



International Student Diversity at Australian Universities

Discussion Paper

Department of Education, Skills and Employment

February 2022

Executive Summary

The University of Melbourne welcomes the opportunity to respond to the Department of Education, Skills and Employment's "International Student Diversity at Australian Universities" Discussion Paper.

As a leading international university in the Asia-Pacific, our strategic engagement in the region is a priority. Students from over 100 countries make up a significant and valued portion of the University's student body. The University has been pursuing diversification for many years, through targeted scholarships and other recruitment diversification initiatives. We are continuing to pursue strategic recruitment processes to broaden and deepen our intake of international students from a cross section of countries, including students from less well-established markets. The University's *Advancing Melbourne* Strategy affirms this commitment, recognising diversity as a key value. We will continue to undertake a strategic international student recruitment planning process.

At the same time, the pandemic has significantly impacted international student study choices and mobility flows. Uncertainty about borders led to a weakening in demand and to a reduction in commencing student numbers in 2020 and 2021. There is no guarantee that demand will return to pre-pandemic levels in future years. The immediate focus for institutions and governments should therefore be supporting international students to return.

Australia's universities and education sector have developed a powerhouse education export industry for the nation, returning more than \$40bn to the economy, with multiple spill over effects. Our graduates form a strong global network of alumni and partners. International students enhance the study experience of our domestic students, and are a source of vibrancy in the broader economy and society. International education has also become an important part of university financing, helping to fund research and teaching, as well investment in university infrastructure.

The University recognises the important issues the Discussion Paper seeks to address, including ensuring a positive student experience for domestic and international students and increased business resilience delivered through diversification and financial risk mitigation strategies. The University practices best practice corporate governance which includes a well-developed risk management approach overseen by Council. High concentrations of students from some countries features in our risk mitigation work. The University is also currently developing an International Student Diversification Strategy, which will prioritise countries in the Indo-Pacific with growing demand for higher education but limited domestic capacity. It is also examining options for joint degrees, pathways programs, scholarships and student finance to create access to the University of Melbourne for students from a greater range of countries.

There is great potential to grow student enrolments from Asia as the region's middle class grows dramatically, but this will take time. While the University is working on its diversification planning, the reality is that China will likely remain the largest market over the next decade. For the types of courses offered by The University of Melbourne, China is likely to remain the largest market for the foreseeable future, both for online and onshore delivery. The Discussion Paper recognises this reality in suggesting a five to 10-year timeframe for progress on diversification.

The opportunity is for government and sector to work together to achieve diversity in the make-up of international students studying onshore by growing new markets and deepen emerging ones. The benefits delivered to Australia by its robust international education offer will be placed at risk by policy changes that are poorly thought out or that damage Australia's reputation as a welcoming study destination. We are concerned that the measures in the Discussion Paper will not achieve the aim of making Australia more attractive as a study destination than our competitor countries.

Any Government-led market intervention seeking to diversify the cohort of international students at Australian universities should be done in close consultation with the sector. It is crucial that these interventions be carefully considered, so that they deliver the intended outcomes without

undermining the benefits that international education already generates for Australia. The University would be pleased to provide a briefing on the work underway to address the issues raised in the Discussion Paper. As the Paper notes, this work must be done by universities relative to each university's specific circumstances, with universities implementing their own strategies in line with their own needs. The Paper overlooks using existing mechanisms and administrative arrangements, such as compacts and annual reporting, to advance the discussion around diversification.

The University has formulated the following broad principles that should underpin the approach to diversification:

- **A market-driven approach:** the approach to diversification needs to recognise that enrolment outcomes are determined by the capacity of Australian universities to build and maintain a world class reputation and to capitalise on demand for university education that meets student preferences.
- **Additionality:** the approach to diversification should primarily aim at adding to what we are currently doing, rather than cutting back on existing activity or markets.
- **Partnership:** the approach to diversification should be based on a partnership between the university sector and the Australian Government and be mindful that public facing activity is observed by students and nations around the world and impacts our global reputation.

Notwithstanding some positive elements in the *Australian Strategy for International Education: 2021-2030*, we are concerned that the approach outlined in the Discussion Paper fails to align with these principles. The Discussion Paper misses the opportunity to initiate measures that would assist universities in targeting additional students from currently under-represented source countries. The comments below outline some of these measures: support for designated education portfolio postings, resourcing labour-market analysis in target source countries, and increasing scholarships for international and outbound Australian students.

The Discussion Paper also proposes interventions that carry risks and that will not resolve the underlying policy issues identified. They may serve to decrease student demand from current source countries without helping the sector to generate demand from others. The comments below address the Discussion Paper's three proposed policy measures (Published Guidelines, a Diversification Index, and Diversification Action Plans), as well as its discussion of the alignment between international enrolments and Australia's skills needs. If measures are to be imposed, they should be applied equally to all CRICOS-registered higher education providers to ensure consistency across the sector and to advance the government's policy objectives with all providers.

The University would welcome the opportunity to further discuss these matters with the Government.

For further information, or to discuss the submission, Professor Michael Wesley, Deputy Vice-Chancellor (International) can be contacted at dvc-international@unimelb.edu.au.

Recommendations

Principles for action

The University of Melbourne recommends that the Australian Government adopt broad principles of a 'market-driven approach', 'additionality' and 'partnership' to help frame thinking on interventions to support international student diversification.

Measures not considered in the Discussion Paper

The University of Melbourne recommends that the Australian Government:

- support designated education portfolio posts to increase demand in less established source countries, and provide greater resourcing to enhance Austrade's capacity to support Australia's international education sector.
- support labour market analysis of potential source countries, to help inform university international student recruitment strategies.
- increase Government-funded scholarships and mobility opportunities for students to and from less established source countries.

Other issues that have a significant impact on international student destination decisions include work rights while studying, post-study work rights and the ease with which they can secure work experience while studying. A long-standing barrier is the availability of mandatory clinical placements for international students in health fields and then the lack of clear pathways for them to enter the Australian workforce after graduation. These are matters that the government could consider and deliver policy changes that would appeal to international students when considering Australia as their study destination.

Measures proposed in the Discussion Paper

The University of Melbourne recommends that the Australian Government:

- make clear how the proposed Guidelines are intended to support diversification, and consult with the sector on the development of voluntary Guidelines to ensure that they do not damage Australia's reputation as an attractive study destination.
- not introduce the proposed Diversification Index, because it will not assist universities to expand enrolments in currently under-represented source countries; ignores key dimensions of diversity (other than citizenship); and potentially sends a hostile message to current and prospective students about Australia's views on international students.
- adopt a non-prescriptive approach to Diversification Action Plans, allowing individual universities to structure their Plans as appropriate to their missions and circumstances, and minimising the administrative costs associated with the Plans.
- consult with the university sector on the development of Diversification Action Plan templates.
- adopt a targeted approach that seeks to attract additional students to programs that address gaps in Australia's labour market given students largely make their study decisions based on their home country's skills needs.

Comment on the discussion paper and proposed policy measures

Diversification in context

The Discussion Paper is primarily concerned with the challenges that come with a small number of countries contributing a large share of the international students enrolled at Australian universities. While the challenges are real, the make up of Australia's international student cohort largely reflects the global market for international education. China and India each represent close to 20 per cent of the world's population, and for China in particular, a rapidly growing middle class is driving demand for education at globally-recognised universities. The United States, the United Kingdom and Canada likewise draw a large share of enrolments from China and India. While it is true that China and India have a bigger share of international enrolments at Australian universities, this is unsurprising given our location in the Asia-Pacific region. It should be noted that New Zealand universities attract an even higher proportion of students from China, making up almost half of their international students in 2020.¹

Hence, the large share of international students that are from China and India is a result of market forces that are outside of the control of the Australian Government and of the university sector. Australian universities, with the support of governments at both federal and State level, have been successful in capitalising on demand from these markets. The aim of greater diversity will require government and the sector to work together to identify how Australian universities can likewise capitalise on potential demand from historically under-represented source countries. Interventions that seek to arbitrarily impose an "optimal mix" of international students on universities will fail to advance this aim, and have the potential to damage the international standing of Australia's university sector. Such interventions could also undermine the financial contribution made by international education revenue to university teaching and research.

Australia's success in cultivating a thriving international education sector has been built upon a collaborative relationship between education providers and federal and State Governments. For example recently, the University of Melbourne's international student recruitment initiatives have benefited from the support of the Victorian Government's 'International Education Resilience Fund'. Supported activities include:

- Increased offshore and onshore student welfare and support services, including mental health support services for offshore students, and industry-partnered engagement and employability development programs.
- Improved delivery of offshore, online and blended teaching and learning, including infrastructure to facilitate enhanced dual delivery and Blended Synchronous Learning.
- Increased offshore student engagement programs, initiatives and events, including enhanced alumni engagement with international students onshore and offshore, and grants to support home country internships.

The ability of Australia's universities to rehabilitate the nation's international education sector following the impact of the pandemic, and to position Australia to capitalise on growing demand for education in the Asia-Pacific region, will rely upon a strong partnership with Government. We acknowledge that the Minister has recently announced a set of initiatives to support the international education sector to reach new markets, pilot innovative new products, and align educational opportunities with Australia's identified skills shortages. We look forward to gaining a better

¹ Education Counts, Export Education Levy: Full-year statistics 2020
<https://www.educationcounts.govt.nz/statistics/international-students-in-new-zealand>

understanding of these measures and to working with the Australian Government on their implementation.

Principles for action

We offer the following broad principles to help frame the discussion of ways to diversify Australia's international cohort of university students:

- **A market-driven approach:** the approach to diversification needs to recognise that enrolment outcomes are determined by the capacity of Australian universities to capitalise on demand for university education. Similarly, the agency of students themselves needs to be recognised: students who come to Australia to study are highly selective, making study decisions based on institutional reputation, career preferences, course quality, course fees and other factors.
- **Additionality:** the approach to diversification should primarily aim at adding to what we are currently doing, rather than cutting back on existing activity. Any proposed policy intervention should demonstrably be able to help universities to materially increase student numbers from currently under-represented source countries.
- **Partnership:** the approach to diversification should be based not on punitive or blunt instrument measures imposed on universities, but on a partnership between the university sector and the Australian Government built upon the shared aim of broadening Australia's international student cohort and of maintaining Australia's reputation of being a safe and welcoming place to study.

There are elements of the Discussion Paper, and of the *Australian Strategy for International Education: 2021-2030*, that are positive when considered against these principles. The extension of work rights for graduates of Masters by coursework programs will assist the sector's recovery from the pandemic, and will make Australia a more attractive study destination for postgraduate students. Nonetheless, some of the interventions proposed in the Discussion Paper fail to align with these principles. We provide detailed comment on these below.

Recommendations

The University of Melbourne recommends that the Australian Government adopt broad principles of a 'market-driven approach', 'additionality' and 'partnership' to help frame thinking on interventions to support international student diversification.

Measures overlooked in the Discussion Paper

There are potential Government-led interventions that have not surfaced in the Discussion Paper, but that would help position Australia's universities to diversify their intake of international students. We encourage the Government to consider the following measures:

Designated education portfolio postings

Establishing designated education portfolio positions in a greater number of offshore posts, with a focus on countries whose enrolments are typically underrepresented at Australian universities, would help to drive diversity. This renewed support could also include greater resourcing for Austrade to enhance its capacity to support the international education sector. This would allow for strategic country-to-country interventions and allow the Government to make strong policy statements in-country, highlighting the many benefits of studying in Australia. The international education counsellor network has proven a vital resource in building knowledge of and specialisation in particular markets. However, it has become less effective due to reduced support, with representatives stretched across portfolios.

Labour-market analysis in-country

Students' study aspirations are to a large extent shaped by perceived job prospects following graduation. Gaps in the labour markets of source countries are therefore highly relevant to potential demand for university places. There is an opportunity for the Government to provide resourcing for analysis of the labour market needs of source countries, possibly conducted by the National Skills Commission in partnership with Austrade. A better understanding of these labour markets would help inform university marketing strategies relating to international recruitment, as well as providing an opportunity for Australia to deepen its relationship with the Governments of the relevant countries. However, it also points to the fact that students select their study options based on getting a job when they return home and not on the skills needs of Australia. For the latter, there needs to be a work rights, immigration and visa solution to incentivise study choices based on Australia's skills needs.

Government-funded scholarships

The Australian Government should also provide more government-funded scholarships and mobility grants for both Australian and international students targeted at strategically important markets. Australian students overseas serve as ambassadors for our high-quality education system and strengthen country-to-country links. Similarly, the diversity of the university student cohort within Australia is significantly bolstered by inbound exchange or study abroad students, including highly talented students from less represented countries. In recent years this has been a focus of the Government including through the New Colombo Plan. Greater support for these students would form a welcome contribution to Australia's bilateral diplomatic relationships, increasing the diversity of the student cohort in Australia and increasing access for international students with high potential from all backgrounds and countries.

Recommendations

The University of Melbourne recommends that the Australian Government:

- support designated education portfolio posts to increase demand in less established source countries, and provide greater resourcing to enhance Austrade's capacity to support Australia's international education sector;
- support labour market analysis of potential source countries, to help inform university international student recruitment strategies; and
- increase Government-funded scholarships and mobility opportunities for students to and from less established source country markets.

Response to proposed policy measures

Guidelines for achieving an optimal mix of students

The Discussion Paper indicates that the Guidelines will articulate guiding principles and provide tools and frameworks to assist with universities' diversification efforts. It is unclear what assistance the Guidelines would deliver to the sector, which is already acutely aware of the risks of enrolment concentration and the need to materially address diversification. The University is developing its Diversification Strategy currently and agrees with the Discussion Paper that any Guidelines should be voluntary to allow for universities' specific circumstances and to align with universities implementing their own strategies in line with their own needs. There is a risk that, if poorly worded, the Guidelines could send a negative message and alienate some cohorts of international students. For example, if the Guidelines are seen to target specific countries that are deemed to be overrepresented, this could undermine the extent to which Australia is seen as a safe and welcoming study destination while doing nothing to help increase demand from underrepresented cohorts. With Australia's international

education sector working on recovery plans following the impact of extended border closures due to the pandemic, anything that might damage Australia's reputation should be avoided.

Publication of an international education transparency measure

The proposed Diversification Index, showing universities' proportion of onshore domestic and international student cohorts by country of origin, is too blunt an instrument. It risks unintended consequences by misleading domestic and international students about the true extent and nature of diversity and internationalisation present at each institution. There is a genuine danger that the publication of a Diversification Index sends a negative signal, undermining the extent to which Australia is seen as welcoming students from China and India.

The University does not support the publication of this data in the format suggested. Differing enrolment distributions is primarily a function of institutional diversity that exists in Australia's university sector. Course profiles, rankings outcomes and fee structures each play a key role in shaping the extent to which universities appeal to different cohorts of international students. For example, students from China are more likely to be seeking entry to postgraduate study than students from most other countries. Universities with a course profile focused on postgraduate level will therefore naturally attract larger numbers of Chinese students.

A further issue is that, as proposed, the Diversification Index will be based purely on the students' citizenship. It will therefore ignore other dimensions of international student diversity:

- *Study pathways:* Many international students complete their undergraduate degrees in a third country before undertaking postgraduate study Australia. The Index would not reflect the diversity that exists within that group.
- *Study abroad and exchange:* Drawing from HEIMS data to build the Index will exclude study abroad and exchange students. This is a large source of classroom diversity which positively impacts classroom experience.
- *Diversity within source countries:* The Index risks treating students from a single source country as a homogeneous group, hiding the diversity that exists within source countries.

Most importantly, a Diversification Index will do nothing to advance the key aim of assisting universities to expand enrolments in countries that are currently under-represented. There are already adequate incentives for universities to broaden and deepen their intake. The issue is how to overcome market-related barriers to achieving this and to build Australia's profile as an education provider with prospective students in those countries.

The problems with the Diversification Index underscore the need to improve data collection relating to international students. This data is typically limited to full award students, and therefore ignores students studying on exchange. As noted above, this is a significant source of diversity: the University of Melbourne has enrolled students from 32 countries this year, with Europe and North America heavily represented in this intake. The Government should consider data collection reforms to ensure that these students are reflected in data and then use this data to inform discussions directly with individual universities as part of the Compact process.

International education Diversification Action Plans

The Discussion Paper proposes the development of Diversification Action Plans to increase business resilience. The University of Melbourne broadly supports this proposal. Australia's universities are already taking a range of actions to broaden the profile of their international student cohorts. If properly developed, Diversification Action Plans will provide a means of illustrating these actions.

We do, however, emphasise the importance of a carefully considered approach to developing Diversification Action Plans. There may be role for templates, but these should be largely non-prescriptive to allow individual universities to structure their Plans as appropriate to their individual

circumstances. The Discussion Paper does not include government supported initiatives and programs that will also need to form part of any Australian response to diversification. While templates will indicate the broad content to be included in the Plan, they should avoid requiring universities to identify specific targets around the make-up of their international student body, instead providing an opportunity for universities to map out the direction in which they are seeking to develop their international cohort and the work underway to support those aspirations. A flexible approach will also help to ensure that the administrative costs associated with producing and maintaining Plans are kept to a minimum. We encourage the Government to consult with the sector on the development of Diversification Action Plan templates to ensure they are fit for purpose and to ensure they are voluntary and available as a tool to guide key aspects of institutions' plans. Rather than standalone reporting, discussions, consultation and reporting on diversification should be part of the mission-based Compact discussions that are already a feature of the government's regulation of the sector.

Greater alignment between local skills needs and international student enrolments

The Discussion Paper suggests that a tighter connection between the needs of the labour market and international student enrolments would be desirable: "A stronger alignment between Australian skills needs and courses in which international students enrol will support our businesses, industries, and economy."²

International enrolments are already strong in fields such as engineering and information technology that are recognised as addressing skills gaps. In this sense, there exists already a degree of alignment between skills needs and enrolments in many discipline areas.

Importantly, however, most international students do not intend to remain in Australia following their studies. International students make a major contribution to Australia's labour market, both by working while studying and, for some students, by entering the Australian workforce having completed their studies. Still, for the students who do not plan to stay in Australia following graduation – who make up the vast majority of Australia's international student cohort – skills gaps in Australia's labour market are not likely to influence their enrolment decisions. Since those students intend to return to their country of citizenship after graduation, there is no obvious benefit to their enrolling in courses that address Australia's skills needs. The skills gaps that exist in source countries are a far more significant factor in informing the enrolment decisions and career aspirations of these students.

An important issue that will impede the government's stated aim in the Discussion Paper is the fact that, currently, universities are only permitted to enrol Genuine Temporary Entrants, which removes any nexus between immigration and study. For those students who do aspire to remain in Australia, there are several structural barriers related to post-study work rights and the ease with which graduates can secure work in their area of study. These are matters within the remit of government to address and would make a material difference to meeting the objectives outlined in the Discussion Paper.

The aim therefore should not be for overall enrolment patterns to align with Australia's skills needs, but instead to take a targeted approach that seeks to attract additional students to programs that address gaps in Australia's labour market. This will involve a partnership between the Government, the National Skills Commission and the university sector, to ensure that we maximise the capacity of Australia's higher education system to attract talent from overseas to help meet Australia's immediate skills needs and that has a demonstrable pathway to employment. Key issues will be ensuring that visa settings are designed to achieve this, and what role shorter courses can play in upskilling the relevant students so that they are ready to enter the workforce. The University recommends that the Government consult with the university sector, industry and other stakeholders to help develop this approach.

² Discussion Paper, p.4.

Recommendations

The University of Melbourne recommends that the Australian Government:

- make clear how the proposed Guidelines are intended to support diversification, and consult with the sector on the development of voluntary Guidelines to ensure that they do not damage Australia's reputation as an attractive study destination.
- not introduce the proposed Diversification Index, because it will not assist universities to expand enrolments in currently under-represented source countries; ignores key dimensions of diversity (other than citizenship); and potentially sends a hostile message to current and prospective students about Australia's views on international students;
- adopt a non-prescriptive approach to Diversification Action Plans, allowing individual universities to structure their Plans as appropriate, and minimising the administrative costs associated with the Plans;
- consult with the university sector on the development of Diversification Action Plan templates;
- commit to a targeted approach that seeks to attract additional students from underrepresented markets; and
- develop the Government's approach to measures that would incentivise targeted recruitment that addresses gaps in Australia's labour market.

There is more that can be done to increase student flows from underrepresented countries and to manage concentration risks, but this must be done sustainably and in a way that acknowledges the demand-driven nature of the international education sector. Pursuing this objective will require the government to work closely with the sector to support its work in diversifying enrolments; contribute government initiatives, policy reform and bilateral leadership to support this task; and support an approach that ensures Australia is positioned as welcoming all international students and their contribution.