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A longer-term international education recovery and growth plan for Victoria

Navitas response to Consultation Discussion Paper
18 March 2022

Navitas’ response to the consultation discussion paper

Background to the Victorian International Education Strategy

The Victorian Government is developing a longer-term plan to drive recovery and a return to growth for our international education sector.

Following the Commonwealth Government’s release of its new Australian Strategy for International Education 2021-2030, a national framework is now in place for multiple tiers of government and industry to work together on driving recovery. Victoria’s plan will take into consideration the national strategy, while also pursuing a distinct vision for our State.

This submission outlines Navitas’ views on the direction of the international education sector in Australia. It broadly reflects the input Navitas provided into the Australian Government’s consultation process for Australian Strategy for International Education 2021-2030 as well as specific input related to Navitas’ role in Victoria’s international education and the role of the Victorian Government and Study Melbourne in supporting this.

About Navitas

Navitas is a global provider of education. In Australia, Navitas delivers programs across the higher education, vocational education, non-award, ELICOS and schools’ sectors. Through University Partnerships Australasia (UPA), Navitas partners with nine Australian universities to deliver pathway programs to both domestic and international students (including both Foundation and Diploma) in partnership with nine universities across Australia. In Victoria, this includes partnerships with Deakin University and La Trobe University. In addition to these colleges, Navitas also delivers Academic English programs to students in Victoria through Hawthorn-Melbourne English Language Centre – which provides a pathway to the University of Melbourne – and both academic and general English through Navitas English. Navitas also has two standalone higher education businesses – SAE Institute and Australian College of Applied Psychologists (ACAP) – both of whom have campuses in Melbourne. These businesses both primarily cater to domestic Australian students but are CRICOS registered providers.

Summary of response

Navitas has responded to the consultation paper in full below. Key areas identified in our submission are:

- **Latent risks for Victoria’s industry.** Broadly, many of the risks facing Victoria’s industry reflects national perceptions of Australia following COVID-19. This includes concerns about how ‘open and welcoming’ Australia is, as well as a decline in reputation compared to other destination countries over the past few years. Broader areas include the social license of Australia’s international education sector, risks of increased racism towards students and the concentrated nature of growth in the sector.
- **Positioning Victoria strongly.** Despite this broader national challenge, Melbourne remains a highly attractive destination for international study. Liveability, cost of living and affordable courses and return on investment (particularly at the undergraduate level) are all important factors that support Melbourne’s reputation as a leading city destination for international students.
- **Delivery models and role of government.** As a major player in Australian transnational education, Navitas believes that there are great opportunities in online and offshore education. We therefore welcome the focus of this in the Australian Government’s International Education Strategy. However, Navitas also believes that these should not come at the expense of traditional onshore delivery and Australia and instead is a complementary market to existing opportunities that exist for students to study into Australia.
- **Support for all parts of the industry.** Navitas would advocate for ongoing government support and services to be fully available to all parts of the sector, including independent higher education, not only the public university and TAFE sectors. This includes ensuring that government priorities, strategies and actions reflect the interests of the sector broadly – noting government support may be most impactful for the smaller providers in other parts of the sector.
- **Focus of Study Melbourne and Victorian Government.** Navitas supports the key areas of focus identified for Study Melbourne and the roles the Victorian Government currently plays – including a focus on student wellbeing and the student experience, destination marketing initiatives and advocacy to the Australian Government on key policy issues. In addition, the Victorian Government could play a role in amplifying existing sector initiatives – for example IEAA’s work on social license.

1. Maintaining Victoria’s reputation as a world-class study destination

Questions to consider

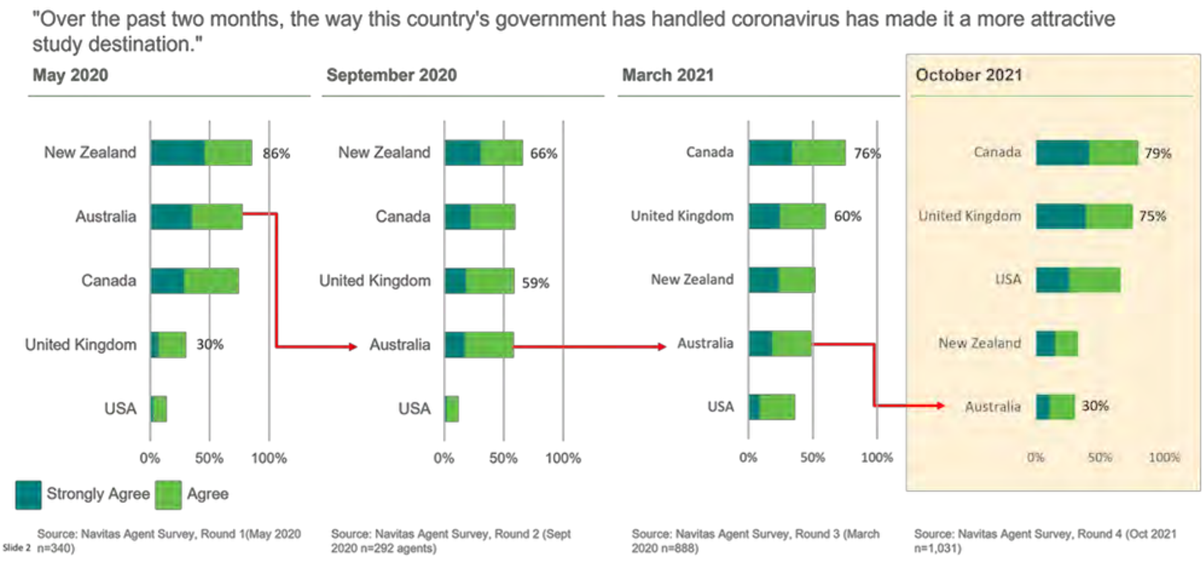
- What are the most significant risks and opportunities with respect to Victoria’s reputation as a desirable international study destination?
- How can government work with stakeholders to best manage the sector’s reputation in response to the protracted impacts of COVID-19?
- How can Study Melbourne best position itself in the post-pandemic international education market?

Risks and opportunities for Victoria’s reputation

The reputation of Victoria (and Melbourne) is very much tied to the broader reputation Australia holds in the global international education market. As shown by market research, students typically will choose their country of study prior to choosing which city they will study in. This means that broader national reputational issues, will impact Victoria’s attractiveness.

Australia’s reputation as a destination country has been negatively impacted by its response to the COVID-19 pandemic. While Australia’s success in eliminating COVID-19 was the envy of the world during the initial months following COVID-19, reflecting a strong public safety response and stability in its management of the coronavirus pandemic. However, more recently Australia’s overall reputation as an international education destination has been negatively impacted because of COVID-19 and a perception that Australia has not been as open to international students as other destination countries. Results from Navitas’ survey of its agent network, last undertaken in November 2021, shows this clearly, with Australia’s reputation diminished over a two-year period – as shown in Figure 1 below.

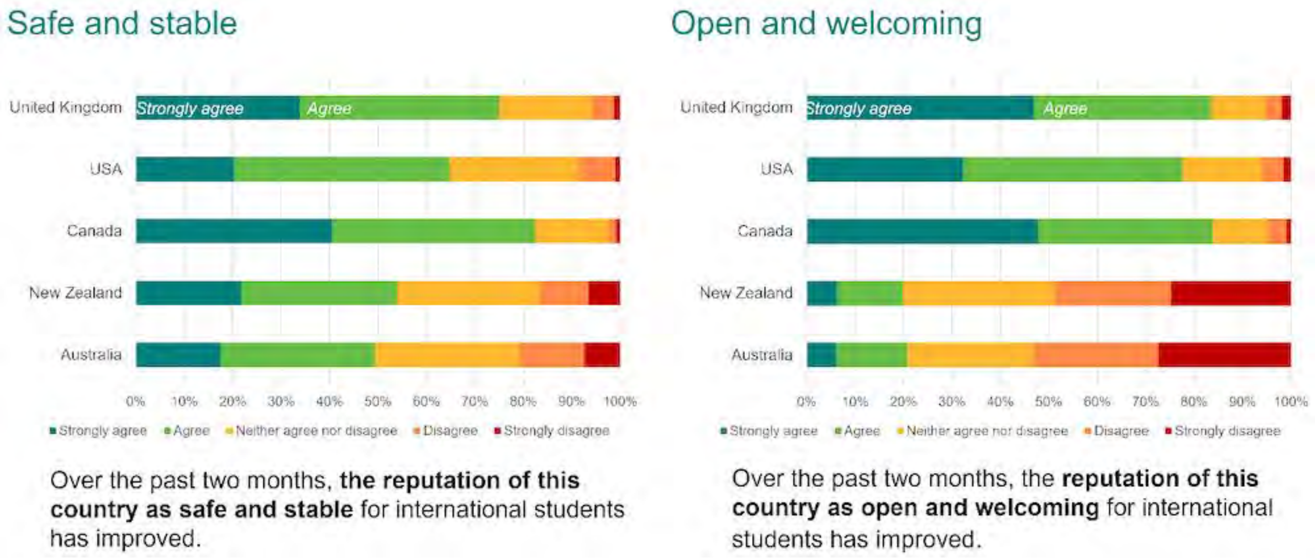
Figure 1 | Handling of COVID-19 and destination reputation
Proportion that ‘agree’ that the handling of COVID has made it a more attractive, March 2020 to October 2021



Navitas’ agent survey has also tracked the extent to which a destination country is “safe and stable” and “open and welcoming”. As shown in

overleaf, Australia currently trails most other destination countries on these measures – particularly in relation to being “open and welcoming”. While there is opportunity for these perceptions to be addressed (as shown above the USA has significantly improved its reputation towards the end of last year), these challenges of perception and damaged reputation will be important to address. While a boost may be expected from development over the past few months with borders opening to students (and subsequently more broadly) it remains to be seen whether there will be a longer-term impact on Australia’s reputation. Further details will be available through Navitas’ next agent survey which will be released in May this year.

Figure 2 | Perceptions of Australia as a study destination
Agent responses to whether destination countries are “safe and stable” and “open and welcoming”, October 2021

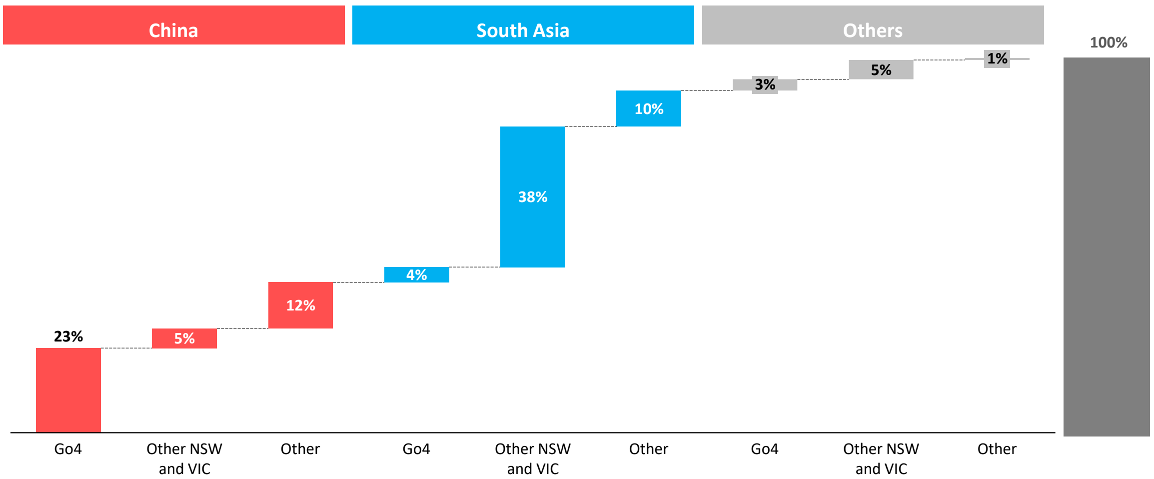


Despite this broader national challenge, Melbourne remains a highly attractive destination for international study. Research undertaken by Nous Group has identified that Melbourne has a moderate cost of living against other expensive and very expensive major destination cities in both the UK and US (as well as compared to Sydney), affordable course for international students compared to other major destination cities and a strong ROI) in particular for students studying at the undergraduate level). These factors combined with a strong broader city reputation (including in relation to liveability), means Melbourne (and Victoria by extension) is therefore extremely well positioned to realise the benefits from Australian borders reopening across 2022.

This attractiveness is reflected in Victoria’s increasing market share nationally. Prior to COVID-19, Victoria’s share of international students studying in Australia had continued to increase - with 36% of all higher education students choosing Victoria as a destination in 2019 compared to 34% three years earlier. This has largely been driven by increased growth and market share from students from South Asian countries – in particular India and Nepal.

This growth reflects a broader trend with strong concentration of growth of Chinese students across a small number of high-quality universities – including University of Melbourne and Monash University – as well as broader growth in South Asian markets by other universities in Melbourne and Sydney.

Figure 3 | Provider contribution to net national sector growth
Percentage contribution to net growth, based on provider type, source country and campus location, 2016-2019



In addition to the areas identified above, there are also a range of issues that represent a risk to the sector both nationally and in Victoria. These include:

- **Social license of the international educations sector.** The international education industry not well understood or appreciated by the general Australian public and does not receive the same level of support as other major Australian export industries. The economic and societal benefits of the industry are either not understood or do not resonate with most Australian people. The challenges brought on by COVID-19 in the past few years has bought this into sharper relief with public sentiment not strongly in favour of returning students or support for the sector.
- **Issues of racism towards students.** Racism directed against students also remains an area of concern, which appears to have been heightened during COVID-19. Research by Lowy Institute has indicating heightened levels of discrimination and abuse against Chinese students.[1] Similarly, the experience of Indian students in 2011 indicates how incidents of racism and abuse can severely threaten and weaken the sector's strength.
- **Concentrated growth to a small number of higher education providers.** As outlined above, growth has been highly concentrated and has reflected a This has been exacerbated to some extent through COVID-19 with some larger providers growing at the expense of others when delivery has transitioned online. Concentrated growth is an area of risk for the sector as it undermines the strength and sustainability of the sector
- **Australian Government policy settings.** The strategy released by the Australian Government shows a strong commitment to the international education sector nationally – including access to visas, visa conditions, post-study work rights, and clear pathways to permanent residency for students. However, policy settings may provide a potential area of challenge for the sector. Other destination countries, including the UK, US and Canada all have very favourable policy settings in place now. This increases competition for students in a global marketplace.

Role of Victorian Government and Study Melbourne

There is a good opportunity with Study Melbourne considering its long-term strategy to further refine its objectives for the sector and distinct value proposition in supporting the sector. Specific details and actions on how the government intends on supporting returning students over the next twelve months will be especially valuable signal to the source country markets and position Victoria well as students consider once again their study plans in Australia. It is also important that Study Melbourne does not duplicate work or functions that already exists – either at the national level through the Department of Education, Skills and Employment and Austrade, or that is being led by providers.

In response to the above identified challenges and opportunities, the role of government may include:

- **Targeted destination marketing initiatives.** With these focused on rebuilding the reputation of Melbourne following COVID-19 and re-positioning Melbourne as a world leading destination for international education to key selected source countries.
- **Prioritising student wellbeing as a key area of focus.** With this being a key area that the government can play a value-adding role including through provision of shared resources and facilitating the delivery of a distinctly 'Victorian' international education experience. See theme 3 for further details with regards to this.
- **Leading on and/or amplifying existing work on the sector's social license.** With this identified as a key issue, there is opportunity for the government to support the sector in more effectively communicating to the public the benefits of the international education sector. IEAA has been leading some work in this area, Amplification of this through promotion and/or funding would be a valuable role for Study Melbourne to play.
- **Actively supporting broader areas of the industry heavily impacted by COVID-19, including non-higher education sectors and the non-university sector.** Ensuring that government priorities, strategies and actions reflect the interests of the sector broadly and are not limited to the larger public higher education institutions. Arguably, government support is most impactful for the smaller providers in other parts of the sector. Recently, some support funding such as the $50 million International Education Resilience Fund, the $350 million Victorian Higher Education State Investment Fund and the $260 million TAFE funding package and support programs were limited in access to public university and TAFE institutions.
- **Advocate to the Australian Government on key policy issues.** This includes continuing to engage directly with the Australia Government to identify and address barriers that are impacting providers in the Victorian international education sector. This may be in relation to visa settings or broader policy issues.

[1] China - Lowy Institute Poll 2021

2. Seizing opportunities for onshore and offshore growth through collaboration with global partners

Questions to consider

- What partnership and delivery models are anticipated to be in greatest demand from offshore partners in the medium-to-long term?
- How can providers shape their future offerings (e.g. joint programs, short courses, articulation arrangements, in-country delivery) to better meet the needs of diverse student segments and the global labour market?
- What international education markets are the most prospective for Victoria in the medium-to-long-term, both established and emerging?
- What are the most significant risks associated with diversification from the current offering?

Delivery models

As a major player in Australian transnational education, Navitas believes that there are great opportunities in online and offshore education. We therefore welcome the focus of this in the Australian Government's International Education Strategy. However, Navitas also believes that these should not come at the expense of traditional onshore delivery and Australia and instead is a complementary market to existing opportunities that exist for students to study into Australia.

Navitas has successfully been delivering programs across all our colleges to students located in their home country over the past two years due to COVID-19. We are also actively considering delivery models that focus on students undertaking some units offshore before commencing a Foundation and/or Diploma program. At this stage, we are not considering full delivery of offshore programs in the short term but may consider this going forward.

Navitas does believe there will be increased demand in these new delivery models – including blended delivery (such as 2+2 program: with either online delivery or through articulation partnerships) and online delivery. Largely, these are expected to be supplementary to delivery of programs in Australia and should support opening up new markets at a lower price point.

Navitas does not have a clear view on the role of the Victorian Government or Study Melbourne in supporting transition for delivery of online and offshore programs by Victorian providers, but would be open to working with you to identify the most appropriate role the Victorian Government could play, including in relation to promotion of online programs in source countries, support through the Global Education Network (including in government-to-government activities), and grant funding to support product development and market access. We would note that some of the broader additional benefits of international education (such as broader economic contribution, including good, services and revenue associated with visiting friends and relatives) are not realised in Victoria under these different offshore delivery models.

Diversification

Diversification is a key strategic issue for the university sector. Navitas welcomes the focus on diversification both in the release of the *Australian Strategy for International Education 2021-2030* (the International Education Strategy) and in this consultation paper. As an organisation with a truly global presence, we are proud of our diverse student cohort and believe diversification across the university sector supports a more resilient, sustainable and competitive Australian international education industry.

Navitas believes that diversification is important for individual providers and Australia's international education industry overall as it both supports sustainability and address financial and fiduciary risks (primarily that exist in the public university sector) and risks of student concentration negatively impacting student experience.

Overall, Australia faces diversification challenges that are similar to other major countries. While Australia has not yet been able to diversify away from its reliance on major source country markets – namely China and large South Asian markets – other destination countries have also faced this challenge. As shown in the figure below, no other major destination country has experienced a reduced reliance on China or South Asian markets in the past five years – as shown in Figure 4 below. This reflects global demand for international education and shows the challenges for student cohorts in immediately become more diversified with these overarching and global trends in demand. Victoria's profile broadly reflects this also.

Figure 4 | Reliance on key regional markets compared to competitors
Change in South Asia and China as a share of all HE overseas students, Major destinations, 2015 to 2019

COUNTRY	CHINA	SOUTH ASIA[2]	OTHER COUNTRIES
Australia	+ 2 p.p.	+ 11 p.p.	-12 p.p.
United States	+ 3 p.p.	+ 2 p.p.	-5 p.p.
United Kingdom	+ 6 p.p.	+ 1 p.p.	-7 p.p.
Canada	-9 p.p.	+ 20 p.p.	-11 p.p.
New Zealand	+ 2 p.p.	+ 11 p.p.	-12 p.p.

While diversification is important for the sector, it is not the only priority for the sector at this stage. Approaches to support source country diversity need to balance these objectives with broader strategic priorities for the sector. It is critical that initiatives that aim to achieve source country diversity increase the sustainability and resilience of the sector, not weaken it. Navitas' view is that it is critical that diversification initiatives balance broader sector priorities, most significantly supporting a strong recovery for the sector following the impacts of COVID-19. This needs to consider:

- Balance investment in diversification and new markets without "cutting off" or negatively impacting existing major source country markets (such as China and India)
- Consider broader aspirations and benefits of international education – including bilateral and soft power benefits and enabling access to high quality higher education, and
- How best to support the sector recovery following the impacts of COVID-19.

Therefore we believe a focus on diversification (both in terms of online/offshore and in source country) is important, but this should not come at the expense of traditional areas of strength for Victoria.

Prospective source country markets

Study Melbourne and the Victorian Government should focus on supporting markets with a strong long-term outlook that can support strategic objectives around both diversification and recovery following the disruptions to the sector following the impact of COVID-19.

Navitas has consistently advocated to the Australian Government that while diversification is important, this should not come at the expense of supporting sector recovery and an ongoing focus on major source countries that will be important for recovery and the longer-term growth outlook for Australia.

The markets of focus for Study Melbourne (for onshore education) should balance the interests across the sector and several strategic considerations. We have identified five key considerations in prioritising support for source countries:

- **Source country markets with strong long-term drivers.** This includes prioritisation of source countries where growth is expected based on demographic drivers, economic drivers, and participation levels (see below) and de-prioritisation of traditionally strong markets where no growth or low growth is forecast
- **Ensuring alignment across a range of different sectors and providers.** Markets prioritised should either apply broadly across sectors (i.e. be major markets for multiple sectors of higher education, VET, ELICOS, Pathways and Schools) or be the key market for one sector. Markets identified should also be aligned with not only the public university sector, but also priorities for independent providers to support diversity of growth
- **Balancing core large source countries, with new emerging markets.** Source countries selected should balance key markets for Victoria (such as China and India) with new emerging markets where government involvement is most likely to make the largest difference
- **Support the existing strengths of Victoria.** With consideration of the markets that Victoria has traditionally been strong in relative to other states and territories; and
- **Consider opportunities where Victoria has strong diaspora communities.** Source countries where Melbourne (and possibly other parts of Victoria) have strong diaspora communities, which are known to be a 'pull factor' for international students in selecting their study destination.

[2] South Asia includes India, Nepal, Pakistan, Sri Lanka and Bangladesh.

Navitas has developed a proprietary global forecast model which forecasts global student mobility from all source countries to all destination countries. This includes consideration of socio-economic factors, demographic trends, and higher education participation trends. A summary of the outlook for major source countries is outlined in Figure 5 below that may support identification of market opportunities for Victoria.

Navitas would see that Study Melbourne would continue to play a role in supporting growth in existing major markets which will continue to be important for sector growth, namely China and India. In addition to this, there is an opportunity for focus on supporting growth in source countries with strong growth drivers. As per below, this should include countries such as Vietnam and Sri Lanka. It may also consider supporting entry into new markets that Victoria has not traditionally attracted large numbers of students from, but has a strong long-term outlook – such as African growth markets like Nigeria or Kenya.

Navitas would be open to working with the department further on this to support identification of prospective markets for Victoria over the medium and long term.

Figure 5 | Market outlook for major source countries to Australia[3]

Forecast tertiary students from 2020 to 2030, Australia, select major international education source countries

Destination	2019 (Actual)	2030 (Forecast)	% CAGR 2020 to 2030	Net growth 2020 to 2030	Contribution to all net growth
Top 10 countries					
China	137,675	178,044	3.3%	49,386	24%
India	71,464	103,834	4.7%	38,247	19%
Nepal	28,576	49,659	5.3%	20,118	10%
Viet Nam	22,919	47,428	8.3%	26,114	13%
Pakistan	11,459	20,116	5.9%	8,814	4%
Sri Lanka	9,471	19,951	8.3%	10,943	5%
Indonesia	12,945	19,865	3.6%	5,961	3%
Singapore	8,814	12,431	5.5%	5,121	3%
Philippines	5,390	8,310	4.4%	2,927	1%
Malaysia	13,784	8,103	-3.9%	-3,948	-2%
Select others					
Saudi Arabia	3,272	7,989	6.8%	3,865	2%
Bangladesh	3,481	7,363	4.4%	2,584	1%
Nigeria	2,125	6,331	10.9%	4,092	2%
Kenya	2,206	4,386	6.4%	2,026	1%

The Victorian Government can support prospective markets for Victoria supporting provider growth through a range of approaches:

- Establishing government-to-government relationships, partnerships, and agreements at the national and city levels in markets of focus for Victoria
- Destination specific campaigns targeted to key emerging markets
- In-market support through the Government's Global Education Network.

Navitas is also very supportive of the expansion of the Global Education Network into emerging high-growth markets – in particular into Kenya and Vietnam – which are key priority markets for the pathway sector.

[3] Note: these figures are based on a scenario where Australia has a moderate decline in market share in key countries in 2030 compared to pre-COVID levels. This is in line with the most recent Navitas agent survey from September 2021.

3. Enhancing the student experience for international students studying with Victoria

Questions to consider

- How can Study Melbourne best enhance the end-to-end student experience – from prospective students' first consideration of Victoria as a destination, through their experience during study and transition into the workforce (in Australia or overseas)?
- What are the most significant barriers to a positive end-to-end experience and how can they be addressed?
- What opportunities does regional Victoria present to the sector? What are the challenges of pursuing such opportunities?

Students' end to end experience

In terms of barriers to positive end-to-end experiences, Navitas sees particular challenges for students across the following stages:

- **Initial arrival in Australia.** When students first arrive in Australia this can be a challenging process as they begin to transition to life living in a new city and country. Supports during this stage are important to ensure students remain engaged and establish strong connections to their new city – including with fellow students and more broadly.
- **During holiday times.** Where students can feel isolated as may not be engaged in the academic, social and community activities they would typically be engaged in during term-time
- **Post-study employment.** Students post-study employment outcomes could be stronger, and this is an area we see challenges in the end-to-end experience – including in being 'underemployed' relative to domestic graduates or employed in areas not related to their studies.[4] Navitas has previously advocated for changes to the Temporary Graduate Visa to support this, including campaign to employers to encourage hiring international students as graduates. Government as an employer is also important to support this.

Navitas does not see significant barriers in the pre-departure space, with Melbourne's reputation relatively strong amongst students, families and agent networks. While this can be further supported (by providers and Study Melbourne) it is not a key area of concern in the student journey.

Areas where Study Melbourne are well placed to support

Navitas would see value in Study Melbourne supporting the following areas:

- **Engagement across a range of stages of the student journey to supplement existing initiatives led by providers.** This provides a broader range of supports in addition and complementary to those that are already being provided by education providers. This may include events, workshops and broader social engagements held at the Study Melbourne hub. As identified above, this is particularly important during the initial stages of the student's study.
- **Identifying opportunities to reduce travel costs.** Melbourne is identified as one of the more expensive global cities in terms of public transport costs. Work by Nous Group identifies that with travel costs included Melbourne rises from a low-cost city to live into a relatively expensive study destination. Providing free or reduced cost public transport travel for international students (as occurs in South Australia and other cities globally) would increase the attractiveness to the city and acknowledge the significant economic contribution they already make.
- **Work in broader areas such as accommodation and employability / innovation.** These are key areas where a government role would be valuable. ROI is an increasingly important consideration for international students and accommodation will be an area where attention is required as students begin to return to Melbourne.
- **Actively promoting pathway programs as a study option for students** (including Foundation programs, Diploma pathways and ELICOS) acknowledging that pathway programs consistently support strong academic outcomes and are appropriate study options for students that require additional levels of support (which is particularly important following the disruption to education caused by COVID-19).

[4] See Chew, J. (2019) 'Economic opportunities and outcomes of post-study work rights' and Tang et al. (2021) 'The going gets rougher: Exploring the labour market outcomes of international graduates in Australia', *International Migration.*

Navitas would also welcome access to the new overseas Study Melbourne Hubs for providers to use for in-market activities and events that are focused on promoting international education in Victoria. This may include agent events, fairs and events targeted directly towards prospective students or those that are studying offshore.

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4. Positioning Victoria as a world-leader in education technology (edtech) and innovation

Questions to consider

- How does the government, education providers and industry best position itself to maximise the opportunities presented in education technology and innovation?
- What are the barriers currently preventing Victoria's international education sector from increasing its volume of international students studying online?
- How can government best encourage the development of new education and training products and/or delivery methods to attract students to Victorian digital education offerings at scale?

Navitas does not have significant business interests in relation to EdTech and innovation as part of our Victorian operations. For this reason, we have not commented on this discussion theme.

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