

Consultation re the development of Australian Government's *Southeast Asia Economic Strategy to 2040*

UNSW Sydney is pleased to contribute to the development of the *Southeast Asia Economic Strategy to 2040*. We also welcome the appointment of a Special Envoy for Southeast Asia, in recognition of the importance of Australia's engagement with this region.

Key Messages

There are significant opportunities to build Australia's international education export market in Southeast Asia.

The COVID-19 pandemic had a major impact on Australia's international education sector. However, international student enrolments have proved resilient and are slowly increasing after two years of decline. There are significant opportunities for the Government to ensure Australia's higher education sector remains attractive and competitive in order to restore international student numbers to pre-pandemic levels.

Recommended actions to support the growth of international education include:

- Maintaining increased approved international student work hours.
- Improving Australia's post-study work rights regime.
- Ensuring Australia's visa settings are competitive with comparable markets overseas. This includes cheaper visas and allocating more resources to speed up visa processing times
- Assisting with the diversification of the international student market, through marketing and promotional tours to potential new markets and by continuing to develop high-level partnership opportunities in key markets such as ASEAN and South Asia.
- Rebuilding 'Brand Australia' to support increased international student enrolments, for example through a message from the Prime Minister broadcast on social media welcoming international students back to Australia and valuing the contribution they make to Australia.

About UNSW

UNSW is one of the world's leading research and teaching-intensive universities, known for innovative, pioneering research and high-quality education with a global impact. Since our foundation in 1949, our aim has been to improve and transform lives through excellence in research, outstanding learning and teaching and a commitment to advancing a just society.

UNSW is ranked in the top 50 universities globally with more than 65,000 students and a 7000 strong research community.

UNSW has a long history of providing education to international students, stretching back to the original Colombo Plan in 1952 when UNSW was the first Australian university to welcome international students. Today UNSW has more than 22,000 international students from over 120 countries studying with us. Many of these students come from Southeast Asia, and the region has also been identified as a major opportunity to grow and diversify our international student cohort.

The benefits of the international education sector

International education makes an important contribution to the Australian economy and society. International students enrich Australian campuses by sharing their cultures and different world views, making for a more positive learning environment for domestic and international students alike. International education is also critical for the projection of Australian 'soft power', as students take their positive experiences back to their home countries, and in many cases rise to leadership positions across business, government and other sectors. The people-to-people links that are formed help establish social, cultural and business links between Australia and other countries. These ties benefit all of Australian society, not just those linked to the education sector.

International education also makes an important contribution to the Australian economy. Not only is it Australia's largest service export, and fourth largest export overall, but the majority of the economic benefit of international education is realised outside the university sector, through accommodation providers, retailers and other local businesses.

Enriching Australian society and supporting business and cultural links

University campuses are enhanced by international students. International students make a valuable contribution to the learning environment by sharing their different backgrounds and perspectives. They also enliven the university by sharing their culture, traditions and festivals with their fellow students and staff. The benefits of international education are not confined within university campuses. The social, cultural and business links established through international students benefit Australian society as a whole. Australia is culturally richer, more diverse and has a more textured world view due to the contribution of international students.

Supporting Australia's international objectives

International education has helped develop long lasting cultural, business and international ties. It plays an important role in advancing Australia's foreign policy objectives and promoting Australia and our values to the world. The positive relationship students returning to their home country have with Australia has led to enormous benefits when those returning students have subsequently reached leadership positions in government and business in their home countries. Interactions with international students have also ensured that graduating domestic students have developed more sophisticated international perspectives which not only assist them as individuals but also support Australia's international trading activities.

Contributing to Australia's economy

In 2019, before the COVID-19 pandemic, international education was Australia's largest services export and fourth largest overall export industry, generating export revenue of \$41 billion and supporting almost 250,000 jobs.

The contribution to the Australian economy from international students comes not just from international student fees. In 2020 more than half of the export income generated from international students came from their spending on goods and services from Australian business with only 45 per cent attributable to international student fees. A study by the Mitchell Institute estimated that spending by international students from UNSW in 2019 was worth \$335 million to local businesses in Kingsford alone.¹ The impact of the pandemic was profound causing job losses across the sector and a decline in the number of international student enrolments due primarily to border closures. In 2021, international education export income had decreased by 44 per cent to \$22.5 billion.²

There remains a fair way to go to return to pre-pandemic levels, but the sector is slowly beginning to recover. Recent figures released by the Department of Education show that commencements for international students

¹ Jordan Baker, Nigel Gladstone, Natassia Chrysanthos, 'It's not just a university problem': The drop in international students being felt across Sydney's suburbs', *Sydney Morning Herald*, 14 June 2020, <https://www.smh.com.au/national/it-s-not-just-a-university-problem-the-drop-in-international-students-being-felt-across-sydney-s-suburbs-20200612-p551yu.html> accessed on 6 December 2022

² Universities Australia, 2022 Higher Education Facts and Figures June 2022 (as of 6 May 2022) accessed at https://www.universitiesaustralia.edu.au/wp-content/uploads/2022/09/220207-HE-Facts-and-Figures-2022_2.0.pdf on 6 December 2022

increased in August 2022 compared to the same period in 2021.³ While post graduate enrolment numbers are starting to recover, this is in large part due to pre-existing demand that was not able to be met during the pandemic. It is expected that future growth of the sector over the short-medium term will be moderate.

International Education post-pandemic

The COVID-19 pandemic had a significant impact on the sector causing a decline in international student numbers in 2020 and 2021. As a result, the wider benefits of international education were diminished as campuses were shut down and Australia's borders were closed. The pandemic also had a significant impact on universities' overall financial position, though this has not been uniform across the sector.

Despite these challenges, the sector is proving resilient. Enrolments for 2022 are promising and there is optimism for further moderate recovery in 2023. This can be attributed to the quality of education provided by Australian universities, the rapid switch to online course delivery, and institutional support provided to international students during the pandemic. The Government has taken some useful steps to support the sector during this time, but more could be done to further support the sector as it continues to recover.

It is timely, therefore, that the Australian Government consider opportunities to help rebuild and grow international education as part of a broader engagement strategy with Southeast Asia.

Responses to consultation questions

What is the value of your current and planned business with Southeast Asia? Has this grown in recent years?

In 2022, UNSW had 2,700 international students from the ASEAN region enrolled in its courses. 1,000 of these were new commencements in that year. Tuition fee revenue from the ASEAN region constituted 13% of total international tuition fee revenue.

UNSW has a deep set of partnerships and agreements with institutions in Southeast Asia. This comprises other educational institutions with which UNSW has research and education arrangements, private and governmental institutions that sponsor students into UNSW and education agents which partner with UNSW for student placement. In addition, UNSW has dedicated recruitment teams in Singapore, Malaysia, Indonesia, and Vietnam.

UNSW expects to continue to grow its presence in the region. New commencement growth from ASEAN countries have outpaced other traditional markets for UNSW such as China or South Asia and the University is committed to continue investing in growth in Southeast Asia, especially in younger, more dynamic markets within the region.

What do you see as the challenges and opportunities in Southeast Asian markets? How do these compare to other potential markets?

The Southeast Asian region presents a healthy combination of mature and growth markets for international education. The region is relatively stronger in undergraduate cohorts than both South Asia and China, which are the sector's main feeder markets and overall shows a lower concentration of enrolments across our flagship offerings.

These are positive attributes for UNSW, and the sector as a whole, to drive revenue resilience. In addition, the IMF expects growth in the ASEAN region to outpace other key markets over the short-term. Compared to growth regions further afield such as the Middle East or Southern Africa, prospective students from Southeast Asia show a much greater familiarity and consideration for study in Australia. Geographical and cultural closeness due to the large diasporas from several ASEAN countries all combine to create important opportunities for the sector.

There are considerable challenges as well. Southeast Asia is a vast region with important variations among geographies. Go-to-market strategies need to be nuanced by country and even sub-regions within countries

³ Sarah Ison, 'Chinese university student numbers slow to rebound', *The Australian* 14 November 2022, accessed at <https://www.theaustralian.com.au/higher-education/chinese-university-student-numbers-slow-to-rebound/news-story/5a2780faf737aa4ff7523aedb001e2e9> on 6 December 2022

which contribute to higher costs of doing business. Many markets are quite price sensitive and succeeding in all markets is difficult for institutions as it stretches their portfolios. As with other dispersed regions, market development in Southeast Asia requires focus and continuous investment to succeed.

Specific differences in attitudes towards the Australian education offering exist. Younger markets, especially in Vietnam, are rapidly transitioning out of development phase so there is significant hunger for keeping skills updated in the age of technological change. Future students look for more on the job training and soft skills are highly valued by the employers. In Vietnam, as well as in Indonesia and Thailand, great value is put on entrepreneurship and opportunities to excel in education in a holistic manner.

Local governments in more mature markets such as Malaysia and Singapore prefer that youth stay in country to support the local education sector (offering loans to supports local studies) and attractive schemes like post-graduation work opportunities from polytechnics from the Singaporean government to incentivise talent retention.

Overseas providers with branch campuses have a competitive advantage in these markets by being able to attract future students to an international campus in country. For instance, the Brunei government will not fund students overseas for studies if courses are available locally or in neighbouring affordable countries.

Have you explored opportunities in Southeast Asia in the past? Why did you choose to proceed/not proceed?

UNSW has a long history of business in the Southeast Asia region, with dedicated recruitment teams in Singapore, Malaysia, Indonesia, and Vietnam. Previously, UNSW did have an overseas branch campus in Singapore, albeit this was closed due to misalignment with the then international strategy. UNSW constantly evaluates opportunities to deepen its footprint in the region

In 2022, UNSW established an International Student Award that provides a 15% scholarship offering for the duration of the course to student of lower income countries. Six nations in Southeast Asia were identified to be part of the scheme which was very attractive to reignite the interest of students to study at UNSW.

What could government(s) do to make opportunities in Southeast Asia more attractive? How could the Australian Government practically help overcome obstacles faced?

Southeast Asia has a long history of economic collaboration and ties with Australia. Australia is deemed a safe country to visit, study, and has an excellent reputation for studies. The Australian Government, by virtue of its education offices in country, could do more to connect the education industry to more international and private schools, connect the sector to deeper collaboration opportunities with local institutions, especially with local industry for opportunities for global practicums, work-integrated learning, and internship opportunities. This would greatly aid to promote the employability strengths of UNSW and Australian degrees more broadly.

Currently some 'on-the-ground' complaints exist regarding delays and responses to visa processing, the high cost of applications (AUD650), and the rejection of visas due to civil-political strife in Myanmar – even when the students do not reside in that country – as they are being deemed non genuine students to Australia despite evidence in their favour.

What are the main trends and likely drivers of change in your industry to 2040?

In 1990 the median age in India, China and Australia was 22, 24 and 32 years, respectively. Thirty years later these figures stand at 29, 37 and 38. This is also the case in Southeast Asia. Longer lifespans oblige us to rethink traditional career paths. The emergence of 'non-linear careers' or 'multi-stage lives' brings about careers as 'journeys of learning' with multiple entry and exit points, an increased requirement for work integrated learning, increased diversity of cohorts, multiple transitions, and an increased focus on skills to retrain, upskill or pursue a passion. The move towards life-long learning and educational institutions as partners driven by demographic and behavioural changes in future students is a key mega trend that will shape the industry over the coming decades.

In addition, demand for interdisciplinary courses that can help Southeast Asian nations navigate the transition towards a more digitally literate and sustainable future are demand pull drivers that will shape the next ten years of product development. Increasingly, as nations look to build capacity there is greater impetus in the market

towards strategic partnerships with international institutions where policies and funding align to drive partnership models. This is manifested in fields of study such as digital transformation, cyber, analytics, AI, renewable energy, sustainability, and human centred design.

Initiatives to ensure positive international student experience and support pathways to build their skills and contribute to Australia's prosperity

In addition to moving classes online, UNSW also introduced initiatives aimed at supporting our international students during COVID, to ensure their sense of belonging, assist with their wellbeing and building resilience, and provide direction for their career aspirations. We also introduced these initiatives to ensure the positive contribution of international students to university life, such as sharing of culture and experiences, was not lost during the pandemic.

These initiatives include:

Social and wellbeing support

- Online social activities were created to assist our offshore cohort in connecting with other students and making friends. These included 'Student Life Sessions' and 'Virtual Houses'.
- A program called *Let's CommUNicate* was developed to provide free, weekly English conversation workshops to all international students (online and now also face to face).

Education and study support

- Establishing a virtual community online for international students who are in Australia and overseas. Students can ask questions, find study partners and connect with others from their faculty or with others in the same country as them (for students overseas).
- The Cultural Mentor Program, which pivoted online in 2021, enables new students to ask questions, be directed to support services, learn more about what's available at UNSW and make friends and connect. It also provides new students with insight into Australian cultures and customs.

Professional development

- The *Professional Development Program* is specifically designed for international students and covers workplace communication skills, recruitment tips, employer expectations, and provides international students the opportunity to participate in group consulting projects hosted by various units across UNSW.
- *Launch Your Career* provides international students with support in accessing global employment opportunities and links them with local firms interested in hiring international students.
- UNSW's career coaches offer online 1 to 1 coaching for international students covering career planning, building a resume, interview preparation and job search advice.

Opportunities for international education to support strategic and foreign policy objectives

In addition to contributing significantly to Australia's economy, international education also plays an important role in supporting Australia's broader strategic and foreign policy objectives.

Supporting free trade agreements

The importance of education to broader foreign policy objectives is evident through key trade agreements such as the Regional Comprehensive Economic Partnership (RCEP) and the Australia- India Economic and Trade Agreement. Closer ties with these countries and assisting them to educate their burgeoning youth populations are firmly in Australia's national interest.

Diversifying the international student market

The diversification of the international student market will support sector recovery by helping to manage any risks associated with source market concentration. It will also help to solidify relationships with a wider range of

emerging strategic and economic partners. The Australian Government should continue to assist the sector with diversification by hosting trade missions and supporting marketing and promotion of Australian education to develop new markets of international students.

Contributing to Australia's workforce and professional development

Linking international education to Australia's workforce needs has been recognised as one of the key objectives of Australia's international education system. This issue has become more pressing given workforce shortages in Australia as a result of border closures during the pandemic.

Australia needs to continue to look for more ways to attract international students to areas where Australia has critical workforce shortages (such as IT, engineers, hydrogen, medicine) and ensure these students transition into the workforce. Currently an obstacle to work force participation is difficulty in finding work placements for international students in areas such as engineering, which requires industrial training as part of the degree.

Visa requirements – work rights

Improving post-study work rights is also critical to the attractiveness of Australia as a preferred higher education destination to assist post-COVID recovery for the sector.

Australia should look at replicating the post-study work rights of countries such as Canada and the UK, which have stopped linking post study work rights to the total duration of a study program. Improving post-study work rights so they match competing markets and attract students who can contribute to growing Australia's economy is critical to ensure we are supporting domestic policy priorities and enabling the sector to further support post-covid recovery.

The amendment of international student work hour allowance during the COVID-19 pandemic not only provided much needed financial support to international students but also kept several domestic businesses afloat. We encourage the Australian government to keep this increase of work hours in place permanently given it is mutually beneficial for Australian businesses and international students. As work placements undertaken by students within non-professionally accredited degrees are counted towards a student's work hour allowance, a permanent increase in these hours will also facilitate enhanced work integrated learning opportunities thus enhancing student's employability within Australia upon graduation.

Improving visa processing systems and time frames

Further simplification of the student visa process to improve the speed of the service will also improve students' experiences and consequently the attractiveness of Australia as a destination for higher education. Currently, visa processing delays are having a devastating impact on the sector. The Australian Government has recognised the issue of the massive visa backlog and has appointed dedicated staff to address it, but more needs to be done to ensure the issue is permanently resolved.

Rebuilding 'Brand Australia'

The overall reputation of the Australian student market, which had been steadily building over many years, was tarnished during COVID. There is much work to be done to rebuild 'Brand Australia' and promote Australia as a welcoming destination for international students. Our competitors such as the US and UK have long-standing reputations for delivering quality, world-class education. Australia is a relatively new market without the long-term brand prestige of these other markets. Messaging to international students has been inconsistent and piecemeal (largely state or institution driven).

To address this, the Australian Government should undertake a major marketing campaign to promote Australian education to existing and emerging international student markets. To support this campaign, we encourage the Prime Minister to use social media channels to broadcast a direct message to international students welcoming them to Australia and valuing their contribution to our country.

Conclusion

UNSW has a long and proud history of pioneering, and supporting the growth of, Australia's international education sector. There are significant opportunities for international education in Southeast Asia as described in this submission. We welcome the opportunity to contribute further to this consultation in any subsequent in-person or individual sessions.

If you would like any further information, please do not hesitate to contact Head of Government Relations, Mr Robin Schuck, on r.schuck@unsw.edu.au.