

International students are returning to Australia, but they are mostly going to more prestigious universities

November 2 2022, by Peter Hurley

Since international borders opened, international student visa holders in Australia have increased

Primary international student higher education visa holders in and outside Australia

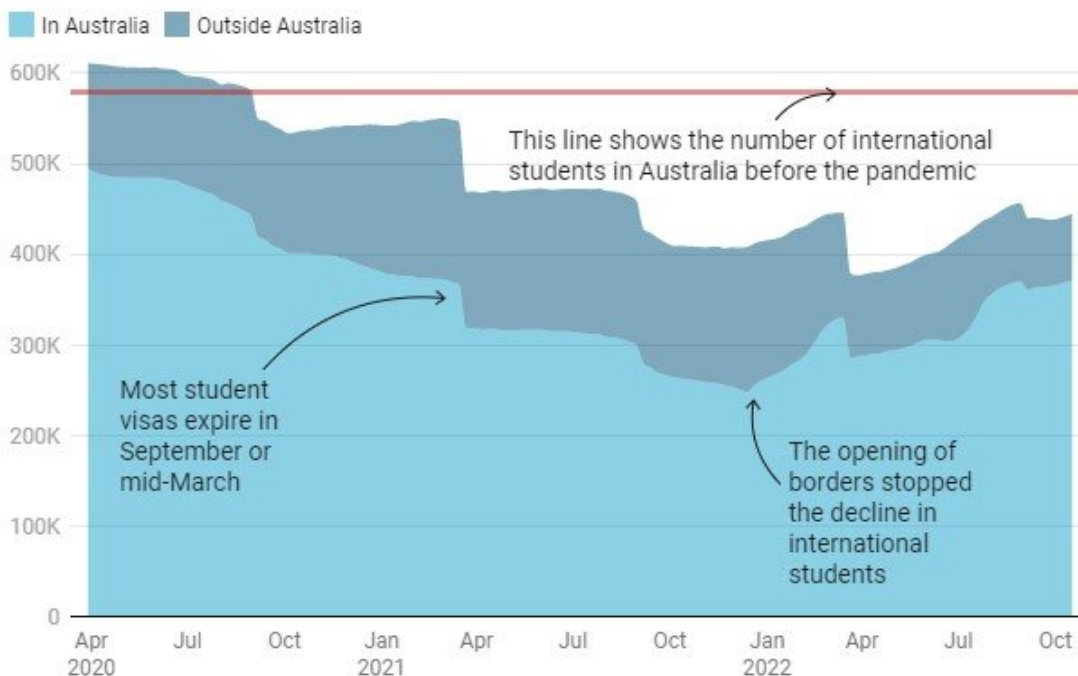


Chart: Mitchell Institute Source: DESE

When Australia's borders slammed shut during COVID, international

students were among those who were stranded. This disrupted lives and studies, and put a major revenue stream for Australian universities in doubt.

The [latest data](#) shows [international students](#) are returning to Australia. Since international borders reopened in December 2021, the number of overseas students in Australia has risen by more than 120,000.

Applications for [student visas](#)—an indicator of future student numbers—are also at record levels.

But this growth is not shared equally around the university sector. It is the larger, more prestigious universities that are likely to benefit the most from students coming back.

Last week's 2022-23 budget included Labor's election policies to increase university places by [20,000](#) and provide [180,000 fee-free](#) TAFE spots.

But away from the budget headlines, we need to look at Australia's international education policy (which determines where international students study and what they pay). This will have the biggest impact on funding for universities and TAFEs.

Students are coming back

Before COVID, there were [about 580,000 international students](#) living in Australia.

When Australia began to close its international borders in January 2020, many international students were in their home countries during the semester break. Because of this, thousands were left stranded outside Australia.

Despite [repeated attempts](#) by universities and governments to bring them back, current and new international students were largely unable to enter the country. By December 2021, the number of international students in Australia had more than halved to about 250,000.

The [lifting of travel restrictions](#) and quarantine requirements for fully vaccinated non-citizens in mid-December 2021 halted the decline.

By October 2022, international student numbers in Australia had grown back to about 370,000. There are still more than 72,000 international student visa holders outside Australia. About half these are Chinese international students, who are still [subject to travel restrictions](#) in their home country.

Visa numbers are a good sign

It will take some time for international student enrolments to return to pre-pandemic levels.

This is because the pandemic disrupted the pipeline of students. Students typically study for two to four years. Without new students to replace those finishing their courses, international student numbers fell.

This also means the losses experienced during the pandemic will be felt for several years. But there are encouraging signs.

One way to measure future demand of international students is through the number of student visas granted. Student visas are a leading indicator because students require a visa before they can enroll.

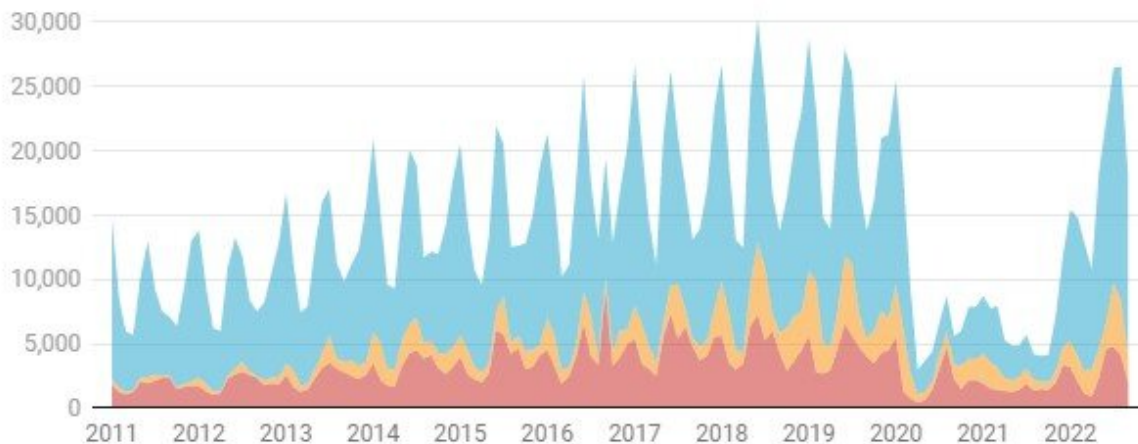
Student visas granted for July and August 2022 are the highest they have been compared to previous years.

Visas for students from China and India, two of Australia's biggest markets, have returned almost to previous levels. Applications from other countries are growing, too.

New international student visas have returned to pre-pandemic levels

New international student visas granted

China India Other countries



New international students excludes visas granted where the last visa held was a student visa Credit: Chart: Mitchell Institute Source: DHA

Part of this may be due to policies that make Australia a more desirable study destination. Australia, like the United Kingdom, [has increased access](#) to post-study work rights. This means students in some courses can stay for longer in Australia after they have finished their course.

The Australian government has also [temporarily relaxed working restrictions](#), removing the cap on the hours international students can

work.

Why are international students so important?

International students are a vital resource for Australia's higher education sector. No university could function as they currently do without the revenue from international student fees.

In 2019, before the pandemic hit, international student revenue was [A\\$10 billion across the university sector](#).

But this resource is concentrated in certain institutions. And it is the larger and more prestigious universities that benefit the most.

The most prestigious (the so-called "[Group of Eight](#)" universities) account for [more than half](#) of the revenue universities receive from international students.

This is because these universities, which include the universities of Sydney, Melbourne and Queensland, can charge more due to their prestige, higher rankings, greater resources and favorable location.

For a business degree—the most common course for international students—Group of Eight universities charge around \$50,000 annually. This more than double what some other universities charge for the same course. For the same local student, [universities receive](#) \$15,600.

The revenue international students bring is enormous. For example, in the recent budget, the Albanese government [announced \\$485 million over four years](#) for 20,000 extra places for local students. In the [four years before the pandemic](#), universities increased their international student revenue by \$4.6 billion. Group of Eight universities accounted for half this increase.

Increasing gaps between universities

The disparity risks encouraging a form of what researchers call "[residualisation](#)".

This occurs when students from more economically and educationally advantaged backgrounds are able to enroll in more prestigious, well-resourced universities.

Revenue from high-paying international students is used to subsidize other activities across these universities, [such as research](#). The extra revenue enables greater investment in infrastructure, which also increases a university's attractiveness as a study destination for local and international students.

The smaller universities, which often cater for [more disadvantaged cohorts](#), miss out. Lower enrolments and less resources also mean these smaller universities face additional challenges such as limited subject offerings and less student support services.

It is a similar problem in the vocational sector, where only [5% of international students](#) study at TAFE colleges. This means TAFEs don't receive much needed revenue.

What happens now?

The reasons for the lopsided benefits are complex. International education policy is intertwined with migration policy—all international students are temporary migrants. Access to the labor market and the relative status of certain institutions all play a role in driving [student choice](#).

But the value of international students to Australia's education sector and the resources they bring are vital.

Finding ways to ensure the benefits are spread more evenly would go a long way to making the sector more equitable.

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