

# Australian Strategy for International Education 2021-2030

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Submission to the Department of Education, Skills and  
Employment  
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## Introduction

The Australian Chamber of Commerce and Industry (ACCI) welcomes this opportunity to provide input to the Department of Education, Skills and Employment (DESE) and to the Council for International Education on developing a new Australian strategy for International Education 2021-2030.

International Education is a very valuable service export industry to Australia. Australian education providers offer a range of services to international students including school education, vocational training, higher education and English language tuition. Pre-pandemic, the industry was worth \$37.5 billion to the Australian economy (2019-20)<sup>1</sup>. Even in the midst of a pandemic, international education is Australia's fourth largest export due to offshore enrolments and online study continuing in 2020-21. In 2018, the United States was the most popular study destination for international students while Australia was the third most popular after the United Kingdom<sup>2</sup>. However, as the world continues to move to a new normal, Australia needs to approach international education as it does other valuable service export industries and remove barriers to growth while supporting its transition to a new post pandemic trading environment. The coronavirus pandemic and subsequent travel ban enacted by the Australian Government has meant the international education sector is facing an unprecedented crisis.

## Pandemic Context

It is a testament to the international education sector that providers were able to pivot to online education at very short notice when the pandemic broke out in 2020. International students studying from outside Australia during the COVID crisis contributed \$3.3 billion in tuition fees in 2020<sup>3</sup>. This provision will continue to remain attractive to international students who do not wish to travel to

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<sup>1</sup> Department of Education, Skills and Employment 2020, Education export income by country 2019-20, <https://internationaleducation.gov.au/research/research-snapshots/Documents/Export%20Income%202019-20%20Country%20Infographic.pdf>.

<sup>2</sup> Department of Education, Skills and Employment 2021, International Education Comparison between USA and Australia, <[https://internationaleducation.gov.au/research/research-snapshots/Documents/Aus\\_US%20International%20Education%20comparison.pdf](https://internationaleducation.gov.au/research/research-snapshots/Documents/Aus_US%20International%20Education%20comparison.pdf)>.

<sup>3</sup> Department of Education, Skills and Employment 2021, International students outside Australia due to COVID-19, <[https://internationaleducation.gov.au/research/research-snapshots/Documents/RS\\_COVID-19%20update%20March%202021.pdf](https://internationaleducation.gov.au/research/research-snapshots/Documents/RS_COVID-19%20update%20March%202021.pdf)>.

access education or in many circumstances find it unaffordable to do onshore study. The potential market for online and even offshore delivery is billions of students. This must be a key focus of the new international education strategy where providers can look to expand online and offshore offerings. However, the value of Australian education does not solely rest in the delivery of course content or a virtual educational experience. On campus student experience, interaction with peers from different cultures, work experience and most importantly the opportunity to experience the Aussie way of life are important factors that drive onshore international student enrolments. Prospective students will evaluate our offerings with those of our competitors and unless we remain agile and flexible, we will likely lose out.

In a post-pandemic world, Australia has enormous potential to leverage our handling of the pandemic and the ability of our health system to handle any outbreaks. Australia remains relatively COVID free and our geographic proximity to our most valuable source markets in Asia – China, India, Nepal and Vietnam, make us an attractive destination. However, this advantage hinges on a concrete roadmap to reopening Australia and a pathway for international students to return to our shores. With no roadmap to reopen Australia, international students will likely look to our competitors who have remained relatively open and are still accepting international students.

On the flip side, Australia might have taken a reputational hit when the Government support packages during the pandemic effectively excluded all temporary migrants, including international students. JobSeeker and JobKeeper were not available to international students and in many states where a hard lockdown was implemented, students experienced financial hardships due to their inability to work or return to their home country. Australia needs to recalibrate its image as a welcoming country for international students whose contributions are valued, no matter how brief their stay in country is.

## International Education's Multiplier Effect

The broader economic benefits of international education cannot be emphasised enough. Apart from the main contribution of tuition fees, when international students study onshore, they access goods and services in Australia which have flow on benefits throughout the economy. ABS figures show that for every \$1 universities collect in tuition fees there is another \$2 of other activity associated with international students<sup>4</sup>. From availing accommodation, compulsory private health insurance, retail shopping, eating out at restaurants and cafes, going to movies, travelling around Australia – especially regional and remote Australia and bringing their families for a holiday, they help create and support hundreds of thousands of jobs. In 2018, international education supported around 250,000 jobs in Australia<sup>5</sup>. It is suggested that Australia's economy faces a wider loss of between \$30 billion and \$60 billion between 2020 and 2023 because of the impact of the pandemic on international student enrolments<sup>6</sup>. The importance of onshore international student contributions should not be underestimated. The impact will be felt for years to come. Fewer international students also negatively impacts our international competitiveness in attracting potential

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<sup>4</sup> Hurley, P & Van Dyke, N, 2020, Australian investment in education: higher education. Mitchell Institute, Melbourne, < <https://www.vu.edu.au/sites/default/files/australian-investment-in-education-higher-education-mitchell-institute.pdf>>.

<sup>5</sup> Department of Education and Training 2019, Jobs supported by international students studying in Australia, < [https://internationaleducation.gov.au/research/Research-Snapshots/Documents/RS\\_Job%20supported%202018.pdf](https://internationaleducation.gov.au/research/Research-Snapshots/Documents/RS_Job%20supported%202018.pdf)>.

<sup>6</sup> Hurley, P & Van Dyke, N, 2020, Australian investment in education: higher education. Mitchell Institute, Melbourne, < <https://www.vu.edu.au/sites/default/files/australian-investment-in-education-higher-education-mitchell-institute.pdf>>.

entrepreneurs, startups, and potentially the best and brightest skilled migrants with cutting edge skills.

**Recommendation 1: In drafting a new international education strategy, the importance of an open border and onshore students should be strongly emphasised.**

## Viewing International Education as a valuable export

Given the significant export earnings arising from international education, it is rarely seen as a “normal” services export. Remarkably this is true even in terms of many of the deliverers of the service. For universities, they rarely speak of growing international education for its own sake – for the export dollars it brings into their business and the revenue generated to the economy at large. It is seen as a means to an end rather than an end itself with many universities seeing that “end” as being money for research. Many times, ACCI has heard university spokespeople bemoan that “they would not need to be so reliant on international students if the government gave them more money for research”. This is entirely the wrong way for the strategy to view the opportunity created to grow international education in Australia.

If the sector cannot often see what they are delivering as a “traditional” services export, then it is little surprise that other stakeholders don’t view it in that light and instead question the numbers of international students on campus, or the migration settings, or the “overreliance” of universities on international education.

When a manufacturing company grows its business beyond domestic to international customers, the “end” or objective is to grow revenue or profits. Service exporters such as tourism, or even more appropriately, international education providers of English language courses, the “end” is success in achieving export customers.

Put simply, international education is a highly valuable export industry in which Australia has a competitive advantage over many other countries. It creates highly skilled Australian jobs in the education sector and is an ideal industry to be seen as part of Australia’s aspiration as a knowledge nation. In this way it should be seen in the same light as advanced manufacturing, or the space industry, or technology related export industries. Just as businesses in those industries approach their export growth strategies, international education providers should be aspiring to grow their export opportunities.

This approach is often easier to understand for private providers as against public ones. But this market driven approach does not mean that public providers “sacrifice” the quality of their offering. All providers as part of growing any part of their business need to be aware of the impact on other parts, as well as the quality of the overall experience for both domestic and international students. Just as a high-end tourism operator may keep groups small to improve the experience, education providers in a market approach would naturally adjust their offering to ensure customer satisfaction.

The success of international education as measured by the number of students who want to come here should be seen as something to be celebrated in the same way that we celebrate the success of our other export industries. The fact that this needs to be said is a telling indictment on the way international education is often viewed now.

**Recommendation 2: The rhetoric used by industry participants, commentators and policy makers around international education needs to be more in line with the general approach**

**towards international trade of goods and services. International education should be viewed as highly valuable services export, delivering highly skilled jobs for Australians.**

## Social licence for the sector

In the context of the way international education is often viewed, prior to the outbreak of the pandemic, public debate in Australia surrounding international students and education focused on the inability of our infrastructure to keep pace with growth in the sector. This argument was co-opted by both ends of the political spectrum and social licensing for the sector seemed to be on the decline. The notion that Australia's third largest export sector was being asked to reduce its market share due to the inability of our infrastructure to support its growth is ludicrous. No other export sector is expected to temper its growth based on lack of infrastructure. Technology or information services, iron ore or even beef exports are encouraged and supported to grow. Investment in infrastructure and supply side capacity is made so Australia can continue to enjoy the massive benefits from its export market. International education needs to be viewed through the same export lens. The benefits of international students to the community have not been well communicated. Further work is required to promote international education with advertising, engagement and advocacy as key pillars in communicating this message broadly to the community.

**Recommendation 3: A new international education strategy needs to build social licensing for the sector. It will be rebuilt over time when efforts are made by all stakeholders to highlight the myriad benefits accrued to the Australian economy and community.**

## Soft Diplomacy and Cultural Ties

No other export industry can generate the level of cultural ties and soft diplomacy that international education (tourism to a smaller extent) does. International students share their culture, language and history and make the university experience richer for domestic and international students alike. The people to people links and cultural exchange, be it through different cuisines or language creates a bond with Australia and Australians that has lasting impact even when the international student returns to their home country. They think of their time in Australia fondly and this creates a favourable impression of the country leading to an increase in Australia's soft power. This power is evident in the number of high-level Government officials from our neighbouring countries who have been international students in Australia such as the former Indonesian Foreign Minister Dr Marty Natalegawa who is an alumnus of the ANU and helped calm strained relations between the two countries during his tenure. Longer term benefits also include business investment in Australia by these former international students since they have spent time in the country and are aware of the system.

**Recommendation 4: International students contribute to the vibrant multicultural university community as well as broader public life in Australia and the importance of their ties to Australia and the resultant soft power should be factored into the new international education strategy.**

## Diversification

In addition, growing geopolitical and resultant trade tensions between Australia and China and the proportion of Chinese international students in Australia created an atmosphere of limited tolerance for the international education sector and has led to the sector being chastised for its overreliance on the Chinese market. China was Australia's largest individual two-way goods and services trading partner in 2018-19, accounting for 26.4 per cent (\$235.0 billion) of total trade. China was Australia's largest export destination (valued at \$153.2 billion) and import source (valued at \$81.8 billion)<sup>7</sup>.

However, the pandemic and ongoing trade tensions have highlighted the need to diversify our markets – not just for the international education sector but more broadly. Focussing on expanding source countries is critical in ensuring that there is a diverse market into the future and that the future demand from international students continues. The Joint Standing Committee on Trade and Investment Growth's Report on Diversifying Australia's Trade and Investment Profile released in February 2021 contains key recommendations regarding diversification opportunities. A key message emphasised by witnesses in the inquiry was the need for a "China and" or "China plus" strategy for diversification. This refers to Australia continuing to export to China while actively exploring opportunities to build new trade relationships and gradually increasing exports to other countries.

1. The Australian Government develop and release a plan for trade diversification, which includes:
  - a focus on maintaining relationships with existing close trading partners as well as expanding trade with other countries;
  - a plan for diversifying Australia's range of export goods and services; and
  - enhanced diplomatic capability to identify and secure new supply chains and markets.
2. The Australian Government commit to building the Asia-capability of Australian exporters and investors, including:
  - greater development and/or utilisation of programs to boost Asia-literacy of businesses and training for jobs of the future;
  - promotion of outward investment in Asia; and
  - a post-COVID-19 international education plan<sup>8</sup>.

An analysis of international student enrolments in competitor countries (the UK, Canada and US) demonstrate that there are high levels of students moving from EU countries to study elsewhere and could provide a significant source of future students. In addition, there may be an opportunity to form a post-Brexit agreement with the UK to facilitate UK students studying in Australia. Alternatively, given the high cost of studying in the US and costs commensurate with studying in Australia as an international student, a bold attraction campaign for US students may achieve greater numbers of students.

**Recommendation 5: A new international education strategy needs to have a balanced approach to market diversification which includes China.**

**Austrade or State International Education bodies such as StudyNSW could be tasked with working with universities to diversify source countries as above and lead a proactive student recruitment strategy in existing source countries but focussing on new markets.**

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<sup>7</sup> Department of Foreign Affairs and Trade 2020, Composition of Trade Australia 2018-19, < <https://www.dfat.gov.au/sites/default/files/cot-2018-19.pdf>>.

<sup>8</sup> Joint Standing Committee on Trade and Investment Growth 2021, Pivot – Diversifying Australia's Trade and Investment Profile, < [https://parlinfo.aph.gov.au/parlInfo/download/committees/reportint/024519/toc\\_pdf/Pivot.pdf;fileType=application%2Fpdf](https://parlinfo.aph.gov.au/parlInfo/download/committees/reportint/024519/toc_pdf/Pivot.pdf;fileType=application%2Fpdf)>.

## Migration Settings

The Productivity Commission's 2015 report on barriers to growth in service exports, called for the migration process for short-term visitors and students to be no more onerous than is necessary to maintain immigration integrity<sup>9</sup>. In addition to the student visa process, competition in the international education market is fierce and competitors such as Canada have attractive migration settings that look to tap international students for settlement by offering them a pathway to permanent residency<sup>10</sup>.

There is a strong link between favourable migration settings and international student numbers. Several reforms in migration policy from 2008 to 2012 affected access to international student visas<sup>11</sup> and resulted in a fall in international student commencements in higher education from 2010 to 2013. The ability to work post study is an important factor in the decision-making process for international students to choose their destination. The exposure to a new work environment and resultant opportunities and experiences are invaluable. The current Temporary Graduate visa (subclass 485) with its two streams, post study work stream and the graduate work stream provide this opportunity for international students. The Temporary Graduate visa allows the recent international graduate to experience the Australian work place, while employers derive significant benefits from employing recent skilled graduates who bring not just the skills gained during their study but also a unique perspective which enriches the work environment. However, certainty of employment and business continuity are both affected when the recent international graduate's two-year post study period is up. This visa subclass does not provide a pathway to permanency, with international students having to navigate Australia's complex migration system, including if their occupation features on any of the skilled migration occupation lists and is eligible for skilled migration.

**Recommendation 6: A new international education strategy needs to emphasise the value of recent international students who have graduated, to the Australian work place and highlight the need for a pathway to permanency for this cohort.**

## Engagement with Business

Studies indicate that work-integrated learning, particularly in undergraduate degrees, is an effective strategy in terms of providing authentic, real world learning experiences and enhancing students' employability skills. Specifically, students' communication skills, organisational abilities and confidence are enriched as well as increased ability to set and achieve goals once in the work force. Accordingly, universities should be supported to engage with businesses to develop work-integrated learning activities in which the theory of the learning is integrated with the practice of work, such as placements, simulations and industry projects. In addition to the technical skills that degrees produce, businesses regularly identify the importance of soft skills to help prepare young people for the workplace and business surveys have consistently reported that capabilities such as communication, planning, problem solving, team work and self-management are most in demand in the workplace<sup>12</sup>.

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<sup>9</sup> Productivity Commission 2015, Barriers to Growth in Service Exports, < <https://www.pc.gov.au/inquiries/completed/service-exports/report/service-exports.pdf> >.

<sup>10</sup> The PIE 2021, Canada to offer permanent residence to 40,000 international grads, < <https://thepienews.com/news/canada-to-offer-permanent-residence-to-40000-international-grads-in-2021/> >.

<sup>11</sup> Hurley, P & Van Dyke, N, 2020, Australian investment in education: higher education.

Mitchell Institute, Melbourne, < <https://www.vu.edu.au/sites/default/files/australian-investment-in-education-higher-education-mitchell-institute.pdf> >.

<sup>12</sup> Business NSW, March 2021 Business Conditions Survey, < <https://www.businessnsw.com/advocacy/surveys/business-surveys/nsw-business-conditions-report-march-2021> >.

Additionally, students/recent graduates who have worked with Australian businesses can assist the business looking to expand internationally. So, the student takes home business opportunities by having undertaken market entry strategies for Australian firms and vice versa by using their time in Australia to build the critical business networks they can use when they depart our shores.

**Recommendation 7: Partner with Australian business to provide work integrated learning opportunities and to develop much needed work place skills for recent graduates which in turn will benefit the Australian economy.**

## About the Australian Chamber

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