

21 March 2022

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Dear Ms Letos,

Submission - A longer-term international education recovery plan for Victoria

Thank you for the opportunity to contribute to the Victorian Government's long-term plan to drive recovery and growth for the international education sector. Committee for Melbourne (the Committee) welcomes the government's discussion paper and its commitment to consolidating Victoria as a preferred global destination for international education, training and research.

The Committee is an apolitical, not-for-profit, member-based organisation that brings together over 140 organisations from Melbourne's business, academic and civic sectors whose common purpose is to shape a better future for Melbourne. As an independent organisation, we represent no single interest group or political position but seek to develop innovative ideas to continue to enhance Melbourne's position as an economically prosperous and highly liveable global city.

The Committee has an agenda based on three policy platforms: Future Economy, Liveability & Urban Optimisation, and Infrastructure & Sustainability. Recognising the importance of international education to our city's long-term growth and prosperity, our work relating to this sector falls under the Future Economy pillar.

Our latest report - [Benchmarking Melbourne 2022](#) - offers data-driven insights into how Melbourne is faring across areas of liveability, connectivity and the economy. With international students seeking a quality experience, not just a quality education, these are crucial factors to consider when striving to attract and retain international students. Policymakers need to consider how Melbourne functions as a destination and the impact this has on the decision-making of international students. This report identifies and expands on these issues.

International students have contributed to Melbourne's transformation into a truly global city. Prior to COVID-19, they brought an energy that made the city vibrant and attractive, provided key social, community and hospitality services, and conducted essential research. They will play a major role in helping Melbourne emerge from the crisis.

Prior to the pandemic, international education was Victoria's largest services export industry, generating \$13.7 billion in export revenue and supporting almost 79,000 full time jobs in 2018-2019.ⁱ Other economic sectors, including tourism, hospitality, real estate, financial and professional services, benefitted from the presence of international students. About 60% of the economic value of international education is a result of spending in the broader economy.ⁱⁱ

Building on the work of the Committee's International Student Action Network and based on consultation with select Committee members, we enclose our advice related to the Committee's agenda in section one of the consultation paper: *Maintaining Victoria's reputation as a world-class study destination*. Some of this advice indirectly addresses the first two questions under section three (*Enhancing the student experience for international students studying within Victoria*). With the Committee's mission to *shape a better future for Melbourne*, this paper will focus on the interests of Melbourne's international education sector only, rather than Victoria more broadly.

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

What are the most significant risks and opportunities with respect to Victoria's reputation as a desirable international study destination?

Melbourne has a positive reputation as a world-class study destination. Ranking third in the 2019 QS Student Cities Index,ⁱⁱⁱ the city's high-quality education, research and training sector was a magnet for students and researchers from around the world.

As we emerge from the pandemic, Melbourne remains well-positioned. The city's inherent strengths remain unchanged with international students having access to a world-class education and a desirable lifestyle in a multicultural society. Despite this, there are risks to Melbourne's reputation as an ideal study destination, as well as opportunities to burnish it.

Risks

COVID-19 response

Melbourne's reputation as an attractive study destination correlates with Australia's reputation. In that context, the messaging towards, and treatment of, the international student cohort as the COVID-19 pandemic unfolded requires reflection. Australia's overall stance was underwhelming and contrasted with competitor countries, including the UK, Canada and New Zealand, which signalled to their international student cohorts that they were welcome and remained a priority during the pandemic.

Restoring Melbourne and Australia's reputation as a place that welcomes and appreciates international students will require attention. While the ramifications of this episode are yet to be borne out in full, learnings are needed to ensure that Australian governments respond appropriately the next time a major crisis begins to unfold.

Liveability

Melbourne is recognised as one of the world's most liveable cities. It has ranked highly in the Economist Intelligence Unit's *Global Liveability Index* in recent years, placing first multiple times. But the Committee's *Benchmarking Melbourne 2022* report, which compares Melbourne's performance against 19 peer cities, revealed the city's brand exceeds its product. There is a disparity between Melbourne's positive public image and the realities of living in and experiencing the city.

The report revealed a tale of two cities. Melbourne possesses a world-class city centre rich with amenity and transport options, which contrasts with a wider metropolis lacking adequate connectivity, amenity, green spaces and housing. Ensuring that Melbourne's product balances with its brand is important. Our highly liveable city centre needs to be replicated throughout the wider metropolis, where many international students reside.

Cost of living

Closely linked with overall liveability is the need to ensure that goods and services remain affordable. The cost of living in Melbourne is relatively high. The city was ranked 59th most expensive city globally in the reputable Mercer 2021 Cost of Living Survey,^{iv} which evaluates prices for more than 200 goods and services across various categories, including housing, transport, food and utilities.

Melbourne cannot afford to be comparatively more expensive than competitor cities and regions. Policymakers should consider ways to help drive down living costs for international students across various cost categories, including rental accommodation, transport, utilities and food. Such measures will help ensure that this student cohort can make the most of their time here and for Melbourne to retain its reputation as a desirable study destination.

Opportunities

Diversification

Melbourne has an opportunity to amplify its reputation as a desirable international student destination by attracting a more diverse student cohort throughout the Indo-Pacific region and globally.

The growth in China and India's middle-class is much publicised. Less so is the large middle-class emerging throughout Southeast Asia, particularly in Indonesia, the Philippines and Vietnam. Providing education services to a more diverse student cohort from these countries, and others, would reduce the sector's reliance on a narrow set of markets, open partnership and investment opportunities, as well as deepen and broaden Melbourne's regional and global linkages.

While the pandemic has stalled the expansion of this large and diverse middle class, its growth may continue over the long term and present significant opportunities for Melbourne. Offering more scholarships to prospective students from these emerging markets could help provide a solid foundation for Melbourne's institutions seeking growth opportunities.

The Study Melbourne Hubs in Shanghai, Kuala Lumpur and Ho Chi Minh City, as well as the virtual India Hub, are vital for promoting Melbourne as a global leader in education, EdTech and innovation. Further investment in Study Melbourne Hubs throughout the region could contribute to diversification efforts, while linking these hubs with ethnic community organisations could amplify Melbourne's brand.

Economic support

There is a skills shortage in Melbourne, which can be partly attributed to the loss of foreign workers and international students following the national border closure two years ago. All economic sectors have been hampered, including the city's key industries; financial and professional services, health, higher education, logistics, retail, as well as hospitality, events and tourism.

Despite the national border reopening and resumption of economic and social activity, it is proving difficult for some sectors to rebound. The Federal Government's decision to remove restrictions on the number of hours international students can work will help relieve some pressure and enable these students to better support themselves financially. However, backing this measure with regulatory and legal frameworks would protect the health, wellbeing and interests of international students in the workplace.

Product commercialisation

With an abundance of universities, research institutes and R&D organisations, Melbourne has considerable research strengths. Yet despite these advantages, Melbourne remains behind other peer cities for translating its research into commercial outcomes at scale.

The *Benchmarking Melbourne* report ranked Melbourne 14 of 20 peer cities in 'leading edge innovation.'⁹ This signifies that the rate of local business investment, as well as involvement in commercialisation initiatives and supply chain relationships will need to improve for Melbourne to compete in the global innovation economy.

International students could help address this challenge. Whether through gaining employment in a company's R&D department, establishing a consultancy or business to support commercialisation or having access to networks in potential export markets, opportunities exist to harness international students' capabilities in this domain.

How can government work with stakeholders to best manage the sector's reputation in response to the protracted impacts of COVID-19?

The two issues identified below highlight how closer government and stakeholder collaboration could improve the international student experience. Policy decisions that deliver positive outcomes in both areas could enhance the sector's reputation and incentivise prospective international students to select Melbourne as their preferred destination.

Link education to employment outcomes

As international students transition to professional employment, demonstrating strong links between students' studies and employment outcomes, in Melbourne, Australia and in students' home countries, would enhance Melbourne's value proposition and reputation. It would require policy action and collaboration on multiple fronts.

The process could begin while students complete their coursework. Work Integrated Learning (WIL) units, where students apply their newly developed skills in the workplace and receive academic credit for doing so, would provide invaluable experience and networks. A feasibility study could determine the opportunity and benefits of WIL units being incorporated into all higher education courses.

Building and maintaining comprehensive graduate programs for students completing their studies will require planning and coordination, as well as support from local medium and large organisations. Creating pathways into foreign-based organisations will require more intense collaboration and support, including potential federal diplomatic support.

Successful implementation will hinge on all stakeholders having a clear understanding of Melbourne and Australia's key growth industries, as well as the growth industries in foreign countries. This would allow education providers to further develop, market and promote courses to prospective students where the links between skill acquisition and employment outcomes are strongest. Establishing a world-leading graduate employment program that links international students with industry through discipline-relevant graduate roles could form part of a talent-retention strategy.

There is a need to improve Melbourne's position in industries where technology and science converge. In *Benchmarking Melbourne 2022*, the city ranked 15th of 18 peers for the proportion of the population employed in technology intensive industries and 14th of 17 peers for the share of its home-grown tech-enabled companies that are in science and engineering industries.^{vi} Retention of highly skilled international students could help improve Melbourne's standing in both areas.

The Federal Government could make policy reforms to incentivise local and international student uptake of specific study areas. Whether through course subsidies, tax incentives or revising visa conditions, the *right* policy settings would allow international students to contribute productively in emerging industries after completing their studies. This would enhance the sector's reputation while ensuring productivity gains across the economy.

Living experience

Offering a memorable experience outside of students' studies is vital for enhancing the reputation of a study destination. The Victorian Government should continue to collaborate with stakeholders to help international students have the best possible experience while studying in Melbourne.

The relatively high cost of living can inhibit international students' capacity to experience new things and visit some amazing places. As addressed earlier, keeping the relatively high costs of living under control will help ensure Melbourne remains a reputable international student destination.

Another area that could be supported by collaboration and policy action is Melbourne's visitor economy. An integrated events and activities calendar that reflects a coordinated response between all areas of the visitor economy, and which considers the needs and interests of international students, would enhance Victoria's reputation as an attractive student destination. An oversight body could bring industry players together to create broad-based incentives to help drive participation.

An example of collaboration in action is the inaugural [Melbourne International Student Week](#) (MISW) taking place from Saturday 7 May to Friday 13 May 2022. A project emanating from the Committee's Future Focus Group program, and with support from government and industry, MISW will showcase the culture and services that the city offers to local and foreign students.

How can Study Melbourne best position itself in the post-pandemic international education market?

Melbourne will need to work hard to remain a prime destination for international students in a highly competitive and increasingly mature global marketplace. Attracting high quality students will require more sophisticated and coordinated responses to key drivers of student choice, as well as a preparedness to compete more aggressively both domestically and globally.

Study Melbourne needs to ensure it markets the city and its offerings effectively and strategically to international students, as well as to parents, agents and other key decision-makers. Developing a long-term strategic vision for international education in Melbourne will underpin the city's brand. While individual institutions and government departments have their own strategies, there is no clearly articulated collective vision of where Melbourne's international student sector will be in the coming decades and what barriers should be addressed to achieve clearly defined goals.

The strategic vision should include the aspiration of, and planning for, a world-class education and lifestyle offering, and the integration of highly skilled students into Melbourne's society and economy. Such a vision should address the diversification challenge outlined earlier in the submission so the sector avoids being too reliant on primary markets.

It will be incumbent on all stakeholders to collectively promote Melbourne as a desirable international study destination. While a long-term vision and action plan will remain paramount, some short-term promotional considerations could help Melbourne regain its footing following the pandemic:

- Emphasising Melbourne as a safe environment to study, live and work will help position the city well in the minds of prospective students and their parents.
- Switching the narrative from an economic-centric discussion to one that emphasises the important role international students play in building global relationships and promoting cross-cultural exchange.
- Promoting Melbourne's education and lifestyle offering to the onshore international student market. With thousands of international students located throughout Australia, there is an opportunity to encourage these students to consider Melbourne as a prime destination to continue their studies after completion of their first course.
- Promoting Melbourne's vibrant cultural scene and events calendar, which considers the interests of international students, will encourage integration into the city's way of life.

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

Acknowledgements

The Committee acknowledges the assistance of individuals from The University of Melbourne and Victoria University in preparing this submission, and thanks the Victorian Government for providing the opportunity to offer feedback on its discussion paper.

Yours sincerely,

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ⁱ Department of Jobs, Precincts and Regions, revised 2020, <https://djpr.vic.gov.au/priorities-and-initiatives/economic-value-of-victorias-international-education>

ⁱⁱ Australian Bureau of Statistics, revised 2021, <https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-calendar-year/latest-release>

ⁱⁱⁱ QS Top Universities, revised 2022, <https://www.topuniversities.com/city-rankings/2019>

^{iv} Mercer (2021), *2021 Cost of Living city ranking*, retrieved from <https://www.mercer.com/our-thinking/career/cost-of-living.html>

^v Committee for Melbourne (2022), *Benchmarking Melbourne 2022*, p. 27. Retrieved from https://melbourne.org.au/wp-content/uploads/2022/02/Benchmarking-MelbReport_Final.pdf

^{vi} Committee for Melbourne (2022), *Benchmarking Melbourne 2022*, p. 21. Retrieved from https://melbourne.org.au/wp-content/uploads/2022/02/Benchmarking-MelbReport_Final.pdf