



Impact Analysis: IRCC Policy Changes (2023-2024) and Atlantic Universities

March 2024

Executive summary

What are the January 2024 IRCC policy changes that are behind this analysis?

- Implemented an increased cost of living financial requirement for all international students, from \$10,000 to \$20,365, to more accurately reflect the costs of living in Canada.
- Introduced an international student cap on applications with immediate effect to reduce the number of study permits approved to 360K for new undergraduate students.

Why is this important to the Association of Atlantic Universities (“AAU”)?

- AAU institutions are expected to be impacted differently depending on size, ranking, and the current number of international students.
- International students make up over 30% of enrolment for AAU (above the national average), and they are therefore more likely to be impacted by these policy changes, with a risk of reduced international enrolment and tuition revenues.
- The largest proportion of international students in the region are from India; this, combined with a significant number who work full time and borrow to fund their education, suggests that international students in Atlantic Canada are likely to be impacted by the increased financial requirements.
- There has been an immediate reaction in the marketplace with anecdotal information suggesting that international students are either delaying or reconsidering their options for fall 2024, as well as pulse survey data from a recognized international organization, which shows that almost half of international students are reconsidering their study abroad plans, suggesting that Canada has reduced its attractiveness.
- The mid-fall 2024 recruitment cycle timing of the announcement has created uncertainty for students and does not allow institutions to easily adjust their strategies or to pivot to alternative opportunities, which could see lower levels of recruitment in the coming year.
- Canada has been successful in growing international student numbers over recent years as it was seen as a welcoming place with affordable options to study. These advantages have likely been impacted by these announcements both for fall 2024 and into the future, the extent to which is currently unknown.

How do the changes by IRCC impact Canada's standing in the international student recruitment competitive market for Fall 2024 and beyond?

- Each of the other major recruitment markets (US, UK, and Australia) have introduced similar policies or have political uncertainty with regards to international students, which may mean that the impact of Canada's announcements are reduced.
- In addition, some of the countries (the Netherlands/France/Ireland) that have been growing in this area are also introducing policy changes, which will impact their attractiveness to international students. Germany is establishing itself as an attractive option with a government strategy which has financial support but faces language challenges which might reduce its competitiveness with Canada.

What impact might these changes have on the target countries that the AAU recruit from?

- India (1st) and Nigeria (3rd) remain important markets due to their size and increasing middle class. However, they are also price sensitive with a focus on post-study work visas, which will mean that Canada will be less attractive in these markets.
- The countries that have been targeted for diversified growth by the AAU institutions are also largely impacted on similar price and visa issues, and therefore continued growth in recruitment from these countries could prove challenging, especially for those where significant market share has yet to be achieved.

Executive summary

What are the potential financial implications of the cap for 2024 and beyond?

- The reduction of each international undergraduate student as a result of the cap would mean:
 - An average loss in tuition revenue of \$20,137 to the institution per year (\$80,548 for a four year undergraduate program).¹
 - A local economic loss of \$30k per year based on cost of living expenses.²
- An overall reduction in the number of students who stay in the Atlantic provinces and contribute to immigration growth.³
- There is limited detail available to model the financial implications for the AAU institutions in a reliable manner at this time for fall 2024.
- We have considered the best information available, and based on a comparison with fall 2023 enrolment, we do not believe that the cap will have a significant impact for the AAU institutions for fall 2024. This is dependent on individual institutions allocations, conversion rates, and any allocations that are made to private universities or colleges.
- However, the impact will be increased if the details of the cap suggested in the January announcement for 2025 are of a similar scale as cohorts will be reduced in second year and beyond.
- These figures need to be further explored as announcements around provincial allocations and further policy details become known.
- There is potential that given the cap and limited availability of places in some provinces (ON/BC), that growth could occur in the Atlantic provinces or that places will become in greater demand. Given the competitive market and the challenging messaging around Canada as a destination for international students, this may be difficult to achieve.
- There is also potential that the uncertainty created will not only have an impact for fall 2024 as students consider other options, but could leave a legacy of uncertainty as students consider other countries for 2025 forward.

What changes may be required for international strategies?

- Overall, even with potentially reduced applications from the cap, it is likely that increased investment will be required in the current recruitment cycle and moving forward to secure international students, and efforts will be required to ensure that Atlantic Canada is seen as a welcoming place.
- There may be potential to increase the focus on Masters programming to increase recruitment as these qualifications are exempt from the cap, but this is unlikely to be possible for fall 2024 recruitment.
- Country diversification strategies may be challenging given the price sensitivity of those countries and will likely require additional investment.
- There will be a need to continue to focus on student experience and value as the long-term keys to success for international students.

What next steps should be considered to mitigate the impact of these announcements?

- It is critical that prospective students, parents, and agents are contacted continuously and reassured as far in advance as possible about spaces in 2024.
- Continue to lobby provincial governments for policy changes and updates on issues such as conversion rates.
- Implement the attestation letter process in a streamlined fashion to limit bureaucracy, avoid delays in students being offered places, and align with required conversion rates.

References:

1. [Canadian and International Tuition Fees by Level of Study](#)
2. [Cost of Studying in Canada for International Students](#)
3. [Atlantic University Graduates, Two Years On](#)

International student recruitment impact analysis

Key announcements by Immigration Refugees Citizenship Canada (“IRCC”)

December 2023

IRCC announced that the cost-of-living financial requirement for study permit applicants (international students) will be raised to \$20,635 for 2024.¹

January 2024

Introduction of an international student cap on applications to stabilize growth for two years. The cap is expected to result in approximately 360,000 approved study permits, a decrease of 35% for 2024.²

References:

1. [Revised requirements to better protect international students](#)

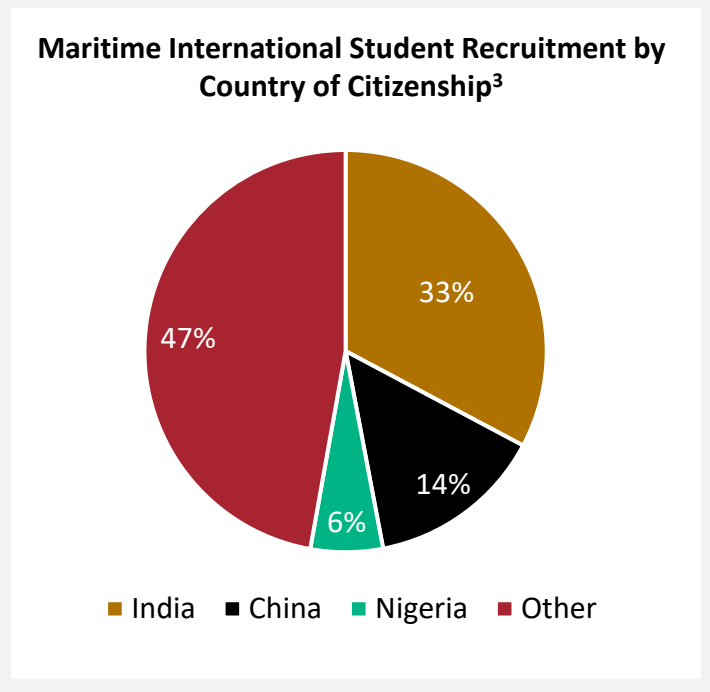
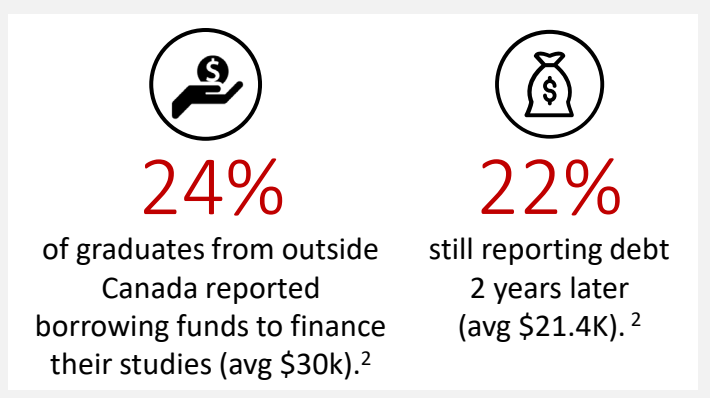
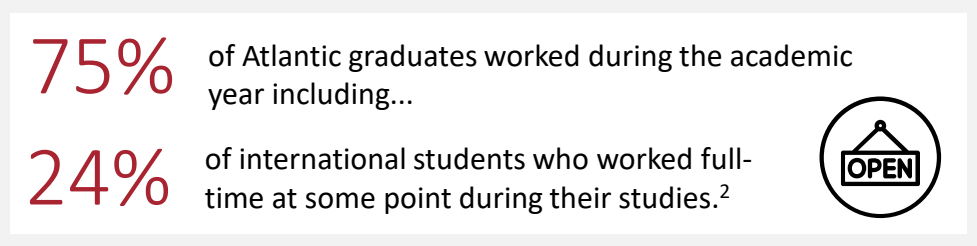
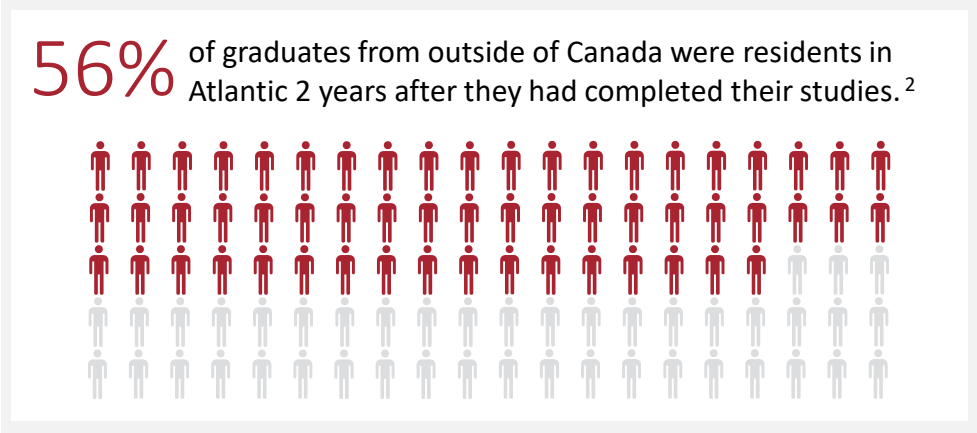
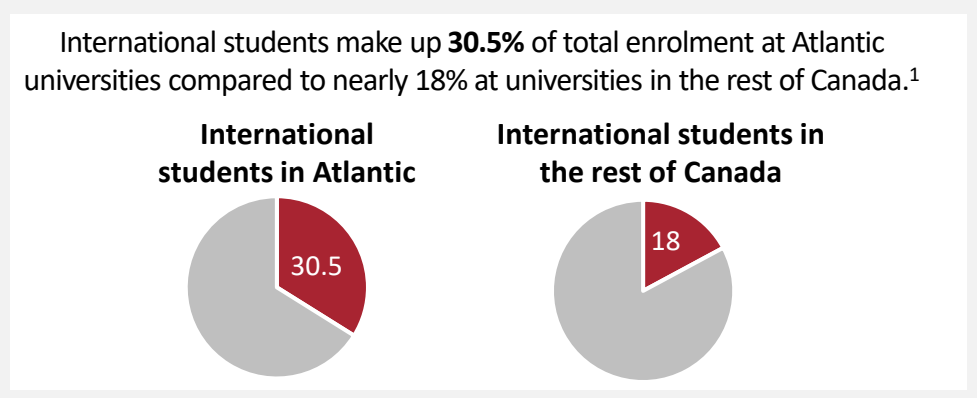
2. [Canada to stabilize growth and decrease number of new international student permits issued to approximately 360,000 for 2024](#)

Key Questions

This report considers the potential impact of these changes on the AAU by looking at the following key questions:

- Why is this important to Atlantic Canada?
- What were the reactions to these announcements?
- How does Canada now compare to other major international student recruitment markets?
- What impact might this have on the key markets that students are recruited from?
- What might be the impact of the international student cap?
- What actions could universities take to address these impacts?

Why this is important in Atlantic Canada

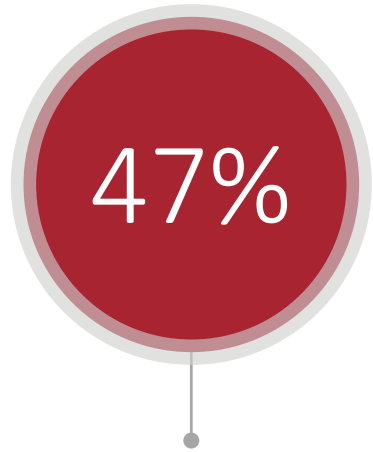


- As part of our analysis, we wanted to understand international students in Atlantic Canada to assess the potential scale of impact of these changes:
- Atlantic Canada has a greater proportion of international students than the Canadian average and is therefore more likely to be impacted by the announcement than some other provinces.
 - India provides 33% of the international students to the AAU. Indian students on average have a greater need to work as part of their studies given their relative financial position.
 - Almost 1 in 4 international students worked full time during their time studying in Atlantic Canada.
 - In addition, 1 in 4 also reported the need to borrow to complete their studies with average loans at \$30k, suggesting that many struggle with the affordability of their studies.
 - Over 50% of international students have remained in Atlantic Canada 2 years after they have completed their studies, demonstrating the positive impact that international students have on immigration plans and economic growth.

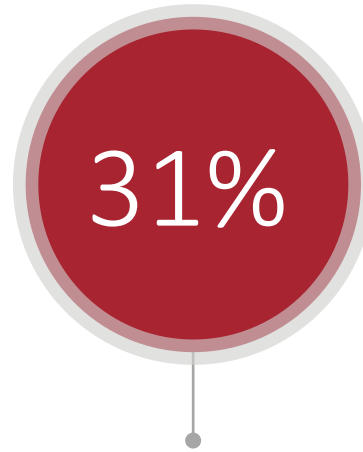
References:
1. AAU briefing note December 11, 2023
2. [Atlantic University Graduates, Two Years On](#)
3. [Enrolment Report](#)

How did international students react?

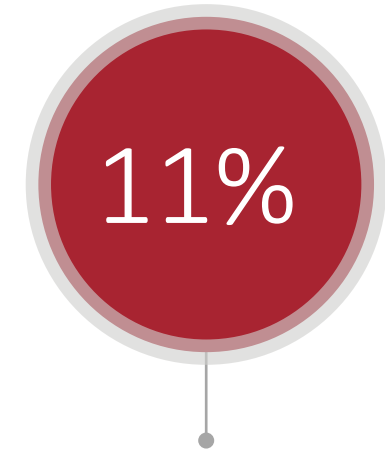
An early pulse survey conducted by IDP in January 2024 identified the following:



of prospective international students said the recent announcements by the Canadian Government will have a high or very high impact on their study abroad plans.



of prospective students whose first choice is Canada said they are either now more inclined to choose another destination or are reconsidering their study abroad plans.



of students who have applied to study in Canada said they are either now more inclined to choose another destination or are considering withdrawing or deferring.

These results suggest that regardless of the actual details and practical implications of the IRCC policy announcements, prospective students have already begun to think about alternative destinations for their studies given the uncertainty of securing an affordable place in Canada. This will have an impact on fall 2024 recruitment which could continue moving forward unless addressed with continued student engagement.

What was the reaction from the AAU?

Following the announcement regarding increasing financial verification levels, we collected initial reactions from the AAU.

There were positive views about the intentions of the increase in financial requirements for international students. Members largely agreed that:

- ✓ It was appropriate to “right-size” application volumes and improve conversion.
- ✓ It was consistent with a fair promise on the availability of housing and the real cost of studying in Canada.
- ✓ This could contribute to a more positive student experience.



The views on the potential impact varied by institution based on size, current international strategy, and ranking, but there was consensus that the following impacts could occur:

Reduction in enrolment in 2024

- Changed perception of affordability to students which has been Canada's strongest selling point.
- Reduced applications from price sensitive markets, which would impact country diversification strategies, and insufficient time to target alternative strategies.
- Greater reduction was expected in less well known or ranked universities.

Damage to brand and reputation

- Perception that Canada will be a less welcoming option for international students.
- It will become more challenging to recruit in countries from which Canada does not have an established flow of students.
- Further compound negative perceptions for Indian students following recent diplomatic challenges with Canada.

Confusion and uncertainty

- The timing of the change mid recruitment cycle would cause uncertainty at a key decision making time for students.
- Institutions did not have time to undertake sufficient communication with students to be able to advise and support them.

How does Canada now compare to the other major student international recruitment markets?

We undertook analysis of current trends and challenges for international students in Canada's three main competitor countries, the US, UK, and in Australia. The details of this analysis are included in the fact base that accompanies this report.



Immigration-related policy issues

As with Canada, all of the major countries are reviewing immigration and student visa policies which could negatively impact access and post study work arrangements.



Domestic enrolment

Each of the countries is experiencing a decline / challenging domestic enrolment, with population figures indicating that this cannot make up the revenue shortfall should international enrolment decline.



Student experience

With the exception of the US, each of the countries is focusing on affordability as inflation and lack of housing drives cost of living increases. All are recording cost of living increases and some currency volatility which have impacted international student satisfaction levels. Canada trails the other countries with regards to overall student satisfaction levels.



Political uncertainty

Other than Australia, each of the countries is looking at a federal / national election in 2024 with no clarity on the direction that will be taken around immigration, etc. from the political parties.

We also considered additional countries who have been successful in recruiting international students. These include Ireland, the Netherlands, and France, who provide examples of how an integrated strategy can deliver growth. However, they are also experiencing policy challenges which may make them less competitive moving forward. The recent developments in Germany show how policy can help to drive growth, but the language challenge remains, which may reduce their competitiveness with Canada.

What impact might this have on the key markets that students are recruited from?

This section compares current trends and challenges for the international education sector in Canada’s three main target markets, India, China, and Nigeria.



Recruitment trends

China has not returned to pre-pandemic levels of recruitment, meaning India is now the largest provider of international students, with Nigeria being the fastest growing market for Canadian institutions.



Competitive features

Price sensitivity, visas, and agents continue to be key to success in recruiting from India and Nigeria. Chinese students are now considering a more diverse range of destination countries.



Affordability

Each country’s average net income is low, which makes estimating affordability difficult. However, with large populations, substantial inequalities, and a growing middle class in both India and Nigeria, each remains a significant target market.

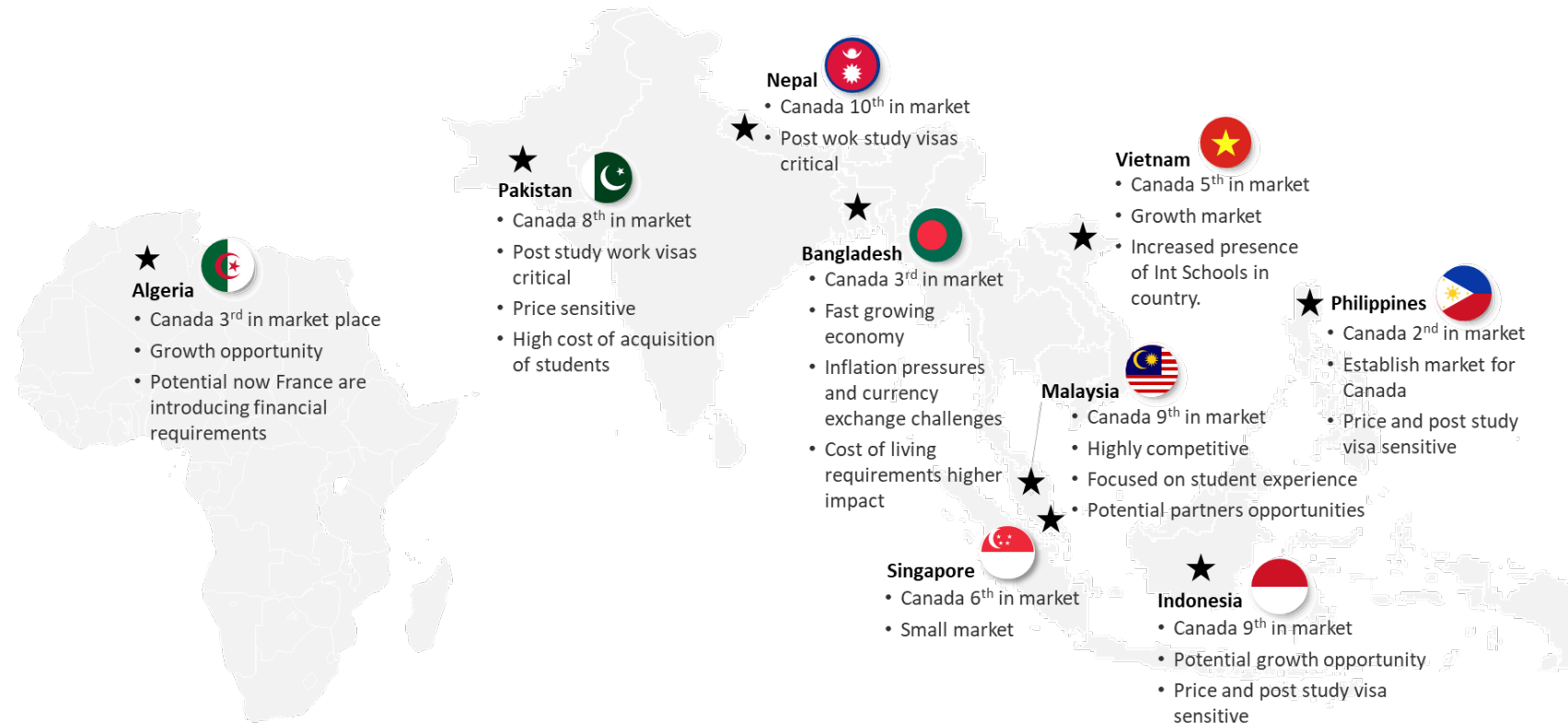


Upcoming challenges

The recruitment challenges with the existing political situation between Canada and India, as well as the currency fluctuations in Nigeria, will be further compounded by the uncertainty created by the policy announcements. This may impact recruitment efforts and see students in those countries, like China’s, begin to consider alternative destinations.

What impact might this have on the emerging markets that students are recruited from?

We conducted a high-level review of countries which have been the focus for diversifying growth by the AAU to assess potential impact. We have included the ranking of where Canada is currently positioned in these markets as a destination for their international students and the major market characteristics.



- International students in nearly all of the countries targeted for diversification are likely to be impacted by affordability, as each of these markets is price sensitive.
- There will be further challenges around the perception of potential changes to visa requirements and any concern about post-study work visa changes.
- Canada has had success in many of these markets and is in the top 3 destinations for a number of them. Where this is the case, then the impact may be lower as there is an established flow of students.

Summary of potential market impacts

We have identified the following potential impacts and suggested actions for the AAU.

Potential impacts

- All early indicators are that international students are reconsidering their plans in light of the uncertainty created by the increased financial requirements and the subsequent cap announcement. This reconsideration could lead to reduced registrations in 2024 and beyond as students continue to look at other destinations.
- The actual impact of this policy change will only be observable over time, but it will likely result in a reduction in students from those countries where affordability and post-study visas are key issues. This reduction could subsequently impact diversification strategies of those institutions which are less well known / ranked outside of Canada.
- The impact on recruitment may be reduced given that the other major competitors are also experiencing similar policy changes.
- Due to their population sizes and maturity, India, China, and Nigeria remain key target countries for recruitment.
- As domestic enrolment is flat in the major recruiting countries, overall competition for international students will intensify. This intensification will likely mean that additional investment is required to recruit international students, especially in those countries where good market positioning is not already present for fall 2024 recruitment and beyond.
- The cap will foster a negative perception amongst international students about how welcoming Canada, and therefore Atlantic Canada, is, which will need to be addressed both for fall 2024 and into the future.

Actions for the AAU

- Continue to proactively communicate with prospective students, applicants, and offer holders to provide reassurance and support conversion to enrolment.
- Ensure that agents are also fully engaged as details emerge around places, attestation letters, and processes.
- Review current recruitment plans and consider if additional investment may be required.
- Consider the potential for additional collective marketing / recruitment activities to promote the region as a whole.
- Continue to focus on the quality of the student experience, as this will be a key competitive differentiator moving forward.

International student cap impacts

Given the challenges with detailed information on allocation at this time, we are not able to complete a robust analysis of the potential financial impacts of the cap. However, we have identified the following potential impacts and suggested actions for the AAU:

Potential impacts

- The reduction of each international undergraduate student as a result of the cap would mean:
 - An average loss in tuition revenue of \$20,137 to the institution per year (\$80,548 for a four year undergraduate program).¹
 - A local economic loss of \$30k per year based on cost of living expenses.²
- Any reduction in international students would impact provincial plans for immigration growth, as currently 1 in 2 students remain in the province after two years of graduating.³
- There will likely be a negative impact of these changes on several universities in the Atlantic region for fall 2024, but it is too early to assess the extent of this or how far they might have been able to shift recruitment strategies to other opportunities.
- The announcement of the cap and subsequent effective freeze in enrolment as the policy is implemented is already negatively impacting enrolment, and international students are looking to other destinations given the current uncertainties. The impact of this will vary by institution and could lead to a reduction in enrolment regardless of the cap for 2024, and if uncertain sentiments continue, this could impact 2025 and beyond.
- The analysis we have been able to complete suggests limited impact compared to 2023 recruitment, but the impact will increase if the cap continues at a similar level in 2025.
- There is potential that some provinces may be able to achieve growth as the cap will exceed their current number of new undergraduate applicants, and there will be students who have been targeting other provinces (e.g., Ontario / British Columbia) who may switch their focus to other Canadian destinations.
- The additional emerging issue with the cap is around the conversion rates that provinces will permit for their institutions and how institutions can effectively manage their process around this.
- Beyond fall 2024 recruitment, there is an opportunity to increase the focus on marketing of Masters placements given these programs are exempt from the cap. However, competition is most intense in the postgraduate taught course market and additional investment would be required.

References:

1. [Canadian and International Tuition Fees by Level of Study](#)
2. [Cost of Studying in Canada for International Students](#)
3. [Atlantic University Graduates, Two Years On](#)

Actions for the AAU

- Continue to engage and lobby government for policy guidelines, cap numbers, conversion ratio's, and to have processes in place for the attestation letters.
- Depending on the cap allocation received from each province, it may be necessary to re-examine institutional processes to align them with the anticipated conversion rate.



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