



Exchange Rate Movements 2002-2006

Over the last four years, growth in international student enrolments in Australia has grown substantially, from some countries and in some sectors, and softened or declined in others. Anecdotal evidence from education agents, providers, students and AEI's international network suggests that tuition fees, living costs and exchange rate movements are key factors that can have a significant impact on student decisions about their study destinations. This Research Snapshot looks at exchange rate movements¹ between the Australian dollar and the currencies of Australia's traditional competitors, and between the Australian dollar and the currencies of Australia's top-10 source countries during 2002-2006.

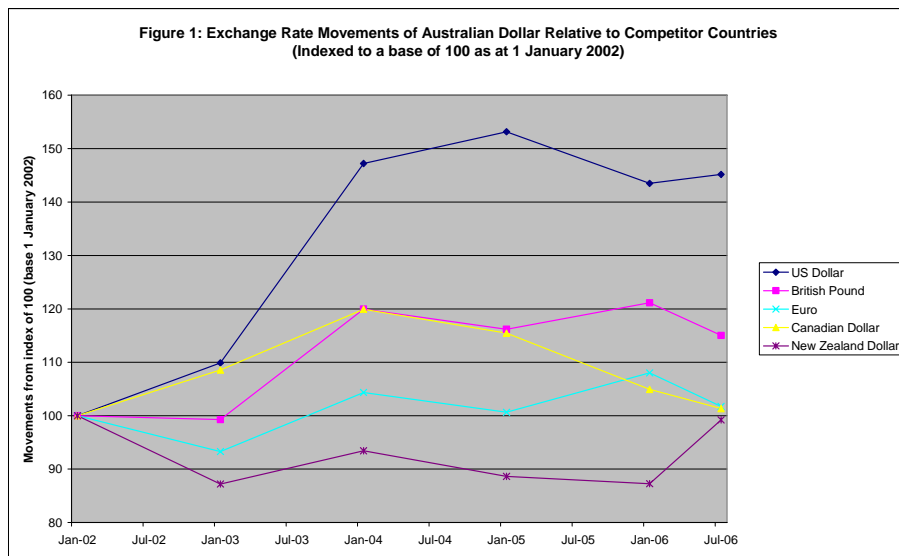


Figure 1: Relative to 1 January 2002, on 1 July 2006, the Australian dollar had appreciated 45% against the US dollar; 15% against the British pound; 2% against the Euro; 1% against the Canadian dollar; and had devalued 1% against the New Zealand dollar.

If other factors relevant to a prospective student's decision on study destinations remain relatively constant (for example, security issues, quality of education, tuition fees and cost of living), movements in the exchange rate will have an impact on Australia's price competitiveness.

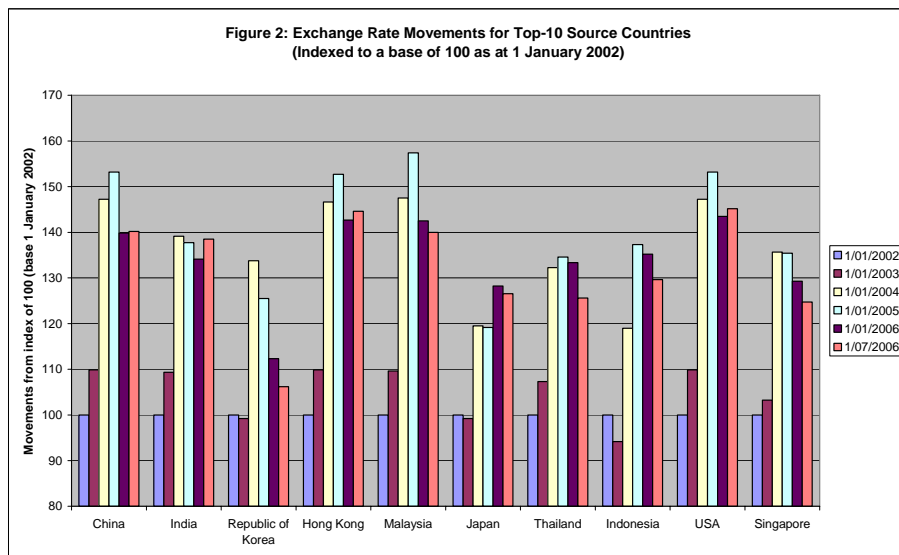


Figure 2: Australian Dollar 01/01/2002 to 01/07/2006.

Hong Kong Dollar	+45%
US Dollar	+45%
Chinese Renminbi	+40%
Malaysian Ringgit	+40%
Indian Rupee	+39%
Indonesian Rupiah	+30%
Japanese Yen	+27%
Thai Baht	+26%
Singapore Dollar	+25%
South Korean Won	+ 6%

These data should be interpreted with caution. For example, Australia recorded significant growth in enrolments and commencements from China and India during the period 2002-2005 despite the strong appreciation of the Australian dollar against their currencies. While enrolments from some of the other eight top-ten source countries also grew during 2002-2004, in 2005 actual commencements declined from all of them except the Republic of Korea and Thailand.

Other factors also need to be considered when comparing Australia's experience as a study destination with that of our traditional competitors. These include: student perceptions about the quality of education services; the growth of offshore education services in some markets; and changes in onshore tuition fees and living costs. The degree of influence of these and other factors will vary from market to market.

¹ Exchange rate data have been obtained from Oanda, the Currency Site (<http://www.oanda.com/convert/classic>)