

**National Tertiary
Education Union**

National Tertiary Education Union (NTEU)

Submission to the Australian Strategy for International Education 2021-2030.

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The National Tertiary Education Union (NTEU) welcomes the opportunity to make a submission to the consultation paper on the new Australian Strategy for International Education 2021-2030.

The NTEU represents approximately 30,000 members employed in Australia's tertiary education sector, including in our public and private universities, in vocational education and training (VET), the ELICOS sector and in research and student organisations.

International education is a critical component of our tertiary education sector. In addition to being one of our largest export industries, it provides exposure to cultural diversity and cultural exchange with other countries. This can enrich Australian educational practices, which in turn can contribute to the country's international competitiveness. In addition, international education provides opportunities to broaden Australia's understanding of our region and increases mutual understanding through soft diplomacy.

However, Australia's international education sector has been severely impacted by the closure of our international borders as a result of the COVID-19 pandemic. We note that international education brought in \$10 billion in university revenue in 2019, the year prior to the COVID crisis.¹

According to Universities Australia (UA) there was a \$1.8 billion revenue loss in 2020 due to COVID.² In addition to the 17,300 job losses in universities that flowed from this, there have been widescale course and program closures. The reason for this is simple - data shows that 32% of all full-time-equivalent enrolments at Australian universities are international students, and around a quarter (24%) of all university revenue comes from these students. It is not surprising therefore that the operating revenue of universities fell by 4.9% in 2020 and is projected to fall another 5.5% in 2021.³

The impact of COVID has also been felt by the VET sector and has particularly impacted on ELICOS, with almost all providers affected in 2020 and again in 2021. Furthermore, the losses are continuing, with UA stating that the ongoing closure of international borders are likely to see at least another \$2 billion loss in international education revenue for universities.⁴

The Impact of Covid on International Students

The Federal Government's lack of support for international education during the pandemic has exacerbated the crisis being felt by the sector. Research on international student's wellbeing before and during the pandemic found that the crisis has left many foreign students, particularly those located in Sydney and Melbourne, lonely, hungry and clinging to an increasingly tenuous existence.

The University of Technology Sydney study, led by Prof Alan Morris and academics from three universities, was based on more than 7,000 responses to a survey late 2019 and a follow-up questionnaire in July 2020 of over 800 of the original respondents.

¹ DESE data 2019 Higher Education Providers Finance Tables 25 November 2020

<https://www.dese.gov.au/higher-education-publications/resources/2019-higher-education-providers-finance-tables>

² Borys, Stephanie. *Australia's university sector is unlikely to recover from COVID-19 this year, experts say*. ABC Online Posted 3 Feb 2021 <https://www.abc.net.au/news/2021-02-03/universities-covid19-unemployment-sector-recovery-unlikely/13114542>

³ Yezdani, Omer *Which universities are best placed financially to weather COVID?* The Conversation. Posted online Feb 4 2021 <https://theconversation.com/which-universities-are-best-placed-financially-to-weather-covid-154079>

⁴ See <https://www.abc.net.au/news/2021-02-03/universities-covid19-unemployment-sector-recovery-unlikely/13114542>

The study found that during COVID-19, six in 10 respondents reported they had lost their paid employment subsequent to the lockdown, and only 15 per cent reported finding a new job. The report concluded that the employment and earnings impact of COVID-19 on international students was far greater than for the rest of the working population, highlighting the vulnerability of our international students to precarious employment. While that was concerning in itself, the fact that international students were for the most part excluded from the COVID social welfare safety net made their situation far worse.

Importantly though, the first survey revealed there were major problems for a substantial group of international students even before the pandemic hit, with more than one-third reporting they were often anxious about how they would pay the rent and over one-fifth said they regularly went without food to do so. One in four respondents said they shared their bedroom with at least one other person who was not a partner, with 11 per cent sharing with two or more. More than 200 respondents said they were forced to “hot-bed”, whereby the bed used by different people at different times in ‘sleep shifts’. One-sixth of the respondents said they were worried that they might face even face homelessness – and this was prior to the pandemic.

Not surprisingly, the second survey in the study (conducted during COVID) found that the situation had further deteriorated for the majority of respondents and substantiated reporting in the media and by researchers that foreign students suffered “dramatic” job losses. The respondents reported that, on average, they lost 23 per cent of their income since the pandemic hit. One-fifth were forced to move to save money, one-third regularly skipped meals and more than one-half regularly worried about rental payments.

COVID exacerbated the housing crisis for international students, with around half the respondents reporting that they tried to negotiate rental reductions, but only around one-third were successful in having payments either decreased or delayed. Concerningly, eight per cent reported being threatened with expulsion from their accommodation, despite there being a moratorium on evictions during the pandemic.

The study found that during COVID, international students largely relied on friends and family for help, although almost half did seek assistance from their universities or colleges. With almost no support available from the Federal Government (aside from being able to potentially access some of their superannuation, if they had any), many international students were reliant on support from community charity organisations. Differing levels of support were also available from a number of educational institutions, which ranged from reduced or waived tuition fees to emergency accommodation, hardship grants and counselling.

While things may slowly normalise for the Australian economy the acute impact of COVID is still ongoing for international students. The study reported that 44 per cent of the respondents surveyed expressed fear that they would not be able to pay their tuition fees, and 58 per cent said financial stress was impairing their studies. Over one-third said they may have to leave Australia before graduating (assuming they can afford to depart).

These results mirror other studies that have found international students, before and during COVID, were susceptible to financial pressure and poverty, social isolation and were vulnerable to exploitation by employers. Yet all international education strategies put forward by governments to date have largely ignored these issues.

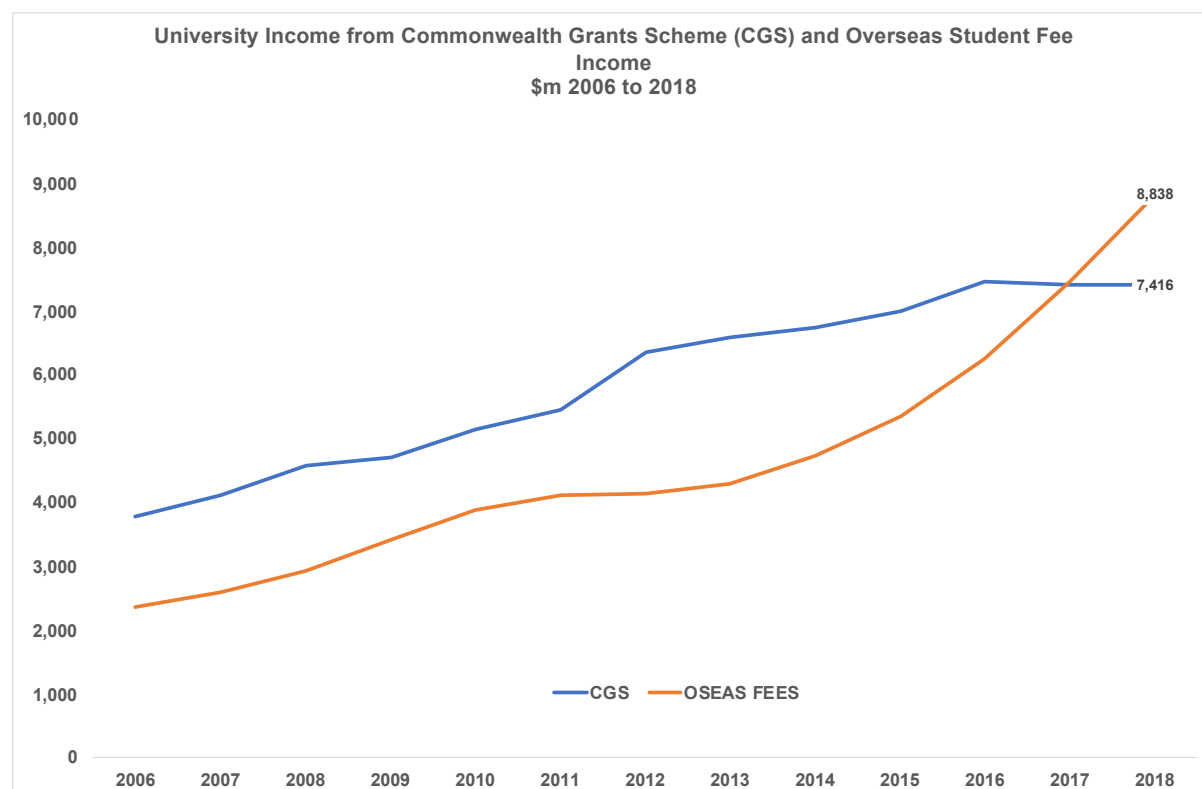
Clearly, the Australian Government failed international students during COVID – but the evidence is that, despite the international education industry being worth around \$40 billion in 2019, cracks in system were already starting to appear for many international students. Thus, in relation to the

question asked by the paper “*Students should be at the centre of the new Strategy. How can Australian education providers deliver the best possible student experience both now and in the future?*”, the NTEU agrees that students themselves need to be the focus of our approach to international education. We would argue that, for some time now, other priorities have been at the centre of public policy, which are primarily aimed at driving enrolment growth and revenue streams.

The over-reliance on international student fee income

The hard facts of the matter are that our higher education providers – particularly public universities – have become over reliant on international student fee income for their core business of teaching and research. Indeed, the higher education sector, since 2017, received more funding from international student fee income than they did for teaching domestic students through the Commonwealth Grants Scheme funding (as shown in Fig 1 below).

Figure 1



Source: NTEU calculations from Department of Education financial data.

Overall, total Australian university overseas student fee revenue more than doubled from 2012 to 2018, increasing from \$4.1 billion in 2012 to \$8.8 billion in 2018. By 2018 this revenue amounted to 26 per cent of total university revenues.

The NTEU believes now is the time to not only review our international education strategy, but to also to reduce the reliance of the sector on international student fee income to support the core business of teaching and research. To that end, the NTEU has recommended that Government funding be increased to 1% of GDP (in line with the OECD average) and that both the sector and governments commit to a longer-term response to the systemic over-reliance of universities on international student fees to fund domestic teaching and research. The NTEU has made numerous

recommendations in our 2021 Federal Budget submission that would go some way to enabling this change.

While the NTEU notes that the strategy paper poses a number of broad questions on how the sector can better position itself in relation to international education, it must be recognized that this comes at a time when the ongoing closure of Australia's borders to international students is clearly having a deep impact. Newly released federal government data shows that the number of international students starting courses this year has plummeted, with 79,000 students commencing courses in January and February in 2021, 38 per cent fewer than the 127,000 who started courses in the same period in 2020.⁵

A proportion of this reduction has been due to on shore international students transferring from university studies into vocational education (which may also be related to study costs and/or the desire to cut short the time for study while still being awarded some form of tertiary qualification prior to returning home). However, the important ELICOS sector, which acts as a feeder for international education into university and VET courses, has been exceptionally hard hit. The English language sector's intake of new students in the first two months of this year was 69 per cent less than last year, with many providers either having already closed or expected to as a result of the withdrawal of JobKeeper.⁶

The NTEU notes that the proposed strategy for international education focuses on online and/or offshore delivery. Yet, given the fall in numbers, it would appear that this approach has thus far failed to attract prospective international students to Australian education providers; furthermore, we are barely holding on to those who were already enrolled prior to the closure of our borders.

It must be remembered that Australia's major competitor countries, Canada, the UK and the USA, have open borders and for the most part, have been generally supportive of international students during COVID. Australia, however, was internationally reported as being unsupportive of international students – we closed international borders and actively encouraged international students to leave the country part way through their studies and then closed the border indefinitely behind them. Furthermore, the Government refused to offer any financial safety net or support to stranded international students who were unable to work during COVID but did not (or could not) return home.

The concerns the sector had over the fall out from our treatment of international students last year and the continued closure of borders is now being validated in prospective student enrolment data. Most recently research by IDP Connect (2021⁷) into international student preferences found that while over 75 per cent of the approximately 6,000 prospective international students surveyed expected to commence their studies as planned, the figures were significantly different for those considering Australia as their host country. Overall, 10 per cent of those surveyed stated they were willing to study fully on-line, 31 per cent stated they would defer until face-to face is available, and 43 per cent of students were willing to commence online if they could later transfer to face-to-face. However, in relation to those students who were planning on studying with an Australian provider, the survey found that:

⁵ Department of Education Skills and Employment, *International Student Data 2021*, <https://internationaleducation.gov.au/research/international-student-data> Accessed, 11 May 2021.

⁶ Department of Education Skills and Employment, *International Student Data 2021*

⁷ IDP Connect International Student Crossroads Iv 2021 29 April 2021 https://resources.idp-connect.com/hubfs/Crossroads%20IV%20Infographic.pdf?_hsfp=3199787188&_hssc=251652889.2.1620621934031&_hstc=251652889.6ff70c14bb32f8f3519e02ef4128dba2.1620621934031.1620621934031.1620621934031.1

- Only 7 per cent said they planned to still continue with their study plans, even if their programmes/courses were fully on-line. This compares poorly to the same cohort intending to study in Canada (13 per cent) and the UK (11 per cent).
- 38 per cent said they will continue with their study plans, even if programmes/courses start on-line, provided they could transition to face-to-face mode when the situation allows. The comparable figures were 51 per cent in Canada and 50 per cent in the UK.
- Most significantly, almost half - 43 percent - said they would defer until they can study face-to-face, compared to 24 per cent for Canada and 27 per cent for the UK, (where they do not need to).

The obvious deduction is that students planning to study in Canada and the UK are much more likely to commence their courses on-line and transition to face-to-face, while those interested in studying in Australia are much more likely to defer until face-to-face becomes available. This presents Australian providers with a problem, given there is presently no clear roadmap to recovery for the sector, Australia's vaccination roll out is slow, and the Government is yet to decide on a timetable for the reopening of borders to allow international visitors (including students) to return.

Furthermore, in pivoting Australia's international education strategy to focus on providing online offshore learning (as suggested by the discussion paper) it is clear that both the Government and the sector are faced by significant challenges, including the fact that students do not appear to be excited by the prospect.

The findings of the IDP report were also echoed in the Navitas Agent Perceptions Report ([March 21](#)), which found that those countries that remained open to international students fared much better than those that didn't. While Canada, UK and the USA all were highly rated as destinations, Australia (and New Zealand) were at the bottom – and ahead of Australia were countries such as Singapore, Netherlands, Germany and the UAE (Dubai). Clearly, COVID has shaken the international education sector up – but where Australia lands as the dust settles will depend very much on both our strategic approach and the education experience that our international students have while studying with Australian providers.

Proposed Strategies for the sector.

The NTEU agrees that students must be at the centre of Australia's International Education strategy and that the key priorities and policies that underpin this should be to ensure that students receive a world class education experience, informed by quality research and teaching, which is distinctly Australian and ensures that the students are able to immerse themselves in their host country. The NTEU also believes that much could be gained in returning to the principles of the original "Columbo Plan", where by international education was an important tool for economic and social development of countries in our region.

What we do not want is the continuation of the view that international education is the 'golden goose' of the sector, in which international students are largely seen as a revenue source (or, for business and governments, as a useful source of often exploited temporary workers that fill highly casualised jobs, often below minimum wage and conditions).

The NTEU has long argued that the higher education sector – and public universities in particular - are overly reliant on international student fee income. While COVID exposed this risk (seen with the mass redundancies in the sector, the axing of thousands of courses and subjects and threats to Australia's research capacity), prior to the pandemic this reliance had also manifested in the concentration by

the sector on promoting Australian education in what was a relatively limited number of global markets, with the three largest markets – China, India and Nepal – comprising the majority of our international student numbers. While China and India have especially large populations who see themselves as global citizens and are eager and willing to travel for education (and pay for that privilege), and Australia was well placed regionally to promote our providers in these areas, it has nevertheless proven to be imbalanced and strategically risky.

In order to ensure financial sustainability and avoid risks to quality, the sector must reconsider this dependence on both international fee income and student source markets. Universities, particularly the wealthier institutions, should look to other source countries, particularly those within our region (as per the original Columbo plan) as well as in Africa and South America, and review the affordability of their course offerings.

It has been reported that Group of Eight institutions have been able to charge \$40,000 plus a year for their undergraduate and for post-graduate Masters courses, while other universities charge around \$25,000 a year for the same courses.⁸ While there have been students from the three top source countries that have been willing to pay these fees, students from other source countries with appreciably lower per capita GDP may not. Higher education providers and the Government need to develop strategies to understand and define what is an acceptable level of market risk. For providers, they could consider better targeting costs to more price sensitive student cohorts, while for Government it may be reviewing their levels of assessment of migration risk in relation to new source countries and lowering visa fees.

Secondly, we have already noted that the discussion paper focuses on how international education could be better delivered online offshore. While the Government has acknowledged that international borders are unlikely to reopen this year and we will be well into 2022 before even limited international travel may be considered possible again, the reality is that travel restrictions could be an on-going effect of COVID for many years to come. Long-term strategies and regulatory practices to deal with this 'new normal' of global higher education will be needed, beyond temporary regulatory flexibility. This also needs to take into account that student preferences currently are for the in-country experience, and a hybrid model of in-country and online-studies may be a better longer-term strategy.

On the issue of online education, however, it must be stressed that online must not be seen as 'cheap alternative'. Pedagogical concerns must always be at the forefront, with teaching and student support services, both academic and in student welfare, delivered by qualified academic and professional staff. That said, institutions could – and should – look to broaden potential source markets by lowering their profit margin on courses and reducing the level of international student tuition fees.

More importantly however, the Government in turn could – and should - support the sector's moves to reduce reliance on international student fee income and to diversify source country markets by increasing public funding to 1 percent of GDP (as proposed by the NTEU in our 2021-2022 Federal Budget submission), which would better support teaching and research. The Government should also review how research is funded more broadly – we note that there is a push for greater commercialization of research, but this does not address the funding gap that is currently being filled by international student fee income, particularly for the research-intensive universities (who generally charge the higher international student tuition fees).

One final suggestion (noting that Australia's foreign aid budget continues to retract) is that as a gesture of 'good will', the Government and providers could substantially increase the number of regional

⁸ B. Birrell and K. Betts, *The Crisis in the Overseas Student Industry: How Should Government respond?* The Australian Population Research Institute, June 2020.

international student scholarships, similar to those offered under the Columbo initiative. This would go some way to repairing the reputational damage to Australia's international education sector and assist neighbouring countries in their post-COVID recovery – which will assist all in our region over time.

The NTEU believes that disruption to higher education will be ongoing for some time, and the continued policy freeze by the Government on international education is undermining the ability of the sector to recover and adapt. We support the view that, if Australia's international education sector is to remain globally competitive, higher education requires a new organisational ambidexterity, which must include reviewing core operating models and focusing on alternative future potential. Post-COVID, there is an opportunity for the sector and Government to recast how we have approached international education and to fix its problems – many of which we have outlined in this submission, along with recommended strategies.

KEY RECOMMENDATIONS

1. International students must be at the centre of Australia's International Education strategy. The key priorities and policies that underpin this should be to ensure that students receive a world class education experience, informed by quality research and teaching, which is distinctly Australian and ensures that the students are able to immerse themselves in their host country.
2. The strategy should also embrace the principles of the original "Columbo Plan", where by international education was an important tool for economic and social development of countries in our region.
3. The higher education sector – and public universities in particular - are overly reliant on international student fee income, which has been used primarily to fund the gaps in research and teaching. This reliance has also led to the concentration on three main source country markets. The strategy should address both of these risks in order to ensure financial sustainability and avoid risks to the quality of education and research.
4. Higher education providers and the Government need to develop strategies to understand and define what is an acceptable level of market risk. Providers should look to other source countries, particularly those within our region (as per the original Columbo plan) as well as in Africa and South America, and review the affordability of their course offerings. The Government should review visa processes, such as levels of assessment of migration risk in relation to new source countries, and lower visa fees and charges.
5. Long-term strategies and regulatory practices that deal with this 'new normal' of global higher education are needed beyond temporary regulatory flexibility. This also needs to take into account that student preferences currently are for the in-country experience, and a hybrid model of in-country and online-studies may be a better longer-term strategy.
6. Australia must ensure that online course offering are not 'cheap alternatives' to a quality education. Pedagogical concerns must always be at the forefront, with teaching and student support services, both academic and in student welfare, delivered by qualified academic and professional staff.
7. The Government should support the sector's moves to reduce reliance on international student fee income and to diversify source country markets by increasing public funding to 1 percent of GDP (as proposed by the NTEU in our 2021-2022 Federal Budget submission), which would better support teaching and research.
8. The Government must review how research is funded more broadly and address the funding gap that is currently being filled by international student fee income.
9. Government and providers should substantially increase the number of regional international student scholarships, similar to those offered under the Columbo initiative, in order to both repair the reputational damage to Australia's international education sector and assist neighbouring countries in their post-COVID recovery.
10. For Australia's international education sector to remain globally competitive, higher education requires a new organisational ambidexterity, which must include reviewing core operating models and focusing on alternative future potential.