

YOUNG AUSTRALIANS in
INTERNATIONAL AFFAIRS



ADDRESSING AUSTRALIA'S DEPENDENCY ON INTERNATIONAL STUDENTS IN THE HIGHER EDUCATION SECTOR

POLICY BRIEF - SANDHYA DAS THURAISSINGHAM & CHERRY MITRY

EXECUTIVE SUMMARY

This policy brief examines the factors which have culminated in Australia's dependency on international students to sustain its higher education export sector. In it, the authors argue that although such an economic over-reliance is neither sustainable nor diplomatically desirable, national interests would be best served not by seeking to diminish export demand, but rather, by instigating a shift in our federal approach to the issue. To that end, this report presents a number of actionable policy solutions that advocate for greater public and private coordination, attention to peripheral factors shaping students' motivations and responding to the immediate challenges presented by the Covid-19 pandemic.

BACKGROUND

Over three decades of bipartisan deregulation and dwindling expenditure on higher education has endowed the sector with an ever-burgeoning dependency on international students, as a critical source of revenue.

Reforms to privatise the sector began in the late eighties,[1] as the federal government sought to remove itself as the sole subsidiary of higher education in order to alleviate a persistent budget deficit. These budgetary cuts coincided with growing domestic demand for tertiary places as a consequence of climbing secondary retention rates – demand that was likely to remain unsatisfied in the face of funding cuts.[2] Cross-subsidising domestic students' fees with those of their international counterparts then became one of the few viable options through which universities could respond to this growing demand, and thus meet their new commercial imperatives. Indeed, in 2020, international students constituted 23% of universities' revenue, up from 6% in 1995, as the federal contributions to domestic fees have declined from 90% to 40%.[3]

This was undoubtedly the intent of the Hawke government whose policy reforms sought to renew Australia's international competitiveness and balance of trade, thitherto weakened by a declining manufacturing industry and low-valued primary exports. Informed by the tenets of neo-conservatism, this entailed market deregulation, an end to international student quotas, and the transition towards a demand-driven system. This would allow Australia to avail itself to a new source of export income, capitalising on growing demand from Asian middle-income countries.

Albeit successful in advancing competition and delivering economic growth as desired, these policy reforms to the sector have rendered education a private good for which its 'users' – students – pay to consume, and to whom universities are tethered to for their survival.

THE PROBLEM

The higher education model's dependence on international students presents three principal and inextricably linked challenges, augmented by this cohort's lack of diversity.

Physical barriers to international student participation

The first of these is stagnating demand for international education as a consequence of Covid-19, which will define the higher education landscape for the foreseeable future. National security interests manifest themselves in a desire to mitigate the pandemic's spread and have culminated in the adoption of unilateral containment measures encumbering the movement of people between countries.[4] Australia's daily quota on international arrivals and mandated hotel quarantine stays, are examples of these measures and accord for some of the uncertainty faced by international students studying in Australia, or those who plan to do so.

Pandemic-induced economic volatility

This uncertainty is compounded by widespread ongoing economic downturn as countries navigate oft-conflicting domestic economic and public health interests. The resulting effect on income may render the cost of international education in Australia economically burdensome or altogether unaffordable to the rising middle-class tranche in the Indo-Pacific, who form around 80% of overseas students in Australia.[5]

These eventualities which suggest a deterioration in Australia's desirability as an exporter of higher education, may herald a post-pandemic era in which the Australian international student experience falls short of the aspirations of prospective international students.

Cohort homogeneity as a threat to national interest

Outside these immediate challenges, the over-reliance on a largely undiversified cohort of international students, 38% of whom are from mainland China,[6] pose a broad threat to national geopolitical interests. Critically, it is not Australia's dependence on international students as a whole that attenuates Australia's diplomatic power, as this allows for a broader expansion of Australia's higher education sector. Rather, it is a dependence on specific actors to fill this undiversified cohort that may inadvertently create a susceptibility, wherein, neighbouring countries are able to leverage this accrued dependency in pursuit of rivalling interests.[7] Such instances will likely increase in frequency and magnitude as the Indo-Pacific region experiences dramatic shifts in the balance of power that challenge the potency of Australia's existing diplomatic channels which must navigate incongruent political affinities, objectives, dependencies and agendas within the region.[8]

POLICY RECOMMENDATIONS

1

SHIFTING THE BURDEN FROM THE INSTITUTIONAL TO THE NATIONAL LEVEL

Policy solutions must recognise the potent soft-power potential of the international higher education sector which functions as a globe-straddling medium through which Australia's cultural and political ideologies can be projected outwards.[9]

Current efforts to promote the sector have thus far predominantly discharged the burden of promoting international education offerings at the university level itself.[10] This has given rise to the deployment of personal branding and a patchwork of international expansion ventures at the institutional level, in regions of increasing bilateral cooperation. [11] A more effective approach to diversify the international student cohort should, however, resolve to dispense this charge equally, so as to assert Australia's international higher education objectives as a matter of national priority.

This should instead entail, at the national level, a coordinated public diplomacy campaign, with a view to generate a degree of familiarity and interest in Australia's higher education offerings, among rising middle-income countries in the Asia Pacific and Americas, as regions of unrealised market potential.[12] The effect of distributing this burden, would additionally mitigate against the unintended consequences of the increasing commercialisation of the industry, whose profit-motive can undermine national security interests in favour of short-term economic returns by means of engaging in lucrative yet increasingly homogenous international student enrolment practices.

2

INCENTIVISING A COORDINATED PRIVATE AND PUBLIC APPROACH THROUGH FUNDING AND REBATE PROGRAMS

This federal effort in the form of public diplomacy campaigns would be complemented by universities' own attempts to create opportunities that open up the potential of Australian higher education to students from underrepresented countries on our campuses. Funding for these endeavours could be allocated by a reverse auction tender, favouring scalable long-term projects and efforts in regions of diplomatic potential. This may include joint onshore faculties or campuses, inter-institution programs leading to bilaterally recognised qualifications. These opportunities, will foster the exchange of cultural knowledge and promote Australia's educational identity and enliven interest in international education offerings.[13]

3 PROVIDING INTERNATIONAL STUDENTS WITH CLARITY

Australia's immediate response to the demand-side shock sustained to the sector should seek to provide international students with greater certainty on visa protocol and conditions. Current movements by government on this matter include the relaxation of requirements such that students are able to extend visas at no cost, where they have faced disruptions to their study timeline due to Covid-19.[14] Australia should now resolve to incentivise new enrolments by developing and scaling efforts to permit international students to enter into Australia such as designating a quota for the arrival of non-residents.

4 RELIABLE AND AFFORDABLE STUDENT HOUSING FOR AN IMPROVED LIVING AND LEARNING EXPERIENCE

In order to attract this new and diverse body of international students, Australia must complement the cultural, educational and employment outcomes which draw students to our campuses. This would entail addressing problems surrounding student housing and delivering certainty on the quality, affordability and accessibility of accommodation.

International students typically occupy either on-campus accommodation, off-campus purpose-built facilities or privately tenanted properties. It is this latter category that most significantly affects student satisfaction; information asymmetry on tenants' legal rights and the inability for universities to regulate private housing providers leads to high incidences of wrongful ejections, arbitrary rent hikes, payment for repairs outside tenants' responsibility and failure to repay bonds.[15] These issues are compounded by pressure to find affordable accommodation under short notice - which restrains students' ability to vet risky properties.

Channelling COVID-recovery fiscal stimulus towards developing off-campus accommodation with tight residency regulations presents a viable solution to address student exploitation in tenancy agreements. Concerns surrounding affordability could be addressed by locating facilities some distance from campus and implementing a location-based, price-stratified system.

CONCLUSION

The Covid-19 pandemic has inflicted upon Australia immediate and future challenges, having both revealed and exacerbated pre-existing vulnerabilities due to increasingly homogenous international student cohorts.

Critically, short-term challenges manifest themselves in the form of wavering international student confidence.

To address these immediate challenges, policy solutions must entail the continued implementation of a streamlined student visa application process in light of Covid-19 disruptions, together with the anticipation and subsequent coordination of a framework that ensures clear pathways for entry into Australia for prospective international students.

Long-term challenges, on the other hand, have arisen from dynamic global economic and geopolitical conditions, compounded by the pandemic. This, together with growing student expectations for the higher education experience, requires Australia to reframe its approach to promoting the sector. In doing so, it should favour strategies that employ diplomatic soft-power, striving to conglomerate institutional promotion into a coordinated national priority effort that may be enhanced by rebate-incentivised university endeavours. To complement this solution, critical reforms to student accommodation will dramatically improve the international student learning and living experience, bringing to an end a decades-long reliance on undiversified student demographics and cementing Australia's position as a leading export provider of higher education.

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