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International Education

Executive Summary

The Victorian Government has identified international education as a growth sector vital to the future economic prosperity of Victoria and a source of future employment for Victorians. This recognises the centrality of international education to this Government’s vision that Victoria becomes the Education State.

International education has stood as Victoria’s largest services export industry for over a decade. In 2013-14, the onshore component of international education generated $4.7 billion in services exports for the State. An estimated 30,000 Victorians are employed by the sector. The outputs of international education are not just skilled graduates. International education offers a platform to assist the Victorian economy and our society to tackle some of the world’s greatest global challenges.

Growing global demand for education services will see over seven million tertiary students studying outside of their country of citizenship by 2020, with demand for education services delivered in offshore settings or through online technologies also rising. By building on our reputation for excellence, quality and innovation, Victoria’s international education sector can capitalise on this demand.

Looking to the future, there are a range of opportunities and challenges facing the sector. The unprecedented modernisation of the economies in Asia is creating huge demand for education services, both onshore and offshore. Many of Victoria’s competitors – the USA, UK and Canada – are investing significant money and effort into attracting a greater share of the ‘Asian education boom’. Victoria’s continued success will depend on its ability to remain at the forefront in delivering a quality education experience.

Future growth and sustainability of the sector will not just come from inbound student programs, but from a more holistic engagement including offshore delivery, digital and online delivery platforms and customised consultancy projects with global partners/governments. To succeed as a global hub for knowledge and international education, support must also involve initiatives that grow two-way student mobility, connecting Victoria and Victorians to the world.

Successive Victorian Governments have supported the international education sector’s development, which has given rise to the strong partnership between government and providers. This will continue as the Andrews’ Government delivers its commitment to position Victoria as the Education State. This means creating a global centre of learning and development excellence, a cohesive education system that relentlessly pursues the best outcomes and opportunities for every learner, regardless of their background or their starting point for learning.

This discussion paper outlines nine strategic directions to guide consultation. Through these eight areas there is a recognition that all parts of the international education ‘value chain’ can benefit from strategic interventions and engagement.

Victoria’s position in international education cannot be taken for granted. International education is a highly dynamic market with fast changing consumer preferences. Victoria’s approach to international education must continue to evolve.

The Commonwealth Government also has an important role to play in supporting Australia’s international education sector. The Victorian Government is working closely to ensure alignment of strategies and future industry plans at the national and state level.

The Future Industries Fund and the development of updated sector strategies will enable Victoria to meet the needs of the inbound student market and increase the capacity of our education institutions to deliver innovative education services offshore and online, in order to fully realise global opportunities.

A number of questions are posed throughout the discussion paper as prompts for your consideration, however we also invite your feedback about the strategic choices Victoria should make now to help set the sector up for continued success, growth and prosperity.
Purpose

The purpose of this discussion paper is to inform the development of a sector strategy for international education. The Department of Economic Development, Jobs, Transport and Resources is seeking input from stakeholders on how the government can work in partnership with the sector to promote sustainable growth of international education.

Your feedback will help us to identify and explore critical issues and concerns impacting on: local industry competitiveness and growth; export market development; and innovation capacity within the international education sector. A number of questions are proposed throughout the paper to serve as prompts for your feedback and ideas.

Submissions can be made via the website www.business.vic.gov.au/futureindustries

Scope

The sector includes export of higher education, vocational education and training, English language training and secondary-school education, to both inbound international students and students in offshore locations through transnational education (TNE) partnerships and online programs.

What is international education?

The international education sector encompasses five sub-sectors: higher education (including research), vocational education and training (VET), English Language Intensive Courses for Overseas Students (ELICOS), schools and non-award (usually semester-based study abroad students).

Traditional definitions of international education have focused narrowly on inbound students on student visas only. However, to fully consider and plan for the future of international education the definition must be broader. Although current data does not accurately capture this activity, the definition of international education includes both ‘traditional’ and emerging modes of delivery, such as: offshore education programs (transnational education), online delivery, educational reform and consultancy projects, research partnerships and executive or short course programs.

International education increasingly includes the movement of Victorian students completing part of their studies overseas, through exchange and short term programs.

Studying in the Education State will mean that both Victorians and international students will acquire the skills and attributes to shape their future in a changing world.
Questions for your consideration

1. How can Victoria draw on the strengths of its international education sector to become the Education State?

2. How can Victoria capitalise and respond to market opportunities for online learning and technology solutions to enhance its international education position?

3. How can Victoria capitalise on market opportunities such as short course programs, summer schools, executive education and consultancy projects (both on and off shore)?

4. What are the specific market development opportunities for the various sub-sectors of international education (e.g., schools, English language, VET, undergraduate and postgraduate/research)?

5. Which new markets should be prioritised in the government’s market development activity and how should we prioritise efforts between these high-potential markets and traditional markets?

6. Given the diverse range of higher education courses, delivery modes and student cohorts, what should the future mix of Victoria’s higher education exports look like?

7. How can government and institutions work collectively to support international research engagement?

8. How can Victoria gain a greater market share (including growing the non-student visa market) from diverse student cohorts and build capacity in its English Language training sector?

9. How will online and offshore models impact the future of Victoria’s international education sector and what is the role of government in supporting this growth?

10. In what training fields are VET providers predicting strong demand for onshore education?

11. How can the VET sector better participate in the growing transnational education market?

12. What are the opportunities for the secondary schools sector in attracting more international students and in enabling stronger pathways to higher education in the state (including the delivery of VCE offshore)?

13. How can we address supply side challenges relating to: increasing the number of places within the school system, expanding English language provision and exploring new models of student accommodation? What new ways of working will be required?

14. What is regional Victoria’s distinctive value proposition as a provider of international education and how can we market this better to prospective international students and offshore governments and industry?

15. How could we support international secondary school students to choose regional Victoria?

16. Victorian institutions and governments have been leaders in student experience initiatives; how do we stay ahead of the pack?

17. Given the consistent feedback that more international students would like to socialise with local students and communities, what innovative approaches and stakeholders can be engaged to facilitate this?

18. How can government’s approach to positioning Victoria as both an international education centre and tourism destination be enhanced?

19. How can Victoria better leverage its extensive alumni of international graduates to build profile and generate increasing economic activity particularly in trade and investment?

20. In the face of increasing local and global competition for specialist skills and talent, how can Victoria attract and retain global talent in areas of high value to the Victorian economy?

21. How can we support growth in outbound students programs for Victoria’s secondary and tertiary students?

22. The Commonwealth Government hold important levers in supporting our global competitiveness. What are the most important areas of reform and action that the Commonwealth Government should take to best support growth in international education in Victoria?

23. Given their broad responsibilities, what are the top three areas where closer collaboration between state and local government will deliver maximum gain for international education?

24. What are the opportunities for closer engagement with business and industry as partners in the sector’s growth and sustainability?
Part One
Victoria’s Economic Development Strategy
Victoria has a number of competitive advantages that create a diverse, flexible and resilient economy. These include: world-class industries; highly-skilled workforce; multicultural population; close proximity and links to the fast growing Asian region; world-recognised liveability and tourist destination; good transport networks with well-connected cities and regions; and access to productive agricultural land and energy resources.

Despite these advantages, the Victorian economy has underperformed in recent years, with high unemployment (particularly youth and the disadvantaged), weak productivity growth and flat business investment. Victoria also faces a number of medium-long term challenges from global competition, strong population growth, climate change and the need to transition to a low carbon economy, and the impacts of structural change on Victoria’s industries and regions (e.g. automotive and agricultural changes).

The Victorian Government recognises that it has a vital role to play – with other levels of government and the private sector – to respond to these challenges and support sustained economic growth and job creation in Victoria.

The government’s overarching economic development strategy focuses on five priority areas:

- Building more productive and liveable cities and regions through transport, infrastructure and land use planning.
- Gaining and maintaining competitive advantage through active industry and innovation policy.
- Improving conditions for business through taxation, efficient regulation and public sector reforms.
- Better connecting Victoria to national and global markets by increasing targeted trade and investment attraction.
- Developing Victorians’ capabilities and fostering inclusion through skills and employment.

The government’s Future Industries Fund (including the New Energy Jobs Fund) ($200m) will focus on six sectors that have potential for strong growth and jobs:

- medical technology and pharmaceuticals
- new energy technology
- food and fibre
- transport, defence and construction technology
- international education
- professional services.

The government will collaborate with business and wider community to develop and implement strategies for these sectors.
Part Two
Sector Overview
International education has stood as Victoria’s largest services export sector for over a decade. In 2013-14, onshore international education generated $4.7 billion in services exports for the state. These services include student expenditure on tuition fees as well as living expenses while studying in Victoria, such as food, accommodation, transport and health services.

The rapid growth of the sector over the previous decade has not only delivered significant economic benefits, but also a number of important indirect benefits. It has strengthened the global standing of Victoria’s universities and institutes. It has directly supported other industries such as tourism (non-leisure tourists such as students’ visiting friends and family) and served as an enabler for a range of other key industries including biotechnology and professional services. It has created a skilled base of migrants accustomed to Australian life. It has improved the financial position of education institutions and has encouraged investment in innovative new learning approaches. It has also enriched the experience of domestic students through exposure to other cultures and the exchange of ideas, and laid an important foundation for future prosperity through business, community and government linkages with Asia and elsewhere.

Victoria is a leading provider of high quality international education. Underpinning our success are a number of factors including: Victoria is home to 2 out of 5 Australian universities ranked in the top 100 globally; Melbourne’s enviable liveability credentials; and a large migrant population and reputation for multiculturalism.

Economic impact

International education (onshore) generated $4.7 billion for Victoria in 2013-14, making it the State’s largest services export sector

and supported 30,000+ VICTORIAN JOBS IN 2014

National market share

IN 2014, VICTORIA HAD A 29.8% SHARE OF TOTAL AUSTRALIAN ONSHORE ENROLMENTS
Export value

The export value generated by international student enrolments includes: (a) goods and services expenditure associated with students residing in Victoria; and (b) tuition fee revenue paid to education institutions. In terms of the actual value generated per student enrolment, departmental estimates suggest that there is significant variability across the education sub-sectors (Table 1).

Currently, export value data reflects the value of onshore delivery of international education only, and does not include revenue generated by Victorian providers delivering education offshore or online. Further work, in collaboration with the Commonwealth and international education sector, is required to better quantify the value of offshore activity.

Table 1: Estimated export value generated per student enrolment

<table>
<thead>
<tr>
<th>Education sub-sector</th>
<th>Value generated by goods and services expenditure per enrolment ($)</th>
<th>Contribution to total value (%)</th>
<th>Value generated by tuition fees per enrolment ($)</th>
<th>Contribution to total value (%)</th>
<th>Total value per enrolment ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education</td>
<td>22,000</td>
<td>50.0</td>
<td>22,000</td>
<td>50.0</td>
<td>44,000</td>
</tr>
<tr>
<td>VET</td>
<td>12,000</td>
<td>65.0</td>
<td>6,500</td>
<td>35.0</td>
<td>18,500</td>
</tr>
<tr>
<td>Schools</td>
<td>17,500</td>
<td>54.0</td>
<td>15,000</td>
<td>46.0</td>
<td>32,500</td>
</tr>
<tr>
<td>ELICOS</td>
<td>3,500</td>
<td>50.0</td>
<td>3,500</td>
<td>50.0</td>
<td>7,000</td>
</tr>
<tr>
<td>Non-Award</td>
<td>8,500</td>
<td>44.0</td>
<td>11,000</td>
<td>56.0</td>
<td>19,500</td>
</tr>
</tbody>
</table>

Source: Departmental estimates. Value data: ABS Cat. 5368055004 (Table 11.1); Enrolment data: Department of Education International Student Data, December 2014.

Note: Enrolment data is based on student visa holders only.
Current Victorian Government activity

Successive Victorian governments have supported the international education sector’s development. The Andrews Government’s promise to make Victoria the Education State and the current suite of commitments builds on this record (see Figure 1). The development of a new international education sector Action Plan is an opportunity to ensure future government actions best align with current and emerging market realities.

*Figure 1: Current Victorian Government commitments to international education*

**Market development and promotion of Victoria as a quality education provider**

- In-market Education Services Managers (ESMs) in key locations
- Investigation of new models to support expanded transnational/offshore activity
- Trade mission program, including a $12 million investment in inbound missions
- Further evolution of the Study Melbourne brand and refresh of online communication platforms to best engage students, businesses and other key interests
- Delivery of premiere activities such as the Victorian International Education Awards

**Premium international student experience**

- Expanded Study Melbourne Student Centre to deliver activity to address issues confronted by students, enhance their stay and connect them with the wider Victorian community
- Establishment of the $4 million International Student Welfare Grants
- Three year trial of a new public transport ticket scheme for international students, the iUSE pass
- Focus on creating more employability and work experience opportunities, including Study Melbourne Internships
- Enhanced approach to engaging with international student alumni

**Engagement and collaboration**

- Victorian Ministerial Advisory Roundtable on International Education
- Advocacy to the Commonwealth, including on improvements to the student visa framework

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**Student profile**

In 2014, Victoria attracted more than **160,000** students from over **160 countries**

*Source: Department of Education, International student data, December 2014*

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**Diverse mix of providers**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Universities</strong></td>
<td><strong>10</strong></td>
</tr>
<tr>
<td><strong>TAFEs</strong></td>
<td><strong>12</strong></td>
</tr>
<tr>
<td><strong>Private Providers</strong></td>
<td><strong>250+</strong></td>
</tr>
<tr>
<td><strong>Offshore university campuses &amp; centres</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>
Part Three
Opportunities and Challenges
Victoria’s record as an innovator in international education

Victoria has a history of delivering quality international education. Across the state, the presence of high quality universities, TAFE institutes, private colleges and schools has been the catalyst for our success. Beyond these fundamentals, collaboration between state government and education institutions has seen the development of a uniquely Victorian approach to international education.

Victoria has been the early mover in:

- positioning itself as a cohesive education-intensive region through the Study Melbourne brand
- pioneering the delivery of transnational education which today sees the offshore delivery of a full suite of qualifications ranging from the Victorian Certificate of Education (VCE), vocational certificates and diplomas, and higher education degrees. Victorian universities’ strong investment in branch campuses has also created important platforms for engagement in Asia
- recognising that a first class student experience extends beyond the classroom and that a coordinated approach to student support and cultural engagement are attractive propositions for global students, parents, governments and industry
- staking claim as an education destination that offers career readiness, or employability skills for international students
- supporting the development of innovative outbound mobility programs, including school languages and immersion programs in China
- forging a comprehensive approach to market development underpinned by government trade mission programs and a network of offshore Education Services Managers to assist providers in-market.

Figure 2: Global growth in tertiary students enrolled outside their country of citizenship

<table>
<thead>
<tr>
<th>Year</th>
<th>Tertiary Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>1.1mil</td>
</tr>
<tr>
<td>1985</td>
<td>1.1mil</td>
</tr>
<tr>
<td>1990</td>
<td>1.7mil</td>
</tr>
<tr>
<td>1995</td>
<td>2.1mil</td>
</tr>
<tr>
<td>2000</td>
<td>3.0mil</td>
</tr>
<tr>
<td>2005</td>
<td>4.2mil</td>
</tr>
<tr>
<td>2010</td>
<td>4.4mil</td>
</tr>
<tr>
<td>2011</td>
<td>4.5mil</td>
</tr>
<tr>
<td>2012</td>
<td></td>
</tr>
<tr>
<td>2020s</td>
<td>7mil (projected)</td>
</tr>
</tbody>
</table>

Sources: OECD and UNESCO Institute for Statistics
Future opportunities

In the coming years growing global demand for education services will see over 7 million tertiary students studying outside of their country of citizenship (see Figure 2 on previous page).

Demand from a rising number of students and their families in emerging economies is driving this growth. Industry players are looking for global partners to up-skill their workforces. Governments are also seeking quality education services from abroad to support major human capital development agendas.

For example, Brazil’s Science without Borders scholarships seek to deliver 100,000 science, technology, engineering and mathematics (STEM) graduates with foreign study experience to the domestic workforce. The Omani government is working to establish a new 20,000 student university and associated science and technology city with strategic support from foreign partners. The Indian Government is reviewing its approach to vocational education after its predecessor set the bold target of delivering skills training to 500 million people by 2022. These countries seem to be positioning themselves as world leaders, Victoria needs to keep pace if we are to become the Education State.

These developments will continue to drive demand for traditional ‘international education experiences’ involving students travelling to a destination like Victoria for study purposes. However, it is increasingly clear that individuals, governments and industries also want to access global education in alternative ways, and that technology needs to be mobilised to allow providers to meet the growing demand that this will create.

Future opportunities are not just limited to the potential supply of inbound international students. The continued demand for offshore program delivery and customised training for global industry partners is also another area of significant demand. The ability of our education providers to embrace new technologies and to support a greater number of students through online and blended forms of delivery is a growing opportunity. If not embraced, new technologies and modes of learning are also a potential disruptor and threat. Victoria is already home to some of Australia’s leading technology and e-learning companies who are market leaders in this space. As Victoria continues to build its position as Australia’s Education State, other global education brands will also see Victoria as a suitable home for investment.

Globally mobile students are engaging with learning in new and different ways. There is a growing pool of students who are only in Victoria for a short period of time as part of their degree or for intensive learning experiences. With such a significant education and student infrastructure in the state there are opportunities to consider how to more fully utilise these resources, including options for summer school and study abroad programs. This also represents a significant opportunity for Victoria’s education sector and tourism sector to work more closely together to attract larger numbers of non-student visa holders into short course and experience based programs.

Continuing to position Victoria in a competitive environment

Despite increasing demand for quality education and training services, and Victoria’s solid education platform, the state’s future success as a sought-after education provider is not an inevitability.

International education by its very nature operates in a highly dynamic market with fast changing consumer preferences. It demands that Victorian providers continuously innovate their education course content and delivery approach. It also means that government activity – from export facilitation, student experience support and marketing to visa settings arrangements – must also evolve to meet changing expectations.

The ‘early mover’ benefits that Victoria has enjoyed over recent years risk being eroded given the global competition for students is intense, both from established and emerging competitors.

In addition to refreshed approaches from other Australian states, a number of established global competitors have set ambitious growth targets:

- Canada aims to double the number of international students it attracts by 2022 to 450,000.
- The United Kingdom seeks to increase the number of international higher education students it attracts by around 90,000 over the next three years. This is in addition to its new and aggressive approach to secure high-value offshore opportunities.
- New Zealand aims to double the value of its education exports over 15 years (currently around $5 billion annually).
This means that established education providers need to adapt their delivery platforms if they are to fully realise the global opportunities available to them. The international education sector of the future must have the capacity to deliver education services onshore, offshore, online or through a blend of delivery platforms.

The sector should also be equipped to offer quality learning opportunities through the delivery of a variety of education products including full qualifications programs, short courses, skills sets, professional/executive development modules and the like.

These shifts in demand also mean that the diverse range of new and disruptive education and research providers and knowledge platforms must be part of discussions about the future of Victorian international education. A significant number of these non-traditional players already have significant footprints in Melbourne.

1. How can Victoria draw on the strengths of our international education sector to become the Education State?
2. How can Victoria capitalise and respond to market opportunities for online learning and technology solutions to enhance our international education position?
3. How can Victoria capitalise on market opportunities such as short course programs, summer schools, executive education and consultancy projects (both on and off shore)?

To remain competitive in this global market, it is more important than ever that the Victorian approach to international education continues to evolve.

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1 Australian Department of Immigration and Border Protection, Student Visa and Temporary Graduate visa reports (data is not disaggregated by state).
Part Four
Optimising Economic Impact
The following strategic directions outline how economic development and job creation in the international education sector could be optimised by supporting the sector to increase its competitiveness.

Strategic Direction One: A long-term approach to market-development

Victoria’s two biggest markets are China and India, from which almost 50 per cent of onshore international students are drawn. Significant numbers of students are also attracted from South East Asian countries, in particular, Malaysia and Vietnam. This provides a strong base to consolidate Victoria’s standing in the region, while expanding onshore enrolments and offshore education services throughout Asia and beyond.

Reliance on a few markets can however pose risks to the sustainable growth of Victorian international education, making the state vulnerable to ‘shocks’ or downturns that may occur within markets. It is therefore important to encourage diversity in the sector, across student population, courses and providers. This helps to build the resilience of the sector and also facilitates a positive student education experience.

The government, through its Victorian Government Business Offices, has a network of eight Education Services Managers (ESMs) located in key markets across the globe, the largest network of any Australian state. Victoria’s ESM locations are shown in Figure 3.

The sector has advised that an important priority for the government is to not only support and maintain relationships in existing markets, but to help open new markets for Victorian education providers. This will help to lay the foundation for future growth and also diversify the international education sector’s source markets.
Growth markets

Key markets identified as having high growth potential, either to capitalise on existing strong performance or to expand Victorian enrolments, include:

- **Indonesia** – a close neighbour with a large and growing middle class population (a large proportion of which is under 30), and an economy experiencing rapid growth. Enrolments in Victoria from Indonesia have seen a gradual decline since 2010, however, with the Indonesian government focused on educational reform and encouraging student mobility, opportunity exists for Victoria to boost performance in this market.

- **Philippines** – also a close neighbour, the Philippines has a largely English-speaking and well educated population, and has been the second fastest growing economy in Asia for the last two years. Student enrolments in Victoria have more than doubled in the last five years. Victoria has an opportunity to develop a consolidated approach to promote Victoria in this market and capitalise on current strong growth.

- **Latin America** – Victoria has seen strong growth in enrolments from Latin America in the last five years. In particular, enrolments from Brazil have increased rapidly (155 per cent) since 2010, and Victoria’s national market share of Brazilian students has almost doubled (to 12 per cent) in that time. With a large and growing middle class, along with government investment in development of human capital, conditions are positive for expansion. Additionally, there are opportunities to maximise synergies between Victoria’s agriculture, water and mining services expertise, and priority research areas in Latin America.

Victoria’s capacity to secure a foothold in key markets will depend on collaboration between Victorian providers. Securing the most valuable opportunities in emerging and established markets can exceed the delivery capacity and breadth of even the largest Victorian provider.

Victoria’s recent approach to expanding its presence in Latin America is a useful example of what can be achieved when government and providers work collectively to promote Victoria as a cohesive and integrated education provider. Further development of the ‘Study Melbourne’ brand can continue to support this positioning. The government’s $12 million commitment to deliver a program of targeted inbound trade missions will also be a key enabler to support this type of sector-wide collaboration.

4. What are the specific market development opportunities for the various sub-sectors of international education (i.e. schools, English language, VET, undergraduate and postgraduate/research)?

5. Which new markets should be prioritised in the government’s market development activity and how should we prioritise efforts between these high-potential markets and traditional markets?

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2 Department of Education International Student Data, December 2014.
4 Department of Education International Student Data, December 2014.
5 Department of Education International Student Data, December 2014.
Strategic Direction Two: Supporting the higher education sector

Victoria’s universities and non-university higher education providers have been very effective at developing international student markets. Higher education accounts for about 45 per cent of Victoria’s onshore international student enrolments meaning that the presence of international students is felt across almost all university campuses.

Onshore higher education students come to Victoria to study a diverse range of programs. These include undergraduate courses and postgraduate coursework and research programs that result in the awarding of an Australian qualification. A significant number also come as a part of shorter study abroad and exchange programs, usually credited towards a qualification awarded in their home country.

Currently, international enrolments account for about a third of the total student body across all universities. In recent years there has been growth in the number of postgraduate enrolments in Victoria. This, combined with limited growth in undergraduate enrolments over recent years, means that postgraduate students now account for almost half of international higher education students in Victoria.

This is understandable given that Victoria is also the research capital of Australia – particularly in health and the life sciences – and home to major research infrastructure such as the Australian Synchrotron.

International Research Engagement

The existing infrastructure, within our universities and research centres, creates significant advantage to the international education sector in a global environment where university rankings reward research performance and many students are drawn to study in research intensive environments.

This co-existence of significant education and research activity is an asset that enables a range of broader knowledge-related economic activity across Victorian industries. For example, Victoria’s expertise in medical technology and pharmaceuticals has its genesis in key research centres and the global talent they attract. Metropolitan and regional tertiary institutions with specialisations in food, dairy and material sciences support the cross-pollination of learning and knowledge by bringing together students, researchers and industry. Professional services such as accounting, finance and engineering benefit from the pool of new, work-ready graduates produced by the education sector.

There are significant opportunities for government and the sector to work more closely in fostering international research engagement. Government-to-government partnerships, with a focus on key research areas, has the capacity to not only grow student numbers but to offer new platforms to fund and support research. Victoria’s universities are leading the way in creating innovative transnational research programs involving joint labs, dual PhD models and collaborative research partnerships with industry.

Victoria’s approach to research engagement and innovation are also in demand from global clients. Many partner governments are seeking to engage with government, universities and our research centres to learn more about our approach. This has been commercialised by many leading research groups in the form of consultancy and project work. Given the way international education is currently valued and reported, these types of activities are not directly attributed to the international education sector in official export figures.
Changing Delivery Models

Victorian higher education providers have also made significant investments in offshore and online delivery of education services. For example, three universities have established significant international branch campuses (IBCs) and all universities are engaged in major global partnerships which see them delivering Victorian education, training and research in numerous offshore locations. Of the almost 85,000 students enrolled in Australian higher education qualifications offshore in 2013, around 38,000 of them were studying with Victorian universities.

Universities are working in their own right, or collaborating with other education or industry partners, to create new digital education delivery platforms. Leveraging technology as an accelerator for growth, the sector needs to be sufficiently agile to respond to opportunities, global competition and competitive market disruptions.

Our approach to teaching and learning is being transformed, both to meet the demands of a changing student body and in response to opportunities presented through new technology. Victoria’s future international education sector will be shaped by how well we respond to these changes. There may be a role for governments to work with partner governments around the world in ensuring acceptance and recognition of online learning. There is also a question of internal capability to ensure we have the right staff and technology platforms to enable us to do this well.

This offshore and online delivery is increasingly providing an attractive pathway for students to undertake subsequent onshore study in Victoria. As part of these activities, Victorian universities are also collaborating with foreign partners to develop new teaching and research activity, such as dual degrees and licenced curriculum delivery, that will see Victorian education and research reach right across the globe.

Pathways to Higher Education

ELICOS plays a significant role in enabling international higher education exports. There are two distinct markets that ELICOS providers meet. Firstly, students who are completing stand-alone English, often in relation to tourism or short-term programs. Secondly, students who are completing English language pathway programs to gain entry into higher studies. There is a growing market for ELICOS providers to continue to support students as they progress through their studies and in gaining language competence to meet employment and licensing requirements.

Analysis by Boston Consulting Group indicates that Victoria can benefit from growing demand in the secondary schools market to support students onshore. In addition to immediate economic, social and education benefits that international secondary school students can bring, there are high rates of transition into onshore higher education programs. Anecdotally, tertiary institutions report that these pathway students are highly valued and well prepared for further education in Victorian institutions.

6. Given the diverse range of higher education courses, delivery modes and student cohorts, what should the future mix of Victoria’s higher education exports look like?

7. How can government and institutions work collectively to support international research engagement?

8. How can Victoria gain a greater market share (including growing the non student visa market) from diverse student cohorts and build capacity in our English Language training sector?
Strategic Direction Three: Leading in quality teaching and learning approaches

In the next decade, models of education delivery, teaching and learning will continue to be transformed. This is driven by the need to meet student demands and to continue to create viable delivery models to service a global market. How well Victorian institutions fully embrace and embed offshore and online delivery will be key success factors for the sustainability of the sector. Many Victorian institutions are now thinking more holistically about the integration of onshore, offshore and online teaching and learning approaches to meet student’s needs. There are opportunities and challenges for all sectors.

These challenges include:

- some foreign governments’ lack of recognition of online as a quality product
- building internal capability and staff expertise
- regulatory barriers presented by online restrictions in the current ESOS framework
- fast-paced changes in digital and e-learning platforms
- changing host country regulations for offshore delivery
- development of viable business models for offshore delivery.

Opportunities exist to:

- partner with technology and e-learning organisations
- enable government-to-government dialogue in support of global delivery models (offshore and online)
- create new markets through more global presence in key markets
- support research engagement and academic collaboration through online platforms
- position Victoria as a market leader through new product development and innovation.

Schools

The Victorian Certificate of Education (VCE) is now being delivered by more than 30 partners around the globe to thousands of international students. An investment in the development of the Northern Hemisphere timetable represents a significant opportunity for our schools in delivering the VCE offshore, but also as a pathway for well-prepared students who have completed the VCE offshore to enter our universities. Creating more opportunities for students around the world to engage with our world class schooling system benefits not only the schools who are delivering these programs, but also feeds directly into further pathways into our higher education institutions. Domestic students also benefit from this investment in offshore programs through exchange and short-term learning opportunities. The use of technology in the classroom also presents great opportunities.

Vocational Education and Training

Victorian TAFEs were pioneers in offshore delivery programs and partnerships. Many innovative industry-training programs (not recorded in the current statistical methods) were also created by the Victorian VET sector. The demand for global skills training is rapidly changing. The challenge for the sector is finding viable business models that protect quality. The opportunities for online learning and simulated learning are also yet to be fully realised.

English Language

Increasing demand for offshore and online English language learning presents new challenges and opportunities for Victorian ELICOS providers and the field of English Language Teaching (ELT). The challenge for the sector is to drive innovation through cross pollination with other industries, such as ICT, to find new delivery pathways and to develop its offshore partnerships, while maintaining demand for onshore delivery.

Higher Education

Offshore and online delivery models are transforming higher education. Many under-graduate and pathway degrees are delivery fully or blended online and offshore. Investment in joint and dual PhDs and Masters programs are growing at a rapid pace. The creation of Massive Open Online Courses (MOOCs) are furthering our reputation for education and research excellence.

9. How will online and offshore models impact the future of Victoria’s international education sector and what is the role of government in supporting this growth?
Strategic Direction Four: Supporting a high-quality and globally oriented VET sector

Vocational education and training in Victoria is provided through technical and further education (TAFE) institutes, adult and community education providers and private providers, as well as some universities. Following changes to Australia’s migration settings in 2010, onshore VET sector exports in Victoria underwent a necessary correction, finally returning to growth in 2013-14, experiencing increases of 8.2 per cent in enrolments and 17.7 per cent in commencements. Overall, the VET sector accounts for 25 per cent of international students in Victoria, with major markets being India and China.

Victoria is the national leader in delivering offshore Australian training qualifications. There are significant opportunities over the coming decade for TAFEs and high-quality private VET providers to increase provision of offshore training. In Asia alone, the key markets are estimated to be worth billions of dollars as countries realise the value of a skilled workforce to their economies and seek large-scale reform and investment in VET.

These offshore opportunities are numerous. They can range from providing advice to foreign governments about how to replicate our industry-led vocational training approach through to partnering with industry, other education institutions and governments to deliver customised training.

The nature of global demand for training and the recent resurgence of key competitors like the United Kingdom and Germany means that Victoria’s VET offering must become increasingly nimble and targeted. In many instances this may mean delivering customised training products and skills sets which, while not leading to a qualification, draw on VET providers’ experience in delivering Australian training package qualifications.

For a number of years global higher education providers have packaged together short customised programs to meet very specific needs of industry clients and professional bodies. Given its industry-focussed foundations, Victorian VET providers have the potential to replicate this approach and deliver quality, cost-effective products globally.

Finally, given the resource intensity associated with bidding for offshore opportunities, collaboration between Victoria’s TAFE institutes and high quality private training providers will be fundamental for Victoria in securing landmark global projects.

10. In what training fields are VET providers predicting strong demand for onshore education?

11. How can the VET sector better participate in the growing transnational education market?
Strategic Direction Five: Growing international engagement in the schools sector

The commitment to make Victoria the Education State recognises the integral role of international education as an export for both schools and higher education, as well as the value of internationalising education in our schools.

This strategic direction considers the opportunity to grow international education in the schools sector, recognising the operating environments of both government and non-government schools. In addition to the economic benefit of international students, underlying this discussion is the tenet that internationalising schools will prepare our young people for life and work in an increasingly globalised world, contribute significantly to our economy, and help Victorian business access a workforce they need to compete globally.

There are three interconnected drivers for international engagement in the schools sector:

- supporting inbound international students
- internationalising Victorian schooling, including through outbound student initiatives

Supporting inbound international students

Victoria is the market leader for school sector international student enrolments with around a third of the Australian market. As at March 2015, there were 5,055 full fee paying international students enrolled in Victorian schools: 2,815 in government schools and 2,240 in non-government schools. In addition to fee paying students, several thousand students per year visit Victoria under sister school and exchange programs.

International school students choose to study in Victoria to receive a great education in a safe and supporting environment and in many cases to access a pathway into Victoria’s world class universities and VET providers, including Australia’s number one university. International students also help to diversify the student population in Victorian schools, support language learning and support the internationalisation of Victorian schools.

In addition to the economic, social and education contribution that international school students make to Victoria, there are also high rates of transition into onshore higher education programs. It’s estimated that over 90 per cent of school sector students who undertake study in a Victorian school continue on to a Victorian tertiary or vocational education institution. These institutions tell us that these pathway students are highly valued and well prepared for further education.

Additionally, the ‘go younger’ trend, particular from international students from China, means that increasingly parents are seeking to send their children abroad to study from a younger age, to help them build their English language skills, build friendships and networks, and acclimatise so that they are a step ahead of the competition when they are entering university. Victoria needs to be prepared to respond to this trend.

Analysis by Boston Consulting Group indicates that there is significant growth potential for Victoria in the school sector international student market. However, if this opportunity is to be realised, there are a number of supply side challenges that must be overcome – through either capacity growth or new ways of working:

- increasing the number of places within the school system
- ensuring high levels of English language provision
- exploring new models of student accommodation.

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6 The Department of Education and Training (DET) is a provider of education services for international students enrolled in Victorian government schools and registered on the Commonwealth’s Register of Institutions and Courses for Overseas Students (CRICOS). For government schools, DET handles recruitment and enrolment of students into accredited government schools. Non-government schools are CRICOS registered entities in their own right and operate their international student programs independently of DET.
Internationalising Victorian schooling

Our schools are more internationally focused and engaged than ever, in recognition that Victorian students must be prepared for life and work in a globalised world. Equipping all of our young people in such a way is also an economic imperative for Victoria. While the school curriculum emphasises the core skills that our students will need, including language education, many schools enhance the curriculum through provision of additional opportunities to students.

These enhanced opportunities include formation of sister school partnerships, utilising the diversity of the community and international students, using ICT to connect internationally and providing students with overseas experiences and exchange programs. Our government and non-government schools have been leading the nation in their approaches to international exchange, sister school partnerships and short term experiential placements.

One example of this is the Victorian Young Leaders to China Program, which is sending 1,500 Year 9 students to China for a six-week immersion experience in an effort to develop the next generation of Victorian leaders who understand one of our most important trading partners in Asia. Evaluations show that this program is delivering life-changing experiences to students and improving their Chinese language ability.

Delivery of the Victorian Certificate of Education (VCE) offshore

Four million students now study at international schools around the world. Delivery of the Victorian Certificate of Education (VCE) offshore in partnership with Victorian registered schools and in-country partners is an Australian first, offering a significant market advantage for Victoria. There are 23 offshore programs in China, the United Arab Emirates, Saudi Arabia, Bahrain, South Africa, Timor Leste and Vanuatu. The largest market of these is in China, where the VCE is delivered at 14 separate schools.

The VCE is recognised worldwide as a top-tier senior secondary certificate, equivalent to qualifications such as the International Baccalaureate and the UK GCE A-Level. Since 1998, more than 4,000 overseas-based students have enrolled in the VCE. The offshore (TNE) VCE program provides a substantial stream of high quality international student enrolments for Australian and Victorian universities. If Victoria is to expand its school sector TNE offerings then it must develop an appropriate policy framework.

12. What are the opportunities for the secondary schools sector in attracting more international students and in enabling stronger pathways to higher education in the state (including the delivery of VCE offshore)?

13. How can we address supply side challenges relating to: increasing the number of places within the school system, expanding English language provision and exploring new models of student accommodation? What new ways of working will be required?
Strategic Direction Six: Growing international education in the regions

The Victorian Government is committed to bringing jobs, growth and investment to the regions. A key consideration for the development of a new International Education Action Plan will be the identification of specific measures that promote opportunities for international students to choose to live and study in regional Victoria.

While a large proportion of onshore international students have a preference to study in metropolitan centres, regional providers can offer niche expertise and significant industry expertise in fields of global significance such as food and agriculture, soil and water, energy and resources, and environment. While a focus on these capabilities may support growth in onshore education, it is offshore opportunities that may deliver the biggest opportunities for regional education providers.

Furthermore, many regional centres offer distinctive, community-focused lifestyle opportunities that may be attractive to particular segments of the schools and tertiary student market. Attracting these types of students, and potentially retaining them to undertake multiple courses of study, may also bolster regional Victoria’s standing as an education exporter. For example, regional senior secondary schools often have strong links with their local university campuses and TAFE institutes. Dedicated pathway programs and transition supports that meet the specific needs of international students could increasingly be a product of these linkages.

14. What is regional Victoria’s distinctive value proposition as a provider of international education and how can we market this better to prospective international students and offshore governments and industry?

15. How could we support international secondary school students to choose regional Victoria?

Strategic Direction Seven: Enhancing the experience for international students

The experience that international students have of living in a particular location influences that place’s attractiveness as an education destination. ‘Word of mouth’ is an important source of information in the decision making process of potential international students. Sustained focus on experience is therefore crucial to the ongoing strength of Victoria as an education destination.

Activity to improve international students’ experience beyond the classroom can be categorised as either:

- addressing issues a student may face during their time in Victoria, particularly relating to a broad range of welfare matters such as accommodation, employment, health services or where students are victims of crime
- enhancing what is on offer to students during their stay, including providing a premium-value experience, particularly in relation to career readiness, and improving social connectedness to each other and the local community.

In the Australian context, Victoria is highly regarded for its focus on enhancing student experience. Through collaboration, local, state and federal governments and education institutions have led the way in driving an integrated approach towards maximising the chance that students have a positive time while studying here.

The government’s key contribution is the Study Melbourne Student Centre, a physical access point for all its student-facing initiatives and the location of a team of staff providing information and welfare support to students. It is the only centre of its kind in Australia, and quite likely the world. These types of actions have contributed to Melbourne being assessed by QS Rankings as among the best student cities in the world, second only to Paris.

Victoria has also differentiated itself in the national and international market in ensuring that opportunities exist for international students to develop career readiness, or ‘employability’ throughout their time in Victoria. The Study Melbourne Internship Program is currently being piloted in partnership with 13 education providers with a goal to place 300 students in internships by the end of 2015. Much more work needs to be done to improve employer awareness of the value that student interns and graduates can create, particularly for exporting local firms.
The state engages with, and supports, a number of organisations including local councils and not-for-profit organisations to improve the student experience. Building on the investments outlined above, the Victorian government is implementing a new program of International Student Welfare Grants. This four year, $4 million program, will be available to a variety of groups with a focus to improve the student experience beyond the classroom.

More can be done to understand the student experience preferences of Victoria’s diverse international student community. With increasing diversification in education offerings, the traditional archetype of a student studying a full qualification onshore at a Victorian provider is being challenged. Today the needs and preferences of students experiencing education and life in Victoria are varied, and include students on short-term tourism visas studying as part of a tourism experience or to build their professional skills, as well as online learners.

16. Victorian institutions and governments have been leaders in student experience initiatives; how do we stay ahead of the pack?

17. Given the consistent feedback that more international students would like to socialise with local students and communities, what innovative approaches and stakeholders can be engaged to facilitate this?

Strategic Direction Eight: Maximising the secondary benefits of international education

In addition to the direct economic benefits provided by international education, there are a number of important indirect benefits that accrue to Victoria from a thriving international education sector.

There are flow-on benefits to and from the tourism industry through non-leisure visits by students’ friends and family. Graduation ceremonies for example are significant events attracting large numbers of visiting friends and relatives as tourists to the state.

Further, the increasing propensity for individuals to visit Victoria both as a tourist and student means benefits can be derived from positioning Melbourne, Victoria, as an attractive global destination. Many short course English language students enter Australia on tourist visas and later complete higher qualifications under a student visa, extending their stay in Victoria. Currently, around 26 per cent of English language students in Victoria are non-student visa holders, with Japan and Korea accounting for almost two thirds (58 per cent) of this group.

Since 2000 an estimated 750,000 international students have been educated through the Victorian education system. This represents a deep pool of prospective trading partners that have an existing awareness of Victoria’s economy. The creation of a global alumni framework, that can support Victoria’s ongoing economic international engagement, particularly around investment attraction is an area for further investigation.

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7 English language students in Australia in 2013: An analysis of the non-student visa cohort
8 Aggregated numbers from various peak bodies published since 2000
There is also opportunity to retain selected international student graduates in high value areas of the Victorian economy through global talent attraction (skilled migration) strategies. The introduction of the two- to four-year post-study work visa, available to many international students, is also an opportunity for employers to engage talented graduates.

Another important benefit to the state flowing from international education is the strengthened intercultural skills and lifelong personal networks developed by Victorians. Domestic students (secondary and tertiary level) have the opportunity to engage with international students whilst they are in Victoria and also have the opportunity to build international networks while studying overseas. The Victorian Hamer Scholarships and Commonwealth’s New Colombo Plan are examples of government-supported mobility programs that send young professionals and students offshore respectively to capture this benefit. The China Young Leaders Program, managed by the Department of Education and Training, is sending hundreds of our future leaders to engage in learning and cultural activities in China.

A global outlook and strong global connections will be important for Victoria to realise its position as the Education State.

Since 2000 an estimated 750,000 international students have been educated through the Victorian education system.

18. How can government’s approach to positioning Victoria as both an international education centre and tourism destination be enhanced?

19. How can Victoria better leverage its extensive alumni of international graduates to build profile and generate increasing economic activity particularly in trade and investment?

20. In the face of increasing local and global competition for specialist skills and talent, how can Victoria attract and retain global talent in areas of high value to the Victorian economy?

21. How can we support growth in outbound students programs for Victoria’s secondary and tertiary students?
Strategic Direction Nine: Driving a collaborative approach to supporting international education

The government recognises that it must work collaboratively in order to support the future success of Victoria's international education sector. It is clear that a partnership approach with education providers must be the foundation of such an approach. There is an opportunity to build on the existing collaborative efforts that Victorian providers have become well-regarded for in the sector. Equally, ensuring that the student voice is heard and that students are an active participant in cooperative efforts to grow and support the sector, is also fundamental. However, to succeed in the development of international education as a long term future sector for the state, cooperation with other levels of government is paramount. The business community, both locally and internationally, are also important partners in the international education sector.

Commonwealth Government

The Commonwealth is responsible for the regulation of education sectors and the services they deliver to international students, national marketing and promotion, and the student visa framework. The Commonwealth must optimise these settings in order to safeguard the global competitiveness of all Australian education exports.

The Victorian Government will work with the Commonwealth Government as it finalises the National Strategy for International Education and development of a long term market development plan throughout 2015.

In recent times, Victoria's engagement with the Commonwealth has included significant contributions to reviews of the Education Services for Overseas Students (ESOS) framework and the Department of Immigration and Border Protection's assessment of streamlined visa processing (SVP) for international students.

The Victorian Government remains committed to advocating that any reforms that the Commonwealth makes to the student visa framework enhance Victoria's global competitiveness as an education destination whilst also maintaining and protecting risk in the visa system.

The Student Voice

Understanding the student voice means ensuring that international students views are heard on matters that effect them. The Victorian Government values the feedback from international students studying in Victoria and is committed to creating an ongoing dialogue with the Victorian international student population, to ensure that their views are heard and understood.

Figure 4: The roles of various levels of government in international education

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<tr>
<th>Commonwealth Government</th>
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<tbody>
<tr>
<td>• Regulation of education sectors</td>
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<tr>
<td>• Regulation of services to international students (e.g. tuition fee assurance)</td>
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<tr>
<td>• Austrade – national marketing and promotion ('Future Unlimited')</td>
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<tr>
<td>• Immigration settings</td>
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<td>• Provision of market intelligence</td>
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<tr>
<th>Victorian Government</th>
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<tr>
<td>• Enhance international student experience in Victoria</td>
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<tr>
<td>• Support Victorian international education providers develop new education partnerships and business opportunities</td>
</tr>
<tr>
<td>• Promote Victoria as a premium provider of education, training and research</td>
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<tr>
<td>• Sector advocacy to the Commonwealth</td>
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<tr>
<td>• Engage with industry to harness the benefits of our large international student population</td>
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<tr>
<td>• Co-regulation of the schools sector in conjunction with the Commonwealth</td>
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<th>Local Government</th>
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<tr>
<td>• Contribute to liveability of local communities (including safety)</td>
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<tr>
<td>• Delivery of social services and inclusion</td>
</tr>
<tr>
<td>• Local economic development plans see some municipal authorities working with education institutions</td>
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Business and Industry

Improving how the sector engages with business and industry will be fundamental to the ongoing success of the sector. We know that employment goals are significant drivers for foreign study. Victoria has been piloting new approaches to engaging with business locally and globally to support international student employability. Whilst much has been achieved there is still more to be done. Ensuring Victoria’s business community, employers and industry associations see the value in international education and are confident in the graduate outcomes is an area where governments and institutions can work collectively.

Local Government

A range of major education institutions across the state play a significant role in high quality international education provision; and they are increasingly supported by targeted initiatives from local government authorities (LGAs) aimed at securing an enhanced international student presence. The overarching imperative shared across state and local government to bolster growth, productivity and export income highlights the importance of strengthened Victorian Government engagement with LGAs.

In Victoria, the City of Melbourne (COM) is a key education destination and enabler of education export revenue; and works actively with government and education providers on international student initiatives. The role of local government in support of student cohorts and communities will be an important factor in continuing to grow international education outside of the Melbourne hub.

It is clear that a partnership approach with education providers must be the foundation to support the future success of Victoria’s international education sector.