

International student diversity at Australian universities

Navitas submission
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Navitas' response to the discussion paper on International Student Diversity at Australian Universities

1. Executive summary

Navitas appreciates the opportunity to respond to the consultation paper *International Student Diversity at Australian Universities*.

Navitas welcomes the focus on diversification as an important aspect of sector resilience and to enhance student experience. As an organisation with a truly global presence, we are proud of our diverse student cohort and welcome the government's focus on diversification as an important aspect of sector resilience and enhanced student experience.

Navitas is supportive of the approach proposed by the Government, with proposed changes adopting a self-regulatory approach. A series of measures are proposed related to transparency of information and supporting universities to consider and plan for their own diversification strategies. Navitas believes that these are appropriate responses by government, are not 'heavy handed', and acknowledge and respect the distinct context and requirements of different institutions within the university sector.

In addition to these proposed policies, Navitas believes there are additional things the government could do to support sector diversification and support providers with this. This includes changes to support policy alignment with diversification objectives, including:

- **Making amendments to visa settings to support market diversification**, including considering alternate mechanisms to the existing visa assessment processes for source countries without a significant 'track record' that would support sector objectives around diversification
- **Providing access to more granular visa data for high quality providers**, in order to support market diversification efforts and provide assurance around investment in new markets.

Further to this, Navitas believes there would be further benefits in the government supporting key enabling initiatives, including:

- Undertaking work to assess the barriers and opportunities for providers to diversify
- Defining the trajectory for achieving diversification and supporting objectives and measures
- Understanding the long-term mobility drivers of non-traditional source countries.

Navitas believes these changes will support diversity in the university sector while appropriately balancing this with broader objectives for the international education sector.

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1. Summary of overall position

Navitas welcomes the opportunity to respond to the consultation paper *International Student Diversity at Australian Universities*. Now provides an appropriate time to consider the role of diversification in supporting sustainable growth in Australia's international education sector – with the release of the Australian Strategy for International Education 2021-2030 (the strategy) and the re-opening of borders following the impacts of COVID-19. The following submission outlines our response to the Discussion Paper and consultation questions.

Navitas welcomes the focus on diversification by the Australian Government

Diversification is a key strategic issue for the university sector. Navitas welcomes the focus on diversification both in the release of the *Australian Strategy for International Education 2021-2030* (the International Education Strategy) and in this consultation paper. As an organisation with a truly global presence, we are proud of our diverse student cohort and believe diversification across the university sector supports a more resilient, sustainable and competitive Australian international education industry.

Navitas is not and does not operate an Australian university. We note that the focus of this paper, and the proposed policies in the strategy, relate only to Australian universities. Navitas colleges will therefore not be directly impacted by these proposed policy changes. However, Navitas partners with a number of Australian universities to deliver programs that provide a pathway to university study for international students. Navitas is also a key stakeholder in the international education sector. We have therefore made a submission for these reasons.

While the discussion paper does not appear to define 'diversity' or 'diversification', we use this to refer to diversification or diversity of student source country (unless otherwise stated).

Diversification is important to support sector resilience and enhance the student experience

Navitas believes that diversification is important for individual providers and Australia's international education industry overall for three main reasons. These are:

- **Financial and fiduciary risks of university sector.** Universities that are overly reliant on a single or very few markets and / or products represent a risk if there is a market shock, market disruption or a single market declines. Diversification approaches mitigate this impact and support universities to actively manage this risk. This challenge is particularly important for the publicly funded university sector.
- **Risks of concentration negatively impacting student experience.** Distinct from the financial risks of concentration, higher education providers have a responsibility to deliver high-quality education – including a positive student experience. A greater diversity of student cohorts can improve the learning experience for students, while a high concentration of students from one country may possibly hinder the learning experience of both domestic and international students.

Navitas' view is that the nature of these risks are distinct and different approaches are required to assess the level of risk, prevent these risks from emerging, and address these risks where they already exist. This is the case for both universities' management of the issue and government's response to it.

Australia faces diversification challenges that are similar to other major destination countries

As an organisation with a truly global presence, Navitas are well positioned to share insights on the shared challenges that are facing leading destination countries around the world. As outlined in the discussion paper, diversification is a key strategic issue that is being considered across the key destination countries that Navitas operates in – Australia, New Zealand, the United Kingdom, Canada and the United States.

The reliance of Australia on key markets is consistent with these other countries. Objective measures of concentration - such as the reliance on single markets and the Herfindahl-Hirschman Index (HHI) – show that concentration levels in Australia are high compared to other destination countries. It has also continued to increase over the past three years. The United States, Canada and the United Kingdom have faced similar reliance trends and similar recent increases in concentration levels.

While Australia has not yet been able to diversity away from its reliance on major source country markets – namely China and large South Asian markets – other destination countries have also faced this challenge. As shown in the figure below, no other major destination country have experienced a reduced reliance on China or South Asian markets in the past five years. Neither have other destination countries seen significant growth in other countries of a size sufficient to offset continued growth in China and South Asia. Considering these five destination countries, only Vietnam in the United States and Canada represents a larger share of international students than five years earlier.

This has been a product of global demand for international education. It is challenging for student cohorts to immediately become more diversified with these overarching and global trends in demand.

Figure 1 | Reliance on key regional markets compared to competitors

Change in South Asia and China as a share of all HE overseas students, Major destinations, 2015 to 2019

COUNTRY	CHINA	SOUTH ASIA ¹	OTHER COUNTRIES
Australia	+ 2 p.p.	+ 11 p.p.	-12 p.p.
United States	+ 3 p.p.	+ 2 p.p.	-5 p.p.
United Kingdom	+ 6 p.p.	+ 1 p.p.	-7 p.p.
Canada	-9 p.p.	+ 20 p.p.	-11 p.p.
New Zealand	+ 2 p.p.	+ 11 p.p.	-12 p.p.

¹ South Asia includes India, Nepal, Pakistan, Sri Lanka and Bangladesh.

Navitas supports the proposed self-regulatory approaches, but additional ‘positive’ levers could be introduced to support diversification

The Strategy outlines a range of measures that could be introduced to support student diversity in the Australian University sector. Most notably, this includes:

- Publishing guidelines on the ‘optimal student mix’
- Publication of an international education transparency measure, through the publishing of a ‘diversification index’
- Working with the university sector to develop International Education Diversification Action Plans (DAPs).

Each of these measures represent approaches to support the Australian university sector adopt a self-regulatory approach to implement diversification strategies and approaches.

Navitas supports this approach, believing this an appropriate approach for a sector with a strong track record of ensuring quality and assurance through self-regulatory mechanisms. The approach that is proposed by government is not ‘heavy handed’ and considers the specific and distinct requirements of different providers within the university sector.

Navitas also believes that is important that the Australian Government plays a market stewardship role for the sector on this issue. Market stewardship is important in supporting activities related to diversity in the sector and ensuring that this objective is balanced with the broader interests and aspirations for the sector. Active engagement on this issue through the International Education Strategy is an important first step in this. Further changes to visa settings, Genuine Temporary Entrant (GTE) processes and other mechanisms are further areas that the government could take ‘positive’ levers to support sector diversification.

Navitas believes that there are also key enabling initiatives which could further support both government’s objectives and industry’s objectives around international education source and country diversification. Specifically, this includes:

- Active engagement with the sector to **identify and understand existing barriers and opportunities to support diversification initiatives** by Australian providers. This includes changes related to visa policy (outlined in Navitas’ submission below) but may also include a broader range of issues and challenges faced by other providers.
- Gaining and understanding and **sharing insights on long-term mobility drivers of non-traditional source countries** to provide confidence to providers on investments and support sector diversification and investment.
- Defining the **trajectory for achieving ‘diversification’** and achieving a “better mix” of source countries in international university cohorts.

It is critical that diversification initiatives balance broader sector priorities

While diversification is important for the sector, it is not the only priority for the sector at this stage. Approaches to support source country diversity need to balance these objectives with broader strategic priorities for the sector. It is critical that initiatives that aim to achieve source country diversity increase the sustainability and resilience of the sector, not weaken it.

It is therefore necessary that approaches to diversity:

- Balance investment in diversification and new markets without “cutting off” or negatively impacting existing major source country markets
- Consider broader aspirations and benefits of international education – including gender equity and access to high quality higher education, and
- Best supports sector recovery following the impacts of COVID-19.

Each is discussed in turn.

Approaches to sector diversity should support new markets without “cutting off” or negatively impacting existing major source country markets

The size, scale and ability to pay for Australian higher education means that China must continue to be a key part of the Australian international education sector. This does not mean that investment in other sustainable markets should not occur, but it is important that a focus on diversity does not come at the expense of these existing strengths of the Australian international education sector. The same is true for key South Asian markets - such as India and Nepal – which have been increasingly attracted to Australia’s international education offering.

Navitas has undertaken detailed analysis on the longer-term drivers of global student mobility to 2030. The insights are valuable for consideration in development of diversification approaches. While other markets will emerge and the global market will become more diverse (based on global economic, socio-economic, demographic and participatory trends) China will continue to be a key global outbound market for international higher education study. China will remain the largest source country globally, continuing to represent nearly 20% of all students in 2030. High willingness to pay with a growing middle class will mean this market will continue to be a critical source country for the Australian international education sector.

It is critical for the health and sustainability of the sector that these source countries are not inhibited, or unintentionally discouraged, from continuing to come to Australia for their studies.

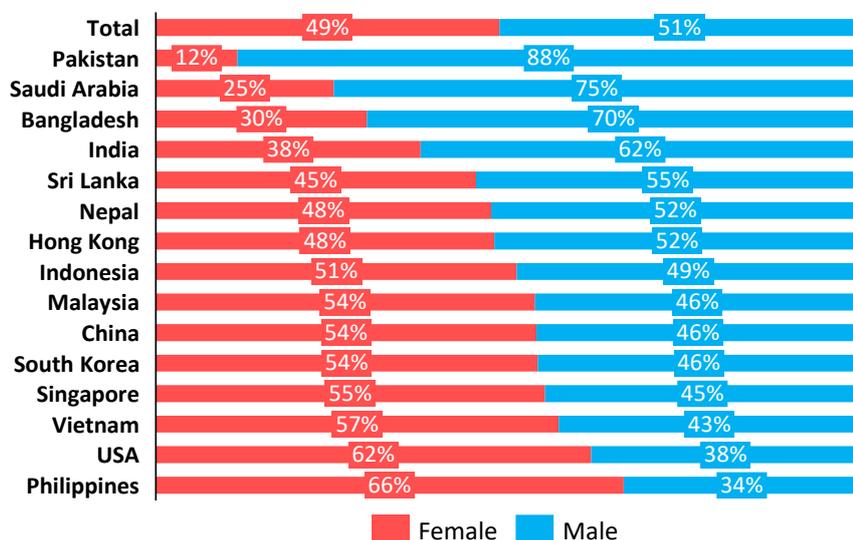
There is a need to consider broader aspirations and benefits of Australian international education – including gender equity and access to high quality higher education

Global international education delivers a range of benefits for Australia and for international students. This includes enabling cross-cultural exchanges and creating influential alumni networks. It is important that diversification objectives and strategies balances the broader benefits that international education delivers.

One consideration on this is gender equity and continuing to support access to quality higher education for women. Despite concerns about over-reliance, China is one of relatively few countries where women make up more than half of the international student cohort from that country -as outlined in Figure 2 below. This is distinct from South Asian markets – such as Pakistan and India – where much lower proportion of students are female. It is important to ensure that any diversification efforts do not have an unintentional impact on equal access to Australian higher education for female international students.

Figure 2 | Gender breakdown of key source countries

Proportion of students studying in Australia by gender, top 15 source countries, 2019



Diversification strategies should support recovery of the Australian international education sector, not hinder it

With borders re-opening Australia is starting to see the ‘green-shoots’ of sector recovery. Australia’s borders were closed for almost two years. Given this, it is important that the Australian sector invests in its recovery to ensure that it builds back following the impacts of COVID-19 through growth in international students.

Other markets (including markets that are not typically targeted by Australian universities) will be important to support sustainable growth, but this cannot be a singular focus at the expense of broader recovery of the sector.

The nature of recovery following the COVID-19 pandemic may result in some markets returning more quickly than others, thereby inadvertently heightening concentration levels in the sector. There have been two key trends:

- **Chinese student numbers holding up better than other markets during COVID-19.** Over the course of the pandemic Chinese student numbers were more resilient than any other major source country market (aside from Hong Kong) – with decline of 11% CAGR compared to 40% for South Asia and 19% for all other higher education markets. The market therefore become more concentrated during the pandemic.
- **Immediate returns predominately coming from India and other South Asian markets.** Since Australian borders have re-opened, South Asian students have been most willing to immediately return to study in Australia. There has been a net increase of 15,400 students since December, with the majority of these students are from India (approx. 10,000) but returns from Pakistan, Bangladesh, Sri Lanka and Nepal have also been strong.

This ongoing demand from both South Asia (and immediacy to return) and from China (due to economic resilience) is likely to mean that the immediate recovery will continue to be concentrated in these markets. Investment in other alternative markets may take longer to be fully realised. This reality and necessity for recovery needs to be recognised in the development of approaches to diversification.

2. Response to consultation questions

The remainder of the submission addresses the questions put forward in the Consultation Paper, including Navitas' responses to the proposed policy changes.

Diversification of international student cohorts

1. How, and at what level, should diversification be considered?

As outlined in the above response, (source country) diversification should be considered in relation to the policy objectives that are being sought. For example, reporting at the institution level is appropriate for consideration of financial risks for public universities, but not for discussion on student experience. Alternate course level measures may be more appropriate for consideration of the university and classroom experience of an international (or domestic) students.

In relation to student concentration levels, Navitas believes that it is important that any measures recognises not only the share of international students from one source country, but also takes account of the overall reliance on international students (i.e. the share of international students in the overall student cohort). There is a large difference between universities in terms of their reliance on international students. Any measure that focuses only on source country concentration of an university's international cohort risks undermining growth opportunities for universities that have not in the past attracted the same levels of international students as other larger more prestigious institutions.

2. What is the optimal level of student diversity in Australian universities in terms of portion of total international students and in terms of individual country cohorts?

Navitas notes that there is a significant difference in the existing make-up of student cohorts and the proportion of international students between different universities and across different programs. It is not clear that one approach results in a more 'optimal' experience for students or a more 'optimal' risk profile for universities.

Navitas strongly believes that there should not be a formal limit placed on the portion of total international students or in terms of individual country cohorts (either at the sector level or institution level). This would hinder a university's potential to appropriately respond to market demand, while not addressing potential key underlying issues related to either financial risk or student experience.

Navitas sees risk in any approach that tries to define a single 'optimal student mix', unless there is a clear and evidence-based basis for this decision. Navitas therefore does not have a position on the 'optimal' level of student diversity (either in terms of individual source country or portion of international students).

Benefits of a diverse international student cohort

3. What are the benefits in the domestic and international student experience from greater diversification?

Navitas believes that there are a range of benefits for both domestic and international students' experiences based on diverse student cohorts. Exposure to students with different backgrounds, viewpoints and perspectives are important aspects of a diverse and global Australian study experience. This includes international students from different countries.

Navitas also notes that 'greater diversification' is not defined in the paper but takes this to refer to more students from different countries (and fewer students from a single country). Navitas agrees that this is beneficial for a student's experience, however, also believes that this applies to non-diverse cohorts of Australian students – not just international students from key source countries.

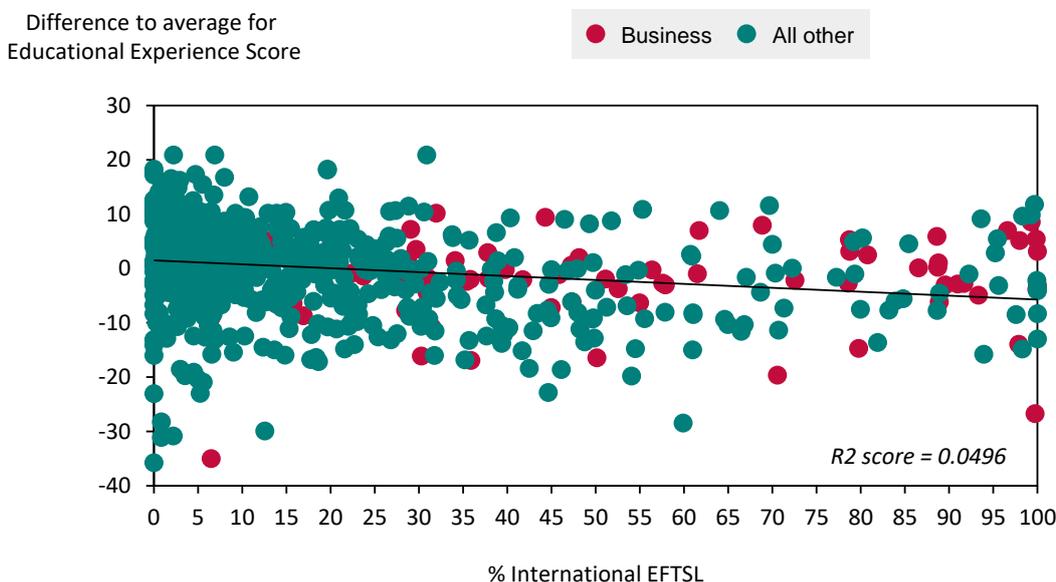
We note that DESE research outlined in the discussion paper identified that only five percent of domestic students responded negatively to their experiences in culturally diverse classroom and 12% identified international students had a negative impact on their study experience. In contrast, almost 40% said international students had a positive impact. This does not indicate most students experience challenges with student diversity in Australian universities, with larger proportion identifying the positive contribution diverse student cohorts make to their classrooms and learning environments.

4. What is the relationship between diversity and student outcomes? What research or evidence is available on this relationship?

Navitas does not believe that there is clear evidence that non-diverse student cohorts result in negative learning outcomes or student experience. Navitas has undertaken initial analysis at the program level which considers the relationships between levels of international student cohorts and overall student experience scores. Initial analysis shows that there is not a strong relationship – as shown in Figure 3 below.

Figure 3 | Relationships between cohort diversity and student experience

Proportion of EFTSL international students and mean student experience score (domestic and international students), by individual UG university program, 2016 and 2019



Analysis that considers the prevalence of students from one major source country – China – at the program level also show similarly inconclusive results. Indeed, many programs with very low student experience scores are actually programs where there are very few or no international students attending. Concentration does not seem to be a key issues that negatively impacts the overall student experience of domestic and international students.

Navitas does acknowledge the research outlined in the discussion paper which indicates that 27% of domestic student indicated that ‘English language skills’ were an issue for their study experience. Navitas fully agrees that English language skills are a critical enabler of international student success in the Australian higher education system. It also provides a basis for community engagement, employment and social cohesion. To this end Navitas has previously advocated for changes that will support high quality English language skills for international students, including through the consultation process for the International Education Strategy. This included changing the visa points system to recognise higher levels of English language proficiency and ensuring longer English language study courses did not result in visas being rejected. Our view is that these are more direct and impactful measures to address concerns around English language skills than measures related to diversification and concentration.

Aside from the analysis outlined above, there does not yet appear to be a strong evidence base that a (lack of) source country diversity inhibits student outcomes and / or student experience. Navitas believes that this is critical before public policy and regulatory decisions are made on this issue.

Navitas has identified several key areas that our initial analysis could be extended to better understand this relationship between diversity and student outcomes / student experience. Any analysis should consider the positive aspects of a diverse student classroom (i.e. the presence of international students), not just potentially negative aspects. These are:

- **Assessing the impacts for different cohorts.** Analysis above is limited to international and domestic students together. Further analysis should focus on international students and domestic students separately, as well as results for specific cohorts (i.e. by nationality).
- **Assessing specific elements of the student experience.** While there does not appear to be a strong relationship with an individuals’ overall student experience score, it may impact other elements of the student experience.
- **Analysing other levels of study.** Currently the above analysis is limited to undergraduate students. A more fulsome analysis should focus on other levels of study also – including postgraduate programs.
- **Considering alternate approaches to student outcomes.** The above analysis relies on student experience survey (SES) questions. A more fulsome analysis could also consider other measures – including those related to ‘student outcomes’ as opposed to ‘student experience’.

Finally, the discussion paper outlines that it may be considered whether the SES, which is reported as part of QILT, should be amended to include questions related to diverse student cohorts at universities. Navitas supports this approach to identify the contribution of diversity to the student experience of both international and domestic students. We propose however that sector consultation occurs on the specific question that should be included to ensure it is appropriate and will provide meaningful insight.

Benefits to universities

5. How can diversification contribute to a uniquely Australian study experience?

Navitas believes that diversity is already a key feature of an Australian study experience for many domestic and international students studying in Australian universities. Australian has higher levels of international students than most other major destination countries, including the United Kingdom, Canada and the United States. This means that students are able to engage with a diverse student cohort, learn from the experiences and cultures of other students and gain globally relevant skills.

6. What diversification measures are and can be applied by universities to reduce the risk of market shocks?

Navitas does not intend to comment on the specific diversification measures that are being put in place by Australian universities. However, we do note that a sustainable and diverse pathways cohort is one important aspect of an effective diversification strategy. In many instances, Navitas' cohort is supplementary to the university's broader international student cohort. This includes through supporting access to new markets through our offshore recruitment network and through supporting growth in student markets where a university partner might not typically attract high numbers of students.

Policy measures

7. The proposed draft measures and ways they best be implemented

The below section outlines our response to the draft policy measures being proposed. As outlined above, overall Navitas supports the self-regulatory approach that have been proposed for the university sector. Below we provide specific feedback on the proposed policies.

A. Guidelines on achieving optimal student mix

Navitas understands that the government will work with the university sector to develop guidelines and publish for an 'optimal student mix'. These will represent guiding principles and will not be prescriptive in nature, but rather enable universities to apply these as they consider their own requirements for an 'optimal student mix' in the context of their university.

Navitas supports this approach. In particular, we acknowledge and agrees with the approach that is flexible to the individual circumstances of each university. This recognises that the circumstances of each university will differ and there will not be a single 'optimal student mix' across the sector.

B. Publication of an international education transparency measure

The publication of international education transparency measures is intended to support transparency for students and the sector on the make-up on student cohorts in Australian universities. The presentation of this data through a 'Diversification Index' merely ensures this information can be accessed in an accessible way by stakeholders which can be accessible via the DESE website.

Navitas notes that some of this information already exists through the recently released 2020 Student Data Pivot Tables (or previously uCube) which utilises HEIMS data. The department may consider including the 'country of birth' variable to this pivot table to enable transparency of this information. This would be in addition to publishing it in a visual or interactive format.

Finally, we also note that information for the 2020 academic year has only been released in February 2022. This lag may need to be considered in providing students and other stakeholders with timely information on university's student cohorts.

C. International Education Diversification Action Plans (DAPs)

Navitas understands that the government will work closely with universities to support their development of DAPs. These DAPs will be specific to each university and will focus on strategies to support business resilience, and efforts and actions taken by the university to support this.

Navitas believes that it is also important that the DAPs recognise that changes in the student profile will not occur immediately, either at the individual university level or the sector level. Instead, actions and strategies should be seen as laying the groundwork for diversification efforts and growth in new or non-traditional markets. Questions identified in the paper around the university's student profile in 10 years' time support this intent.

If this proposal is introduced, Navitas will work closely with our university partners to identify the ways Navitas' pathway programs can support source country diversification and sustainable business practices.

8. The suitability of the policy options to increase diversity in the international student cohort

Navitas supports the self-regulatory approach that has been proposed by the Government. However, Navitas also believes that more support could be provided to address the barriers that providers face in diversifying their student cohorts – including understanding of global demand, certainty of investing in new markets and positive incentives for providers that support sector diversification.

Below we outline immediate policy changes that would support sector diversification efforts and ensure alignment between the overall strategy for international education and broader areas of government policy and operations. We also outline some key enabling work that would provide clear strategic direction and guidance for the sector overall on diversification and support the decision-making of individual universities (and other providers).

9. Additional policy options that could be considered consistent with the objectives of encouraging transparency and action on diversification

The international education strategy outlines that the government is committed to working with the sector to ensure that the 'legislative and policy frameworks to support diversification and growth'. Navitas has previously outlined a range of measures that we believe would more effectively support market diversification efforts by the government and the sector. These have included:

Amendments to visa settings to support market diversification.

There are currently challenges in recruiting in new or non-traditional markets due to existing visa settings. Specifically, the Genuine Temporary Entrant assessment (GTE) can make it challenging to recruit from markets that do not have a significant 'track record' due to limited student numbers. This can result in high visa rejection rates from source countries that would support diversification efforts. Navitas would recommend the government consider alternative mechanisms in markets that would support government and sector objectives around diversification and sustainability. This could take the form of a pilot for providers with a strong track record of delivering high quality and genuine students under the SSVF system.

Access to more granular data for high-quality providers.

Currently access to data to support market diversification efforts is relatively limited. Access to more granular visa data for high quality education providers, including sub-country or city level visa data, would support providers to make informed decisions that support their growth and diversification objectives, while also further supporting Australia’s immigration integrity.

Both of these changes will support sustainable growth from new markets.

Navitas also recognises that assistance from government will be important in any efforts to diversify markets and establish new markets. Australian Government leadership in supporting these markets will be critically important. This includes through its ‘Brand Australia’ activities and through policy coordination across government agencies that play a role in international education.

In addition to these immediate changes, Navitas also believes there are further steps the government could take to support, develop and define and approach to transitioning to a more diversified university sector. This includes three key components – as outlined in Figure 4 below.

Figure 4 | Key enabling initiatives to support sector diversification

FOCUS AREA	WHY IT IS IMPORTANT	POSSIBLE NEXT STEPS
Assessing the barriers and opportunities for providers to diversity	<ul style="list-style-type: none"> • Important for sector confidence in diversifying into new markets • Ensures alignment of all government processes with strategic objective around diversification • The visa system has been identified as one potential barrier. 	<ul style="list-style-type: none"> • Sector consultation on key issues and existing barriers • End-to-end assessment of regulatory settings, processes around student visas and other levers to support diversity • Adopt student journey approach.
Define trajectory for achieving diversification	<ul style="list-style-type: none"> • Diversification of cohort will not occur immediately. • Sustainable investments in new markets will not immediately address existing reliance on key markets – China and India • There is a need for the sector to understand and define the trajectory towards diversification. 	<ul style="list-style-type: none"> • Work is required to plan an appropriate approach and ‘glide path’ to transitioning to a more diversified sector • This includes associated timings, source country strategies and meaningful metrics.
Understanding long-term mobility drivers of non-traditional source countries	<ul style="list-style-type: none"> • Understanding of the macro-drivers of alternate source countries (to support diversification) is relatively limited. • Work focus on this would be invaluable for the government, sector overall and individual providers. 	<ul style="list-style-type: none"> • This work should examine a range of leading indicators for new markets – including socio-economic drivers, demographic trends, local tertiary education supply and student preferences.

These actions will be invaluable in supporting increasing diversity in the sector in a planned and considered manner.