

Federation University

Objective 1

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

17. Yes – with the complexity of these reforms to the higher education sector spanning education and home affairs portfolios, regional and smaller universities would benefit from additional support to comply with and play their role in achieving the policy objectives set out in the Draft Framework.

18. Otherwise, the reforms may inadvertently divert further administrative resources from supporting domestic higher education programs or lead smaller or regional universities into a situation where their programs undermine the outcomes of the policy. For example, by not investing in international student programs which make courses vital for domestic students viable because it is too complex or risky to comply with the reforms implemented by the Framework. This could lead to fewer courses in areas of vital regional skills need.

19. To address this, the Commonwealth Government should consider establishing an Office of International Education Coordination, Integrity and Welfare. This, or an equivalent accountable office, would operate under the Framework, work with universities and address international student welfare and integrity issues, together developing systemic solutions to issues over time to enhance these goals. The office's remit could include:

- a. coordinating international student policy between the Department of Education, Department of Home Affairs, Department of Employment and Workplace Relations,
- b. maintaining a register of overseas agents for universities to work with and their risk rating (see, Response to Objective 1, Question 2, below),
- c. day-to-day administration of international student caps and other arrangements to minimise the risk of inadvertent over-enrolment, and
- d. providing committed day to day liaison officers for regional universities.

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

20. Federation strongly supports ensuring the international education sector operates with the highest standards of integrity and that the welfare of its students are protected. However, the integrity function that regional and smaller universities can play is limited given the resources involved. Overseas risks stemming from the practices of international agents and students is currently only visible to the Department of Home Affairs, further limiting education providers' capacity to respond.

21. Federation notes that, to date, many significant integrity policy settings have been acquitted through the student migration system. Federation would welcome clarity on the role of the Migration Strategy for Australia, Simplified Student Visa Framework, relevant Ministerial Directions and reforms being considered to the migration system. This could occur through a specific part of the Framework that clarifies how it will operate in partnership with the Minister for Home Affairs' stewardship over student migration visa arrangements.

22. As part of changes to the international education sector under the auspice of the Draft Framework, it is critical that the certainty and stability of international student visa levels is also addressed alongside measures to improve integrity and student welfare. Federation suggests this could be achieved by:

- a. introducing a priority regional skills student visa (and a metropolitan equivalent) that prioritises overseas students seeking to undertake courses aligned with addressing domestic skills shortages. The visa would also focus on Industry Workplace Learning with relevant placements, incentives to work in related fields (such as extending full-time work rights with placement providers in the final year of study) and requirements to reside and work regionally to avoid impacting cost of living pressures in metropolitan areas,
- b. replacing the current prioritised provider visa processing arrangement under Ministerial Direction 107 with a system that treats all providers equally and protects the integrity of the student migration system in a way that tracks and penalises overseas students and agents who are subverting the migration system as a way to secure temporary migration by:
 - i. tracking and penalising students who are course jumping or have their visa rejected, and
 - ii. requiring agents who are recruiting students for student visa application purposes to become registered with escalating costs for rejected applications, and suspension from registration for a period, as the strongest penalty.
- c. removing the assessment of institutions, which have little control once the requirements for a visa application are met, to interrogate the bona fides of a student. Instead, the onus should be placed on the recruiting agent or supporter of the visa, as they are generally co-located with the student and can far more easily establish the student's bona fides.

23. Complemented with these reforms to the student migration system, the Draft Framework's proposed reforms could introduce transparent reporting to mitigate the misuse of the student migration system as a way to seek more permanent migration into Australia. These arrangements could include:

- a. Mandatory requirements should be set in place on all providers and the department to report any international student welfare or integrity issues – including agent issues – to the Office of International Education Coordination, Integrity and Welfare.
- b. The Office of International Education Coordination, Integrity and Welfare should report publicly on provider performance and issues on key metrics indicative at an aggregate level or provider level to ensure there is transparency and whole of government coordination on the approach to the sector.

Objective 2

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

24. Federation recommends that any allocation of international student enrolments levels carefully considers the following:

- a. that regional universities need to return their international student enrolment levels at least to pre-COVID-19 levels, with 2019 as a baseline, across all their campuses to ensure they can sustainably operate their domestic programs,
- b. that international student programs at regional universities must be financially viable
- c. that international student programs currently fund a gap between public funding for regional universities and the ability to grow domestic programs at regional universities, which will equate to the work to reach the attainment targets set out in Recommendation 2 of the Accord and achieving other broader policy objectives in the region, and

d. whether an international student program addresses priority domestic skill shortages that are hampering growth in the region, including giving regional university programs the economies of scale to ensure regional domestic students can be offered high-quality post-secondary education programs to allow them to fully participate in regional development.

25. In applying these considerations, Federation strongly recommends any international enrolment caps should be set to pre-COVID-19 levels for regional universities and any growth limits only apply after five years to maximise the opportunity for this to occur. For regional universities, caps should not be applied to specific campuses or courses to avoid any risk of distortion in the market or undoing the vital support a regional university's metropolitan campuses may provide to smaller domestic focused rural and regional campuses.

26. In addition to this, any growth limit that applies to a regional university after five years should:

a. also set at a university wide level rather than campus level to avoid any impact on the sustainability of domestic programs or campuses

b. consider addressing any gap in public funding and what is required to sustain its domestic student programs until a regional equitable funding model is established to address shortfalls in public funding for regional universities, and

c. only consider the development of new student accommodation requirements as a subordinate consideration for its metropolitan campuses, and only after considering other programs the regional university can offer to address the housing needs of international students at its metropolitan campuses (see Response to Objective 2, Question 2).

27. Federation does not suggest the reforms should be free of controls to ensure the "genuine" reason for the student to migrate to Australia, increase the focus on skilled migration, or shift students into areas where cost of living impacts is limited (e.g., into the regions).

28. In addition to this, this proposal should be read in conjunction with the proposed changes to the student migration system to introduce more targeted skills-based priority regional student visas to ensure international students add to the productive capacity of local economies and do not add to cost of living pressures, wherever possible.

Federation rejects the proposal that regional universities should purely be defined by field of study rankings in international markets and for any limits to apply to specific regional fields to promote the growth of specialisations. International markets are complex and dynamic, and imposing limits at a course-level is fraught with risk that could imperil the viability of a regional institution.

29. In addition to this, the needs and aspirations of regional Victoria are equally complex and dynamic, and limiting the capacity for regional universities to meet these needs through international student programs is fraught with risk.

30. Federation notes, for example, that the Draft Framework suggests that regional universities focus on areas that are competitive in due to specialisation. However, regional Victoria aspires to be a leader in the emerging green economy, advanced manufacturing, new mineral use, and advanced air mobility.

31. It would be inequitable, inefficient, and structurally disadvantageous to rural, regional, and outer metropolitan Victoria for Federation not to benefit from the economies of scale to grow its domestic program offerings in areas like engineering or technology through its international student program, or to use its international program to assist employers with filling strategic domestic skills gaps to allow their sectors to grow to support taking on more domestic graduates.

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

36. In addition to ensuring specific allocations for providers and courses that consider the regional status of providers, skill gaps and funding requirements, Federation recommends that the overall level of international student numbers in Australia should be set to prioritise:

- a. promoting student migration and the local education of overseas students as a pathway for long-term effective skilled migration – planned student migration should be the largest component of any overall migration level because international students who are trained in Australia are the most effective way to ensure the successful long-term skilled migration into Australia,
- b. long-term strategic planning to meet the skills and higher education needs of the Australian economy – the level should carefully consider the need to promote sustainable growth in a skilled base where the avenues for producing domestic graduates are limited and there are clear inhibitors to growth if these roles are not filled, and
- c. the viability of the higher education sector as a whole – it is vital that in setting the level of international students the needs of the sector as a whole are considered equally or else it may have an inadvertent and severe immediate consequence for the sustainability of regional universities and regional development.

37. For example, if limits are too restrictive on the sector, it could lead to adverse consequences, such as:

- a. metropolitan universities rapidly expanding their programs in a way that draws even more domestic students from outer metropolitan, regional and rural areas,
- b. universities with a financial capacity to do so acquiring development opportunities slated to meet domestic housing needs, which could only increase residential prices,
- c. regional university delaying funding programs to support domestic students in order build student accommodation for international students to gain the scale to eventually expand domestic programs.

38. This is why Federation notes t cost of living pressures should only be a consideration in determining international student levels if there is specific evidence it is a factor in a particular area. While caps and growth limits may be necessary to achieve the Commonwealth Government’s policy objectives, setting them flexibly against new student accommodation growth is vital.

39. This is also critical given the deleterious impact incorrectly setting the level may have on domestic post-secondary education programs and research needed to achieve the post-secondary attainment targets as set out in Recommendation 2 of the Accord, and the disproportionate impact this could have on smaller and regional universities.

40. If the metropolitan universities were to expand their programs in a way that inadvertently drew significantly more domestic students from rural, regional, or outer metropolitan communities it would significantly harm the viability of regional universities and the long-term development of these communities.

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

41. Federation notes there are significant risks from imposing limits, and subsequent growth limits, on regional universities.

42. Federation is an example of why impacting this income stream of regional universities that have not returned to pre-COVID-19 levels of enrolment can put domestic service offerings at risk. This is because the cost base of these universities was originally designed to support domestic and international post-secondary programs at the pre-pandemic level and there is a direct link between the level of

international enrolments and the viability of a regional university's domestic post-secondary education programs.

43. In addition to the above, the limits would significantly complicate the commercial consideration of offering programs in a competitive environment with domestic and international providers operating in a global market.

44. For example, if international student levels are capped for Provider A at 100 students and growth at 5% per a year when previously recruiting was purely demand driven had growth of 15%, a university would need to scale its programs, which may not align with the true demand from the market or the cost of offering the program.

45. In addition to this, if Provider B is a larger university with 500 international students, who attracts 25 new students a year, and has the same 5% growth rate applied, it can attract the same 25 students, despite having a significant larger international student enrolment level than Provider A (+80%) and a program with relatively less demand compared to Provider A based on its (given Provider A's growth rate was 15%).

46. The problem is compounded if Provider B's international student program remains 'in-demand' because it has more spaces for international students to the detriment of Provider A – i.e., applicants choose to avoid Provider A because it is too difficult to enter compared to Provider B – or Provider B's large international student program means it has the income to invest in student accommodation without compromising its domestic post-secondary education offerings, thereby increasing the permitted growth rate.

47. It would be a perverse outcome if:

a. Provider A is a regional university and Provider B is a metropolitan university (where accommodation is scarcer and price sensitive to constraints in supply), and

b. the outcome would be to deprive Provider A's regional communities of accessible education that frustrates achieving the tertiary attainment targets committed to by the Commonwealth Government as set out in Recommendation 2 of the Accord.

48. International student limits will make offering commercially viable international student programs a more challenging and riskier undertaking for regional universities in a complex market. This is why Federation recommends limits being set at a pre-COVID-19 level any growth limits should be deferred for five years.

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?

49. Yes – Federation supports this level of regulation should be comprehensive, and principles based, to avoid any inadvertent consequences of bad practices or bad actors circumventing the system.

50. However, Federation notes extending the settings to

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

52. To ensure the overall international student levels are coordinated, Federation suggests establishing an International Priority Skills Council to co-ordinate student migration, international student, and skilled migration settings.

53. This council could be composed of public universities and TAFEs representing different regions of Australia on a rotating basis, local governments on a similar basis, and skills planning authorities from all the states and territories. The council would provide the Home Affairs, Education and Skills and Training

ministers with strategic advice on the appropriate level of skilled migration and priority skills that should be targeted at a student and graduate level.

54. While Federation supports an international education sector focused on meeting the skills needs of Australia it does not recommend achieving this through course limits. Instead, Federation suggests this could be supported by implementing a priority skills regional student visa that aligns to Australia's priority skills needs. This would facilitate the policy objectives of the Draft Framework in a way that offers more flexibility to meet the dynamic needs of regional employers. Course limits should only apply when there is a risk that a provider is over enrolling international students without evidence of a clear benefit for the students or the skills gap being addressed.

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

55. Federation notes there are risks with linking the numbers of international students to an increase in housing supply, including the inadvertent consequences noted above of housing and domestic and international education market distortion.

56. This is why the paramount considerations Federation suggests for international student levels is whether a provider's domestic programs are sustainable and can achieve the attainment targets set out in Recommendation 2 of the Accord.

57. As of 16 May 2024, Federation student accommodation occupancy levels of 39% in Gippsland, 42% in Berwick and 61% in Ballarat. Of these occupants, the international student component is 40% in Gippsland, 90% in Berwick and 45% in Ballarat. Total available rooms are 395 in Gippsland, 118 in Berwick and 392 in Ballarat.

58. Federation's current international student footprint is below COVID-19 levels while sitting above its total accommodation capacity levels in each of its regional campuses. In the past, Federation has run a comprehensive program of home stays and partner arrangements to meet the accommodation needs of its international students in a rural, regional, and outer metropolitan areas. Federation will continue this practice in a regional and metropolitan settings it operates in, and suggests these solutions be considered in any housing model

59. This is because it would compromise Federation's financial sustainability, or its continuing ability to offer or grow its post-secondary education offerings, if international student limits were hard capped by current or future student accommodation capacity. Without additional funding, any requirement to build more student accommodation would take revenue away from domestic program offerings or growing those programs to meet the tertiary attainment targets committed to by the Commonwealth as set out in Recommendation 2 of the Accord. Federation also notes in a regional context expanding the concentration of student accommodation rapidly would require work with local government to manage the impact on local infrastructure.

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

iven the significant risks to Federation's domestic sustainability, Federation has proposed four solutions as transitional arrangements:

- a. delay any growth limits applying to a regional university that has not returned to pre-COVID-19 international student levels for five years,
- b. ensure flexibility remains for providers to register courses to correct the names and titles of programs as part of any innovation to program offers resulting from dual-sector harmonisation, the creation of Industry Work based Learning Programs or other innovations under the Accord,

- c. establish a Regional and Outer Metropolitan Priority Skills Transition Fund so regional universities can offer fee-free higher education programs in engineering, nursing, and teaching to address skills gaps, meet the Commonwealth Government's attainment goals and cover any funding gap a regional university needs to operate at a pre-COVID-19 level until a regional equitable funding model is in place (i.e., for 2025), and
- d. suspend any domestic higher education program caps for non-public university providers in rural, regional and outer-metropolitan areas unless the program addresses a critical skills gap that is not being met by the universities in that area.

Objective 3

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

61. Federation notes that a regional university's ability to offer offshore and transnational education is limited by financial constraints and concerns that it is pursuing commercial goals to the detriment of its post-secondary education offerings to its rural, regional and outer metropolitan communities. However, Federation strongly supports Australia's higher education sector in developing an offshore and transnational presence and believes its broad institutional offerings can support transnational and offshore training needs with key partner nations like in India as well as AUKUS and ASEAN partner nations.

62. For example, Federation has been working in India to support the Minister for Skills and Training's aspirations to support bilateral skills uplift between Australia and India. This including commencing discussions with the Indian Government's National Skills Development Agency (the NSDA) to identify opportunities to provide Indian nationals sponsored by the NSDA with qualifications and industry-based experience to meet skills gaps in India.

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

63. Federation suggests directing their efforts to the following:

- a. work to develop an International Regional Higher Education and Skills Development Agreement to support international exchanges, combined programs and recognised pathways between higher education programs operating in a regional or rural context – this would provide stability, awareness and reciprocally benefits between nations to provide more accessible post-secondary education with an international component as well as support the diversity of nations Australian regional universities can draw international students from,
- b. creating of a stream of the proposed regional priority skills international student visa for overseas students seeking to undertake training and return back to their country to have priority in visa applications if they are obtaining that training from a regional university in an area of priority skills in the region (to give economies of scale to program offerings), and
- c. fund the establishment of new Asia Pacific Training Centres operated in partnership with industry, and expand the existing Asia Pacific Renewable Energy Training Centre at Federation, at regional universities to offer transnational education and training for international students, exchange students, offshore training and remote programs – Federation is extremely well placed to host an Asia Pacific Training Centre for Nursing and Allied Health in Berwick and Artificial Intelligence Application in Ballarat, as well as expand the hydrogen and wind components of its existing Asia Pacific Training Centre from Ballarat to Berwick and Gippsland in order to strengthen its transnational offering.

64. The APRETC model already established at Federation demonstrates the skills and qualification that can be provided in partnership with industry, and the transnational interconnectivity with relevant multinational partners Federation and partner institutions overseas could provide a platform for rapidly increasing the profile and network of regional universities in high demand skills across the Asia-Pacific region.

65. This approach would also give regional universities more scale for domestic student offerings in this high-priority areas, and support specialised course components that are targeted at ensuring the international students succeed in their specific fields, in particular through an Industry Workplace Learning approach like Federation's Co-Operative Education Model based programs, so that students can apply their training in an Australian workplace context and bring that learning back to their home country. There would be limited infrastructure costs to establishing these centres.

66. Federation notes any offshore, exchange or remote revenue from these centres would work to offset any gap in revenue to support its domestic operations and could be considered as a factor in setting appropriate international student levels at a campus-level.

67. Federation would welcome consultation on how to develop Asia Pacific Training Centre models with other regional universities and the Commonwealth Government.