

INTERNATIONAL STUDENTS VITAL TO CORONAVIRUS RECOVERY

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**VICTORIA
UNIVERSITY**

International students and coronavirus

Issues Paper

Australia needs its international students

International students are vitally important to Australia. They contribute over \$38 billion to our economy each year, support over 130,000 Australian jobs and enrich our social fabric.¹

New international student numbers have dwindled in the wake of the coronavirus and many of those that remain are under increasing financial stress.

This Mitchell Institute issues paper highlights the far-reaching implications across many Australian communities and industries of a collapse in international student numbers.

Using ABS census data and enrolment trends to map where post-secondary international students lived prior to COVID-19, the Mitchell Institute estimates that international students make up over 30% of the resident population in many suburbs in major cities.

CBD areas and suburbs close to university campuses have the highest percentage of international students.

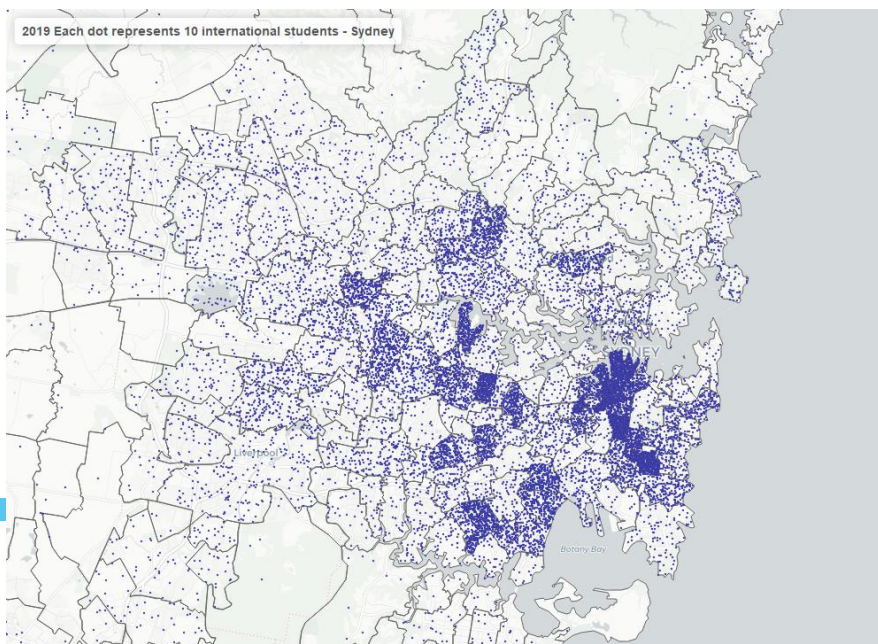
However, some areas further away from university campuses also have high international student numbers, such as the west of Melbourne and Sydney, and the south of Brisbane. There are also significant numbers of international students in regional Australia.

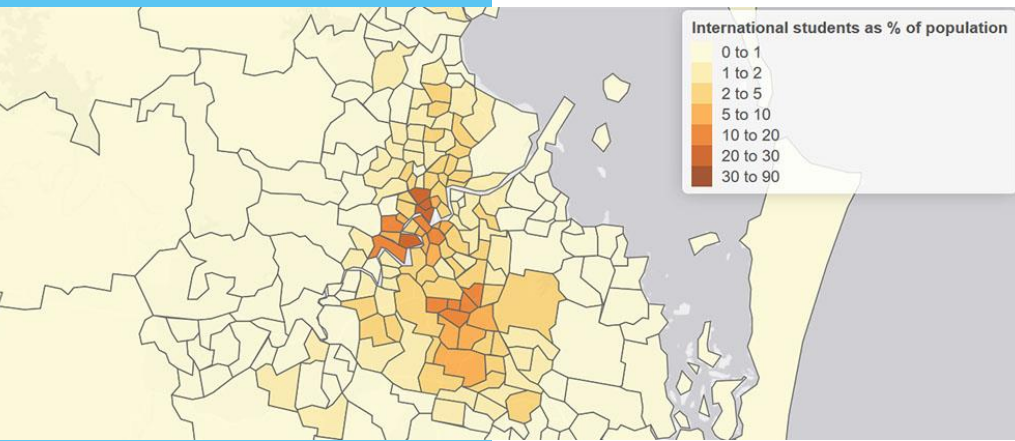
This shows the far-reaching effects of international students on Australia's population and economy.

We need to support the international students that are currently here, and encourage international students to return when the pandemic passes. This is vital to ensuring the viability of our education sector, and supporting Australia's economic recovery.

Key messages

- ◆ International students are vital parts of our local communities
- ◆ International students contribute to the economy and are needed for a COVID-19 recovery
- ◆ Policies and measures that support new international students to start study in Australia when it is safe to do so will help speed up Australia's economic recovery





Evidence and rationale for action

International education delivers diverse benefits to institutions, domestic students and the wider economy. Without policies that support international students, Australia risks experiencing losses that stretch for years beyond the coronavirus pandemic.

Before the coronavirus pandemic, there were more international students across Australia than people living in Canberra.

The Mitchell Institute has found that international students have had a profound impact on our cities and communities. We estimate that international student numbers have grown by 167% from 2006 to 2019 to 585,000.

There were 300,000 more international students in 2019 than in 2006.

These international students bring enormous benefits. For institutions, our research shows that university revenue from international students increased in real terms by 137% from 2008 to 2018.²

Domestic students share in the international perspectives that students from around the world bring into classrooms and the extra resources that education institutions can afford.

Australia benefits because international students become integral parts of our local communities and generate significant economic activity. The ABS estimates international students contribute \$25 billion to the economy outside of tuition fees.¹

The travel bans have long lasting impacts on this economic activity. The average international student studies for two to three years. Missed intakes due to travel bans mean the problems we are experiencing now will be felt for many years.²

International students bring enormous value to Australia. We should find ways to support them through this crisis, and to encourage their return once the pandemic passes.



International students are our neighbours, our friends, our colleagues, our tenants, our customers and our classmates. They are future world leaders and many will become Australian citizens.

Who benefits from international students?

International students support more than our education institutions. There are many industries that rely on international students.

International students contribute directly to Australian businesses. 36% of international student expenses are on retail and hospitality, or \$5.5 billion every year.

Australia's real estate market also relies on the \$5.5 billion international students spend on property every year.

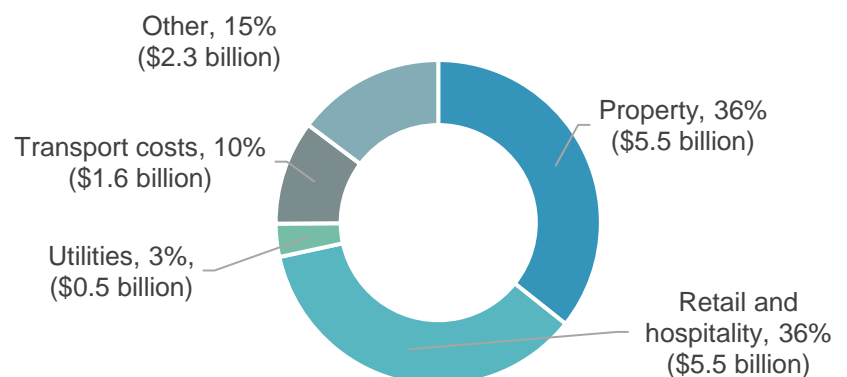
Because 65% of international students live in a rented dwelling, the problems experienced by international students will impact Australian property investors.³

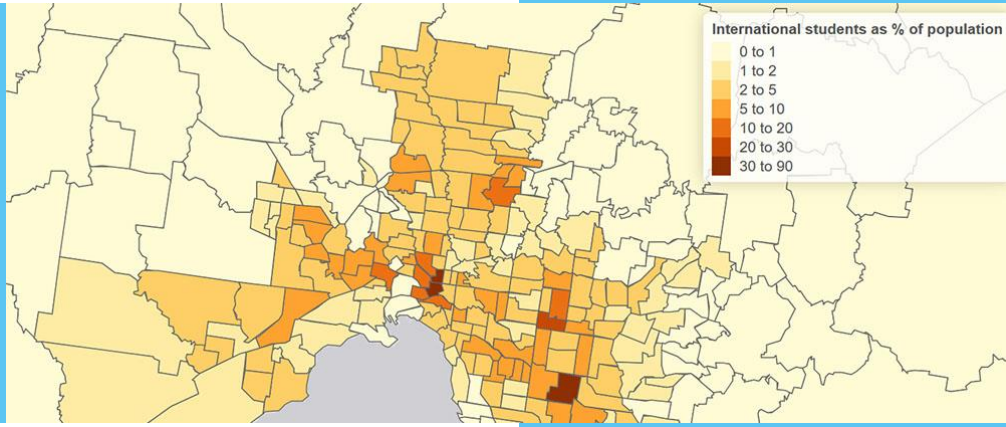
The data showing where international students live reveals the breadth of the impact of international students on local communities and economies.

The livelihood of many Australians depends on a healthy international education sector.

One report estimates that international education supports over 130,000 full time equivalent jobs.⁴

Estimated international student annual general living expenses⁵





Our international education sector is world class

The growth of Australia’s international education sector is a testament to the appeal of our institutions and our society.

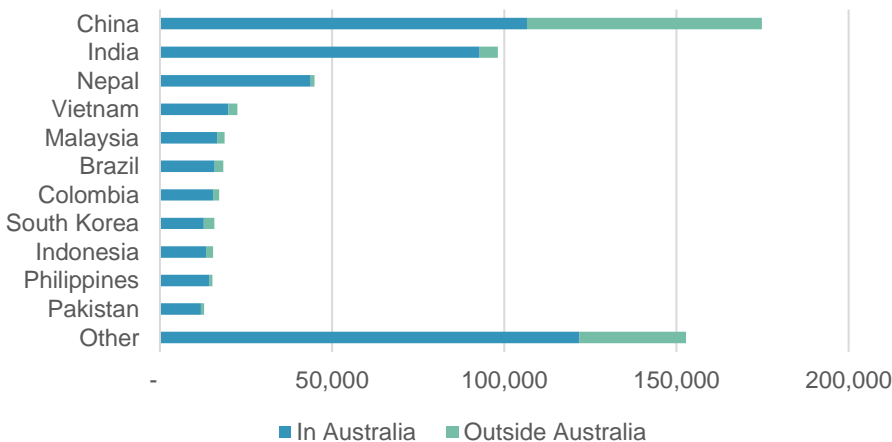
There are international students from 199 countries in Australia.⁶

The data showing where international students live illustrates how international students from all over the world have become an integral part of our communities.

International students are also future Australians. Every year approximately 13,000 to 30,000 international students transition to permanent residency visas. Of international students granted a visa between 2000–01 and 2013–14, 16 per cent transitioned to a permanent residency visa at some stage after arriving in Australia.⁷

The COVID-19 pandemic is an extraordinary situation that requires extraordinary action. It is important to investigate ways to ensure a quick recovery in international student enrolments and to support our education institutions so that they can continue to function properly.

International student visa holders by country of citizenship (May 2020)⁸



There are international students from 199 countries in Australia.

They are an important part of our social fabric and will be pivotal to Australia’s post-COVID recovery.

Early impact of coronavirus

The coronavirus and subsequent travel ban mean that over 20% of international students are currently outside of Australia.⁸

Because Chinese international students were the first group impacted by travel bans, the areas in Australia most affected have a higher proportion of Chinese international students.

For instance, the Mitchell Institute estimates that the Melbourne CBD has almost 5,000 fewer people living in it because of the coronavirus travel bans.

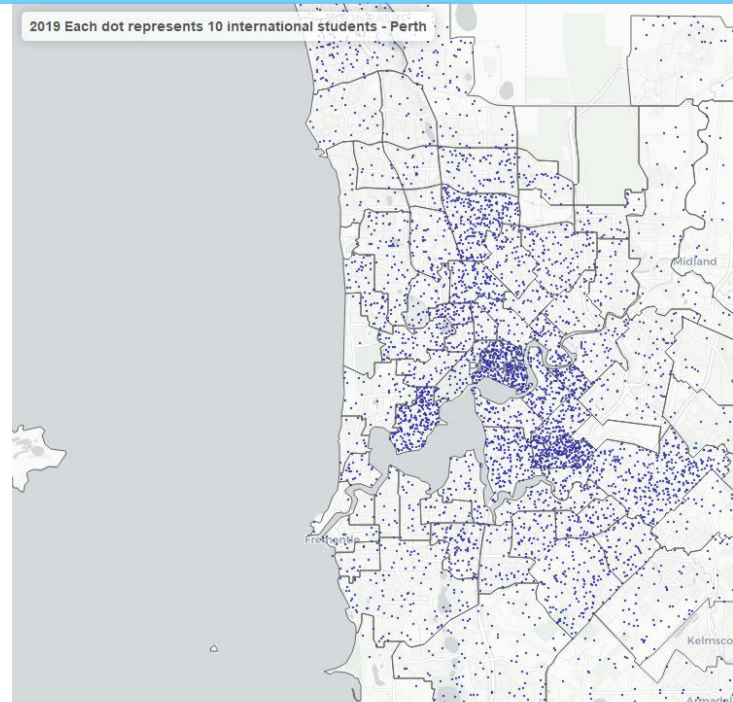
This loss affects all states and territories. It will be impacting local communities and businesses. Fewer international student will also be impacting local property markets.

As travel bans continue, this loss will continue to get worse. Every year, Australia grants about 240,000 student visas to people overseas.⁹

Without these new international students starting courses, total numbers will start falling.

In April 2019, 46,480 international students arrived or returned to Australia. In April 2020, this had fallen to 30.¹⁰

Every six months international students cannot enrol because of travel bans, approximately 110,000 to 140,000 international students don't start their courses. This is like losing the equivalent population of either Darwin, Ballarat, or Toowoomba every six months.



Areas most affected

Area (SA4)	May 2020 reduction in international student population ⁸
Melbourne - Inner	- 13,650
Melbourne - South East	- 9,841
Sydney - City and Inner South	- 7,110
Sydney - Eastern Suburbs	- 5,695
Adelaide - Central and Hills	- 4,823
Sydney - Inner West	- 4,780
Sydney - Ryde	- 4,495
Sydney - Inner South West	- 4,335
Melbourne - Inner East	- 3,610
Brisbane - West	- 3,488
Perth - South East	- 3,425
Brisbane Inner City	- 3,401
Sydney - North Sydney and Hornsby	- 3,400
Melbourne - Inner South	- 3,190
Perth - Inner	- 3,138

Possible solutions and policy options

Current international students need to be supported during the coronavirus epidemic. To enable a rapid post-coronavirus recovery, work needs to commence to ensure international student enrolments can rebound quickly.

The international students that are still in Australia need to be supported during the coronavirus epidemic. International students have been hit hard by the coronavirus epidemic.

Already, many states and education institutions have taken extraordinary action and pledged support and relief packages.

Continuing to involve international student representatives in the coronavirus response is essential. It equips policy makers with a better understanding of the issues facing international students. It will also increase the effectiveness of initiatives that support a recovery in international student enrolments.

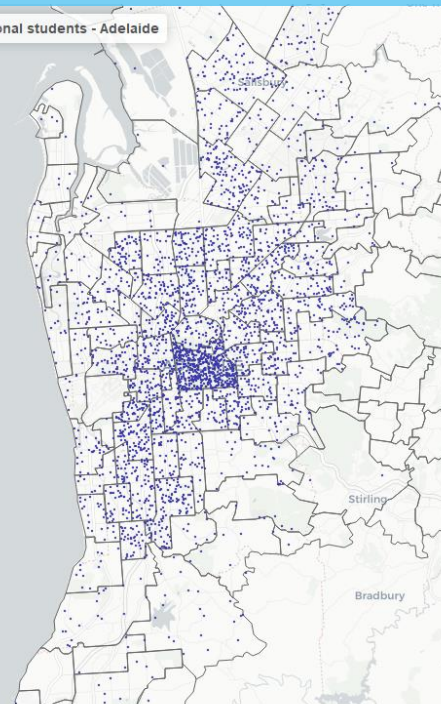
Our research has also shown that smaller numbers of new international students will put enormous pressure on the tertiary education sector and the broader economy.²

It is important to support measures that encourage international students to return to Australia when it is safe to do so.

In addition, policies that increase domestic student capacity across the sector need to be part of the response.

With fewer resources from international student revenue, additional revenue from Australian students will help our tertiary education sector to offer the educational experiences Australia needs as part of the economic recovery.

2019 Each dot represents 10 international students - Adelaide



Policy recommendations



Investigate ways to encourage new international student enrolments when travel restrictions end and it is safe for new students to enter the country.



Increase capacity across the tertiary education sector so institutions can provide domestic students with the training needed to reskill and upskill.



Support current international student by addressing concerns of the international student community

About us

The Mitchell Institute for Education and Health Policy at Victoria University is one of the country's leading education and health policy think tanks and trusted thought leaders. Our mission is to improve evidence-based health and education policy, to increase access and opportunities in education and health for all Australians.

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6. Commonwealth DESE. International Student Data. Canberra: Commonwealth of Australia; 2020.
7. Ferguson H, Sherrell H. Overseas students in Australian higher education: a quick guide. Canberra: Parliament of Australia; 2019.
8. Mitchell Institute analysis of Department of Home Affairs data.
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10. ABS. 3401.0.55.004 - Overseas Travel Statistics, Provisional, April 2020. 2020. Canberra: Commonwealth of Australia; 2020.

Images and figures

1. Dot density map of international students living in Sydney. Source: Mitchell Institute analysis of ABS and DHA data.
2. Choropleth map of international students in Brisbane as % of resident population. Source: Mitchell Institute analysis of ABS and DHA data.
3. International student annual general living expenses. Source: Mitchell Institute analysis of Universities Australia data.
4. Choropleth map of international students in Melbourne as % of resident population. Source: Mitchell Institute analysis of ABS and DHA data.
5. Dot density map of international students living in Perth. Source: Mitchell Institute analysis of ABS and DHA data.
6. Estimated reduction in international student numbers in April 2020. Source: Mitchell Institute analysis of ABS and DHA data.
7. Dot density map of international students living in Adelaide. Source: Mitchell Institute analysis of ABS and DHA data.
8. International students by country. Source: DESE.

Issues paper: International students vital to coronavirus recovery

Technical Appendix

Calculating student numbers

This report uses Australian Bureau of Statistics (ABS) census data and information from the Department of Home Affairs to calculate international student numbers and the location of international students by place of usual residence.

To determine international student numbers by place of usual residence, Mitchell Institute has analysed ABS 2016 census data using TableBuilder. Data was drawn from the following categories:

CITP Citizenship type (Not Australian) + TYPP Type of educational institution attending (University or Other + TAFE or other vocational college) by SA2 area, place of usual residence.

Mitchell Institute has focused on international students enrolled in a post-secondary education course and consequently international students in the school sector are not included in the analysis of ABS data.

In order to estimate international student growth between 2016 and 2019, Mitchell Institute used student visa statistics published by the Department of Home Affairs (2020).

The Department of Home Affairs is the preferred source for measuring changes in student numbers because of its alignment to census data. For instance, in 2016, ABS data indicate approximately 430,000 international students. Immigration data for the same period show 416,000 primary student visa holders in August 2016.

In contrast, the Australian Department of Education figures show over 620,000 year-to-date enrolments in August 2016 (Commonwealth DESE, 2020). Reasons for the discrepancy between Department of Education figures and Department of Home Affairs student visa data may include that enrolment figures include anyone who has enrolled in a course during a year, as opposed to the number of international students in Australia at any given time.

To estimate the difference between 2016 and 2019, the Mitchell Institute used changes in the number of international student visas as published by the Department of Home Affairs. The Department of Home Affairs reports the following changes in international student visas:

Year	Primary student visa holders in Australia in August	Year on year change
2016	416,778	
2017	466,060	+ 11.8%
2018	519,860	+ 11.5%
2019	566,480	+ 9.0%

The total difference between 2016 and 2019 is 35.9%.

To estimate the total number of international students in any given area in 2019, the Mitchell Institute multiplied the 2016 population drawn from TableBuilder by 1.359.

Calculating economic activity

Calculating economic activity involves using data relating to international education published by the ABS (2020). These data include both the direct and indirect economic contributions of international education to Australia (Commonwealth DET, 2015).

To calculate overall economic activity, the Mitchell Institute used categories relating to higher education, vocational education, ELICOS and non-award courses published in the International Trade Supplementary Information 2018-2019 (ABS, 2020).

Calculating international student expenses

The Mitchell Institute has used Universities Australia data relating to student finances in order to estimate international student living expenses (Bexley, Daroesman, Arkoudis, & James, 2013; Universities Australia, 2018).

2013 data for postgraduate coursework students was used because it is a mid-point between undergraduate coursework students and HDR students, and also because this data breaks down daily living expenses by type. Expenses were then mapped to broad industry categories as per the table below.

Universities Australia international student finance category	Industry category
Mortgage/rent	Property
Food and household supplies	Retail and hospitality
Utilities	Utilities
Medical and health costs	Other
Transport costs	Transport costs
Personal costs, entertainment, holidays, etc.	Retail and hospitality
Credit/loan repayments	Other
Childcare, crèche, day care	Other
Child support payments	Other
Other expenses	Other
Textbooks	Retail and hospitality

Stationary	Retail and hospitality
Personal computer/laptop purchase or hire	Retail and hospitality
Other computer related costs	Retail and hospitality
Credit/loan commitments to pay for study	Other
Other university costs (late enrol fees, library fines)	Other
Union/guild/sports union fees	Other
Transport to and from university or study-related	Transport costs
Other study related items	Other

These figures were adjusted to 2019 dollars using the general government final consumption expenditure (GCFCE) price chain deflator published by the Productivity Commission (2019) and multiplied across the international student cohort.

Estimating reduction in international students since coronavirus

To estimate the reduction in international student since coronavirus, the Mitchell Institute has used collected by the Department of Home Affairs that outlines the number of international students, their country of citizenship, and their location inside or outside of Australia. As of May 2020, 20% of current international student visa holders are outside of Australia. This proportion is higher for Chinese international students compared to non-Chinese international students.

To estimate the reduction in international students since coronavirus, international students were divided into those born in China and those born elsewhere. These categories were then multiplied by the relevant percentage of international students who are currently outside of Australia.

Limitations

Student numbers

ABS census data does not provide the most up to date information on international student numbers or places of residence. The Mitchell Institute has applied estimates across regions based on data reported in the 2016 census. Our model does not account for changes to local populations between 2016 and 2019 that differ from overall trends.

Economic activity

It is noted that there is significant disagreement regarding the economic activity associated with international students. For instance, Birrell and Smith (2010) question the methodology used by the ABS to model export earnings associated with international students. This debate also concerns whether international student activity should be classified as export income.

Nevertheless, this report uses ABS data to estimate economic activity. This is because the ABS is the most authoritative source regarding these issues.

There are further limitations regarding the application of ABS data. International student fees vary as does international student spending. This report applies ABS data evenly across regions which will not take into account individual differences.

International student general living expenses

Only figures for higher education students general living expenses are available. The annual living expenses for individual international students will vary and differences between cohorts and regions are not accounted for in this modelling.

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