

# Charles Sturt University

## Objective 1

### **1. Are there further reforms governments should consider that will improve the quality and integrity of the sector?**

The Government has already made substantial recent changes to improve the quality and integrity of the sector, including the implementation of recommendations from the Migration Strategy and the Nixon Review. The impact of these changes needs to be effectively assessed and evaluated before further reforms are considered.

In addition to already announced and implemented changes, the scope of change proposed in the International Education and Skills Strategic Framework (the Framework) is significant. There is a real risk of unintended consequences and sub-optimal implementation given the very short timeframe for consultation and implementation, and the lack of evaluation undertaken of the impact of changes made to date.

Charles Sturt University strongly supports the need for quality and integrity within the sector. Reforms must however be well considered and effectively targeted. The Government has on various occasions referred to a small number of bad actors within the sector, however the reforms implemented to date – in particular Ministerial Direction 107 – have resulted in collateral damage to genuine education providers and genuine students.

If student numbers are to be formally capped under the Framework, the Government must move to a fairer and more equitable approach to visa processing. This means rescinding Ministerial Direction 107 and moving away from a provider-based visa risk framework, at least in relation to public providers including universities and TAFE, to one that more holistically considers the risk of each individual student. As part of this new approach to visa processing, and in order to improve integrity, the Government could require all students to provide evidence of funds and English language capacity rather than the current approach which imposes this requirement on only a minority of students.

The Government's intended approach to ban the payment of commission for onshore student transfers creates a significant integrity risk, with the potential for an underground agent network to operate with students engaging agents on a fee for service basis and for agents to operate outside of the protections that the ESOS Framework provides. This intended ban should be re-thought with other mechanisms, such as targeted visa cancellation activity, considered to clamp down on student course hopping. The broad definition of 'agent' is also problematic.

### **2. What more can providers do to improve the integrity of the international education sector?**

Universities already take great care to support the integrity of the international education sector. This includes substantial investment in pre-visa screening as part of the Simplified Student Visa Framework (SSVF), full delivery of ESOS obligations, and pro-active engagement with international students to mitigate the risk of exploitation and modern slavery. Charles Sturt University complies with the NSW Modern Slavery Act 2018 and the Commonwealth Modern Slavery Act 2018 and reports annually on the relevant policies, procedures, and actions.

Many of the issues that we have seen in recent years have been the result of policy failures by successive governments, often against the advice of education providers that have highlighted potential integrity risk – for example the extension of Student visa work rights, the extension of the Post Study Work visa following the Jobs and Skills Summit and the need to close the Pandemic visa. The majority of higher education providers have also long called for the Government to use available levers to clamp down on non-genuine actors, such as visa cancellation for students who breach visa conditions and regulatory

action against providers that are not compliant with ESOS and other legal requirements. We continue to advocate for the Government to use such levers and effectively hold non-genuine actors to account.

The current role of education providers within the SSVF needs to be revisited. The primary focus of education providers should be on teaching and delivering a positive student experience, not on immigration assessment. The expertise for immigration rests with the Department of Home Affairs and the time has come to re-align this balance

## **Objective 2**

### **1. What factors should inform government's approach to allocating international student enrolments across sectors, providers, and locations in Australia?**

The allocation of caps must deliver equitable access to the benefits of international students for all Australian universities and their local partners in industry and the wider community, because all universities are operating within a funding model that depends on international student revenue to meet the actual costs of teaching and research. For a university like Charles Sturt, this means ensuring that there is room to grow international enrolments to a level proportionate to that of other Australian universities.

The ability of regional universities to offer the opportunity of higher education to our domestic students and to undertake the research that solves regional needs is underpinned by our financial sustainability. A strong cohort of international students, including via the University's capital city presence, is crucial to this.

While Charles Sturt University strongly supports the goal of increasing the number of international students in regional areas, it will take concerted action to achieve this goal given the demand preferences of international students. The Government could assist by, for example:

- Launching a genuine regional promotional campaign internationally,
- Offering more scholarships (e.g. a quota of Australia Awards) for regional campus study, and/or
- Reducing the on-campus delivery requirement (e.g. to one subject a session) for students studying at regional campus (noting this may allow regional universities to increase the course offerings to international students which are currently restricted due to the online limitations).

The Government must though recognise that the demand preferences of international students are strongly geared towards metropolitan study, with just over 3 per cent of international students choosing a regional location. The demand preferences of students will not magically change and if Australia cannot cater to this then the students will choose another country, damaging Australia's largest services export and risking Australian jobs and the economy.

Based on the most recent available public statistics, 50 per cent of all international students in Australia in 2022 were enrolled in just eight large metropolitan universities, with more than half of all Australian universities (20) enrolling just 20 per cent of international students between them.

The universities with lower international student enrolments must be given the same opportunities to grow international enrolments as universities that currently have high enrolments. For regional and outer metropolitan universities this also means the ability to respond to the demand preferences of international students through the operation of city-based campuses.

Failure to effectively allocate a flexible and appropriate cap for the city-based campuses of regional universities will create a significant funding shortfall for those universities, with potential impacts to the provision of education for regional domestic students, regional jobs, and the ability to undertake research that has practical regional community impact.

In allocating student enrolments, the Government must ensure an equitable approach that also recognises student demand preferences. A university's international to domestic student ratio should be considered when setting the cap, as well as the university's pre-pandemic enrolment levels. Course based capping should be avoided as it creates further unnecessary complexity and the notion of aligning this to Australia's skills needs largely ignores the fact that more than 80 per cent of international students return home after study.

## **2. What considerations for government should inform the overall level of international students in Australia?**

International education is Australia's largest services export, contributing \$48 billion to the economy in 2023, supporting 250,000 Australian jobs and is responsible for more than half of Australia's recent economic growth. International education also has a very significant flow on effect to the health of Australia's tourism sector.

Given the economic and soft-power impact of international education, any changes that constrain the benefits of the sector must be very carefully considered. We support the need for sustainable growth but argue that significant changes, such as capping, must be carefully thought through and supported by evidence.

In relation to housing, we note that recent analysis by the Property Council of Australia (2024) found that international students occupy less than 1 per cent of the housing stock in the majority (73 per cent) of Local Government Areas in Australia and only 4 per cent overall. There is also evidence that Purpose Built Student Accommodation is not seen as an attractive option for most international students. Additionally, the major impact to housing stock and rental increases occurred between 2019 and 2023 when the numbers of international students in Australia decreased dramatically due to the pandemic. It seems that international students are being used as a scapegoat to cover for a broader failure in housing policy.

While the contribution of international students to Australian skills needs has been one of the factors flagged by the Government, and there is some merit to this, it must be remembered that more than 80 per cent of international students return home following completion of their study. This vital cohort must not be forgotten as by studying in Australia they create both an important economic benefit but also a people-to-people benefit, facilitating ongoing positive links to Australia when they return home. As such, while Australia's skills needs could be a factor as part of setting a cap, the emphasis on this should not be overdone.

Charles Sturt supports calls by the Regional Universities Network (RUN) that the powers for setting the cap or level of international students, should not rest solely with the Minister and that these should instead rest with an independent body like the Australian Tertiary Education Commission (ATEC).

## **3. How will this approach to managing the system affect individual providers?**

Aside from the significant additional administrative and red-tape burden placed on providers via the Framework – all of which diverts resourcing away from teaching and delivering a positive student experience – there could be a very significant financial impact for universities, affecting jobs, education delivery for domestic students, and research.

Each university has had a different recovery trajectory post-pandemic. Some have grown substantially, in part due to Government policy such as the extension of Post Study Work visas and Ministerial Direction 107 (visa prioritisation) which have both benefitted metropolitan universities, while others like Charles Sturt have had a slower recovery trajectory. Overall, Regional Universities Network members have seen a 61 per cent drop in international student revenue between 2019 and 2022 compared to 16 per cent for non-RUN universities.

The cap and Framework as a whole risks placing further financial pressure on universities that are already under very significant financial pressure. In the absence of Government stepping up to fill this funding

void, there are real risks for Australian jobs and the ability of universities to meet the goals of the Universities Accord.

The proposed amendments indicate that the Framework will include an inflexible approach to caps, with automatic suspension of a provider for going one student over the provider/course cap. This is draconian, particularly in an environment where there are several factors (visa processing including, but also attrition rates and graduation rates) which create uncertainty as to how many places a provider really will have to offer. A potential alternative to this could be to give providers who go over the cap a period of six months to come back under the cap or then face action by the regulator.

Moreover the high level of uncertainty around future arrangements and factors like the high level of visa refusal rates mean that providers will likely need to build in a buffer as to how many acceptances they allow. As a result, most providers will either operate well under their caps so as to reduce risk, with concomitant impact on the economic and other benefits that international students provide, or, have a process each year where there is a mass cancellation of offers to students once the cap has been reached, with consequent effects on Australia's reputation.

The impact of the Framework on the overall demand for Australian education by quality international students should not be under emphasised. The former Government was rightly criticised for telling international students to go home during the pandemic, however the current messaging from the Government risks a repeat of this sentiment and international students turning away from Australia and choosing a destination perceived to be more welcoming – negatively impacting both the impact benefit of the sector to the country, and the benefit accorded to individual universities.

#### **4. Should sectors other than higher education and vocational education and training, such as schools, ELICOS and non-award be included in approaches to manage the system for sustainable growth?**

We support these sectors being excluded from the cap for the time being, predominantly given the generally short-term nature of study under these pathways. This should however be carefully monitored noting the potential for unintended consequences follow

#### **5. How should government determine which courses are best aligned to Australia's skills needs?**

While skills needs alignment is an appropriate consideration when setting the cap, it must also be remembered that over 80 per cent of international students return home. These students also add tremendous economic and people-to-people benefits and must be appropriately catered for.

The Government has long established processes for aligning study with skills needs – through the Skilled Migration program and the recently extended (and then rescinded) Post Study Work visa extension following the Jobs and Skills Summit. This however is a complex process, particularly given the fast-evolving pace of new course development and enhancements to existing courses. We advocate that the Government should not take an active approach to setting caps at individual course levels or to place undue emphasis on Australia's skills needs when determining a university's cap.

Ultimately students will choose where and what they study. Forcing universities to funnel students into courses that they do not want to do is not the answer. The Government has rightly been critical of elements of the Job Ready Graduates scheme that seeks to do this and should not attempt to repeat with international students the approach it criticised for domestic students. If international students are not effectively catered for in Australia's offer then they will take their business elsewhere.

#### **6. How should government implement a link between the number of international students and an increased supply of student housing?**

Given the findings of the Property Council of Australia (2024) that international students occupy only 1 per cent of the housing stock in the majority (73 per cent) of Local Government Areas in Australia and only 4

per cent overall, we consider that such a linkage would not be evidence based but rather driven by political expediency.

The current housing issues in Australia are driven by a failure in relation to housing policy, with international students having minimal impact on the market.

Should the Government persist with this political linkage and build this into the cap setting process, then it must ensure that it caters for the very different housing approaches of international students – noting that Purpose Built Student Accommodation (PBSA) is not the option of choice for many international student cohorts, in part due to its high cost. In this regard, the many students who stay with relatives or family friends within existing housing and without creating any further burden must be appropriately incorporated and considered within the model.

From a Charles Sturt perspective, we currently have an accommodation guarantee for all international students staying on our regional campuses. This accommodation is not currently at capacity and there is room to welcome more international students, while noting however that student choice will inevitably mean that our regional campuses will account for a small proportion of our overall international student numbers.

## **7. What transition arrangements would support the implementation of a new approach?**

The recruitment cycle for international students is a long one, with recruitment already well underway for 2025 with offers issued and acceptances received.

An appropriate transition arrangement would be for the caps to take effect in 2026. That will enable universities to more effectively plan and recruit to the cap, as well as put in place necessary process and system changes required to effectively manage the cap and avoid exceeding it.

Any caps should apply to new students only. International students who have already started their degrees should not be affected and must be given the opportunity to complete their studies without having to worry whether they will be arbitrarily prevented from doing so.

Implementation of the cap in 2025, with minimal notice as proposed, risks universities either inadvertently exceeding their cap or the mass cancellation of offers – to the damage of Australia's reputation – once universities find out what their cap is.

Given the differing recovery trajectory for universities following Covid, through which Charles Sturt has currently less than a quarter of its pre-pandemic international onshore student load, there must be allowances built in to compensate for this, with the cap for metropolitan campuses of regional universities set to at least pre-pandemic levels. In this regard, Charles Sturt and other regional universities must be given the opportunity to equally benefit and catch up to other universities that have had a faster international growth trajectory.

## **Objective 3**

### **1. What are the barriers to growth in offshore and transnational delivery of Australian education and training?**

Charles Sturt has had longstanding transnational delivery arrangements in China, Hong Kong and Cambodia – currently educating more international students offshore than in Australia. While successful, these arrangements should not be seen as a replacement for the revenue derived from onshore international students as these ventures are typically far less financially beneficial – both for universities and the Australian economy – and come with significantly increased risk.

With transnational delivery, we must price the course in line with local market conditions but still have Australian priced overheads that must be covered. This typically makes margins very tight. In addition,

while having to meet Australian legislative requirements, we must also meet the legislative requirements of the host country and navigate various geo-political associated risks. As such, transnational ventures are often high risk and low return.

Establishing new transnational delivery arrangements often comes with significant investment cost and universities are likely to be in a poorer position to take this step, given increased uncertainty regarding their future financial outlook following the collateral damage of change already implemented by Government (such as Ministerial Direction 107) and the forthcoming Framework.

## **2. Where can government direct effort to support transnational education?**

The Government should widen its Austrade and Department of Education international reach to support Australian providers in a greater array of international destinations. As an example, we have been exploring potential for a new transnational venture but have been advised that the Australian Government does not have local Austrade or Education presence or expertise and is unable to support us in the intended market.

While we are supportive of transnational education, the Government must be realistic about what it can and can't do. While it is unlikely (in most cases) to provide a significant revenue stream, it can support research links, increased student mobility to Australia and enhanced academic collaboration. In this regard, the Government may wish to exempt transnational education students who come to Australia as part of their program to study from the cap consideration (e.g. as part of a 2+2 arrangement).

Given the importance the Government places on transnational education it may also wish to offer funding to universities to establish new ventures or establish shared hubs from which universities could launch TNE ventures. This may help to offset some of the challenges universities will face in establishing new ventures in the context of likely decreased revenue from international students.