Committee for Melbourne Strategy Paper

July 2015

Melbourne – a prosperous future:

World-leading international student city

Committee for Melbourne

Ideas to outcomes

About the Committee for Melbourne

Strategic leadership think tank, the Committee for Melbourne is an apolitical, not-for-profit, member-based organisation that brings together over 130 organisations from Greater Melbourne's business, academic and community sectors, who share a common vision to make Melbourne a better place to live, work and do business.

As an independent organisation we represent no single interest group or political position, but seek to challenge conventional thinking and to develop innovative ideas to continue to enhance our position as an economically prosperous and highly liveable global city.

Our thanks

The Committee would like to express our appreciation to our member universities, Swinburne, RMIT, Monash, Melbourne, Victoria, La Trobe and Deakin, and in particular to the students and staff involved in our international student forum, along with many other key stakeholders who have contributed to the development of this report.

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Message from the CEO

The Committee for Melbourne (the Committee) has begun a substantial undertaking to build a vision for Melbourne's future economy looking out to 2050. The aim is to develop a better understanding of which sectors will drive economic growth and job creation, and what needs to be done to enhance the city's future prosperity and liveability. A key part of this work is to identify those sectors in which we have natural strengths that we can leverage to our competitive economic advantage. The international education sector is one such sector.

International students are important to Melbourne. Last financial year, the international education sector contributed $4.7 billion to the Victorian economy and supported an estimated 38,000 full-time equivalent jobs in our state, most of them in Melbourne. Melbourne's education sector has a long tradition of excellence and the city's institutions are consistently ranked as among the best in Australia, and also rate highly in international comparisons.

While it is relatively easy to articulate the economic advantages of the international student sector, what is not as well appreciated is how international students enrich our city culturally and socially, and how their connections with our city create deep and long-lasting ties with the rest of the world.

The Committee long ago recognised how important international students are to Melbourne, and how they have contributed to our transformation over a few short decades, into a truly global city. The Committee was an early proponent of practical initiatives to make international students feel part of our community and to raise awareness of their contribution to our culture and economy. As early as 1996, the Committee worked with Melbourne's universities to grow our student population. At that time there were 17,000 international students enrolled in Victorian universities. In 2015, that population is now over 100,000.

Melbourne has much to be proud of as an international student city with a strong brand and reputation. Metropolitan Melbourne has the largest population of international students in Australia, and one of the highest concentrations of international students in the world. Last year, Melbourne was again rated the world's most liveable city by the Economist Intelligence Unit, and was ranked the world's second best student city in the world in the *QS Best Student Cities* index.

Despite this, our hard-earned status as one of the world's top international student destinations is under threat. A volatile Australian dollar, expensive accommodation, public infrastructure that is straining to accommodate a fast-growing population, and a rapidly changing and highly competitive marketplace for international students; mean that we cannot afford to be complacent about Melbourne's position. To remain competitive, and to protect and promote our brand as a leading international student city, we will have to work harder to understand and meet the needs and expectations of our international students.

In a little over a decade, international education has grown to become Melbourne's largest export industry and one of our most vibrant and internationally competitive industry sectors. The Committee believes it is one that must be supported and strengthened to ensure it continues its enormous contribution to Melbourne and Victoria's future economy, culture and global connectedness.

This paper, and our priorities for improving our city's value proposition and future as a destination for international students, aims to stimulate the discussion about what we need to do to achieve this goal. This is no longer a case of 'can' we do better. It is now a case of 'must'.

Kate

Kate Roffey, CEO

About this paper

To understand perceptions of Melbourne's 'brand' as an international student city, and how this might be improved, the Committee for Melbourne has conducted an extensive review of the sector over the past two years. This included discussions with key stakeholders, and a direct consultation process with international students living in the Greater Melbourne Metropolitan area via both an online survey and an interactive discussion forum that brought together a large group of international students enrolled in Melbourne's higher education institutions.

This paper is focused on higher education level international students who are on student visas and are resident in the Greater Metropolitan area of Melbourne, as opposed to those who may be enrolled in offshore campuses of Melbourne education providers. The Committee is not ignoring the importance of transnational education, in which many Melbourne-based institutions are participating successfully; or the ongoing evolution in the delivery of education through modes such as online and workplace learning. Rather, it is the added benefits that our on-shore students bring to the city in both an economic and cultural sense that are the focal points of this paper.

The Committee also acknowledges the significant contribution other education providers in the TAFE, ELICOS and secondary school sectors make to Melbourne and Victoria and while they are beyond the scope of this paper they are certainly sectors that need to be included in discussions going forward.

The Committee has been a long-term advocate for international students. In recent years, the Committee has been instrumental in establishing some significant initiatives to make international students feel more included and welcome. The Student Welcome Desk at Melbourne Airport, established in 2009 to provide a welcome for international students, has been an ongoing valuable source of information and assistance for students once they arrive on shore. Culture Card Victoria, a free card available to international students providing access to a range of special offers for cultural and tourism experiences from a range of corporate partners, has also played a role in encouraging international students to engage in our cultural offerings.

The Committee has also been a long-term advocate of the need to provide international students with public transport concessions. After much consistent advocacy by many groups, in 2015 a trial international student concession for public transport has finally been introduced by government. Despite success in these areas, there is still much more work to be done.

There are currently a number of national, state-level and local strategies and programs aimed at addressing issues relating to international students, and more in the pipeline, with the Federal Government's *National Strategy for International Education* discussion paper having been released. The priorities identified in this paper are not intended to duplicate other initiatives, but rather, to stimulate thinking about how existing initiatives and strategies can be improved, as well as raise the potential for new initiatives to be developed to ensure Melbourne has a prosperous and sustainable future as a world-leading international student city.

Executive Summary

Aim

In releasing this discussion paper, the Committee for Melbourne is seeking to:

- highlight the substantial contribution international students make to Melbourne and Victoria both economically and culturally
- discuss the current state of Melbourne's value proposition as an international student city in the context of current and future trends in international education, and the needs and aspirations of international students
- identify priority focus areas and propose some practical initiatives for how to enhance Melbourne's brand as one of the world's leading international student destinations.

Overview

International students make a significant contribution to both the Victorian and Melbourne economies. As Victoria's biggest export, international education is a critical component of the state's economy. International students currently pay the majority of fees in our universities and without their valuable contribution, the capacity for our institutions to provide high quality academic offerings to domestic students would suffer. The value-added by international students studying onshore via accommodation, retail, travel and tourism for example, injects billions of dollars to the state economy. Their presence also supports an estimated 38,000 jobs in Victoria, most of them in Melbourne.

International students however offer far more than just a source of revenue. They make an important contribution to the multicultural richness and vibrancy of Melbourne. They are a key source of skilled and casual labour, and drive global connections in a multitude of ways through ongoing economic, cultural, education, research, business and investment links. Clearly, it is vital we protect and grow this essential sector.

In what is a positive sign for the future, student enrolment numbers across Australia are growing following a sustained decline that began in 2009. The decline in student enrolments across Australia since 2009 reflected a number of factors including (until recently) a high Australian dollar, publicity about safety and quality concerns, increased competition from other English-speaking destinations, and a tightening of migration options. These factors converged to make Australia less attractive to international students, particularly in the vocational education and training (VET) sector. Fortunately, higher education enrolments held up better than the rest.

Despite our international student numbers recovering quite strongly around the country, Australia is still losing market share to other countries like Canada, the United States and a range of Asian destinations as they move aggressively to try and capture a larger portion of this increasingly lucrative market.

There is no doubt Melbourne has the opportunity to grow its share of international students and to continue to be one of the world's leading international student cities. Melbourne has a range of inherent strengths that support its position as a leading student city, including a world-class education system, proximity to Asia's burgeoning populations, a highly-rated lifestyle, a safe environment, and an embracing attitude toward our strong multicultural history.

The Committee's research and consultation has however confirmed there are some significant issues facing Melbourne in terms of our competitive value proposition and the student experience. This, in combination with a tendency at times to underestimate just how important, and potentially fragile, this enormous contributor to our economic and social wellbeing may be at a broader level, does pose risks.

There are a number of key factors which have been identified as threats to our future as a destination for international students that we must address. These include:

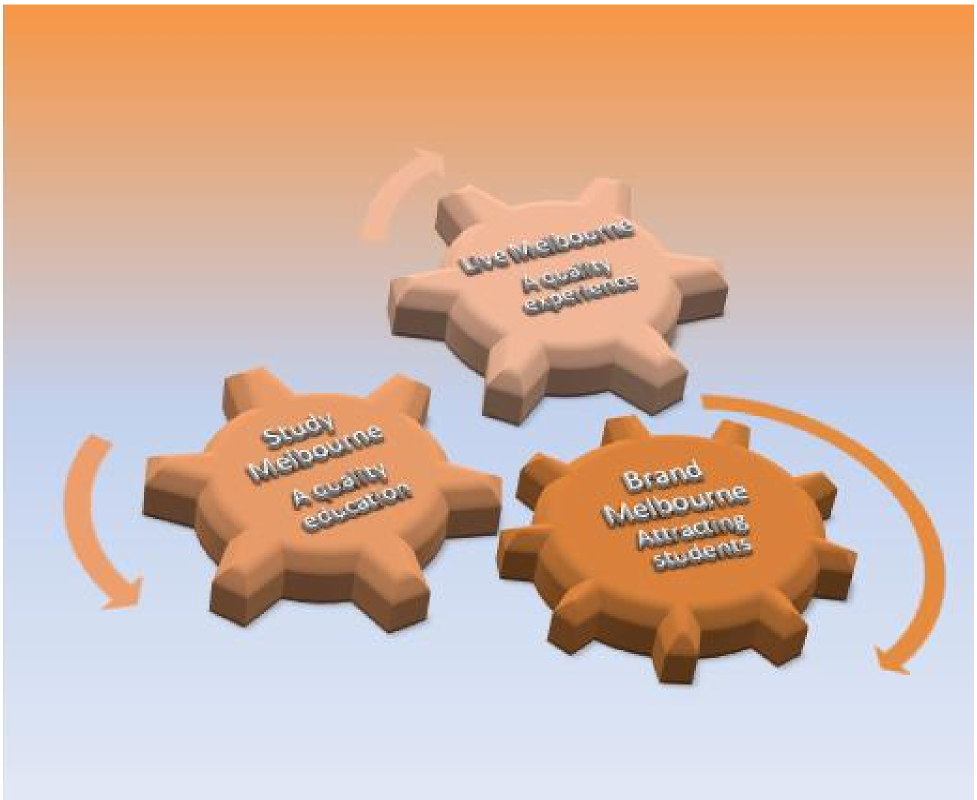
- perceptions of poor value for money, with comparatively high course fees that outstrip the perceived value of the international reputations of our institutions
- our high cost of living
- difficulty in delivering work experience and career opportunities that match student expectations, both pre- and post-graduate
- lack of affordable and suitable accommodation options
- aggressive competition from both domestic and international destinations
- visa issues, which despite improvements to visa programs in recent times, still struggle with the ongoing challenge of effectively balancing the demands from students and providers, community expectations and the long-term national interest
- perceived and/or real lack of effort in committing to tailor offerings to meet the needs of international students.

Melbourne is recognised around the world as a successful international student city. That success is built on solid foundations of perceived quality and value for money in terms of education, employment and life outcomes for students. If we are to maintain our strong brand as a student city, we must also remain vigilant in acknowledging threats (and where possible undertake strategies to minimise their risk and impact); to generate change; and to capitalise on opportunities.

This discussion paper and its priorities are structured around three critical initiatives:

1. Brand Melbourne – Attracting students
2. Study Melbourne – A quality education
3. Live Melbourne – A quality experience

Figure 1 | Melbourne – World leading international student city



1. Brand Melbourne – Attracting international students

We must market our city and its offerings more effectively and strategically to international students themselves, as well as to parents, agents and other key decision-makers.

Melbourne must remain a prime destination of choice for international students in what is now a highly competitive and increasingly sophisticated global marketplace. To continue to attract high quality students, we must develop more sophisticated and coordinated responses to key drivers of student choice, and be prepared to compete more aggressively both domestically and globally.

2. Study Melbourne – A quality education

We must address some of the challenges we face in meeting the expectations of students to deliver value for money in terms of both their academic qualification, and their desired life and career outcomes.

Ultimately Melbourne's academic value proposition is determined by what is offered in terms of quality of education, and the work experience and employment opportunities that education delivers. Quality courses, respected institutions, English language proficiency, preparation for post-graduate work and access to course-related work experience during study for Melbourne to continue our successful future as a leading international student destination.

3. Live Melbourne – A quality experience

We must work harder to create a world-class lifestyle experience to match our world-class education offering.

Hand-in-hand with a quality academic experience goes a quality living experience, and the quality of experience both inside and outside the lecture theatre is critical to our appeal as an international student city. While levels of satisfaction with Melbourne's liveability are generally high, international students have significant concerns around the quality and affordability of accommodation, social and cultural inclusion, equitable access to key services like public transport and health, and protection from exploitation.

Priorities for building Melbourne's position as a world-leading international student city

Brand Melbourne – Attracting international students

Vision: *We must develop a long-term strategic vision for international education in Melbourne.*

While there are a range of strategies in place within individual institutions or government departments for example, we lack a clearly articulated collective vision of where we want Melbourne and Victoria's international student sector to be in 10 or 20 years, and what constraints need to be addressed to achieve our goal. Melbourne should aim toward and plan for, sustainable growth built on a first-rate global education brand and a world-class lifestyle offering. Our strategic vision must not only focus on strengthening our engagement with existing markets, it must also extend to market development and diversification to limit the risk of over-reliance on a small number of primary markets.

Promotion: *With our brand clearly articulated, we must work harder to collectively promote Melbourne to prospective international students.*

A key part of this promotional success will be changing the narrative away from an economic-centric discussion, to one that more clearly articulates and emphasises the important role our international student sector plays building global relationships and promoting cross-cultural exchange.

A collaborative approach to promoting Melbourne as a city of both educational and living excellence will be fundamental to the success of Brand Melbourne, as will be the engagement of key brand ambassadors such as international student alumni, Australian students studying overseas, and offshore campuses of Melbourne institutions.

For more detail see:
Brand Melbourne – Attracting international students
Brand Melbourne – Strategies for change

Study Melbourne – A quality education

Quality: *We must maintain and build on the world-class academic reputation of our education institutions by continuing to set the standards that will encourage all institutions to aspire to excellence.*

The quality of education offering is a primary driver of student's choice of study destination and is a key element in offsetting cost-competitiveness. International students are looking for offerings that are of high quality, relevant, contemporary and internationally sophisticated.

International profile: *The international reputation of education institutions across Melbourne and Victoria must be elevated to ensure our education and research opportunities are highly sought after on a global scale.*

This will boost our efforts to recruit the best and brightest international students, which in turn helps build our global links and international reputation as a centre for education, research and innovation excellence.

Study-related work opportunities: *We must improve connections between international students and job opportunities.*

A quality educational offering goes further than just academic excellence however access to study related work opportunities to bolster the education specific experience is also key, as is the pathway to post-graduate work opportunities the perceived quality of the education experience opens up. As we face the potential of the US opening 6-year work rights for some international students for example, it is clear they must have access to jobs post-graduation, as well as to course-related work experiences during study.

The current jobs market is tight for all. We cannot however, afford to let that be an excuse for failure to more effectively connect international students with employers from large and small to medium enterprises, and in providing better information about what work experience and employment opportunities exist.

English language proficiency: *Shortcomings in English language proficiency outcomes must be addressed to become a major strength that will add to the attraction of a Melbourne-based international education.*

As a native English speaking country, English language proficiency is an area in which we have a natural advantage, yet many international students still leave our shores post-graduation with poor English language skills. When international students struggle with English language proficiency, it impedes their ability to study successfully and to gain relevant work experience.

For more detail see:
Study Melbourne – A quality education
Study Melbourne – Strategies for change

Live Melbourne – A quality experience

Accommodation: *We must find more suitable and affordable accommodation options for international students in the short term.*

Cost and supply of appropriate accommodation is a major obstacle. As a matter of priority to going forward, we must better understand the accommodation issue we are facing in relation to the barriers students indicate they face, and universities, accommodation providers, planners and developers need to work together to look for innovative ways to create more suitable accommodation development and investment opportunities as required.

Transport: *We must apply the same access to public transport concessions to international students that we do to domestic students.*

Transport is a key issue for international students, both from a cost and an accessibility perspective. If Melbourne is to grow as a leading international student city, we need to enhance our reputation as a city that welcomes and includes international students as equal members of the local community.

We must also provide better public transport connections for university campuses located outside the CBD. While our CBD and inner city based campuses have excellent public transport connections, those located further from the central area, such as the Bundoora campuses of La Trobe and RMIT Universities, Victoria University at Footscray and the Deakin University campuses at Burwood and Waurn Ponds for example, do not.

Cultural engagement: *We must work harder to improve social connectedness.*

International students have clearly indicated that the opportunity to interact with locals and to be more engaged culturally was a major attraction to being here. They also indicated that there are a limited number of opportunities open to them to readily do so.

Health: *We must make it easier for international students to understand and access the Australian health system.*

Overseas students who study in Australia do not have access to Medicare. Rather, a condition of all international student visas is that insurance via Overseas Students Health Cover (OSHC) is taken out so they can access medical treatment for the full length of their stay in Australia. While obtaining OSHC is not an issue of significance in itself, we need to make it easier for our visiting students to access easily understandable information that clarifies how the Australian health system works, what health services are covered under their insurance, and ensure international students are afforded access to eligible services.

Safety: *We must do more in practical terms to both strengthen our welcoming attitude toward international students, and promote our record as a safe city.*

Being acknowledged as a safe, friendly and welcoming city is a key pillar of our brand. To those studying onshore, Melbourne is generally considered to be safe, friendly and welcoming. Recent incidents of violence toward international students however, means the perception overseas is not as certain. This has had a negative impact on our brand, and raises questions for a parent or student who may be considering an overseas education experience.

Communication: *Provision of more easily understood and readily accessible information for international students must be provided online and face-to-face.*

Many of the negative perceptions students have with regard to access to health care, workplace exploitation or unfair treatment, exorbitant and illegal rent practices and poor quality accommodation are all issues that weigh heavily on the minds of international students.

For more detail see:
Live Melbourne – A quality experience
Live Melbourne – Strategies for change

Melbourne 2015 – Australia's international student city

Melbourne is widely recognised as a world-leading international student destination, and is currently ranked second in the *QS Best Student Cities* index.[1] Melbourne's high quality international education, research and training sector makes a significant economic and cultural contribution to Victoria and to Australia nationally, as well as to individual local communities.

A leading destination for international students

In 2013-14, international education was Victoria's top export, contributing $4.705 billion[2] to the economy and supporting over 30,000 full-time equivalent jobs.[3] With over 175,000 international enrolments in 2014, Victoria attracts approximately 30 per cent of Australia's total international student population.[4]

While Victoria's international student population is the second largest in the country after New South Wales, in a city context, Melbourne leads Australia in overall international student numbers in the highest yielding sector of higher education. In 2013, Melbourne-based universities had a total of 59,042 onshore international enrolments compared with 47,849 in Sydney-based universities[5]. In fact, the University of Melbourne alone has over 14,000 international students, the largest international student population in any Australian university. Separate statistics for onshore international enrolments at public VET institutions for the same period show a total of 11,659 for Melbourne-based institutions and 4,048 for Sydney-based institutions[6].

The number and strength of our academic institutions ensures Melbourne retains its place as Australia's leading international student destination. As the City of Melbourne notes:

> *On any one day in Melbourne there are more than 30,000 international students studying at a variety of educational institutions with approximately 50 per cent residing in [central Melbourne]. The majority of these students are under 25 years, tech savvy, living alone and studying either postgraduate or undergraduate degrees.*[7]

Trends in international student enrolments

Melbourne has a long history as a destination for international students. Numbers of international students in Australia, particularly from former British colonies in Asia, such as Malaysia, Singapore and Hong Kong, began a long and sustained period of growth following World War II. From 1951, the Colombo Plan initiative focused on increasing the numbers of international students coming to Australia on scholarships, and this paved the way for strong growth in both scholarship and private fee-paying students from overseas.[8]

The era of full commercialisation of international education began in 1986, when the Australian Government mandated full fee payments by international students. Growth in international student numbers began to

[1] QS Best Student Cities 2015, available at: www.topuniversities.com

[2] Department of Education and Training, Research Snapshot: Export income to Australia from international education activity in 2013-14, November 2014

[3] Department of State Development Business and Innovation, *International Education Strategy for Victoria 2013-2018*

[4] Department of Education and Training, International student data 2014. (Based on December 2014 data, Victoria had 175,886 international enrolments, or 29.8 per cent of a national total of 589,860).

[5] Department of Education and Training, *International student data 2014*.

[6] AEI, *Research Snapshot: Onshore International Students at Public VET Institutions, 2013*, September 2014.

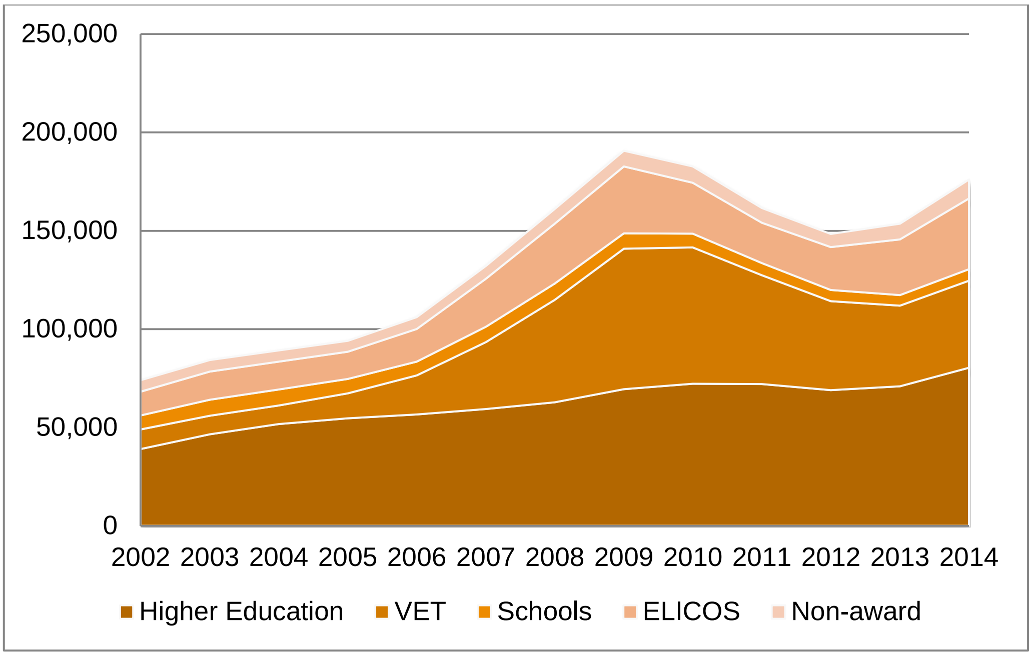
[7] City of Melbourne, *A Great Place to Study: International Student Strategy 2013-2017*, p. 5

[8] Shannon Smith, 'International education is older than you think', *The Australian*, 15 June 2011

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. 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. [9]

From 2009 to 2012, a number of developments, including a then 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 three years following their peak in 2009, international student enrolments in Victoria suffered a 22 per cent decline (see Figure 2).

Figure 2 | International student enrolments in Victoria by sector, 2002-2014



Source: Department of Education and Training

It should be noted that the Vocational Education and Training (VET) and English Language Intensive Courses for Overseas Students (ELICOS) sectors accounted for the vast majority of the post-2009 decrease (approximately 97,000 students). In 2010, the Australian VET sector was hit hard as the Australian Government acted to tighten skilled migration entry requirements and, as a result of concerns raised over the quality of some offerings, increased competency and delivery standards for education and training providers. These factors, combined with some negative publicity after a number of serious incidents of violence against Indian students, led to a sizeable decline in the number of international student enrolments and commencements.

Despite the decline in overall student numbers since 2009, the number of those studying in the higher education sector has continued to grow modestly, from around 226,000 students in 2009 to 250,000 in 2014. International student enrolments in the Australian higher education sector are forecast to grow at an annualised rate of 1.2 per cent over the next five years; good news as those in higher education contribute substantially more in dollar terms per student than any other sector (see Table 1). [10]

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[9] Department of Education and Training, *International student data 2014*

[10] Lauren Magner, Ibis World Industry Report P8102, *University and Other Higher Education in Australia*, July 2013, p. 7

Table 1 | International students: expenditure and value-added by sector, Australia

	Higher Education	VET	Schools	ELICOS	Other
Number of students (2014)	**249,990**	149,785	18,451	137,469	34,165
Expenditure per student ($, 2011)	**43,843**	26,065	31,601	8,438	3,028
Value added per student ($, 2011)	**39,660**	23,343	28,484	7,646	2,748

Source: Deloitte Access Economics; Department of Education and Training

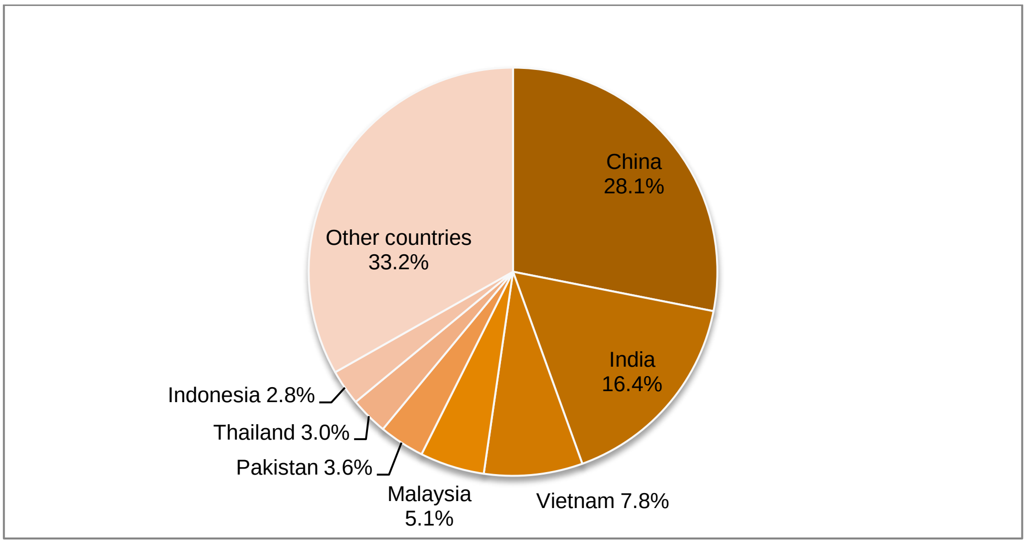
Since 2013, international student numbers have resumed an ongoing upward trend in enrolments, prompting Austrade to confidently declare a 'return to growth'.[11] Visa applications and student commencements continue to show strong upticks, which should be further strengthened over time by the depreciating Australian dollar.

Although overall numbers of student enrolments have started to recover around Australia, aggressive competition for international students from countries such as Canada, the UK and the US (which until recently had very strict limits on international student entry), has seen Australia's share of the global total of international students fall. While Australia's international student enrolments fell by seven per cent between 2011 and 2012, over the same period Canada's grew by 11 per cent, and continues to grow at an average of eight per cent a year.[12]

Who are our international students?

Not surprisingly, given our geographic location and highly-regarded institutions, Melbourne's popularity is highest amongst Asian students (particularly those from China, Vietnam and Malaysia – countries with whom we have close cultural ties), and students from India (see Figure 3). Although a large number of New Zealand citizens also study in Australia, they are not classified as 'international students' as they do not require a visa to study here.

Figure 3 | International student enrolments in Victoria by nationality, 2014



Source: Department of Education and Training, International Student Data 2014

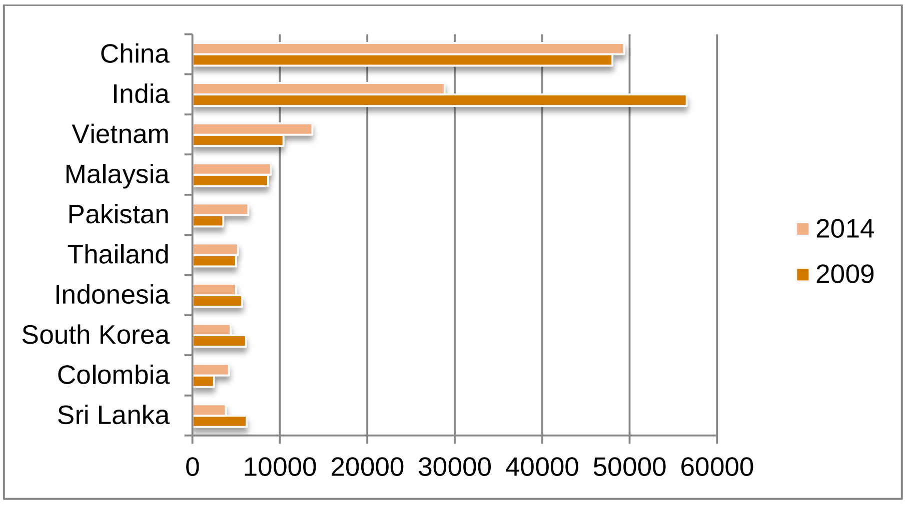
[11] Australian Trade Commission, *Austrade Education Report: Return to Growth*, August 2014

[12] Canadian Bureau for International Education, *A World of Learning* 2013; Australian Education International, *International Student Data 2013*

Other traditionally strong markets, such as Indonesia, Thailand, South Korea and Sri Lanka, have either contracted or shown very modest growth over the period. These trends show the risks of relying heavily on a handful of countries as our source pool. In this regard, it is encouraging to see that international student enrolments from other markets, such as Pakistan, Colombia and Brazil, have grown rapidly over the same period (at 81, 71 and 165 per cent respectively), although it must be noted, from significantly lower bases. [13]

Despite the overall recovery in student enrolments in the last few years, the historical strength of our links with some major source countries has been under pressure since 2009. In the five years between 2009 and 2014, Indian enrolments in Victorian institutions fell by 96 per cent. China, the major source of international students to Victoria, also saw a contraction of around 10 per cent in total enrolments before starting a modest recovery in 2014.[14]

Figure 4 | International student enrolments in Victoria from top source countries, 2009 and 2014



Source: Department of Education and Training, International Student Data 2014

The importance of our international students

International students make a significant contribution to both the Australian and Melbourne economies. International education is Victoria's biggest export and a critical component of the state's economy. In 2013-14, education exports made up 34 per cent of Victoria's export earnings.[15] Although percentage share has declined over recent years, education exports remain the state's most significant export industry by a clear margin (see Figure 5).

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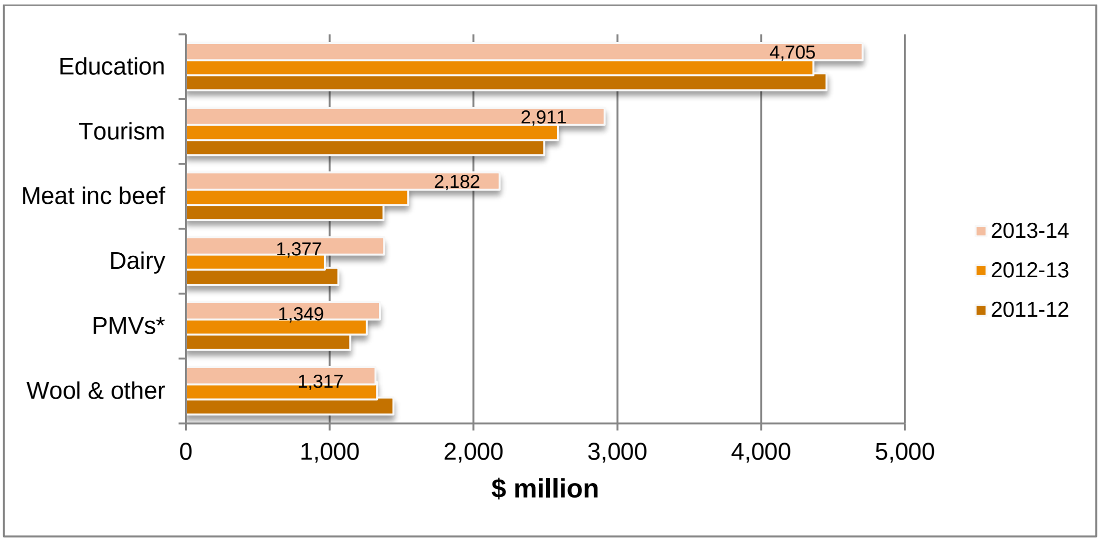
[13] Australian Education International, *International Student Data 2013*

[14] Department of Education and Training, *International Student Data 2014*

[15] Note: This figure includes both tuition fees and living expenses of international students while studying in Victoria.

Figure 5 | Victoria's top exports by sector, 2011-12 to 2013-14 ($ million)



Source: Department of Foreign Affairs and Trade, Australia's Trade by State and Territory 2013-14

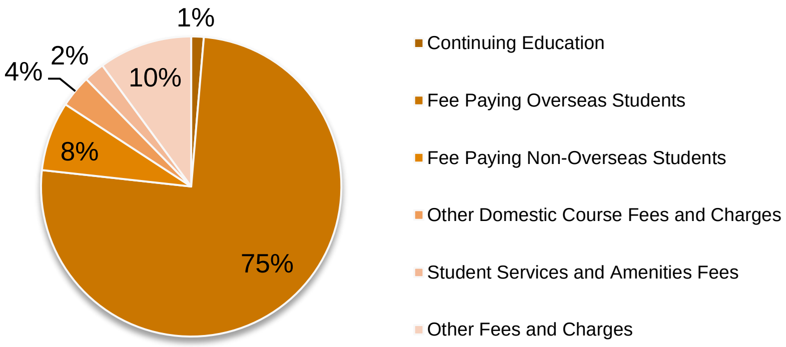
* Passenger motor vehicles

In addition to being a major economic contributor, international students also play a key role in ensuring our education standards remain competitive on a world scale, and add to the social and cultural fabric of the local communities in which they reside.

Fee contributions by international students

In Victoria, international students currently contribute 75 per cent of total fees received by universities (see Figure 6).[16] As the major fee providers, the substantive dollar contribution international students make is crucial in bolstering the quality and range of opportunities provided by educational institutions. Far from being an impost on accommodation availability, or decreasing the number of course places available for domestic students, as a vital source of revenue to our education institutions, international students in fact improve the education opportunities enjoyed by domestic students, and the vital role international students play in improving education overall needs to be better articulated to put to rest some popular myths.

Figure 6 | Sources of fees and charges paid to Victorian universities, 2013



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[16] Department of Education, *Finance 2013: Financial Reports of Higher Education Providers,* November 2014, p. 10

Value added by international students

International students contribute much more economically than just their tuition fees. They also generate a substantial value-add contribution via expenditure on accommodation, food, and services (see Table 2). In fact, approximately 52 per cent of total revenue derived from international students' flows to the local community via retailers, accommodation providers, travel service providers and other community enterprises.[17]

Table 2 | International student expenditure in Australia, 2011

Category	$M	%
Education fees	7,160	47.3
Food, drink and accommodation	4,928	32.6
Shopping for items for use in Australia	608	4.0
International airfares bought in Australia	457	3.0
Other transport fares	347	2.3
Motor vehicles	323	2.1
Shopping items to take home	288	1.9
Phone, internet, fax and/or postage	256	1.7
Entertainment	180	1.2
Other	176	1.2
Petrol and oil for self-drive cars or other vehicles	136	0.9
Organised tours	111	0.7
Domestic airfares	83	0.6
Horse racing or other gambling	37	0.2
Self-drive, rent-a-cars or other vehicles	35	0.2
Total	**15,127**	**100.0**

Source: Deloitte Access Economics

Note: excludes expenditure on package tours and pre-paid international airfares

International education also makes a very important contribution to jobs creation. Deloitte Access Economics estimated that in 2011, the international education sector supported almost 127,000 full time equivalent positions (FTE) nationally, and in Victoria, over 38,000 full time jobs (see Table 3). This equates, on average, to each international student making a value added contribution of $720 per Victorian[18].

[17] Australian Education International, International Education Advisory Council, *Australia – Educating Globally*, February 2013, p. 19

[18] Deloitte Access Economics, *The Economic Contribution of International Students*, Australian Council for Private Education and Training, 2013

Table 3 | Contribution of international students by state, 2011

State	Value added ($m)	Full time employment	Population	Value added per person ($)
New South Wales	4,916	45,720	7,348,000	669
Victoria	4,092	38,063	5,679,000	720
Queensland	2,175	20,197	4,610,000	472
South Australia	840	7,784	1,662,000	505
Western Australia	1,115	10,342	2,472,000	451
Tasmania	143	1,315	512,000	279
Northern Territory	34	312	236,000	144
Australian Capital Territory	343	3,154	379,000	904
Australia Total	13,657	126,886	22,906,000	596

Sources: Deloitte Access Economics; ABS, *Australian Demographic Statistics*, Cat. No. 3101.0, December 2012

Tourism

Melbourne's international student community also contributes both directly and indirectly to domestic tourism. On average, 70 per cent of international student visitors to Australia expect at least two or more friends, as well as two or more family members, to visit them while studying onshore.[19] In 2012, Tourism Victoria estimated that 49,700 international overnight visitors to Victoria were visiting international students studying in Australia, staying for a cumulative 781,800 nights. With approximately 40 per cent of those visiting friends and relatives staying between one and two weeks, Tourism Victoria estimated that total expenditure of these visitors to Victoria was $62.77 million.[20]

International students themselves also spent over $190 million on domestic airfares and organised tours in 2011.[21] Research suggests that a large portion of this spend is captured in Australia's regions, with approximately 80 per cent of international students travelling to a tourist destination away from the town or city where they studied but within the same state.[22] In Victoria, anecdotal evidence suggests that most students prefer to visit famous tourist attractions that are within a day-trip of Melbourne.

Global linkages

Beyond the pure economics, international students who choose to study and live in Australia also bring an enormously valuable cultural and soft diplomacy benefit, strengthening our vibrant multicultural society, and our understanding of, and connections to, other countries.

Afforded a positive experience, Melbourne's international students are arguably amongst the city's most influential ambassadors. Many alumni of local institutions and their networks become very influential in their home countries and continue to be a source of goodwill and economic opportunity for their host institutions and cities long after their period of study in Australia.

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[19] Sustainable Tourism CRC, International Education Visitation – Tourism Opportunities, 2010

[20] Department of State Development, Business and Innovation, International Education Strategy for Victoria 2013-2018

[21] Deloitte Access Economics, The Economic Contribution of International Students, Australian Council for Private Education and Training, 2013

[22] Sustainable Tourism CRC, International Education Visitation – Tourism Opportunities, 2010

Student alumni have enormous potential to drive future international student numbers and more widely foster future bilateral trade, investment, tourism and cultural exchange opportunities.[23]

While the direct impact of international students on business links and expanded global networks is difficult to quantify, research undertaken by the UK government suggests they are powerful and significant in influencing perceptions and attitudes of others in their home countries, as well as promoting ongoing professional, investment, migration and tourism links (see Box 1).

Box 1 | Soft power – how international student alumni contribute to the UK

Although the wider benefits international students contribute to their host countries post-study are very difficult to quantify, research by the UK Department for Business Innovation & Skills into the economic, social and political benefits, including 'soft power' impact, of international alumni who had studied onshore in the United Kingdom[24] showed a range of tangible benefits, including:

- additional education exports arising from recommendation to potential students to undertake a similar experience
- direct economic benefits through personal consumer behaviour, travel for business or pleasure, and the purchase or consumption of UK products
- indirect economic benefits arising from a range of tangible business-to-business transactions benefiting the UK as alumni progress to more influential positions
- professional networks established during study that encourage development of future business transactions and collaborations of economic value to the UK
- skilled migration among a limited number of students who hoped to remain in the UK permanently and were working in highly skilled occupations.

Besides the economic impact, there were also a range of other benefits, which included:

- bringing potential support to UK economic, socio-cultural and political agendas as informal 'ambassadors'
- promoting trust in the UK as a desirable partner in potential trade, diplomatic or developmental relationships
- creating potential for long-term development of different linkages and synergies with the UK during capacity building, or other societal development, by taking with them embedded British values and ideas.

Melbourne's international student alumni can provide similar significant ongoing benefits with regards to tourism, business and education. A recent survey undertaken by Victoria University on Australia's Chinese student alumni showed that in the last five years, 64 per cent of respondents have travelled back to Australia twice or more frequently, and 18 per cent had travelled back five or more times.[25]

[23] Committee for Melbourne, Accommodating Melbourne's International Students

[24] Department for Business Innovation & Skills, *The Wider Benefits of International Education in the UK*, Research Paper 128, September 2013

[25] Victoria University, *The role and influence of China based alumni on travel and tourism*, 2013

Beyond 2015 – Emerging challenges

What international students say

While the importance of the international student sector is well understood by those working in and with the sector, outside of that network there is not the same awareness of just how important, and potentially fragile, this enormous economic and societal contributor is at a broader level.

Despite all our strengths, Melbourne's future as a world-leading destination for international students is threatened by a range 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
- our high cost of living
- difficulty in delivering work experience and career opportunities that match student expectations, both pre- and post-graduate
- lack of affordable and suitable accommodation options
- aggressive competition from both domestic and international destinations
- visa issues, which despite improvements to visa programs in recent times, still struggle with the ongoing challenge of effectively balancing the demands from students and providers, community expectations and the long-term national interest
- perceived and/or real lack of effort in committing to tailor offerings to meet the needs of international students.

Box 2 | Committee for Melbourne international student forum feedback

As part of our direct consultation with international students, we asked them specifically what were the factors they felt had a negative influence on their experience studying in Melbourne. The most common challenges noted included:

- access to affordable and convenient housing
- affordability of transport to and from places of residence to places of study and work
- access to appropriate course related work experience opportunities and jobs
- feeling welcome and engaged as part of the local community
- a desire for the overall quality of their learning and living experience to be better
- more globally focused course content
- gaining exposure to local culture and more direct interaction with Australians
- achieving higher levels of proficiency in the English language.

Cost-competitiveness and value for money

A key concern for Australia must be the issue of cost-competitiveness and value for money. Sydney and Melbourne were recently ranked as the fifth and sixth most expensive cities in the world to live by the Economist Intelligence Unit.[26] Given that major competitors like London, New York and Boston do not rate in

[26] The Economist Intelligence Unit, Worldwide Cost of Living 2015: Which City is the Most Expensive to Live In? Which City is the Cheapest? A Summary from the Economist Intelligence Unit, 2015, p. 1

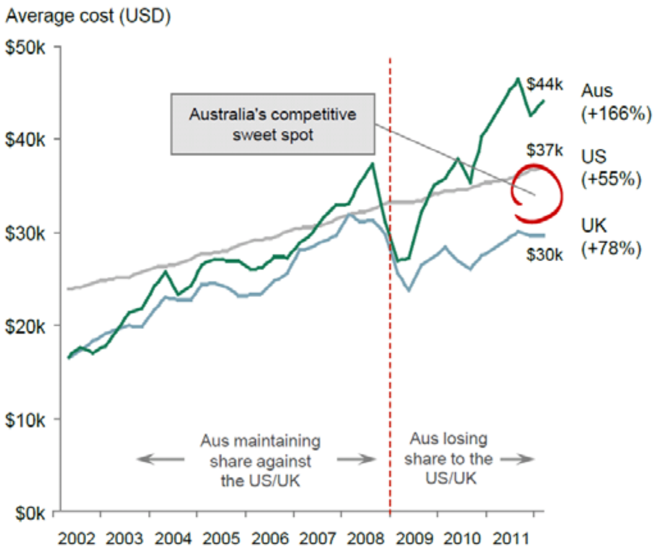
the top ten, it is clear that Australia is an expensive place to study.

Research undertaken by The Boston Consulting Group (BCG) in 2013[27] suggests that the cost of an Australian education for international students would need to fall by 15-25 per cent to be competitive with the US and UK as other key destinations (see Box 3).

Box 3 | Australia's competitive price sweet spot for international students

Boston Consulting Group research suggests that, with all else being equal, Australia hits its competitive price sweet spot when there is a 10-20 per cent cost premium against the UK, and up to a 4 per cent discount against the US.

Figure 6 | Australia's competitive sweet spot: costs for international students (fees plus living costs)



Source: BCG analysis of international education in Australia, February 2013

In 2013, Australia had become a relatively expensive option for international students, costing around 20 per cent more than the US. This created a very challenging competitive environment for Australian education providers.

At that time, BCG noted that to be price point competitive, the average cost of education in Australia would need to be 15-25 per cent lower than it currently is. To achieve this outcome would mean:

- a reduction in tuition fees of 25-45 per cent, or
- a reduction in living expenses of 33-55 per cent, or
- a drop in the exchange rate to 0.75-0.85 USD per AUD.

[27] BCG, Australia's Education Industry: Analysis of Strategic Trends, September 2013

Despite the recent fall in the Australian dollar, which as of early 2015 is sitting in the BCG 'sweet spot' range of 0.75-0.85 USD, Australia remains an expensive alternative to other major study destinations.

In 2014, HSBC published research on global study destinations that compared costs and parents' perceptions of education quality in a range of countries found Australia (for the second year running), was the most expensive destination for international students surveyed, with the average student requiring the equivalent of US$42,000 a year to cover tuition fees and cost of living. This compared with $US39,000 for Singapore, US$36,500 for the US and US$35,000 for the UK.[28]

With changes in the exchange rate and general cost of living well beyond our control, significant improvements are therefore necessary to ensure we maximise the value of the other drivers of student choice that we can influence to remain competitive. Perceived quality of education offering on an international scale, availability of scholarships, quality of lifestyle, cultural engagement opportunities, and perceived post-graduate employment opportunities are key areas we need to improve upon in the future if we are to maintain a strong competitive advantage.

Increasing domestic and international competition

Other cities, both within Australia and internationally, aware that the international student market is a very lucrative economic driver, are actively positioning and promoting themselves as destinations for international students. A growing number of countries and cities are making aggressive efforts to gain market share and expand capacity.

Other Australian states are also in strong competition with Melbourne. New South Wales has traditionally been an attractive international student destination. A drop in domestic market share from over 40 per cent of the national total of international student enrolments in 2002 to just over 37 per cent in 2014[29], and increased share in Victoria, Queensland and South Australia over the same period, prompted the establishment of StudyNSW in an concerted effort to increase the number of international students studying in the State.

Canada, the US and New Zealand for example, have all been making substantive efforts to capture an expanded share of the future market (see Box 4), and China, Singapore and other traditional source countries are also emerging as competitors. China for example, has set a target of 500,000 international students by 2015, up from 328,000 in 2012.[30]

The US, which helped bolster the enormous increase in Australia's market share after reducing its international student intake post 9/11, is now once again an active, and increasingly successful, competitor. International student numbers in the US, which had been in decline between 2002 and 2006, have now resumed growth and in 2012-13 stood at 819,644, a 40.6 per cent increase on 2001-02 numbers. Even the UK, the second largest destination for international students, where significantly tightened visa conditions have caused growth to falter in recent years, is projected to retain its strong position over the next decade and attract an extra 126,000 international students.[31]

[28] HSBC research on the cost of international university study, September 2014, retrieved at: http://www.hsbc.com/news-and-insight/2014/international-education

[29] Department of Education and Training, *op cit*

[30] British Council, 'UK to remain one of world's most popular study destinations', 7 October 2013, retrieved from http://www.britishcouncil.org

[31] Department of Education and Training, *op cit*

Box 4 | Canada, US & New Zealand step up efforts to attract more international students

Canada, the US and New Zealand are successfully chasing Australia in their efforts to attract greater numbers of international students.

Canada

Canada is currently the world's seventh most popular destination for international students. The Canadian Government has announced a goal of raising the number of foreign students to 450,000 by 2022, up from 265,000 in 2012. With a 51 per cent increase since 2007, Canada's international student population has been growing faster than any other country, at an average of 8 per cent a year. A new international education strategy released in 2014 is focusing on increasing enrolments from a number of priority markets, including Brazil, China, India, Mexico, the Middle East and Vietnam.

From June 2014, Canada has also automatically extended work rights to student visa holders for up to 20 hours per week during term and full time during breaks. Unlike Australia, Canada only extends these rights to students studying post-secondary courses for six months or more, however the Canadian postgraduate work rights visa is available to students graduating from a wider range of courses and levels of study than its Australian equivalent. This is likely to have contributed to the recent increase in Canada's market share.

US

As the US has started to open up its borders again post 9/11, international students are being increasingly targeted. With over 4,000 institutions across the US, competition for domestic students has always been strong, and now attention is being turned to the overseas market. As institutions look to find a competitive edge, one of the more interesting developments is the emergence of collective branding of 'States' as places of study such as StudyIowa and Study Texas.

StudyIowa[32] is a non-profit consortium organised to promote the State of Iowa as a premier destination for education and training for students from all nations. Their promotional pitch focuses on the collective strength of their academic institutions:

'Known nationally and internationally for the quality of its educational system, the colleges and universities within the state serve as the destination of choice for nearly 9,500 international students and scholars each year. The colleges and universities in Iowa attract more international students as a percentage of the population than all other states in the American Midwest. In fact, the state is ranked number six nationally for the percentage of international students.'

Similarly, Study Texas[33] is a group of educational organisations in Texas whose broad purpose is to connect international students and professionals with a quality education. Members include appropriately accredited community colleges and four-year colleges and universities, both private and public.

According to Study Texas, *'Texas is like a whole other country! Texas, the second largest state of the United States, is home to the best of everything: intellectual achievement, civic responsibility, artistry, athleticism,*

[32] http://www.studyiowa.org/
[33] http://www.studytexas.us/

cultural diversity, and good old-fashioned know how. From innovative cultural centers to vast wild landscapes, the Texas experience combines the sensory and the cerebral in an exciting blend.'

In addition to the education benefits, Study Texas also promotes lifestyle benefits of the Lone Star State:

- outstanding educational programs
- affordable education and living
- great weather all year round
- arts and culture
- beaches, mountains and deserts
- spirit and hospitality of the Lone Star State
- enjoy the array of Texas food including Texas barbeque
- colorful and diverse Texas history and culture
- Texas style shopping
- true cowboy experience: ranches and rodeos
- great sports: Texas is home to the Houston Texans, and Dallas Cowboys of the NFL; the NBA's San Antonio Spurs, Houston Rockets, and Dallas Mavericks; the Houston Astros, and Texas Rangers of MLB; and the NHL's Dallas Stars; as well as numerous college teams.

In the US, it is not just individual states that are realising the value of the international student market. Aiming to attract more students from abroad, the Obama administration is proposing to provide six-year work permits to international students graduating from Science, Technology, Engineering and Math (STEM) degree programs. According to new regulations proposed by the Department of Homeland Security, foreign students in STEM courses would be allowed to work in the US for three years after finishing an undergraduate program, and if needed, another three years after a graduate program. Currently, foreign students are authorised to work for a 12-month period after graduation from a US degree program. While this initiative is far from being passed at this time with those opposing the proposal arguing it falls outside of the non immigrant employment-based visa programs and their associated worker protections established by Congress, the fact it has been raised shows that the US are seriously looking at ways to increase their international student pool.

New Zealand

The NZ government has recently introduced a $40 million package of measures to market and promote study in New Zealand to international students. Changes to visa policy settings have also been made to make New Zealand an attractive destination for international students with regard to work rights. These changes provide international students who take a course of one academic year or more with full-time work rights during all scheduled holidays, not just to summer as was previously the case. Unlimited work rights are also extended to international PhD and Masters by research students.

NZ is also streamlining visa processing partnerships to allow education providers to benefit from faster, lower intervention visa processing for students, in return for taking on responsibility for achieving good immigration outcomes. In implementing these changes, Australia was specifically referenced as a key competitor.

Despite its higher cost, Australia does retain some advantages over other major competitors in relation to its current immigration and education policy and regulation, particularly in relation to immigration requirements, visa conditions and work rights. The introduction of Streamlined Visa Processing (SVP) has made the process of obtaining a student visa for Australia to study at a university easier than its equivalent in the US. In addition, Australian universities have created packaged courses for students, enabling international students to apply for a university student visa which can incorporate ELICOS or VET-level pathways.

Australia also offers more liberal allowances for work rights, with international students being able to work off campus for up to 40 hours a fortnight, while in the US, student visa holders are generally only allowed to work on campus. Further changes during 2014 to the Education Services for Overseas Students (ESOS) Act and National Code of Practice, as well as visa application charges, will assist Australia's international education sector remain a competitive and attractive destination.

Regardless, it is clearly evident that other international destinations are prepared to compete aggressively for international students and we must remain vigilant and proactive to stay ahead of the field.

Brand Melbourne – Attracting international students

There is a lot Melbourne can be proud of in terms of our success as an international student city, but we cannot be complacent about the need to work harder to improve our brand as an attractive destination. While there is much pertinent discussion about the range of experiences that impact the quality of a student's stay once they arrive here, we should not forget that we need to compete more strongly to attract students in the first place.

To continue to grow and strengthen our international education sector, we must work to improve 'brand Melbourne' as an enticing option for international students, and this has never been more important than now when our course fees and living costs are relatively high. Melbourne must compete more strongly by enhancing the reputation and quality of the education and living experience, and location is a key driver of international student decision making around what and where they will study. A 2014 report by Hobsons EMEA notes:

> *Students select a course to study first, then they evaluate the country and only after doing that will they select the institution.*[34]

There are a number of key opportunities that were identified as part of our consultations as 'key priorities' for improving our efforts to attract international students. Given that at this moment there also exists key opportunities for growth in the form of the growing Asian market, emerging target markets, and our recent development of strong international education connections, the time is right for us to make a concerted effort to increase our numbers of international students.

A growing Asian market

The OECD estimates that globally, the number of post-secondary international students more than doubled to around 4.5 million between 2000 and 2011, and is projected to grow to 6.4 million by 2025.[35]

PwC projects that the Asia Pacific's share of the global middle class will grow from 28 per cent (525 million) to almost 66 per cent (3.2 billion) people by 2030.[36] The number of modern consumers is anticipated to multiply sixfold in the next two decades, fuelling demand for English language education in Asia.

In 2012, Australia was the world's fourth most popular destination for international students, attracting six per cent of internationally mobile students, behind the USA (18 per cent), the UK (11 per cent), and France (7 per cent), but ahead of other popular destinations such as Germany and Canada.[37]

With regard to our Asian neighbours, our strong multicultural history, close economic ties and proximity to Asia and India provide a genuine opportunity for Melbourne to grow market share.

[34] Hobsons EMEA, Beyond the data: influencing international student decision making, May 2014, p 4

[35] OECD, Education Indicators in Focus, July 2013

[36] PwC Melbourne Institute Asia Link Index, ANZ Services Report 2012

[37] UNESCO, Global Flow of Tertiary-Level Students, retrieved http://www.uis.unesco.org/Education/Pages/international-student-flow-viz.aspx

A recent BCG study found Melbourne has a range of inherent strengths that can be leveraged to increase our market share in the Asian region, including:

- a large number of highly-ranked universities relative to population size
- a highly rated lifestyle
- a safe environment
- proximity to growing Asian student pools
- a growing Asian population who wish to study abroad
- an acceptance of multiculturalism.[38]

As the International Education Advisory Council quite rightly notes:

> *Asia's expanding middle class will seek greater access to educational opportunities as a driver for more highly skilled and better paid jobs. Studying abroad is considered important to obtain these jobs.*[39]

Emerging markets

Australia has ambitious goals for international enrolment growth and aims to host as many as 660,000 students by 2020, an increase of roughly 117,000 students, or 30 per cent, over 2012 levels.[40] A key to achieving this target will be to strike a balance between growth in established markets, such as China and India, with the development of key emerging markets.

Our key Asian education markets have accounted for 75 per cent of international enrolments in Australia in 2013. As noted previously, with the exception of Vietnam, our traditional markets have either contracted or shown only modest growth recently. This is a timely reminder we need to stay agile and adaptable to changing market conditions to ensure our international education sector is sustainable, its student body remains diverse, and Australian education institutions are able to access new opportunities to engage with emerging markets.

With regard to emerging markets, Austrade have indicated that the Middle East, Sub-Saharan Africa, South Asia, and Latin America all show strong potential growth for Australian providers over the next ten years. The key emerging markets identified by Austrade are characterised by growing populations of young people and their potential for sustained high economic growth.

Mongolia for example, is seen as a strong target market given the importance of the rapidly expanding mining and resources sector to its economy, and the fact its international enrolments increased from 400 in 2011 to 650 in 2013. In the case of Nigeria, while the number of Nigerian enrolments is still under 1,000, there are strong indicators for further growth ahead in that:

- 63 per cent of the Nigerian population is under 25 years of age;
- an estimated 40,000 students from West Africa study abroad each year;
- GDP per capita rose by 40 per cent between 2009-2012;
- GDP is forecast to increase by more than 7 per cent per annum over the coming years.[41]

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[38] BCG, Australia's Education Industry: Analysis of Strategic Trends, September 2013

[39] Australian Education International, International Education Advisory Council, Australia – Educating Globally, February 2013

[40] http://monitor.icef.com/2014/05/emerging-markets-key-to-australias-international-enrolment-goals/

[41] http://monitor.icef.com/2014/05/emerging-markets-key-to-australias-international-enrolment-goals/

The importance of thinking strategically with regard to emerging markets should not be underestimated and must be a focal point in developing a medium to long-term strategy for the international student sector. As Box 5 below shows, this is something competitors such as the U.S. are focusing on already.

Box 5 – US priority emerging markets

According to strategic research conducted by World Education Services[42] (WES), currently in the US, almost one in two international students are from China, India, or South Korea. This reliance on a few strong markets has led to an increasing number of higher education institutions (HEI's) in the US actively seeking out international students from a broader range of countries as they look to diversify their student bodies.

According to WES, four priority emerging target markets for the US are:

Saudi Arabia: With over 23,000 students currently enrolled in US HEI's, Saudi Arabia is, and will continue to be, an important recruitment market. In 1990 only 10 per cent of university-age Saudis, or 139,000 students, were enrolled in tertiary education. Within a decade, and after massive investment, (in 2011 alone, the Kingdom appropriated US$40 billion to education and training from a total national budget of $154 billion); Saudi Arabia has seen a fivefold increase in tertiary enrolments.

Brazil: Under the Brazilian Government's *Scientific Mobility* scholarship program, an estimated 50,000 Brazilian students are expected to enrol in US HEIs in short-term programs over the next four years. Brazil, with the world's fifth largest population and sixth largest economy, is a rising global power. Although tertiary level access remains relatively low compared to other emerging markets (35 per cent gross enrolment ratio), the number of post-secondary students has increased threefold over the last decade to nearly 6.6 million.

Vietnam: The recruitment potential among Vietnamese students can be attributed to the country's growing middle class and strong study abroad interests. Currently, 45 per cent of the population is under the age of 25, which means a young, growing population will continue to demand increased access to tertiary studies. Vietnam's GDP has tripled within the last decade, outpacing other rapidly developing countries and the global average. Although it is the least affluent among the top four emerging markets identified in the World Education Services report, Vietnam witnessed the strongest growth in economic prosperity during the first decade of the new century. Between 2000 and 2010, per capita GDP increased 126 per cent, as compared to 26 per cent in Saudi Arabia and 60 per cent in Brazil. Over the same timeframe, Vietnam experienced a ten-fold expansion in tertiary level enrolment. Today, over two million Vietnamese students are enrolled in tertiary studies.

Turkey: Turkey's booming economy showed a GDP annual growth rate of 9.2 per cent in 2010 and 8.5 per cent in 2011. Its per capita GDP is higher than Vietnam's and Brazil's, but considerably less than Saudi Arabia's. Turkey's youth population (ages 15-29) is large, making up 30 per cent of the total population, the highest in Europe. Although the upper secondary gross enrolment ratio shows no difference as compared to Vietnam (Turkey: 64 per cent; Vietnam: 65 per cent), Turkey currently offers greater access to tertiary level education than Vietnam.

[42] http://wenr.wes.org/2012/10/wenr-october-2012-beyond-more-of-the-same-top-four-emerging-markets-for-international-student-recruitment/

International connections

It has already been noted that alumni of Melbourne's institutions are powerful opinion-makers and connectors. Melbourne's universities all have alumni programs and most seek to actively engage with their international alumni, some of whom have reached prominent positions in business and politics in their home countries. More could be done, however, to market Melbourne as a leading international student city by simply identifying prominent and successful people who have studied in Melbourne and promoting this information both here and in relevant student markets.

Many Melbourne-based education providers are building significant businesses offshore in addition to educating international students in Melbourne. This trend towards transnational education can be expected to continue with changes in global demand for education and technology. Individually and collectively, there are opportunities to leverage the offshore campuses and activities of our high-quality institutions not only to promote the institution itself, but also the Melbourne brand in general, and the positive experiences we offer our international students.

Furthermore, the creation of more funded opportunities for Australian students to study overseas under outbound student mobility programs, including the Federal Government's New Colombo Plan, will be critical to our future success through providing even more potential to create lasting links with our Asian neighbours.

Priority action – Brand Melbourne

Melbourne must remain a prime destination of choice for international students in what is now a highly competitive and increasingly sophisticated global marketplace. To continue to attract high quality students, we must develop more sophisticated and coordinated responses to key drivers of student choice, and be prepared to compete more aggressively both domestically and globally. To do this we must market our city and its offerings more effectively and strategically to international students themselves, as well as to parents, agents and other key decision-makers.

Brand Melbourne – Strategies for change

- A collaborative strategic future vision for international education
  International education has enormous potential for growth yet we do not have a clearly articulated collaborative vision at the city, state or national level of where we want the sector to be in 10 or 20 years, and what constraints need to be addressed to reach the desired potential. Melbourne should be aiming at, and planning for, sustainable growth built on world-class offerings and a great global education brand. Government's, educational institutions, service providers and the broader community must work together to develop a clear strategic vision for the future of international education for the city, state and nation.

- Refocus the narrative around international education
  We need to refocus the narrative around international education to emphasise the important role our overseas students play in building global relationships and promoting cross-cultural exchange rather than focusing primarily on economics. International education is Melbourne's major export industry. It is an important source of revenue for our institutions, supporting the provision of services to domestic students, and contributes significant employment and economic benefits to the city. While it is important we do acknowledge the role international education plays economically should be noted as it is key to helping the broader community understand why this sector is crucial, we need to do much better in promoting the equally important role international students make to our global connectivity and positioning.

- **Diversify source countries and strategically target emerging markets**
  Our strategic vision should extend to market development and diversification to limit the risk of over-reliance on a small number of primary markets. Melbourne is highly successful in key markets like China, India, Malaysia and Vietnam, but less so in markets such as Korea and Brazil. Understanding how we can increase Melbourne's appeal to more source countries will help us to grow and diversify our international student population.

- **Promote Melbourne via a 'studying, working and living in Melbourne' portal**
  We need a comprehensive one-stop-shop portal that collaboratively promotes the benefits of 'studying, living and working in Melbourne'. Our major universities, the Victorian Government and the City of Melbourne all have online resources aimed at assisting international students with useful information about Melbourne. We fall short however, of a single comprehensive portal that acts as a central repository for useful information promoting the whole package similar to that provided by Study Texas or StudyIowa for example. This one-stop-shop, which should include niche information not readily available via other channels, such as information about what students can expect when they arrive in Melbourne, what it is like to live and work in the city for example, would be of great benefit in collectively promoting Melbourne.

- **Promote Melbourne via international alumni**
  International alumni are proud of their Melbourne education and are generally ready and willing brand ambassadors, yet we fail to strategically engage this untapped marketing source. Engaging our international alumni as brand ambassadors is a powerful way to raise awareness of the quality of our city's education infrastructure, and of the importance of our international education sector.

- **Promote Melbourne via outbound students**
  Promoting the value of international education in Melbourne is a two way street. Similar to international alumni, establishing an outbound student ambassador program for Melburnians studying in other countries (for example via those outbound students studying as part of the New Colombo Plan), will help promote Melbourne to audiences in their host countries.

- **Promote Melbourne through offshore campuses**
  Melbourne institutions are world-leading when it comes to provision of well-run, high quality offshore campuses. Providing quality off-shore campuses of our institutions reflects well on our education system and helps promote the 'Study Melbourne' brand to potential international students. A collaborative approach to better promoting the experience of living and studying in Melbourne through these campuses will make a valuable contribution to branding Melbourne and encouraging international students to study onshore.

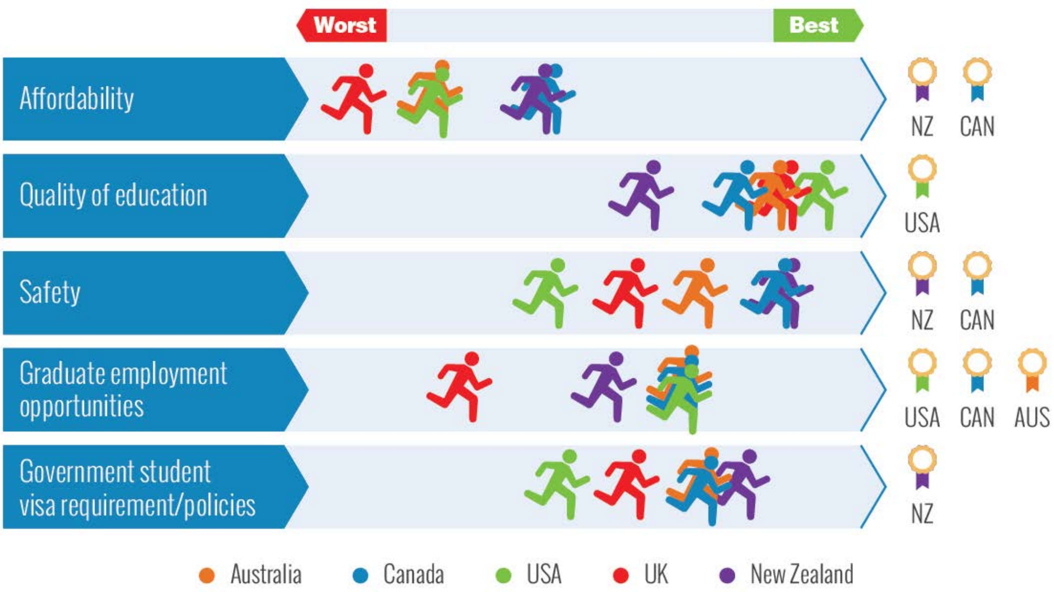
Study Melbourne – A quality education

Many factors contribute to how international students finally decide on their study location. Perceived quality of the course and institution, international experience, safety, culture, support services, ease of obtaining visas, employment opportunities while studying and eventual career prospects are all taken into consideration.[43]

While not the top determinant of student choice, cost is a major consideration and there is no doubt that the relatively high costs of tuition and living in Australia, have an impact on our competitiveness as a study destination.

Figure 8 below shows perceptions of a group of international students surveyed by IDP in August 2014 of how the five major English-speaking student destinations compare across some of these key decision factors. Australia compares poorly with Canada and New Zealand in relation to affordability, and falls behind the USA and UK in terms of perceived quality of education, both factors that weigh heavily on student's choice of destination.

Figure 8 | International student perceptions of English-speaking destinations, 2014



Source: IDP International Student Buyer Behaviour Research[44]

Quality education

The perceived reputation of education institutions and the quality of the education system overall is a key consideration for students in deciding where to study. While Australia has a fine selection of world-class educational institutions, to international students, it also has relatively high course fees in comparison to the quality of education provided, and one of the highest costs of living. As one Committee forum attendee noted:

> *"We are paying Harvard prices, but we are not getting a Harvard education."*

[43] Commonwealth of Australia, Australia – Educating Globally: Advice from the International Education Advisory Council, February 2013.

[44] http://www.idp.com/global/aboutus/researchandpartners/researchservices

According to *The Economist*, while Melbourne's universities have a reputation for providing quality higher education of a 'mid-upper level' standard, it is likely that local institutions, many of which are still young by global standards, will find it increasingly difficult to compete with the US and UK's established Ivy League and Russell Group university brands for the short-term future at least.[45] The University of Melbourne is currently the only Australian university (44) that makes it to the top 50 of the Shanghai Jiao Tong Ranking of World Universities, compared with 32 US universities and 6 UK universities.

Maintaining a strong emphasis on the quality of the product that is being delivered to international students, and adapting it to meet the needs of a global workforce, is critical to Melbourne's future competitiveness as a top international student city.

Similarly, we need to better appreciate the potential of international students to contribute to our knowledge base. This means we need to be strategic in terms of the quality of the students we seek to attract. International students now make up a significant percentage of PhD candidates at our universities (37 per cent in 2011, up from 21 per cent in 2002).[46] Attracting high quality people to study and work here contributes to the quality and global prestige of our institutions, promotes higher awareness of Melbourne as a desirable destination in a crowded and competitive market place, and enhances our research and knowledge base.

Doing more to attract the best and brightest talent on offer is a key to continuing to build our reputation. Improving the availability of scholarships is an important lever we can activate to help compete with the rest of the world in attracting the most talented people to study here. The State Government's international research scholarship and Indian doctoral scholarship programs are good initiatives, but there is also a prominent role for a prestigious corporate-sponsored scholarship program can play in promoting Melbourne as a premium choice for outstanding international students.

Affordability

A Universities Australia study of the financial circumstances of international and domestic students studying in Australia indicated international students have relatively low levels of satisfaction with course fees and living costs[47], an issue that was also raised forcefully by international students who participated in the Committee's forum.

Recent research shows the average cost of an international education in Australia increased by 166 per cent between 2002 and 2011, compared with a 55 per cent increase for international students in the United States, and a 78 per cent increase for students in the UK.[48]

Undeniably, much of this was due to the appreciation of the Australian dollar over this period. While it may be the case that the exchange rate is beyond the control of institutions, accommodation providers or retailers, the bottom line is that the perceived 'value for money' of an Australian education is a major issue.

> *"The cost of living in Australia is extremely high. Given that the Australian dollar is not as highly valued as the Euro or the British pound (for instance), the cost of everyday items here is rather exorbitant, especially for students from countries with currencies weaker than the Australian dollar."*

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[45] "The case for action: Be prepared, Booms have to end, but not in tears", *The Economist*, May 26 2011

[46] Group of Eight, *The Changing PhD*, Discussion Paper, March 2013, p. 18

[47] Universities Australia, *University student finances in 2012,* July 2013

[48] Boston Consulting Group, *Australia's International Education Industry – Analysis of Strategic Trends*, February 2013

Male, international undergraduate[49]

When the value for money factor is combined with the relatively high tuition fees and cost of living in Australia (around 13 per cent more than the US), it is clear that Australia is at the critical junction where costs are perceived to outweigh the benefits.

> *"One thing about Melbourne is that the cost/standard of living is very high. … Ultimately I would compare this with my tuition fee. We pay close to 33,000 AUD per year…but I don't personally experience my 33,000 in action. If the tuition was 15,000 or even 20,000 okay... I might find it reasonable. But not this much."*

Male, international undergraduate[50]

The cost of studying onshore in Melbourne is becoming an issue of significance, particularly when you consider many international students like Australian students have relatively low income levels. There is a general misconception that most international students come from wealthy families and can easily afford the very high tuition and living fees in Australia. The evidence however, says otherwise. According to Universities Australia, on average, 63 per cent of international undergraduate students live on an income of less than $20,000 per annum, and 19 per cent on incomes of between $20,000 and $30,000 a year. More than a quarter of international undergraduates, and a fifth of international postgraduate coursework students, have incomes of less than $10,000 per annum.[51]

Although an international student's average annual income is not dissimilar to that of a domestic student, the fact they pay much higher course fees than domestic students creates financial pressure. The tuition fees for a standard Bachelor of Science degree in 2015 is around $33,000 for an international student compared with $8,000 for a domestic student.

As a result, the need to either expend savings, or to borrow money, is increased for international students. While a domestic student's costs of servicing loans are modest at somewhere between $107 and $452 annually, international undergraduate students in contrast, are paying an average of $1,050 per year.

With this in mind we must be very careful to pay close attention to the comparative costs of studying onshore in Melbourne. In the *2015 QS Best Student Cities* rankings, Melbourne was ranked the world's second best student city after Paris. This was despite our affordability rating ranking in the bottom decile of the 50 cities surveyed.[52]

Clearly our quality of education and lifestyle play an important role in offsetting affordability. This highlights the need for us to continue to compete forcefully on our merits as a location offering quality education and living experiences. Failure to maintain our level of excellence in these areas will see us move into a price range that falls outside the mainstream market.

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[49] Universities Australia, *University student finances in 2012,* July 2013, p. 95

[50] Universities Australia, *University student finances in 2012,* July 2013, p. 102

[51] Universities Australia, *University student finances in 2012,* July 2013, p. 7

[52] QS Best Student Cities 2015, *op cit*

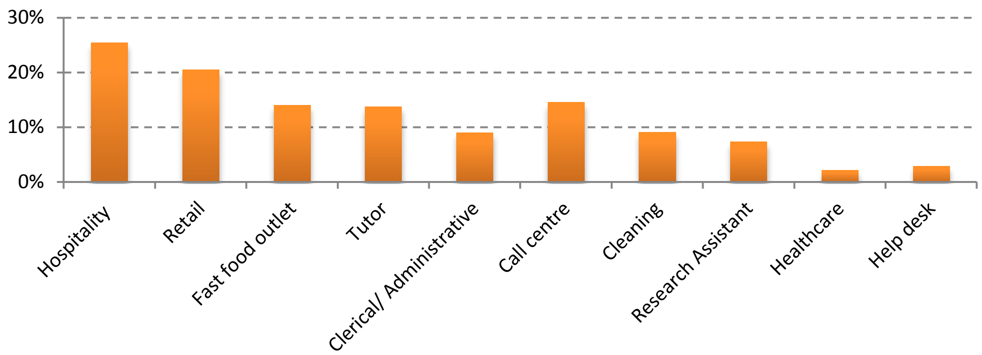
Jobs and work experience

In addition to the reputation of the academic institution, the perceptions of career and migration opportunities are key drivers of international student choice.[53] The City of Melbourne found that 'gaining employment' (either while studying or after graduating) is a priority factor for international students.[54] Ensuring we have attractive policy settings for career-related work opportunities, both during and after undertaking a course of study, is critical to remaining competitive.

International students are an important source of skills and make a significant contribution to our casual labour force and skilled migration. Most international students are able to work up to 40 hours a fortnight during term and, like domestic students, many depend on part-time employment to help cover their costs of living and studying. Current regulations restrict students on international visas to a maximum of 40 hours per fortnight of paid employment, and research indicates that the bulk of international students are doing the maximum number of hours possible to cover their expenses.[55]

One of the key concerns regularly raised by international students, and reinforced by the Committee's forum attendees, is the lack of availability of study-relevant work opportunities. Most international students in Victoria find part-time work in industries such as retail and hospitality (see Figure 7), which are in most cases not related to their field of study. While this assists students to pay for their living and tuition expenses, it does not help them grow their skills and knowledge base in their chosen field of study – something they value very highly.

Figure 7 | Type of work undertaken by international students in Victoria



Source: Prospect Research/VIDC, The economic impact of international higher education students in Victoria, Presentation to the Australian International Education Conference, October 2009

While the jobs market is tight for both domestic and international students, there are specific issues for international students that create a perception that there are a number of barriers to greater participation of international students in work placements, and this is damaging to the reputation of Melbourne as a destination city.

[53] BCG, Australia's International Education Industry – Analysis of Strategic Trends, February 2013

[54] City of Melbourne, op cit, p. 26

[55] Universities Australia, University student finances in 2012, July 2013, p. 9

According to the City of Melbourne, some of the barriers identified by students include:

- a lack of clarity and confusion about rules governing participation in work placements under the ESOS (Education Services to Overseas Students) Act and about visa conditions
- a lack of awareness among employers of the availability and potential benefits of work placements for international students
- perception of English language deficiencies and cultural barriers amongst potential employers
- a lack of networks and industry knowledge amongst international students which can impede their ability to organise their own work placements.[56]

In addition to issues associated with finding course-related work during study, international students also struggle to find work relevant to their course of study after graduating. According to Graduate Careers Australia, from a peak of 35.3 per cent in 2008, the proportion of Australian employers who recruited international graduates had fallen to 18.5 per cent by 2013, the second lowest figure since the inception of their survey in 2005. When asked why the recruitment of international students was not part of their 2013 graduate intakes, the most common reason provided was that 'candidates must be a citizen or permanent resident of Australia', with the next most common reason being that there were 'enough suitable local candidates'. [57]

Given the tight employment market at this time, meeting the employment expectations of all graduates, both Australian and international, is becoming more challenging. There are however, a range of additional challenges facing international graduates attempting to find post-graduate employment. According to Monash College,[58] these include:

- lack of permanent residency
- lack of relevant work experience in Australia
- limited awareness of recruitment/job application channels
- lack of access to networking and industry related connections
- not fully understanding the importance of customising applications
- cultural differences in communication styles, soft skills, business etiquette and avoidance of self-promotion
- language barriers
- lack of confidence

With study-related work options both during studies and post-graduation playing such an important role in the final decision around choice of destination, it is imperative we maximise employment opportunities for international students to encourage them to study in Melbourne. Australia has taken some positive steps in recent years, such as the introduction in 2013 of new post-study work arrangements to provide some international graduates of Australian institutions with the opportunity to spend more time in Australia gaining practical experience following their studies. This has helped: but by no means has it solved the problem.

At the state level, the government's commitment to the introduction of the Study Melbourne program is also a step forward. This program aims to provide internships through partnerships with universities and leading training providers and with the support of peak industry groups. The aim is to help 600 students over four years gain a work placement.

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[56] City of Melbourne, *op cit*, p. 30

[57] Graduate Careers Australia, *Graduate Outlook 2013*, p. 13

[58] Monash College, *International Students and Higher Education*, March 2013, p. 3

Melbourne can also take steps to improve the employment prospects of international students and to address barriers to greater participation of international students in work placements. The City of Melbourne is working with universities and employers on a proposal to run the world's first virtual career expo for both international and domestic students late in 2015. This expo will provide prospective and current students with an understanding of potential global employment opportunities in Australia and in their home countries.

While the jobs market is tight, we need to work harder to meet the expected employment outcomes of international students if we are to continue to encourage them to choose Melbourne as their study destination.

English language proficiency

English language proficiency is a necessity for any international student wishing to complete their course of study in Australia. In many cases, it is also a key determinant of successful post-education career prospects. As a native English speaking country, this is an area in which we have a natural leverage advantage.

Despite its acknowledged importance, there is evidence that many international students are not achieving their desired language proficiency standards. Research undertaken respectively by the Australian Research Council in conjunction with Deakin University and IDP, and by New Zealand's Massey University, found that many Chinese employers for example, are dissatisfied with the English language competency of graduates who return from Australia and New Zealand.[59]

> *Poor employment outcomes are dogging Chinese graduates of Australian and New Zealand universities as poor language skills, overly high expectations and lack of relevant work experience conspire to undermine their transition to work.*[60]

Various reasons have been put forward as to why improving English proficiency when studying in an English speaking country is so difficult. It may be the case that English proficiency standards for course entry are being set too low. A 2011 review by the Victorian Ombudsman found that international students struggle with English language proficiency and noted that:

> *"… universities have been setting their admission standards based largely on industry practice and assumptions, not on evidence about the language skills that students need to study successfully."*[61]

A further key factor raised is the lack of cross-cultural engagement, which results in international students of the same nationality living and socialising together with limited interaction with local residents. As a result they tend to speak their native languages rather than improving their English language skills. This exacerbates the language barrier as the lack of English language skills means that social interactions with locals become more stressful, and employment options more limited. This in turn limits their opportunity to become more immersed in local culture, thereby creating a vicious cycle.

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[59] Cate Gribble and Mingsheng Li, 'Work Experience Vital for Chinese Graduates as Foreign Credentials Lose Their Lustre', *The Australian*, July 3, 2013

[60] Julie Hare, 'Indifferent Outcomes for Chinese Graduates', The Australian July 3, 2013

[61] Victorian Ombudsman, *Investigation into how universities deal with international students*, October 2011

The opportunity to improve English language skills is critical to the appeal of offshore learning options. The UK Government's research paper into the wider benefits of international higher education showed that alumni saw English language proficiency, and improving English language skills, as a main 'pull' factor in choosing the UK to study.62 Irrespective of their field of study, many alumni whose first language was not English reported that their command of English was an asset valued upon return to their country and in their career.

Raising the English language proficiency outcomes for international students can provide Melbourne with a competitive advantage as an attractive destination for international students.

Priority action – Study Melbourne

Ultimately, Melbourne's academic value proposition is determined by what is offered in terms of quality of education, and the work experience and employment opportunities that education delivers. Quality courses, respected institutions, English language proficiency, preparation for post-graduate work and access to course-related work experience during study all matter. For Melbourne to continue our successful future as a leading international student destination, we must address some of the challenges we face in meeting the expectations of students to deliver value for money in terms of both their academic qualification, and their desired life and career outcomes.

Study Melbourne – Strategies for change

- A strong emphasis on academic quality
  Increased competition and lower cost competitiveness means we need to work harder to strengthen the perceived quality of education offerings in Melbourne as a key driver in choice of destination. International students are looking for offerings that are of high quality, relevant, contemporary and internationally sophisticated. This may mean tailoring curricula to incorporate a wider world view or teaching with an international focus.

- Collectively promote Melbourne's academic institutions
  Collectively, Melbourne has more international students than any other Australian city, and some of the highest ranking academic institutions in the nation. Collectively promoting the size of our international student population, the number and quality of academic institutions at all levels (from schools through to TAFE and universities), in a manner similar to that being done in Iowa and Texas in the US for example, can become a very powerful marketing tool.

- Acknowledge particular strengths in niche areas of each institution
  As part of our collective branding, we can build Melbourne's brand by acknowledging fields of excellence across institutions. Providing collective information on areas of academic excellence across institutions can help to attract students to Melbourne institutions by encouraging them to search for courses within Melbourne, rather than within a specific institution alone.

- Share the overflow
  For Melbourne's top ranked international education institutions, demand for courses by far outstrips places available, while other Melbourne based entities are seeking to attract more international students. As a way to keep the student state-based, we should seek to explore ways in which students who do not

[62] Department for Business, Innovation and Skills, *op cit*

secure places at their first choice institution are encouraged to look to other Melbourne or Victorian based options in the first instance rather than opportunities in other cities.

- Recruit the best and brightest

  Recruiting the best and brightest international students helps build our global links and international reputation as a centre for academic, research and innovation excellence. Providing more opportunities to study in Melbourne through initiatives like targeted and highly prestigious corporate scholarship programs will help to attract excellence which will in turn strengthen Melbourne's reputation as a high quality study destination.

- Improve employment opportunities for international graduates

  We need to provide better links between international students and both post-graduate employment opportunities, and study related work experiences during study. International students indicate they value very highly opportunities to experience study-related work experiences, (either paid or unpaid), during their course of study, and the opportunity to work post-graduation in Australia is a key driver in students choosing an onshore study option. We must provide employers with information that clarifies international student employment with regard to visa requirements and the like, as misinformation has led to many employers simply disregarding this pool of employees.

- Connect employers and international students

  Regardless of whether they are post-graduate or during study work-experience opportunities, we need to be better at connecting employers and students. Initiatives such as a well developed online portal that centralises work placement information and opportunities for both students and employers, or the City of Melbourne's online Melbourne Global Careers Fair initiative, (which will run for the first time in September 2015) can play a key role in linking students to jobs relevant to their course of study, and employers to international students with relevant skills and knowledge. Creating better employment opportunities will have a significant positive impact on our reputation as a study destination.

- Improve English language proficiency

  Many international students struggle with English language proficiency, which impedes their ability to successfully complete their studies and secure employment opportunities. While there are English language courses available for students, there are also many ways we can provide international students with conversational English language opportunities. A volunteer scheme run through appropriate organisations where interested Melburnians conduct informal conversational English sessions, for example, could assist international students to improve English language skills in a simple and practical way, while at the same time providing a cultural engagement.

Live Melbourne – A quality experience

The student experience plays a vital role in enhancing Melbourne's value proposition as an international student destination.

As noted previously, as part of our direct consultation with international students, we asked what factors they personally felt had a negative influence on their experience studying in Melbourne. With regard to a quality experience, key concerns raised included:

- access to affordable and convenient accommodation
- affordability and accessibility of transport to and from places of residence to places of study and work
- feeling welcome and engaged as part of the local community
- gaining exposure to local culture and more direct interaction with Australians.

While steps have been taken to improve the student experience onshore, more needs to be done. The 'student experience' is influenced by a range of factors, however affordability, accessibility and quality of accommodation and transport, as well as cultural engagement, inclusion and safety are issues that continue to come to the fore when students discuss matters that have a negative impact on their experience. In these areas in particular, we must work harder to improve our offering.

Accommodation

Melbourne's significant international student population, in combination with a tight domestic rental market, means access to affordable, safe and conveniently located accommodation continues to have a negative impact on the international student experience in Melbourne. This was a major issue raised by students at the Committee's interactive student forum, and is supported by research by the City of Melbourne, which showed that 51 per cent of international students surveyed indicated they were not satisfied with the cost of accommodation.[63]

Key accommodation concerns raised by students in our consultations focused on:

- Accessibility – Many students are priced out of accommodation close to campuses and are opting for more affordable options located further away, making access to study locations more costly and time consuming

- Suitability – Many resort to sub-par housing options such as overcrowded housing, "hot-bedding" (sleeping in shifts), or sleeping in garages and sheds

- Affordability – 55.6 per cent of international students in the City of Melbourne cited affordability of accommodation as an area in need of improvement.

In addition to course fees, on average international students spend around $21,000 in living and course-related expenses each year (see Table 4).[64] After tuition fees, accommodation, at almost 40 per cent of total expenses, is the largest single cost to international students studying here.

[63] City of Melbourne, A Great Place to Study—International Student Strategy 2013-2017, December 10, 2013, p. 9

[64] Universities Australia, University Student Finances in 2012: A Study of the Financial Circumstances of Domestic and International Students in Australia's Universities, July 2013, p. 29

Table 4 | Expenditure by international students, Australia[65]

Total Expenditure	Undergraduate		Postgraduate Coursework		Postgraduate Research	
	Exp $	%	Exp $	%	Exp $	%
Mean	21,332	100	24,001	100	28,584	100
Median	18,501		20,656	-----	25,675	
Mean total general living expenses	**17,178**	**80.5**	**19,900**	**82.9**	**25,020**	**87.5**
Mortgage/rent	7,860	36.8	8,567	35.7	10,881	38.1
Food and household supplies	4,214	19.8	5,080	21.2	6178	21.6
Utilities	655	3.1	790	3.3	1,126	3.9
Medical and health costs	240	1.1	394	1.6	608	2.1
Transport costs	1,437	6.7	1,590	6.6	1,732	6.1
Personal costs, entertainment, holidays, etc.	2,010	9.4	1,870	7.8	2,211	7.7
Credit/loan repayments	342	1.6	441	1.8	517	1.8
Childcare, crèche, daycare	40	0.2	477	2	756	2.6
Child support payments	37	0.2	128	0.5	266	0.9
Other expenses	343	1.6	563	2.3	745	2.6
Mean total study-related expenses (Mean)	**4,153**	**19.5**	**4,101**	**17.1**	**3,568**	**12.5**
Textbooks	574	2.7	531	2.2	190	0.7
Stationery	373	1.7	411	1.7	377	1.3
Personal computer/laptop purchase or hire	313	1.5	384	1.6	430	1.5
Other computer-related costs	361	1.7	344	1.4	408	1.4
Credit/loan commitments to pay for study	1,050	4.9	881	3.7	670	2.3
Other university costs (late enrolment, library fines)	375	1.8	413	1.7	88	0.3
Union/guild/sports union fees	60	0.3	68	0.3	103	0.4
Transport to and from university or school-related	867	4.1	896	3.7	1,079	3.8
Other study-related items	180	0.8	173	0.7	223	0.8

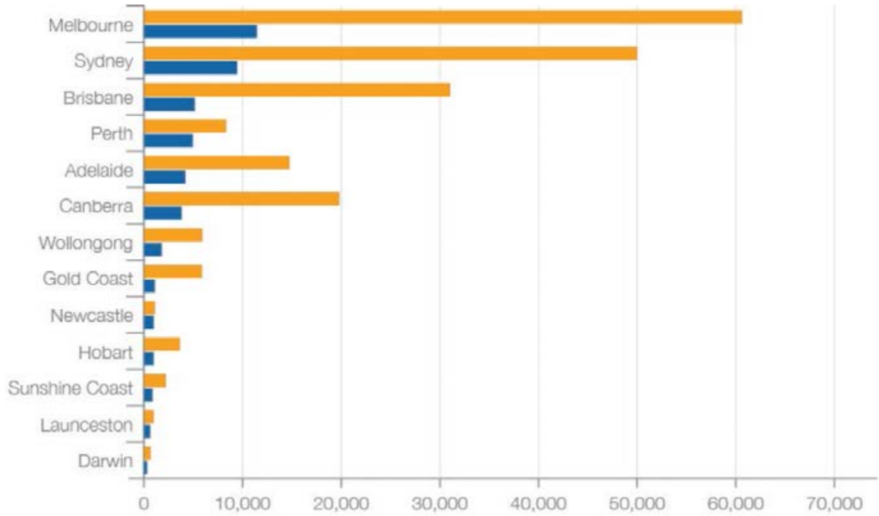
There are also issues with the supply of appropriate accommodation options for international students as the *State of Australian Cities 2013* report highlights:

> *In the United States and the United Kingdom students regularly move from their home to a geographically separate area to study and reside in purpose-built accommodation but Australian domestic students have traditionally studied at their local university or TAFE and often live at home. The prevailing model in Australia has therefore been a commuter student model. Before 2000, those students requiring student accommodation represented a relatively small minority of the overall student population on most Australian campuses. The large increase in demand from international students for accommodation over the last decade has therefore posed particular difficulties.*
>
> *This demand is demonstrated by [Figure 7 in this report], which shows that even if all on-campus beds in Melbourne and Sydney were quarantined for international students, this would still only provide accommodation for less than 19 per cent of them. The increased demand for accommodation due to the growing numbers of international students has seen a growth in purpose-built student housing on and off campus, including an additional 6,211 properties built with the support of the Australian Government's National Rental Affordability Scheme. However, evidence suggests the majority of international students are renters in the private housing market.*[66]

[65] Universities Australia, University Student Finances in 2012: A Study of the Financial Circumstances of Domestic and International Students in Australia's Universities, July 2013, p. 29

[66] Department of Infrastructure and Transport, Major Cities Unit, *State of Australian Cities 2013*, 2013, p. 54

Figure 7 | International students and beds in university on-campus accommodation, Australia, 2011



Source: Department of Infrastructure and Transport, Major Cities Unit

Despite the number of purpose-built student apartments in the City of Melbourne increasing by 133 per cent between 2002 and 2010 (from 2,050 dwellings to 4,785)[67], international students living in rental accommodation are still experiencing high levels of rent stress. As a result, many students pursue sub-par housing options that offer neither permanent nor secure accommodation.

There are also many campuses around the metropolitan area that do not have the same access to student accommodation options that exist in the CBD. This, combined with the added complexity of poorer public transport access to these universities than to city-based campuses, places even more pressure on students studying in these locations.

International students generally lack an understanding of the local housing market and support networks of friends and family. While some education institutions, local councils and other organisations currently provide assistance to international students in finding accommodation, there is much more to be done to ensure international students in Melbourne have access to suitable, affordable and reasonably located accommodation.[68]

Transport

Transport costs form a significant part of most international students' living expenses and the lack of equity in availability of student travel concessions to international students in Melbourne has long been a contentious issue. Students who attended the Committee's forum cited the lack of equitable transport concessions as one of the most negative aspects of living in Melbourne.

The Australian Council for Private Education and Training (ACPET) revealed that more than 89 per cent of international students do not recommend studying in Victoria because of poor public transport assistance.[69] In support of this, almost 70 per cent of international students in the City of Melbourne international student

[67] SGS Economics & Planning, *Understanding the Property and Economic Drivers of Housing*, City of Melbourne, January 2013, p. 56

[68] Universities Australia, *University Student Finances in 2012,* July 2013

[69] Wenjing Zhang, Public Transport Concessions: Where is Victoria Headed?, *Meld Magazine*, 25 October 2013, retrieved from: http://www.meldmagazine.com.au/2013/10/international-student-transport-concessions-victoria/

survey cited the cost of public transport as an area that needs improvement[70]. In feedback provided at the Committee's forum, this was the single biggest issue that frustrated all students, with some students indicating they do not recommend Melbourne as a first choice destination to study because they do not receive the same transport concessions as domestic students, yet pay much higher tuition fees.

> *There … [are] no benefits at all of being international student in Australia. We paid double than domestic students and we can't use student tickets for transportation. I found it very unfair for international students. It would be great if we don't have to always pay double for basic necessities.*
>
> *Female international undergraduate*[71]

Until 2015, Victoria was the only Australian state not to offer any student concessions to international students. After strong and ongoing advocacy from many groups, including the Committee, a trial of travel concessions was introduced in 2015.[72] Unfortunately, similar to New South Wales, (and unlike all other Australian states and territories who offer equitable concessions), our students will not be given access to the full range of concessions available to their domestic counterparts.

Under the trial, a 50 per cent discount is available to international students on annual full fare Myki passes who are studying with eligible institutions in diploma, advanced diploma and bachelor-level courses. This trial is supported and part-funded by all Victorian universities, and while it is a positive and welcome first step in opening up transport concessions, experience in New South Wales suggests the conditions imposed on their availability means they may not be widely embraced.

According to *Honi Soit* (the University of Sydney's student newspaper), NSW Transport reported only 8,056 travel passes were issued between February and September 2013 to the 160,000 international students in the state. This represents a take-up rate of around 1.4 per cent.[73]

We missed an opportunity to jump ahead of Sydney and to put Melbourne on a par with other locations in Australia and overseas by failing to introduce equal concessions for international students. As one Canadian student studying at the University of Sydney noted:

> *"If say Melbourne said, look, we'll give you exactly what Australian students get in terms of your transport discounts. That would just be a sign of a more hospitable environment for international students."*[74]

To international students, the lack of decisiveness in introducing concessions via what they see as a relatively easy change in policy quite simply says we do not value our international students highly. This is bad for our brand and our reputation, and the impact of this is far-reaching.

Given the significant contribution international students make to the economy, including cross-subsidisation of domestic students through course fees, providing equitable transport concessions seems to be a more than reasonable request, and it is something we will need to fully address going forward. Failure to do so will continue to have a negative impact on perceptions of the city's attitude and appeal as a destination for study.

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[70] City of Melbourne, International Student Survey, October – November 2010, p. 26

[71] Universities Australia, University student finances in 2012, July 2013, p. 99

[72] Victorian Department of State Development, Business and Innovation, International Education Strategy for Victoria 2013-2018, p. 9

[73] http://honisoit.com/2014/03/nsw-international-student-travel-concession-doesnt-get-you-very-far/

[74] http://www.meldmagazine.com.au/2013/03/nsw-transport-concessions-not-useful/

In addition to cost of transport in general, access to some of our university campuses, particularly those located outside the CBD and inner-city areas and not directly serviced by the train system, is difficult. Campuses such as Monash University at Clayton, Deakin University's Burwood and Waurn Ponds campuses, and RMIT and La Trobe Universities at Bundoora are not as easily accessed. This makes it difficult for all students to travel to campus, and in particular for international students who are unlikely to have access to private transport.

While there are plans in the extended train network strategy for example, to eventually provide new connections to some campuses, given the completion of these developments is reliant on other significant progress being made to improve the capacity of the existing network before any new lines or significant extensions can be added, these works are at present still many years away. In the interim therefore, it is imperative that we significantly improve the bus network connections, in particular direct shuttle connections between tram and rail nodes and campuses, to give a sizeable uplift in accessibility.

Cultural interaction and engagement

According to the UK Department for Business and Innovation Skills, cosmopolitanism and intercultural sensitivity was listed by UK alumni as one of the most significant advantages of onshore study.[75] Alumni noted the important role off-campus activities, including part-time work and volunteering, played in helping them to grow in confidence and overcome many of the challenges inherent when studying overseas. Many alumni also reported increased sensitivity towards other cultural perspectives and an improved ability to understand and communicate with people from a wide range of national and social backgrounds as a result of their cross-cultural interactions.

Unfortunately, research by the City of Melbourne, along with anecdotal evidence from the Committee's forum attendees, indicates that international students are to a large degree disappointed with the level of cultural interaction available when studying in Melbourne.[76] Students identified limited opportunities to meet Australian students, make local friends, and interact with their local community as key concerns.

The COAG 2011 *International Student Roundtable Communiqué* also highlighted social inclusion as a major challenge, with key issues international students raised being feeling welcome, making friends and feeling part of the Australian community. Students agreed that many of their institutions had good social inclusion programs, however a desire to make connections with the wider community was identified. [77]

In the City of Melbourne's survey of international students, the most frequently cited barrier preventing international students from engaging in social activities was cost, in particular costs relating to equipment hire, use of facilities or taking classes, followed by heavy study loads. A smaller, but nonetheless notable, number of international students cited a lack of companions as a barrier preventing further participation in social activities.[78]

The opportunity to be immersed in another culture, to extend networks, and to make new friends is one of those key elements that distinguish offshore and online learning from onshore opportunities. The cross-cultural experience continues to entice students to study abroad, even when the costs are relatively high. Given that we need to maximise all the advantages we have available when our costs are so high, it is essential we optimise international students' opportunities for cultural interaction and engagement.

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[75] UK Government, Department for Business, Innovation and Skills, *The Wider Benefits of International Higher Education in the UK*, Research Paper 128, September 2013 , p. 94

[76] City of Melbourne*, International Student Survey, October – November 2010*, p. 31

[77] Monash College, *International Students and Higher Education*, March 2013, p. 5

[78] City of Melbourne, *op cit*, p. 19

Health care

Overseas students who study in Australia do not have access to Medicare. Rather, a condition of all international student visas is that insurance via Overseas Students Health Cover (OSHC) is taken out so they can access medical treatment for the full length of their stay in Australia.

While obtaining OSHC is not an issue of significance in itself, with students being aware cover is a key requirement of their visa approval process, a number of related issues as outlined below, have arisen that need to be addressed.

- **Lack of understanding of how the health system in Australia works**

Many of the issues raised by international students arise from a lack of clarity around how the Australian medical system works, and what their specific cover entitles them to. International students who attended the Committee's forum indicated that they felt there was a lot of confusion caused by a lack of easily understood information around their insurance cover and the sometimes complex process of accessing services.

While the processes around use of on-campus medical services were generally well understood, for medical services provided off campus, the process was not as clearly articulated. This is particularly evident in cases where bulk billing was not available and up-front fees needed to be paid and reimbursements processed, or for more specific services like mental health for example.

It is vital we ensure international students are fully aware of their entitlements under their policy. Clearly there is a need to provide easily understood and relevant information on both the Australian medical services system, entitlements under different health cover policies, and processes for reimbursements and the like to international students. In the case of mental health services, although insurers have quite rightly noted that their policies usually do provide cover for such support services, many students do not understand this. Given the potential isolation international students can face being a long way from their home, mental health issues can be a major concern.

- **Cover being provided for the full length of the student's time in Australia**

One of the key issues highlighted by the Overseas Students Ombudsman is that students are in many cases not covered for the full duration of their stay in Australia.

When arranging health cover, international students can either organise OSHC themselves, or ask their education provider to do so on their behalf, which is often chosen for ease. The option of having the education institution arrange cover is very beneficial for students and is a service we should seek to continue to offer, there is an issue with timing of cover that needs to be addressed.

Most students usually arrive in Australia prior to the actual date their course starts, however in the absence of knowing the specific date of each student's onshore arrival, the education institution, when arranging cover on behalf of a student, simply enters the course start and end dates. This potentially leaves the student uncovered for part of their stay. While this misalignment in timing will often go unnoticed if students do not need to access their insurance during this period, it nevertheless leaves them unwittingly in breach of their visa conditions, and without medical insurance for part of their stay in Australia.

In their Overseas Student Health Cover Issues Paper Outcomes response[79], the Overseas Students Ombudsman proposed that it should be a standard term in OSHC policies that the period of cover automatically commences on the date the student arrives on shore as a means of closing this loophole.

- **Agents falsely indicating they have purchased cover**

According to the Overseas Student Ombudsman[80], there have been a limited number of cases reported where an education provider (usually a smaller private provider), has indicated they have attained appropriate cover when they in fact have not. Although the number of complaints in this regard is small, the potential negative consequences for international students of either being left without cover, or of breaching their visa conditions, mean both the risks and potential consequences are high.

There is substantive information given to education providers around their obligations for arranging appropriate cover when attaining it on the student's behalf, and the vast majority adhere to these requirements. It is the few cases where providers have indicated they have arranged cover and have deliberately not done so, that create the risk and the negative brand perception.

Ultimately, it will almost inevitably fall back on the student to ensure they have appropriate cover before they reach Australia. According to the Ombudsman, it is essential we raise awareness amongst overseas students of their need to ensure they that cover is provided by ensuring they receive their OSHC membership card as proof of their cover.

- **Access to some public facilities**

According to the Private Health Insurance Ombudsman, a small number of complaints have been made (less than 6) by overseas visitors and students who tried to book into public hospitals for maternity services and were turned away despite them having valid health insurance.[81]

In a submission to the International Education Advisory Council, Medibank indicated a cross-government working group was needed to investigate how overseas students could access medical care, particularly obstetrics. Medibank said that while legislation detailed the medical services overseas students were entitled to, it didn't specify who was responsible for providing that care.

While the number of complaints may be small, the potentially risk to the health of a patient, and the impact of this negative publicity generated when visitors are not able to access cover on our brand, means that they are issues we must seek to resolve.

Safe, welcoming and inclusive

Being considered a safe, welcoming and inclusive city is a key element in successfully attracting international students. For any parent considering an international study destination for their child, knowing they will be living in a safe and understanding city when they are so far from home is an absolute priority. The importance of the perception of being safe and welcoming cannot be underestimated.

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[79] http://www.oso.gov.au/docs/Overseas_Student_Health_Cover_Issues_Paper_Outcomes_April_2015.pdf

[80] http://www.oso.gov.au/docs/Overseas_Students_Ombudsman_Issues_Paper_Overseas_Student_Health_Cover.pdf

[81] http://www.theaustralian.com.au/higher-education/medibank-urges-hospital-access/story-e6frgcjx-1226409532021

While there has been some discussion that safety concerns are an issue for international students in Melbourne, anecdotal evidence from attendees at the Committee's forum showed that overall, students found Melbourne to be very safe. This is borne out by independent global comparisons of safety and friendliness in major cities. The *EIU Safe Cities Index 2015* ranked Melbourne the ninth safest city in the world overall, and in terms of personal security, ranked eighth safest.[82] Further, in 2014, Melbourne tied with Auckland as being voted 'the friendliest city in the world' by readers of Condé Nast *Traveler*.[83]

Despite this however, there is no doubt that recent incidents of violence against Indian students has damaged our brand. Although students who attended the Committee's student forum noted they generally felt safe and secure living in Melbourne, they also indicated that the perception of their parents and others at home was often quite different.

Although incidences of violence are widely reported in the media due to their sensational nature, the reality is they are relatively small in number and while it is important we in no way downplay our commitment to stamping out these acts, it is equally important we promote the ways we are addressing these issues to give comfort to students, families and friends that Melbourne is a safe and welcoming city.

As important as feeling safe is a sense of feeling welcome and there is more that needs to be done to ensure we are welcoming towards international students. Although Melbourne in general is welcoming of all cultures at times misconceptions and misinformation create unwelcoming attitudes, and it is disturbing to note that 13 per cent of international students surveyed by the City of Melbourne in 2010 indicated they would not recommend Melbourne to others as a place to study for reasons of 'discrimination' and 'racism'.[84]

This is an issue that we must address by better articulating the value of our international students and laying to rest many of the misconceptions that abound around them. Too often misinformation, for example, the notion that international students take domestic students' study places and push up education fees, create unwelcoming attitudes. As has been shown previously, far from taking places and adding to cost, international students in fact carry the lion's share of fee contribution in our universities (75 per cent of total fees), which actually allows academic institutions to provide higher quality education opportunities for domestic students. It is important that we acknowledge and promote the positive benefits international students provide economically and culturally and lay to rest misconceptions that are not only bad for our brand, they are factually incorrect.

From a tourism perspective, being seen to be welcoming to family and friends of international students is also important. When young people are living so far away from home, the opportunity for their friends and family to come and visit provides some welcome relief in what can be a lonely world.

International students, as well as their friends and families, inject valuable international dollars into the domestic tourism sector. This is of more than just immediate economic importance because a significant proportion of these visitors are the next generations of students. Encouraging our international students to bring their friends and family to Melbourne to visit, and ensuring we provide a welcoming and inclusive experience during their time here will help enhance our global brand as a great city for both tourists and students alike.

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[82] Economist Intelligence Unit, The Safe Cities Index 2015: Assessing Urban Security in the Digital Age, 2015

[83] http://www.cntraveler.com/galleries/2014-08-05/the-2014-friendliest-and-unfriendliest-cities-in-the-world/

[84] City of Melbourne, op cit, p. 30

Communication

Understanding health cover, work rights, rental rights, unfair treatment, study requirements, visa restrictions, mobile phone plans, bank processes, public transport fares and concessions – these are just some of the complex challenges international students face when they arrive in Australia.

Speaking directly with international students as part of the Committee's student forum, feedback indicated that although information of relevance did exist, it was often difficult to locate, and if located, was overly complex for someone new to the country to comprehend.

Many of the issues that come to the fore and create negative brand perception could be relatively easily overcome with better communication. Using health care as an example, international students quite readily understand and accept they require overseas student health cover for their stay in Australia and this creates no issues. It is when clear explanations around how the Australian health system works and what specific services are covered by insurance are not provided that problems arise. It is not good enough to tell students they should have a good understanding of the Australian health care system before they arrive, and not provide the relevant information in a readily accessible and easily understood format.

The same is true for information around work rights; rental applications, obligations and rights; visa requirements; and the like. It is complex enough for those living in Australia to understand much less those who are coming to Australia to study.

In an effort to deal with issues around lack of understanding of rights and processes, the Council for International Students appointed an Education Officer to work specifically on a 'know your rights' education campaign targeted at international students, and while this is a great start, much more still needs to be done. In the end education and communication will still be the best solutions to many of these issues and, as such, it is essential that readily accessible and easily understood information about issues of importance is made available to international students.

Priority action – Live Melbourne

Hand-in-hand with a quality academic experience goes a quality living experience, and the quality of experience both inside and outside the lecture theatre is critical to our appeal as an international student city. While levels of satisfaction with Melbourne's liveability are generally high, international students themselves rate of significant concern issues around the quality and affordability of accommodation, social and cultural inclusion, equitable access to key services like public transport and health, and protection from exploitation. We can, and must, work harder to create a world-class lifestyle experience to match our world-class education offering.

Live Melbourne – Strategies for change

- Create more accommodation opportunities as a matter of urgency
  Cost and supply of appropriate accommodation is a major obstacle facing international students right now. As a matter of urgency we must work to create more accommodation opportunities to fill the immediate gap in the short term. Options for more public-private accommodation partnerships such as home stay or home share accommodation should be explored as a means to increase both the volume and affordability of student accommodation in the short-term. Providing a friendly online interface for those seeking accommodation, and for landlords or home stay hosts to find out more about renting space to international students, would assist students new to Melbourne find appropriate housing, and

potentially improve issues around access to suitable accommodation.

- Conduct a review of Melbourne's student accommodation market
  Before moving forward with a long-term solution, it is vital we are sure we fully comprehend the range of issues impacting student accommodation. As recommended in the 2013 Chaney Report to the federal government, a review of Melbourne's current student accommodation market would be of great benefit. Such a review should include a sample stock take of current student accommodation including an assessment of the quality and suitability of existing stock, as well as a strategic analysis of future needs.

- Build accommodation strategically for the future
  Following a review of our current market, we need to develop a strategy for increasing the range of affordable and suitably located student accommodation options. There is no lack of interest in investing in student accommodation options as UK-based investor Scape Student Living's recent purchase (with the backing of Dutch Pension company APG) of two prime sites in Melbourne and Brisbane for $560 million worth of student housing clearly shows. We must guard against the creation of accommodation that lacks the amenity, connectivity or affordability students require. Recent developments of purpose built student accommodation such as the Iglu Central and UNSW Kensington Colleges developments in Sydney are viable and necessary, and we should look to existing models that work to develop our own design and funding models for the future.

- Equitable public transport concessions
  The same travel concessions available to domestic students should also be available to international students. If Melbourne is to grow as a leading international student city, it needs to enhance its reputation as a city that welcomes and includes international students as equal members of the local community. The substantial contribution international students make to the economy dwarfs the financial impact on fare-box revenue foregone by providing genuine and equitable concessions to international students. The positive impact this move will have on Melbourne's brand will by far outweigh the cost over time.

- Provide better public transport connections for university campuses located outside the CBD
  While many of our CBD and inner city based campuses have excellent public transport connections, those located further from the central area, such as the Bundoora campuses of La Trobe and RMIT Universities, Victoria University at Footscray and the Deakin University's Burwood and Waurn Ponds campuses for example, do not. We must improve our public transport connections to these campuses. This can be achieved in the short term via improved bus services, and in the long-term via better rail and/or tram connections being included in our 30-year infrastructure development plan.

- Structured cultural engagement opportunities
  International students consulted by the Committee stressed that the ability to interact with locals when enjoying the city's cultural offerings was a major attraction to being here. Providing students with memberships to clubs or free tickets to events, although it does provide them with access, does not necessarily offer them access to engage with locals. There is much that could be done by sporting, arts and cultural organisations, and community groups, to offer more structured opportunities for international students to engage with locals. An arts group that gathers to attend exhibitions together or a sporting club membership that involved local fans sitting with students at matches and teaching them the game, will create much longer lasting engagement than simply providing a free ticket for a student to attend alone.

- Structured volunteering opportunities
  Volunteering is a great way to promote community interaction and to break down cultural barriers and misconceptions, and international students as a group are keen volunteers. Creating a volunteer program designed specifically for international students would help grow our volunteer numbers, and at the same time engage these enthusiastic young people in supporting worthy causes. Volunteering Queensland

runs a very successful program that could be used as a model for development of our own local program.

- Cultural and tourism experiences
  International students, and family and friends of students who visit students during their time of study onshore, have a strong desire to experience their destination country. Government, universities and the tourism industry must work more collaboratively to provide access to a wider range of community, cultural and tourism opportunities. This will not only improve the student experience, it will also build wider community recognition of the considerable stimulus international students bring to the domestic tourism sector.

- Clarify health care and health cover
  Health insurers must more clearly articulate what services are covered for international students, and how the processes of fees payments and gap reimbursements work. It is clear that there is still a lack of clarity in many cases around how the health system operates for international students and what is covered. On these issues there is need for us to communicate much more clearly to students their rights and the processes that operate in Australia.

- Insurance to cover full period of stay
  One of the issues highlighted by the Overseas Students Ombudsman is that students are in many cases not covered for the full duration of their stay in Australia. We should enact as a matter of priority the Overseas Students Ombudsman proposal that it should be a standard term in OSHC policies that the period of cover will commence on the date the student arrives in Australia.

- Enhance our safe, welcoming and friendly reputation
  We must also work harder to promote our strong safety record internationally. Being acknowledged as a safe, friendly and welcoming city is a key pillar of our brand, and Melbourne is generally considered to be a safe, friendly and welcoming city. More must be done in practical terms however, to strengthen our welcoming attitude toward international students and ensure we maintain and promote our strengths as a safe city. Working harder to help raise awareness of the enormous economic and cultural contribution international students make to Melbourne will help break down some of the negative perceptions people have around international students. Although incidences of violence are widely reported in the media due to their sensational nature, the reality is they are relatively small in number and while it is important we in no way downplay our commitment to stamping out these acts, it is equally important we promote the ways we are addressing these issues to give comfort to students, families and friends that Melbourne is a safe and welcoming city.

- Better communication
  We must bridge the information gap by providing readily accessible and easily understood information to protect international students in areas of greatest vulnerability. Although many institutions and other stakeholders indicate they provide information, students themselves quite clearly state they find it either difficult to access, or if it is there, difficult to understand. In the end education and communication will still be the best solutions to many of these issues.

- Take information to the students
  Taking information services to campuses located in the greater metropolitan and regional areas would mean that vital support is easily accessible to all international students throughout greater Melbourne and potentially other regional campuses. A mobile student support service that visits campuses in the greater metropolitan area would be of genuine assistance to those students not based in the CBD. There are many support services provided in and around the CBD such as the *Study Melbourne Student Centre* run by the Victorian Government, and *The Couch* run by the Salvation Army, but less is available to those outside the central area.

Conclusion

In order for Victoria and Melbourne to expand our market share and realise the future economic and social benefits of international students, our education institutions and the city itself, need to remain globally competitive. Key to enduring success in this market is to maximise Melbourne's value proposition.

To sustain international student populations and revenue mixes, our education providers need to play a different game, and play it well. To this end, we need to:

- address affordability, maintain quality standards, and constantly assess and reinforce the broader value of Australian qualifications in the global marketplace
- thoughtfully target new sources of demand, as competing supply grows
- constantly innovate in the delivery of competitive educational outcomes
- implement supportive national and State Government policies, particularly in relation to employment and migration.

In addition we, as a city, need to work harder to offer an exceptional living experience for our international students. We must ensure we are welcoming, inclusive, equitable and understanding in our attitude and actions. Melbourne is the world's most liveable city, and our academic institutions are world class. But we cannot afford to be complacent. Domestic and international competitors are making concerted efforts to increase their share of this incredibly valuable economic and culturally uplifting sector, and they are rapidly making progress.

Melbourne's international student sector rests on pillars that have been strengthened over time by the quality of the education and living experience our international students have enjoyed. It is now up to us to take up the challenge to continue to improve our offering at all levels to ensure we maintain our position as a world leading international student city.

COMMITTEE FOR MELBOURNE