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MINISTER FOR EDUCATION AND YOUTH

SPEECH

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Challenges and opportunities in international education

*****Check against delivery*****

Thank you Vice Chancellor Martin Bean for having me at your RMIT city campus, and congratulations on your contribution to this great university. I wish you well on your next chapter when you finish up here in a few months.

Thank you also for the introductory remarks from the Hon Phil Honeywood. As CEO of the International Education Association of Australia, Phil has been a strong voice for international education and students.

Today, I would like to discuss some of my thoughts on international education as we formally launch the consultation to develop the new International Education Strategy for 2021 to 2030.

It has been a challenging time for the international education sector and I appreciate that the lower enrolments today due to border closures will have an impact over several years. However, any disruption also creates opportunities to rethink business models and look at possibilities for the future.

I would like to outline some initial thoughts on this today, because I think there are enormous opportunities in the future and the government wants to work with you to seize them.

Before getting into this, however, let me offer some brief observations about the importance of international education, the short-term challenges of today and what might be possible in the next 6 to 12 months.

International education has been a great success story for our nation. In higher education, it started of course with the Colombo Plan in 1951 which brought the region's future leaders to Australia, providing them with an education, and giving them skills, networks and a lasting attachment to Australia when they returned home.

It was a tremendously successful mechanism of foreign diplomacy and set the scene for larger things to come.

Fast forward to 2019, and the number of international students had grown to an incredible 750,000, largely across higher education, but also vocational education, English language provision and schools. At many of our top universities, international students now comprise more than one third of all enrolments.

The total sector added $37.5 billion to our economy last financial year and it is estimated by my department to support 250,000 jobs, making this Australia's fourth largest export industry and the largest here in Victoria.

Australia has become the world's third largest provider of international education.

It is little understood by the public, but only around 40 percent of the economic contribution of international students is in fee revenue. The majority of the economic contribution is from students spending money in Australia on housing, food, transport and tourism.

Much of the growth of the sector has been in the last one to two decades only. In 2002, there was only 230,000 students, and 400,000 a decade later in 2012. That is, there was a more than threefold increase in less than two decades. Chinese students, in particular, have been large contributors to this growth. Chinese students have almost doubled in the last decade to around 200,000 now. They now make up about three-quarters of all international enrolments at some of our largest public universities.

This incredible growth has been good for our economy, but even before COVID hit, strains were appearing and the continued rate of growth of on-campus enrolments was not sustainable in my view. This is particularly true for our public institutions which have a broader mandate.

This brings us to our current time. Last February, as you all know, we began closing our international borders and they have remained closed since. It was a difficult decision for the government but has probably been the single most important thing the federal government did in getting control of COVID.

Had we not made that decision, our health and economic outcomes would not be what they are today - the envy of the world.

Closing the borders, of course, had a significant disruption on the international student sector.

In 2019, we started the year with around 480,000 continuing international students, while another 150,000 entered Australia to study in the first half of the year, and a further 130,000 in the second half of the year. That normal pattern was not possible last year. While some started online, many also deferred their studies, preferring to wait until travel is again possible.

The relatively positive news is that the impact on enrolments, at least in aggregate, has not been as great as many expected. Enrolments at the end of 2020 were only 7 percent down on 2019, and only five percent for our higher education sector.

To put this into perspective, international enrolments at our universities in 2020 were about the same as in 2018.

I appreciate that some institutions have had greater challenges and the ELICOS sector particularly so.

I also realise that commencements for 2020 were down far more than the overall enrolment figure, particularly from Indian students. We are keeping a close eye on these figures.

Many institutions pivoted quickly to wide-scale digital delivery and offered support for students overseas to stay engaged with their Australian education. Among many examples, UTS has established offshore learning centres for students studying remotely in China and Vietnam, creating hubs where students can go for academic and pastoral support.

English language teaching started 2020 with only 3 per cent online delivery, but this has now grown to 52 per cent. That is a remarkable transformation.

The federal government has supported this digital transformation by changing regulations to allow students to study fully online and changing visa arrangements to preserve students' post-study work rights.

Moreover, we have significantly increased domestic enrolments in higher education and vocational education and have opened up the domestic market for English language acquisition.

We also provided an additional billion dollars for university research.

All of these measures have supported the financial viability of the sector.

So when will international students be able to come back to Australia again? Can I at least provide a roadmap so that the sector can have certainty?

I am asked these questions almost daily.

We are looking forward to welcoming back international students who remain overseas, and we thank them for their patience to date. I hope they appreciate that we have closed the borders for a very good reason.

Since the beginning of the pandemic we have followed the health advice from Australian medical experts, and while I would like to provide certainty and predict a time at which we can welcome back international students in large numbers, I hope you all recognise that the unpredictability of this virus just does not allow me – or anyone else for that matter – to make guarantees.

With the vaccine rollout underway, I am increasingly hopeful that student arrivals in larger numbers will occur by Semester 1 of next year. We expect to have every Australian adult who wants to be vaccinated to have access to their first jab by the end of October.

The research is clear that COVID-19 vaccines will protect lives and livelihoods.

There are challenges though. While successful at controlling symptoms, we do not yet know if the vaccine prevents transmission, and a global authentication system for vaccination certificates is a long way off.

We are expecting more clarity on these issues by mid-year at which time we should be more certain on border openings.

Of course, there is still the opportunity to bring students back in small, phased pilots.

This could occur if an institution works with the state or territory government and presents a plan to us for quarantining international students. The plan must be approved by the Chief Health Officer of the state or territory and there must be quarantine space available above and beyond that presently used for returning Australians.

I have discussed various plans with Government and university leaders but to date have not received any concrete proposal.

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I mentioned at the outset that a disruption to a business model, as we have seen, forces a rethink of that model, and more broadly the international education strategy for the nation.

Further, education – like most other industries – is being disrupted by digital technology. This presents both an opportunity and a threat.

The opportunity is the huge market that different product offerings based more on online education could serve. The threat of course is that any institution in the world could be in the same market, including in our own.

In thinking this through as we set our new strategy and the policy responses that will follow, I want to make two observations.

First, that we need to ensure that going forward, we think through the objective of international students, particularly for publicly funded institutions, and deliver on the full range of objectives, not just a single one.

Second, and in part coming out of this, there is a need and opportunity to have greater diversity in the nations we focus on and the products we offer.

Let me deal with each in turn. In my view, there are at least four objectives of international education:

1. To provide revenue for institutions and the economy
2. To enhance the learning experience of Australian students
3. To ensure that Australia has the supply of workforce skills that we need to continue to power our economic growth
4. To strengthen our people-to-people connections with other nations and support their development

All are important, particularly for publicly funded institutions.

I am concerned that the relentless drive for revenue in order to fund research (which then drives global rankings) has meant that there is an imbalance between the first objective and the others.

Our institutions have been very good at the first objective, particularly in the last decade as I outlined, but we have the opportunity to be better at the others. In particular, the objective of enhancing the classroom experience for Australian students. After all, the primary objective of our publicly funded institutions is to educate Australian students.

International students can strongly support this objective by creating more diverse classrooms and bringing experiences and insights from around the world.

I had the opportunity to be an international student myself when I studied at Harvard, which very deliberately and carefully designs student cohorts to include an optimal balance of domestic and international students – and ensures a mix of countries and regions are represented in that group of international students. It is fair to describe universities like Harvard as operating almost an informal quota system.

The experience for the American students at Harvard would not have been the same if the classroom was made up of only other American students or only American and Australian students. Now, perhaps it is an unfair comparison as Harvard has the reputation and wealth to pick and choose from the around the world.

My point, though, is that we can be better. Having up to 60 percent of a classroom with international students from just one or two other countries is not optimising the Australian student experience – or the international student experience.

I hear constant feedback along these lines.

Currently, just two countries account for more than 55 per cent of all international student enrolments at universities.

Not only does concentration limit the diversity of perspectives in classrooms, it also lowers the resilience of the international education sector to changes in global demand, as we saw with the Indian student downturn after 2009.

If we go to the third objective of international education that I outlined, I believe that we can do more to ensure that international enrolments in Australia are better matched to our nation's future skill needs.

The National Skills Commission has identified our greatest skills needs in emerging fields that will drive our growth in the future. These include data and digital specialists, the health profession, and engineers – especially those in the energy field.

However, currently almost half of international enrolments at universities are concentrated in commerce, while fields like engineering, maths, technology and health attract significantly lower enrolment shares than the OECD average.

In the US, two-thirds of international student enrolments are in engineering, science and health.

Can we use levers, including migration levers, to encourage more students to study in the areas where we know we have shortages? We do this to encourage students to study in areas outside the big capitals. Could it be extended?

Finally, from the objective of people linkages and supporting the development of other nations, I again believe there are opportunities to do more, particularly by extending further the reach of our education systems to beyond in-country learning.

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As well as refocusing on those critical objectives of international education, I see significant opportunities for Australian international education to continue to diversify. I touched on the issue of diversifying the source countries, which would enhance the Australian student experience and reduce risk, as well as the fields of study.

But there is also the opportunity to diversify the education delivery models, and in doing so, grow and reach new markets around the world.

In 2019, about 80 percent of international students at Australian universities were in the traditional onshore delivery model – largely living and studying in-person in Australia for the duration of their degree. The students who took up these opportunities were from the wealthiest segment of the source countries.

In-country study will continue to be a core offering from our education institutions, but there are opportunities for institutions and Australia to build out a broader set of delivery options, and reach a massive market which is requiring tertiary education but may not be able to afford a fulltime in-country experience in Australia or other rich country.

India, for example, has set the ambition of training more than 400 million people by 2022 to meet its future workforce needs. Indonesia has a target of educating an additional 57 million skilled workers by 2030.

Only a small fraction of this number would be able to access traditional onshore Australian education. Moreover, it is unlikely that Indian and Indonesian institutions have the capacity to educate this many in the near term.

We have the opportunity for Australian institutions to meet this market with greater use of online delivery or hybrid learning models at different price offerings. This could be in both full course and micro-credentials.

One Vice Chancellor commented to me recently his vision that in the future his institution will potentially educate hundreds of thousands of Australians through providing customised training for the existing Australian workforce.

Why not a further vision of educating several million people in our region through innovative online and hybrid courses?

The global online e-learning market is forecast to grow from $130 billion to more than $470 billion by 2026. This growth is driven by students around the world seeking lower-cost education, as well as greater flexibility in how and where they learn.

While many Australian providers have had some standout successes in this area, more can be done. And, in the view of people such as Harvard’s Clay Christensen, must be done or risk other countries undercutting our traditional market.

Other countries are already moving into this space. Universities UK reported that pre-pandemic, 58 per cent of international student enrolments at UK higher education providers were studying offshore. Our comparable figure is 22 per cent. This reflects a real difference in delivery models, despite some slight differences in calculation.

India has made a huge investment in its online course platform, SWAYAM. Singapore is implementing its SkillsFuture Series, with a focus on emerging skills areas, including cyber security, data analytics and entrepreneurship.

Additionally, our competitors of the future may not be countries and universities, but companies and startups. IBM, Google and Amazon have all introduced their own micro-credentials. New companies such as Udemy and Coursera that are reimagining how education and training can be delivered. Companies like these can provide an affordable and user-friendly online learning experiences, connecting students to world-leading expertise from their phones and tablets, accessible whenever and wherever needed.

Our Government has been supporting digital growth in the sector. Last year, Austrade launched a ‘Study With Australia’ pilot campaign, which offered access to free online courses from Australian providers. It achieved over 836,000 enrolments, demonstrating the potential to grow Australia’s online market share and tap into new markets.

Another big possibility is expanding our delivery of VET and industry-led international education.

We see this on a small scale with a number of Australian VET providers, particularly TAFEs, who are delivering bespoke training across the Indo-Pacific.

For example, William Angliss has delivered tailored hospitality training to employees for the Singapore Grand Prix and international hotel groups.

Our competitors have been delivering this type of vocational education at a much larger scale. For instance, German VET colleges based in Vietnam and India train tens of thousands of students each year.

Their success at scale highlights the potential to expand offshore delivery of vocational education to reach larger cohorts of learners.

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It is in response to these opportunities, and to the challenge of refocusing on the broader purposes of international education, that a new Australian Strategy for International Education is being developed. This Strategy will set out how we must redesign Australian international education for 2030.

The Council for International Education – a body comprising six Federal Ministers and Expert Members from the sector – agreed in December last year that a new strategy will focus on both the sector's recovery and its longer-term development.

Australia's success to date is a reflection of our collective hard work and our willingness to look to the future, adapt to the changing circumstances, and embrace opportunities to reform.

I am therefore pleased to announce today the consultation process for the development of the Australian Strategy for International Education 2021-2030.

With your input and expertise, we will come out of the crisis in a stronger position by investing in new models and engagement approaches that focus on meeting the challenges and opportunities of a post-pandemic world.

2021 will be the year for bold ideas and I encourage you and your organisations to put these forward, through both the written submission process and the series of targeted webinars and events. The full details of this consultation process are available on the Department's website from today.

We have a great opportunity in this Strategy to chart a course for continued growth in our international education sector, and to ensure that the sector delivers against the important objectives of international education.

I look forward to working with all on this strategy over the coming months.

Thank you.