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Productivity Commission
Level 2, 15 Moore Street
Canberra City ACT 2600, Australia

Dear Sir/Madam,

It is our pleasure to submit a response to the Productivity Commission's review of Australia's International Education Services.

The Committee for Melbourne has long held the remit to enhance the future prospects of Melbourne. Founded 29 years ago, the Committee is an apolitical, not-for-profit member network that unites a cross-section of our city's leaders and organisations to work together to enhance Melbourne's economic, social and environmental future.

Our members represent over 120 organisations drawn from the city's major companies, academic institutions and civic organisations across a broad range of industries. We represent no single interest and seek to challenge conventional thinking and develop innovative policy that continues to enhance the 'World's Most Liveable City.'

Melbourne has a profound influence on the Australian economy, representing approximately 17 per cent of the country's Gross Domestic Product in 2012-13.¹ Moreover, Melbourne is widely recognised as a world-leading international student destination, currently ranked second in a leading global survey of student cities.² Melbourne's high quality international education, research and training sector makes a significant economic and cultural contribution to Victoria and Australia.

With 134,000 international enrolments in 2013, Victoria attracts over a quarter of Australia's total international student population.³ It goes without saying that this has an enormous impact on the State and its capital city, Melbourne. In 2013, international

¹ SGS Economics & Planning, *Australian Cities Accounts 2012-13*, February 2014.

² QS Best Student Cities 2014.

³ Australian Education International, *International student data 2014*.

education was Victoria's top export, contributing \$4.5 billion⁴ to the economy and supporting 30,000 full-time equivalent jobs.⁵

The growth in international student numbers began to accelerate from the late 1990s, reaching a peak nationally (and in Victoria) in 2009. In the decade between 2002 and 2011, international student enrolments in Australia more than doubled to 554,000.⁶ In Victoria, enrolments grew from just over 73,000 in 2002 to a peak of 183,000 in 2009, an increase of 150 per cent.⁷

However, from 2009, a number of developments, including a rapidly appreciating Australian dollar, increasing competition, quality issues in some parts of the industry, and changes to visa and migration settings, combined to reduce the numbers of international students coming to Australia. In the four years following their peak in 2009, enrolments suffered a 16 per cent decline, only returning to growth again in 2013.⁸

While the importance of the international student sector is well understood by those working in and around the sector, there seems to be a widespread lack of understanding of just how important, and potentially fragile, this enormous contributor to our economic and social wellbeing is at a broader level.

This potential fragility stems from a number of factors, including:

- perceptions of poor value for money, with comparatively high course fees that outstrip the perceived value of the international reputations of our institutions;
- the high cost of living;
- difficulty in achieving work experience and career outcomes that match student expectations, both pre- and post-graduate;
- a lack of accommodation options;
- aggressive competition from competitor destinations; and
- a perceived and/or real lack of effort in committing to tailor offerings to meet the needs of international students.

International developments, such as increased competition, are outside Australia's sphere of influence. As such, the importance of optimising our value proposition to international students becomes imperative in our efforts to preserve and strengthen Australia's preferred student destination status. Therefore, the Committee for Melbourne suggests the Productivity Commission takes into consideration the link between student visa policies, in particular Streamlined Visa Processing and the quality offering by our domestic education service providers.

⁴ Department of Education, *Export Income to Australia from International Education Activity in 2013*, May 2014.

⁵ Department of State Development Business and Innovation, *International Education Strategy for Victoria 2013-2018*.

⁶ Australian Education International, *International student data 2014*.

⁷ Ibid.

⁸ Ibid.

Student visa policies and the quality offering

Looking into the future, as household incomes in emerging economies fuel demand in an increasingly sophisticated and demanding student market, we need to ensure that our offerings remain competitive internationally. This includes ensuring that we have an attractive policy setting with regard to our student visa policies.

In this respect, the Committee commends the government's Streamlined Visa Processing (SVP) for international students who study at accredited domestic education providers. It is critical for our education sector to be able to provide a smooth and fast-tracked visa application process for prospective students. The SVP initiative complements the student experience and adds an important extra dimension to our international education sector's overall value proposition.

However, there have been reports that some students come to Australia via SVP arrangements and change to courses with more restrictive visa arrangements on arrival in Australia.⁹ Furthermore, some Committee members report issues with agents openly and actively working on or near campuses to recruit their students.

The appropriate response needs to be thought through very carefully as there is a genuine risk of damage to the sector's reputation if such activities lead to poor education outcomes for international students, or to compromises in their safety.

Increasing policing regulation of agents is not necessarily a solution, as it is likely that less scrupulous operators would simply operate offshore if attempts were made to regulate their activities within Australia. It has also been noted that increasingly agents are operating independently of institutions and dealing with students directly.

There is a recognition that there is perhaps more that providers themselves can do to ensure that they are the first point of reference for students who are dissatisfied or confused about their courses and alternative options.

The issues reported here have the potential to be very serious if they were to result in a failure of confidence in the system and withdrawal of access to local providers. Moreover, if perceptions started to prevail that some Australian institutions may be willing to compromise academic standards and the quality of students they seek to attract in order to maximise income, this could seriously compromise Australia's reputation as a destination of choice for international students.

What the Committee for Melbourne suggests however, is to strike a balance in the pursuit of a solution – any potential solution must be weighed against the burdens compliance places on the education providers. Australia's cost position is already a point of concern, with international students having a relatively low level of satisfaction

⁹ National Tertiary Education Union, *Reform of the ESOS Framework Discussion Paper 2014*, October 2014.

with course fees in Australia.¹⁰ The costs associated with increased compliance will ultimately further erode the sector's competitive price point.

In conclusion

Our high quality international education, research and training sector makes a significant economic and cultural contribution to Victoria and Australia. The solid reputation that Australia's international education sector enjoys is an invaluable asset and needs to be carefully maintained. This means that regulatory quality control and the sector's cost position need to be carefully balanced if it is to address the concerns outlined in this submission.

The Committee for Melbourne is encouraged by the Australian Government's efforts to date and the positive signal that the Productivity Commission's Review sends to the international education sector as well as the international student community. We hope that this submission assists the government with its continued efforts in this direction.

Please do not hesitate to contact the Committee to expand on any of the points touched on in this submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kate Roffey', with a stylized flourish at the end.

Kate Roffey
Chief Executive Officer
Committee for Melbourne

¹⁰ Universities Australia, *University student finances in 2012*, July 2013.