INTERNATIONAL STUDENTS VITAL TO CORONAVIRUS RECOVERY

Peter Hurley
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.  

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
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 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

Who benefits from international students?

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

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.

Estimated international student annual general living expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Estimated Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport costs</td>
<td>10%</td>
<td>($1.6 billion)</td>
</tr>
<tr>
<td>Utilities</td>
<td>3%</td>
<td>($0.5 billion)</td>
</tr>
<tr>
<td>Other</td>
<td>15%</td>
<td>($2.3 billion)</td>
</tr>
<tr>
<td>Retail and hospitality</td>
<td>36%</td>
<td>($5.5 billion)</td>
</tr>
<tr>
<td>Property</td>
<td>36%</td>
<td>($5.5 billion)</td>
</tr>
</tbody>
</table>

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.
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. 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 20,000 to 30,000 international students transition to permanent residency visas. From 2001 to 2014, 10% of all international students became Australian permanent residents.

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 students by country and location (May 2020)
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.
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.

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.

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 students 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.

Acknowledgements

Thank you to Kate Noble and Sergio Macklin who provided feedback on drafts of this issues paper.

Suggested citation


Contact

Mitchell Institute for Education and Health Policy
300 Queen Street
Melbourne VIC 8001
+61399191161
info@mitchelinstitute.org.au
www.mitchelinstitute.org.au

Front cover: Javier Trueba via Unsplash

References

3. ABS. Australian Census. TableBuilder. 2016.
4. Commonwealth DET. Value of international education to Australia. 2015

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.
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.