education around the world. As incomes rise, more and more of these students will elect to study abroad, in turn driving up applications to universities in Australia, the US, the UK and beyond.

Coming back to the other side of the equation – population – we can observe that the decline in the number of 20 to 24-year-olds in source markets has stabilised. The impact of the one-child policy has almost finished passing through this age group in China. While the combined population of 20 to 24-year-olds in China, India, East Asia, Latin America, the Middle East and North Africa fell by 34 million in the past decade, we project it to grow by three million in the decade to 2030.

As we saw in the past decade, even with a declining population, international student numbers soared because of the growth in participation rates. With stable or slightly growing population numbers, the prospects are strong for a return to high growth in the international market.

Even fear of a geopolitical collapse in the China market appears overwrought. Tensions in the Australia-China relationship reached new heights over the past two years, coinciding with the pandemic. Yet, China (and Hong Kong) were the two best-performing of Australia's top 10 international source markets. China market commencements fell over the two-year period but by far less than the declines in the other major source markets.

So, what can we conclude for the international student market in the years ahead? In short, a return to long-term, high rates of growth with demand concentrated on countries such as Australia that offer safety, security, stability and high-quality English language education.

Yes, it may take two or three years for the market to stabilise and return to pre-Covid levels. Beyond that, universities should be gearing up to capture their slice of a buoyant market. As they do so, universities should think about what role they want international education to play in their business, apart from a financial one.

University governing bodies, for their part, might need to scrutinise the financial side of the equation more closely than they did when the international market boomed pre-Covid. How should a governing body manage the financial dividends of a return to strong growth in international, beyond investing in new buildings and subsidising research endeavours? In what ways could international income be channelled into an endowment stream that supports the institution for the long term? How should the inevitable shocks be planned for?

If our analysis proves correct, these are the sort of questions university leaders will be asking themselves in the coming years. For most, they will be more appealing quandaries than those they have confronted during the Covid years.

Justin Bokor is an independent adviser and former director of EY and Monash University.
justin.a.bokor@gmail.com

More stories on this topic

- ASX to gain on US lift; Suncorp flood costs up
- PM makes announcement on electric vehicles
- China fears isolation on Russia ties

Topics

China Ties