



# Inquiry into Australia's tourism and international education sectors

**ACCI Submission**

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# Introduction

The Australian Chamber of Commerce and Industry (ACCI) welcomes this opportunity to provide input to the Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into Australia's tourism and international education sectors.

The Australian education system is highly regarded worldwide and it is one of the most popular countries for students looking to undertake an education program abroad. Australian education providers offer a range of services to international students including school education, vocational training, higher education and English language tuition. It is a very valuable service export industry to Australia that is facing significant challenges as it recovers from the impact of the pandemic.

The COVID pandemic resulted in large numbers of international students returning to their home countries and an almost two-year period of very few students arriving in the country due to border lockdowns. This has had a significant impact on the number of international students in Australia, indeed the number of granted student visas was approximately 115,000 less in 2021-22 than in 2017-18<sup>1</sup>. The international sector has found its position of continual year on year increases in international student numbers turned into a sharp downturn. However, the sector is well placed to recover strongly with the implementation of the right policy settings with clear student visa processes, emphasis on campus learning and improved linkages with providers and industry for work integrated learning opportunities.

The elements of the terms of reference relating to tourism will be addressed in a separate submission by Australian Chamber – Tourism.

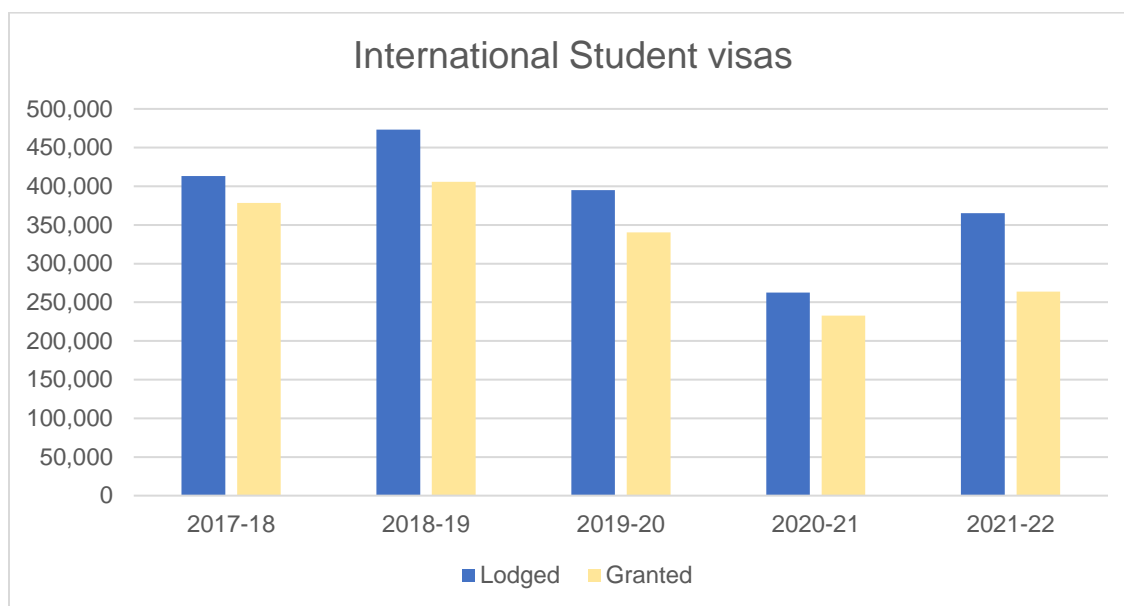
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<sup>1</sup> Department of Home Affairs, [Student program report](#), June 2022

## Challenges of COVID

Pre-pandemic, education was our third biggest export, worth \$37.5 billion to the Australian economy (2019-20)<sup>2</sup>. Even in the midst of a pandemic, international education was Australia's fourth largest export due to the rapid move to online study in 2020-21 and offshore enrolments. In 2018, the United States was the most popular study destination for international students while Australia was the third most popular after the United Kingdom<sup>3</sup>. However, as the world moves on from the pandemic, Australia needs to approach international education as it does other valuable service export industries and remove barriers to growth while supporting its transition to a new trading environment.

A major challenge facing the sector is overcoming the hurdles in place within the Department of Home Affairs in relation student visa processing. A review of the lodgement of student visas, see figure 1, in comparison to the granting of visas show clearly that over the past five years there has been a change in the way that students visa is assessed. In 2017-18 there was a disparity of approximately 35,000 visas in difference between lodged and granted, in 2021-22 there was over 101,000. A closer examination reveals that international students applying for higher education and vocational courses have had the largest increase in unsuccessful student visa lodgements at 32.5 per cent for 2021-2022, up from 3.5 per cent and 32.2 per cent for 2021-2022, up from 18 per cent in 2017-18<sup>4</sup>.



**Figure 1:** Department of Home Affairs, Student and temporary graduate visa report, 2022

ACCI has been made aware of anecdotal stories in relation to student visas that have been declined due to the student's home country having less desirable economic circumstances than Australia. The international student market relies heavily on students from the Asia region, putting this lens over students applications would restrict our market access to very few countries in our region.

<sup>2</sup> Department of Education, [Skills and Employment 2020](#), Education export income by country 2019-20, 2020

<sup>3</sup> Department of Education, [Skills and Employment 2021](#), International Education Comparison between USA and Australia, 2021

<sup>4</sup> Department of Home Affairs, [Student program report](#), June 2022

Another key challenge for Australia as it looks to encourage the return of international students is the potential reputation hit it took during the pandemic. The Government support packages during the pandemic effectively excluded all temporary migrants, including international students. The combination of JobSeeker and JobKeeper not available to international students and in many states a hard lockdown was implemented, resulting in a less than desirable experience. There were many students who experienced financial hardships due to their inability to work or had to return to their home country. Australia needs to recalibrate its image as a welcoming country for international students whose contributions are valued, no matter how brief their stay in country is.

**Recommendation:** Improved processing times and procedures within the Department of Home Affairs.

## Measures to attract and retain students

A key measure to attract and retain international students is improving the application process for student visas. The Productivity Commission's 2015 report on barriers to growth in service exports, called for the migration process for short-term visitors and students to be no more onerous than is necessary to maintain immigration integrity<sup>5</sup>. It is vital that Australia is a competitor in the international education market as competition is strong and countries such as Canada have attractive migration settings that look to tap international students for settlement by offering them a pathway to permanent residency<sup>6</sup>.

There is a strong link between favourable migration settings and international student numbers. Several reforms in migration policy from 2008 to 2012 affected access to international student visas<sup>7</sup> and resulted in a fall in international student commencements in higher education from 2010 to 2013. The ability to work post study is an important factor in the decision-making process for international students to choose their destination. The exposure to a new work environment and resultant opportunities and experiences are invaluable.

The current Temporary Graduate visa (subclass 485) with its two streams, post study work stream and the graduate work stream provide this opportunity for international students. The Temporary Graduate visa allows the recent international graduate to experience the Australian work place, while employers derive significant benefits from employing recent skilled graduates who bring not just the skills gained during their study but also a unique perspective which enriches the work environment. However, certainty of employment and business continuity are both affected when the recent international graduate's post study period is up.

The Federal Government's recent moves to increase this period by two years for degrees in key skilled shortages areas needs to be extended to all graduates, to assist businesses facing significant workforce shortages across all industries. Consideration should be given to further increasing the post study work rights of international students on the Graduate Work stream of the 485 visa, rather than limiting it to the Post-Study Work stream, i.e. degree-level and above. While the current temporary increase to 24 months is welcome, a four-year work visa would greatly benefit industries such as tourism and hospitality, where the majority of qualifications are below degree-level and which is currently experiencing significant workforce shortages.

Across the long term this visa subclass needs to be reviewed as it does not provide a pathway to permanency, with international students having to navigate Australia's complex migration system, including if their occupation features on any of the skilled migration occupation lists and is eligible for skilled migration.

To ensure these measures are adequately utilised, an education campaign would also be useful to ensure the broader business community is aware of this initiative.

In the context of the way international education is often viewed, prior to the outbreak of the pandemic, public debate in Australia surrounding international students and education focused on the inability of our

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<sup>5</sup> Productivity Commission, [Barriers to Growth in Service Exports](#), 2015.

<sup>6</sup> The PIE 2021, [Canada to offer permanent residence to 40,000 international grads](#), 2021

<sup>7</sup> Hurley, P & Van Dyke, N, 2020, Australian investment in education: higher education.

Mitchell Institute, Melbourne, < <https://www.vu.edu.au/sites/default/files/australian-investment-in-education-higher-education-mitchell-institute.pdf>>.

infrastructure to keep pace with growth in the sector. This argument was co-opted by both ends of the political spectrum and social licensing for the sector seemed to be on the decline. The notion that Australia's third largest export sector was being asked to reduce its market share due to the inability of our infrastructure to support its growth is not credible: no other export sector is expected to temper its growth based on lack of infrastructure. Technology or information services, iron ore or even beef exports are encouraged and supported to grow. Investment in infrastructure and supply side capacity is made so Australia can continue to enjoy the benefits from its export market. International education needs to be viewed through the same export lens. The benefits of international students to the community have not been well communicated. Further work is required to promote international education with advertising, engagement and advocacy as key pillars in communicating this message broadly to the community.

**Recommendation:** A long-term post-study work rights strategy is needed that allows recent international students who have graduated in Australia to follow a pathway to permanency.

**Recommendation:**

- Allowing current and temporary graduate visa holders, not just future graduates, to stay and work longer
- Extending additional work rights to all graduates, not limited to select degrees, for at least the next financial year, reflecting the reality that businesses are facing significant workforce shortages in all industries across the country
- Extending temporary graduate work visas by an additional two years to boost the workforce where university degrees are not required (i.e. the Graduate Work stream of the 485 visa, rather than limited it to the Post-Study Work stream).

**Recommendation:** The development of a program to build support for the sector. It will be rebuilt over time when efforts are made by all stakeholders to highlight the significant benefits accrued to the Australian economy and community.



## Online innovations

It is a testament to Australia's international education sector that providers were able to pivot to online education at very short notice when the pandemic broke out in 2020. International students studying from outside Australia during the COVID crisis contributed \$3.3 billion in tuition fees in 2020<sup>8</sup>. This provision will continue to remain attractive to international students who do not wish to travel to access education or in many circumstances find it unaffordable to do onshore study but who wish to obtain an Australian qualification. The potential market for online and even offshore delivery is billions of students, providers should innovate and look to expand online offerings.

However, the value of Australian education does not solely rest in the delivery of course content or a virtual educational experience. On campus student experience, interaction with peers from different cultures, work experience and most importantly the opportunity to experience the Australian way of life are important factors that also drive onshore international student enrolments.

The broader economic benefits of international education cannot be emphasised enough. Apart from the main contribution of tuition fees, when international students study onshore, they access goods and services in Australia which have flow on benefits throughout the economy. ABS figures show that for every \$1 universities collect in tuition fees there is another \$2 of other activity associated with international students<sup>9</sup>. From availing accommodation, compulsory private health insurance, retail shopping, eating out at restaurants and cafes, going to movies, travelling around Australia – especially regional and remote Australia and bringing their families for a holiday, they help create and support hundreds of thousands of jobs. In 2018, international education supported around 250,000 jobs in Australia<sup>10</sup>. It is suggested that Australia's economy faces a wider loss of between \$30 billion and \$60 billion between 2020 and 2023 because of the impact of the pandemic on international student enrolments<sup>11</sup>. The importance of onshore international student contributions should not be underestimated. The impact will be felt for years to come. Fewer international students also negatively impact our international competitiveness in attracting potential entrepreneurs, startups, and potentially the best and brightest skilled migrants with cutting edge skills.

**Recommendation:** While innovation is welcomed the onshore student experience should be strongly emphasised.

<sup>8</sup> Department of Education, Skills and Employment, [International students outside Australia due to COVID-19](#), 2021.

<sup>9</sup> Hurley, P & Van Dyke, N, Mitchell Institute, Melbourne, [Australian investment in education: higher education](#), 2020

<sup>10</sup> Department of Education and Training, [Jobs supported by international students studying in Australia](#), 2019

<sup>11</sup> Hurley, P & Van Dyke, N, 2020

## Positive student experiences and support pathways

The positive experience of international students is amplified when they are given the opportunity to build on their skills in the workplace. In the higher education space studies indicate that work-integrated learning, particularly in undergraduate degrees, is an effective strategy in terms of providing authentic, real world learning experiences and enhancing students' employability skills. Specifically, students' communication skills, organisational abilities and confidence are enriched as well as increased ability to set and achieve goals once in the work force. Accordingly, universities should be supported to engage with businesses to develop work-integrated learning activities in which the theory of the learning is integrated with the practice of work, such as placements, simulations and industry projects. In addition to the technical skills that degrees produce, businesses regularly identify the importance of soft skills to help prepare young people for the workplace and business surveys have consistently reported that capabilities such as communication, planning, problem solving, team work and self-management are most in demand in the workplace<sup>12</sup>.

Additionally, students/recent graduates who have worked with Australian businesses can assist the business looking to expand internationally. So, the student takes home business opportunities by having undertaken market entry strategies for Australian firms and vice versa by using their time in Australia to build the critical business networks they can use when they depart our shores.

**Recommendation:** Partner with Australian business to provide work integrated learning opportunities and to develop much needed workplace skills for recent graduates which in turn will benefit the Australian economy.

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<sup>12</sup> Business NSW, [Business Conditions Survey](#), March 2021

## Soft Diplomacy and Cultural Ties

The international education industry generates a level of cultural ties and soft diplomacy that most other export industries don't offer. International students share their culture, language and history and make the education experience richer for domestic and international students alike. The people to people links and cultural exchange creates a bond with Australia and Australians that has lasting impact even when the international student returns to their home country. They think of their time in Australia fondly and this creates a favourable impression of the country leading to an increase in Australia's soft power. This power is evident in the number of high-level Government officials from our neighbouring countries who have been international students in Australia such as the former Indonesian Foreign Minister Dr Marty Natalegawa who is an alumnus of the ANU and helped further relations between the two countries during his tenure. Longer term benefits also include business investment in Australia by these former international students since they have spent time in the country and are aware of the system.

Focussing on expanding source countries is critical in ensuring that there is a diverse market into the future and that the future demand from international students continues. An analysis of international student enrolments in competitor countries (the UK, Canada and US) demonstrate that there are high levels of students moving from EU countries to study elsewhere and could provide a significant source of future students. In addition, there may be an opportunity to form a post-Brexit agreement with the UK to facilitate UK students studying in Australia. Alternatively, given the high cost of studying in the US and costs commensurate with studying in Australia as an international student, a bold advertising campaign for US students may achieve greater numbers of students.

**Recommendation:** International students contribute to the vibrant multicultural education community as well as broader public life in Australia and the importance of their ties to Australia and the resultant soft power should be factored into any international education strategy.

**Recommendation:** Austrade or State International Education bodies such as StudyNSW could be tasked with working with providers to diversify source countries as above and lead a proactive student recruitment strategy in existing source countries but focussing on new markets.

## About ACCI

The Australian Chamber of Commerce and Industry represents hundreds of thousands of businesses in every state and territory and across all industries. Ranging from small and medium enterprises to the largest companies, our network employs millions of people.

ACCI strives to make Australia the best place in the world to do business – so that Australians have the jobs, living standards and opportunities to which they aspire.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth and jobs.

We focus on issues that impact on business, including economics, trade, workplace relations, work health and safety, and employment, education and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, other members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or a narrow sectional interest.

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