



INDEPENDENT
HIGHER EDUCATION
AUSTRALIA

IHEA SUBMISSION

CONSULTATION ON AUSTRALIA'S INTERNATIONAL EDUCATION AND SKILLS STRATEGIC FRAMEWORK

14 June 2024

IHEA Submission

Consultation on Australia's International Education and Skills Strategic Framework

Independent Higher Education Australia appreciates the opportunity to provide feedback on the Department of Education's (DoE) draft Australia's International Education and Skills Strategic Framework (Framework), for which submissions are due by 14 June 2024.

INTRODUCTION

IHEA is concerned that the draft Framework proposes to effectively micro-manage international student enrolments across courses, providers, and locations. We believe it will be challenging to achieve without deleterious consequences for both students and providers.

IHEA's view is that the Framework should be based on key principles. These principles should include student choice, diversity of students and valuing quality providers based on student performance metrics, including specific and direct feedback from students. The Framework should also provide clarity around the different bodies that have a role in managing international education. This includes the specific roles of the Tertiary Education Quality and Standards Agency (TEQSA) and the Australian Skills Quality Authority (ASQA), as national regulators, as well as the Department of Home Affairs and DoE, which have policy responsibilities. The Framework should consider the broader environment and ecosystem around international education to ensure consistency and complementarity, as opposed to duplication and contradictory approaches and outcomes.

IHEA's position is that independent higher education providers should not be subject to allocations of international student enrolments, since the key objective of such an approach must be to curtail significant growth that has occurred in some public universities. This has occurred while many providers in the sector, including independent higher education providers, have been subject to blanket student visa refusals, which has already had an adverse impact.

The introduction of any allocations should be subject to a minimum transition period of more than 12 months and only focus on allocations to specific providers that have experienced significant growth in international student enrolments during 2024. It is important that any allocation process has as its primary goal to rebalance the international student enrolments that are presently skewed following the application of blanket visa refusals. .

We are also concerned about narrowing the study undertaken by international students to align with Australia's skills needs, as international students should be able to access the courses that fulfil their needs and ambitions which in many cases may instead pertain to areas of skill shortage in their home country. Imposing courses on students will undoubtedly further shrink Australia's \$47.8 billion international education market. Forcing students to study a specified course, potentially in regional areas in the hope they will stay and work after their graduation, will almost certainly have the effect of driving those students to study in a country that allows them to follow their ambitions. It is important to note that approximately 80 to 90 per cent of international students will ultimately return home.

Diversification should be critical to the sustainability of Australia's international education landscape. This goes to the source countries of students – significant efforts over the last two decades are being undermined by current policy settings that is putting greater focus and dependence on students from China. The approach of dictating what courses international students undertake is counter to the stated importance of student experience and being student-centric, as it takes choice away from the student. The diversification of higher education providers is also critical to the Australian international education landscape, which ensures students have choice and can have the opportunity of a high-quality student experience.

In considering the importance of students and the student experience, this process should consider providers' performances in the annual Quality Indicators for Learning and Teaching (QILT) student experience surveys. Independent higher education providers demonstrate year after year outstanding QILT results for domestic and international students. This is direct feedback from students about their experience while studying. This needs to be considered in terms of supporting these providers to continue enrolling international students, based on the views of the people who matter most – the students.

However, the important role that independent higher education providers perform in supporting students to achieve their goals and to realise their ambitions through a second-to-none experience is often ignored and overlooked. Of deep concern, is a provision within the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 (ESOS Bill), which was introduced into Parliament by the Minister for Education, the Hon Jason Clare MP, on 16 May 2024 – it will require new providers seeking registration to demonstrate a two-year track record of quality education delivery to domestic students before they are allowed to recruit international students. This is likely to have the effect of precluding the entry of new independent higher education providers to the market.

Once a provider is registered with TEQSA, they are able to apply to DoE for approval to offer Higher Education Loan Program (HELP) loans, such as FEE-HELP. The provider can do this immediately after receiving TEQSA approval. However, under section 16-25(1)(fb) of the Higher Education Support Act 2003, DoE may consider if the provider has sufficient experience in the provision of higher education. Further to this, in assessing an application for FEE-HELP under section 16-25(2A) of the Act, DoE may consider whether the body/provider has been a registered higher education provider for three or more years. It is our understanding that it is DoE's practice to take these matters into consideration.

The effect of this, when combined with the proposed new arrangements under the ESOS Bill is that for the first three years of operation, an independent higher education provider will need to operate without enrolling students with access to FEE-HELP or international students. During this period, they would only be able to enrol domestic students paying full fees – who cannot access a loan for those fees – and competing against providers who can offer loans, which makes their operation unsustainable and effectively puts a stop to new independent higher education providers entering the market. The arrangement is discriminatory, anti-competitive and disadvantages independent higher education providers. It's also perplexing that after receiving registration from the national regulator, other hurdles are put in place to prevent the provider from operating. Indeed, it undermines the role and decision making of TEQSA.

As outlined in this paper, and on the back of a number of recent regulatory changes – including increased visa refusals, increasing financial capacity requirements by 41 per cent since 1 October 2023 (as well as an expected announcement that the non-refundable visa application fee will be doubled) – IHEA believes the new provisions being considered under this Framework and the ESOS Bill – represent an overreach of what is needed to address genuine issues of integrity given the existing regulatory frameworks (i.e. TEQSA and ASQA). The consequence of this is that it will hurt quality providers that are delivering high quality courses and the best possible student experience, while denying prospective international students of what is supposed to matter most – their experience, choice and the right to pursue their own interests and fulfil their aspirations. There is a real danger that these measures will cause lasting, and potentially irreparable, damage to Australia's fourth largest – and largest services and non-resources – export industry.

OBJECTIVE 1: A SECTOR BUILT ON QUALITY AND INTEGRITY

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

Given there is a national regulator for each of higher education (TEQSA) and VET (ASQA), each of which are responsible for registering and re-registering providers and ensuring quality, it raises the question of what is not occurring through the established regulatory processes that requires further action. It is our contention that TEQSA and ASQA should be responsible for addressing genuine integrity and quality issues among higher education and VET providers. The search for integrity issues outside of those frameworks undermines and diminishes the key roles of TEQSA and ASQA and creates confusion. It is very reason that regulators have standards and threshold standards – to make decisions about providers' performance, risks and capabilities.

IAs such, it is important that integrity does not become a proxy for excluding providers that are not public institutions on philosophical grounds. Integrity should be linked to actual, significant breaches by providers of the Higher Education Support Act 2003, National Vocational Education and Training (VET) Regulator Act 2011 and the Education Services for Overseas Students Act 2000, and which have received significant sanctions, such as suspension or cancellation of their registration, from TEQSA and ASQA.

The reliability and timeliness of data used in these frameworks is recognised as an area of improvement. For example, TEQSA produces an annual Provider Risk Assessment for every registered higher education provider but, as acknowledged by the CEO of TEQSA at IHEA's Annual General Meeting in May 2024, the data upon which the risk assessments are based is anywhere between 6 months and 2 years out of date, thereby rendering it a barely relevant lag indicator – and certainly not current. Therefore, rather than further burdening the sector with additional regulation as implied by this question, the government could be better served directing resources toward existing systems that would serve as more reliable quality assurance indicators if they were made more efficient.

The importance of students and the student experience is reflected in the draft Framework. IHEA supports a student-centric proposition and indeed what the students have to say about the quality – and by inference the integrity of – the higher education provider where they study. There is an easy way to ensure that the student-focused experience is reflected and adapted. Consideration needs to be given to providers' performances in the annual Quality Indicators for Learning and Teaching (QILT) student experience surveys. Independent higher education providers demonstrate year after year outstanding QILT results for domestic and international students, which is direct feedback from students about their study. This needs to be reflected to ensure that providers who are excelling in the eyes of their students are adequately and appropriately supported to enrol international students.

To that effect, it is perplexing and challenging to reconcile the government's claim that raising the quality of the sector is a priority while simultaneously announcing an \$8 million reduction in funding for the QILT surveys which are among the instruments best suited to exposing the sector's most nefarious operators. As such, it is our view that the \$8 million be restored and preferably doubled so that the effectiveness and widespread awareness of the surveys can be strengthened.

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

There is a concern that the so-called increased integrity measures run the risk of impacting genuine providers that do the right thing, as opposed to focused and targeted action against specific providers based on non-compliance. To this end, IHEA supports the Australian Government's approach to specifically target 'dodgy' providers doing the wrong thing by their students and the Government in respect of subsidies they receive.

However, this should be based on suspensions and cancellations of registration issued by TEQSA and ASQA and not through an additional, and potentially subjective, overlay to the national regulators.

The target group should not include independent higher education providers who are often captured based on the egregious behaviour of a small number of vocational education and training (VET) providers. Ultimately, the higher education sector suffers reputational damage when casual references by Government officials are made about 'dodgy private providers', without emphasising that a small number of VET providers are the principal source of the concern. The entire sector or entire independent sector should not be subject to the same constraints and regulatory burden that should be focussed on the targeting of the providers that are actually doing the wrong thing. We note that of over 1400 registered (CRICOS) providers, only 34 letters have been issued under the ESOS Act.

Further, high-quality providers require the genuine support of government if they are to preserve or enhance their provision of quality education to international students. It is therefore unfortunate that several of the government's recent reforms will exacerbate the disproportionate consequences imposed on quality providers. If the government is sincere about the need to raise the standard of integrity in the sector, it must revisit several planned legislative changes as follows:

- Providers will be compelled to operate with integrity if the proposed caps prioritise self-accrediting authorities, high-ranking institutes on the QILT surveys, and those with an unblemished regulatory record.
- The primary integrity-related issue with onshore transfers is predominately that which occurs when international students are granted a visa based on their enrolment in a higher education course only to then transfer to a cheaper vocational education course with more relaxed methods of assessment upon their completion of the mandatory 6-month period. Restrictions on the payment of agent commissions for onshore transfers should therefore be limited to transfers from HE to VET or alternatively for transfers to a lower AQF-level course. The blanket ban is the antithesis of the government's desire for greater equity in tertiary education since it will make it more challenging for students to seek well-informed advice from an agent they trust.
- Australia's global reputation for international education will be diminished if the government extends the no-transfer period to 12 months because students enrolled at an institution with sub-par levels of satisfaction will be forced to remain dissatisfied for twice as long, in turn impacting the reputation of our sector.
- It is worth noting that there are already significant requirements placed on higher education providers with respect to education agents, as outlined below:
 - Have a written agreement with each education agent they engage with.
 - Enter and maintain education agent details in Provider Registration and International Student Management System (PRISMS).
 - Ensure education agents have appropriate knowledge and understanding of the Australian International Education and Training Agent Code of Ethics.
 - Ensure education agents act honestly and in good faith.
 - Take immediate corrective action, or terminate a relationship if an agent (or an employee or subcontractor) is not complying with the National Code of Practice for Providers of Education and Training to Overseas Students 2018 National Code.
 - Not accept overseas students from an education agent if it knows or suspects that the education agent is engaging in unethical recruitment processes.

OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

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

In the absence of greater detail, IHEA is concerned that a regime for allocating international student enrolments will adversely impact independent higher education providers. As such, IHEA's position is to remain opposed to allocations of international student enrolments at a provider level, including to course level or linked to Australia's skills needs. Any allocations should only occur to redress the imbalance that has resulted through the recent visa processing outcomes, which has led to a very small number of public universities experiencing unprecedented growth in international students – at a time when independent providers are contracting.

However, in the event that provider wide allocations are implemented, IHEA proposes: (i) a transition period of more than 12 months followed by a time limited allocation of two years; (ii) maintaining independent higher education sector's 17.6 per cent share of onshore international student enrolments; (iii) utilising 2019 international student enrolment data as a provider's base level; (iv) providing for 10 per cent growth; and (v) for allocations not to be linked to courses or for growth to be limited by linking it to the provision of purpose built accommodation. This approach will ensure that independent higher education providers are not subject to further, arbitrary reductions in international student enrolments and ensure that independent providers are not left behind or disadvantaged in any allocation process.

PRISMS data produced by DoE shows the percentage of onshore international student enrolments in (non–government) (independent) providers was 19.0 per cent of the total number of onshore international student enrolments in higher education providers in 2023. This percentage was 17.6 per cent in 2019, which is the year we are proposing to be the baseline in any allocation process. As such, it is recommended that independent higher education providers' share of onshore international student enrolments be no less than 17.6 per cent.

IHEA maintains its position of opposing caps or other quotas/allocations of enrolments. However, recognising that both the Australian Government and Opposition are implementing them, it is recommended that the starting position for allocating international student enrolments is as follows:

- The focus on allocation of international student enrolments should be to rein in recent growth of a small number of public universities. To date, the Government appears to have protected only a small number of elite universities, such as the University of Sydney where it has been reported that 32,800 international students are enrolled this semester, which accounts for approximately 47 per cent of their student body. Further between 2019 and 2023 onshore international student enrolments increased in VET by 16.5 per cent and decreased by 5.1 per cent in higher education. It is recommended that re–balancing student enrolments, including within the higher education sector, needs to occur without imposing a blunt allocation or quota on every CRICOS provider.
- Allocations should not occur at a local or jurisdictional level (as is occurring at the provincial level in Canada) and/or at a provider level. This would be restrictive and almost certainly disadvantage independent providers, which we are concerned will be disadvantaged compared to public universities in terms of receiving quotas. Further, directing students to study at, for example, regional universities, restricts their autonomy to study what and where they require and impacts their choice and disadvantages them.
- However, if the Australian Government pursues allocations for every provider, the criteria should be as follows for independent higher education providers:
 - Any arrangements for allocations should build in a transition period of more than 12 months to allow the sector to adjust and to re–set through revising their business and strategic plans. This will be critical for planning purpose, as well as the management of forward enrolments, without

- the risk of provider default or breaches to enrolment contracts, which may result in possible legal action from both students and agents.
- During this period (of more than 12 months), the focus should be on correcting and addressing where growth in student enrolments has occurred in a small number of public universities by allocating – or restricting – enrolments to these specific providers.
 - The period that the allocations last for should be temporary and time–limited to up to two years, and should cease at the end of this period.
 - The independent higher education sector maintains its share of onshore international student enrolments at 17.6 per cent, which reflects recent full year percentages.
 - Each independent provider is no worse off than they were in 2019, which should be their baseline allocation. For higher education providers that were registered after 2019, other, more recent arrangements will need to be put in place.
 - Allocations should not be at a course level.
 - However, if this is a fait accompli, it is essential that allocations be applied only to future enrolments so that current enrolments that commence prior to the 1 January 2025 commencement date are sequestered (i.e. grandfathered), and that the pause on new courses excludes those already under review by the regulator at the time of the introduction of the legislation.
 - Allocations should not be aligned to Australia's skills needs.
 - However, if this is a fait accompli, courses related to areas of skill shortage should be determined not by their field of education but by their learning outcomes since the associated field of education can be misleading when considering the perceived overlap among numerous narrow and detailed fields.
 - Allocations should not be based on location.
 - However, if this is a fait accompli, such allocations should be informed by region–based skill shortages rather than a bias against Australia’s three largest capital cities.
 - A provision to grow up to 10 per cent over the period of the allocation (i.e. up to 2 years, which is the maximum period that the allocation should apply for).
 - Growth should not be linked to the provision of purpose– built accommodation since very few independent providers do not have the resources to invest in and build such accommodation. This is in part due to not being beneficiaries of the generous government funding afforded to the public university sector.

Furthermore, it is clear that the Government's intention going forward is to use Ministerial discretion in placing enrolment limits on providers to control international student numbers. This is a changed approach to what we have seen since the Migration Strategy was released on 11 December 2023, whereby wide scale visa refusals were the vehicle for reducing international student numbers. As such, it will be important to ensure that DoE and the Department of Home Affairs work together to ensure connectedness in the approach to international student numbers. If management of international student numbers is to be through the allocation of/limits to enrolments for every CRICOS provider, Home Affairs will need to step back their approach of blanket visa refusals, which would be unnecessary in a system under the control of the Education Minister.

Greater transparency and understanding is needed about how visa processing, as well as the designation of Evidence Level (EL) risk ratings for providers and Assessment Level (AL) risk ratings for source countries of international students, will work alongside provider wide allocations of enrolments. There is a question as to whether the proposals in the ESOS Bill will render EL and AL ratings superfluous. Irrespective, it is critical to ensure that decisions are made in harmony and do not create a doubling of measures that are adverse for students, providers and Australia's international education sector.

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

In 2019, there were 798,580 onshore international student enrolments at Australian higher education providers, of which 140,640 (17.6 per cent) were enrolments at non–government (independent) providers. Growth, or managed growth, as the Government refers, should occur from this baseline position.

In considering allocations, the Government should not ignore the undeniable value of international education to Australia through contributing \$47.8 billion to the economy in 2023 as our fourth largest – and largest services and non–resources – export industry, which was responsible for a 0.8 per cent increase in Gross Domestic Product (GDP); more than half of the 1.5 per cent economic growth recorded. According to some studies, international education supports approximately 250,000 jobs, which Australians depend upon in services (aged care and cleaning), hospitality (cafes, restaurants and delivery) and retail (supermarkets and department stores). It also needs to be considered that the vast majority of international students (approximately 80 to 90 per cent) return home at the conclusion of their study. Further, any allocation process needs to support, and not be counter, to arrangements in place in Australia's Free Trade Agreements.

From a starting position of allocating international student enrolments to a provider based on their 2019 enrolments, they should be allowed to grow their enrolments by 10 per cent throughout the maximum two year period that the caps should operate, without requiring further approval.

In addition, to settle any skepticism across the sector regarding the optimal number of international students in total, it is essential for there to be data–related transparency that has thus far been lacking. This means the government must release the modelling and statistical assumptions that underpin any decision to limit the number of international students by location, provider and course, otherwise the sincerity of the government's intentions will continue to be questioned. If the government claims, for example, that an excessive number of international students is exacerbating the housing crisis, the government must quantify the extent to which this is being exacerbated specifically and directly by international students and the data upon which these calculations have been based.

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

The macro approach to managing the system has to take account of its impact on individual providers, as a one size fits all approach will necessarily impose unintended, adverse impacts on some providers, including independent higher education providers. Therefore, a system that manages the actual issues rather than imposing a lowest common denominator approach on all providers must be the imperative. There is a concern that the Australian Government and DoE will have significant workload to address allocations for each of the approximately 1,400 CRICOS registered providers. It will be tempting to apply a formula or algorithm to allocate international students for each provider based on a need to address significant growth in students at a small number of universities.

As such, the approach proposed by IHEA is fair and equitable and corrects the skewed outcomes that have occurred under the recent visa processing regime. While independent higher education providers, as well as other providers, have been adversely impacted, a very small number of public universities have experienced significant growth on the record enrolments that occurred in 2023. Between 2019 and 2023, there has been very strong growth in VET, in which onshore international student enrolments increased by 16.5 per cent, during which time onshore international student enrolments decreased by 5.1 per cent in higher education. These uneven growth patterns should be corrected and the model put forward by IHEA provides an opportunity to do so.

The visa processing arrangements and the latest increase to financial requirements have – and are – having the effect of reducing international student numbers down to pre–pandemic levels on a macro level, but on a

provider level it has not occurred evenly, which has also impacted the diversity of source countries. Diversity is a critical element of Australia's international education market, which has been developed over several decades, and so any allocation process will only work if it is developed in conjunction with Home Affairs and Home Affairs steps back their hardline approach to visa refusals. This hardline approach has had a deleterious impact on independent providers and impacts the diversity of providers and course offerings, which has been a strength of Australia's international education system.

As per the model proposed by IHEA – in the interests of equity and to redress the skewed outcome of the visa refusals that has been occurring – the target of allocations in the first 12 months should be to rein in significant growth that has occurred in only a small number of providers, before applying provider level allocations to all. To avoid the unintended closure of dozens of high-quality providers and potentially the loss of thousands of direct and indirect jobs, the government must reconsider their blanket approach to reform.

5. 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?

IHEA is not supportive of the allocation arrangements without seeing the detailed plan for implementation and unless they address the actual problem. That is to control the significant growth of a small number of public universities as well as strong growth in onshore international VET student enrolments between 2019 and 2023 (which saw a decline in onshore international student enrolments in higher education during the same period), while most higher education providers have experienced significant reductions in visa approvals which are adversely affecting student numbers. Unless corrected, the pipeline of students in future years is uncertain. This makes sensible business planning very difficult. A whole of sector response under the guise of integrity is also not the answer.

As such, our starting position is that schools, ELICOS and non-award sectors/courses should not be subject to any processes to manage growth and allocate international student enrolments. These sectors often provide a valuable pathway for students to study higher education and/or VET qualifications. However, if higher education and VET are subject to the allocation of international enrolments, and schools, ELICOS and non-award are not, this could also cause some logistical issues. For example, some ELICOS courses are packaged with higher education or VET, which may cause misalignment between sectors that have allocated enrolments and those that don't.

This is another reason why IHEA believes there are significant issues with the proposed provider-level allocation process, which if pursued, should be implemented according to the IHEA model using 2019 enrolments as the baseline.

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

IHEA is concerned and opposed to the overreach of the Government directing international students to study courses that are aligned to Australia's skills needs, as opposed to the courses students want to study. If the Government changed its priorities around skills needs, this could cause significant disruption. Providers pipelines are on average three to six months and in some cases, students are enrolling one or more years ahead of their intended arrival. This would create a significant issue to agreements and commercial contracts that were already in place, without significant lead time about such a change.

First and foremost, this diminishes student choice by aiming to direct students to study a particular course, and potentially in a location that is undesirable to them. The likely outcome of this is that students who can't study what they want in Australia will go to another country where they can study the course of their choice. This impacts the students, providers and Australia's international education sector – further harming such a critical industry to Australia's economy.

The impact international students makes to Australia is significant, including economic as well as fostering cultural exchange and enriching Australian communities. While studying in Australia, international students can work up to 24 hours per week. Through this, international students work in areas of importance and skills need to Australia, including in services (aged care and cleaning), hospitality (cafes, restaurants and delivery) and retail (supermarkets and department stores). The extension, but subsequent cancellation of post-study work rights, also facilitated international student graduates to stay and work in Australia in areas of skills needs after completing their studies.

The process for determining and allocating enrolments at a course level is also unclear. If this is a whole of sector response to rein in growth at a small number of public universities, as well as onshore international student enrolments in VET between 2019 and 2023, then the strategy and its application should reflect this. Otherwise, it is concerning as to how a situation will operate. For independent providers, we are concerned that this will further impact their ability to enrol international students following a process of visa refusals that has already caused an uneven playing field.

Further, directing international students to study courses that align with Australia's skills needs presumes those students will ultimately work in those areas of skills need, which may be at odds with the skills the students' country of origin is seeking. This seems confusing given other policy settings. The withdrawing of the extra two years of post-study work rights is counter to providing avenues and opportunities for students to work in the areas of skills needs. Further, if those students exercise their right to return home, as the vast majority do, at the end of their study, it is unclear what has been achieved by having forced these students to study the courses they did. Expectation may have been raised about a pipeline and supply of workers that ultimately does not materialise. Students who return to their home country should be able to study what they want and the proposed allocation down to course level would disrupt this, most likely through incentivising these students to study in a country other than Australia, to Australia's detriment.

There are other issues that would need to be addressed in terms of practicalities of aligning with Australia's skills needs. Teaching and nursing are traditionally occupations where there are skill shortages. Both of these professions have a practical component to the studying of a degree, with nursing requiring clinical training. In allocating practical and clinical placements to international students, who with few exceptions return home, this comes at a cost and without support to the student under the proposed Commonwealth Prac Payment, which is only available to domestic students in a Commonwealth Supported Place, yet it still counts towards the 24 hours per week that international students are able to work. This may cause hardship for these students. Further, if the student ultimately returns home, as is common practice, they have taken up a valuable placement, which might otherwise have been filled by a domestic student who will complete the qualification and pursue a career in their chosen field in Australia. This would be particularly problematic and exacerbate the skills shortages in such professions and/or have the effect of turning away international students to pursue their ambitions in a destination country other than Australia.

Better options to address skills needs would be to make incentives, such as increased Commonwealth support, including through scholarships and discounts to Higher Education Loan Payments, available to domestic students to study identified courses. This can be further supported by including areas of skills shortage and need on the Skilled Occupation List to attract migrants to work in areas of demand. Such incentives and strategies would be alternative approaches to address Australia's skills needs.

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

There are a number of factors that are impacting Australia's housing shortage, and while increased migration levels may put extra strain on the housing market, international students are not the root cause of the issue. It is clear that for some time, the housing market has not kept pace with Australia's needs and demands. The effect of

increasing demand for housing has led to rising house prices and decreased home ownership among young Australians, which puts greater stress on the rental market.

Australia has experienced historic underinvestment in housing, resulting in a significant supply shortage. Insufficient new housing stock fails to keep up with the needs of the growing population, leading to affordability challenges for renters and first home buyers. Other issues that have impacted the building of houses has been the availability of suitable land for housing development; urban sprawl and zoning restrictions, which make it challenging to expand housing supply; and delays in modifying planning laws and regulations that hinder the timely development of new housing projects.

These factors combined have created a situation where housing supply struggles to meet demand, exacerbating affordability issues. A recent report by the Property Council has also challenged the notion that international students are the cause of the nation's housing shortage. In summary, international students make up only four percent of Australia's rental market and other long term structural issues within the housing market are the principal causes of shortages. As such, it is a significant risk, and a somewhat unjust correlation to link international student numbers to housing, as there are many factors that have impacted the housing market.

Nonetheless, there is obviously a need for more purpose-built student accommodation. It should not be linked to independent providers, of which this will be beyond the capacity of the vast majority. With a housing crisis, accommodation for domestic students must also be the focus, and they should not be overlooked to focus solely on international students.

When the former Education Investment Fund (EIF) was operating, there were a number of rounds that were run to support infrastructure in universities, but none allowed for purpose-built accommodation. The EIF was formally abolished in December 2019.

The Higher Education Future Fund (HEFF), which was recommended in the Final Report of the Australian Universities Accord, appeared to be modelled on the EIF, but with co-contribution from universities. However, our understanding is that the Government has rejected this recommendation.

An EIF (or HEFF) round focusing on purpose-built student accommodation is recommended. Given the benefits of international education are broader than the institutions where the student studies, including to the national economy, a Government-led EIF (or HEFF) round would be appropriate. This could explore co-investment with universities; public private partnerships; and/or not necessarily be institution specific but provide for access in locations of greatest demand, rather than being specific to a single provider. Potentially, accommodation built for Olympics, Commonwealth Games and other major events, should be utilised as student accommodation after the event is complete.

Any link between international student numbers and housing should not put this burden onto independent providers. Independent providers will not have the means to build or co-invest in purpose-built student accommodation. Indeed, the HEFF was not recommended to apply to independent higher education providers. However, independent providers can recommend accommodation to students that has been endorsed and accredited under the Student Accommodation Association's National Property Accreditation Scheme. Independent providers should otherwise be exempt from such arrangements.

Government should also ensure that occupations that are needed to work in the housing industry – specifically to build more houses – are included on the Skilled Occupation List for migration so that all efforts are being made to address the housing shortage and rental crisis, which has been, and remains, an economy wide issue not one that has been created by international students.

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

Any new approach should be subject to a transition period of more than 12 months in order to allow providers and students to adapt and prepare. Anything less will put providers under greater pressure, and also may lead to a rushed development and implementation that fails to achieve what should be the primary and targeted objective of rebalancing international student enrolments, without causing more issues.

The arrangements should be time–limited to a period of two years and settings need to be able to be corrected within that time if adverse and unintended outcomes are occurring. After two years, we believe that the balance in the international education market should have been restored.

The focus of any new approach in the immediate future must be targeted toward those public universities that have grown their international student enrolments, while the rest of the sector has shrunk. Independent providers should not be subject to any allocation process during the first 12 months of operation (i.e. throughout 2025), if at all.

OBJECTIVE 3: TAKING AUSTRALIAN EDUCATION AND TRAINING TO THE WORLD

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

There are a number of types of transnational education, including for Australian providers to set up physical campuses overseas (Branch Campus model); licensing arrangements whereby a provider licenses its curriculum and brand to another institution in a different country (Franchise model); joint or double degree programs through collaboration between an Australian provider and an overseas provider, with students completing part of their studies at each provider (Twinning model); and delivery of courses and programs entirely online or through distance learning platforms (Online model).

There are also study abroad options whereby international students study for shorter periods in Australia. This can be part of a course of study (such as a 'study abroad program') contributing to the award of a qualification, which is primarily completed in the home country of the international students.

There are a number of barriers to transnational education:

- Communication gaps, differing expectations, and cultural differences may arise between the Australian provider and overseas provider/students. Understanding cultural practices and traditions, language differences, and educational practices is important to the delivery of effective teaching and learning between both countries.
- How much a provider should charge for courses in a different market in order to be competitive and to make the investment worthwhile.
- Navigating legal and regulatory requirements in the host country can be time-consuming and challenging, including compliance with local laws, accreditation standards, and visa regulations.
- Cost is likely to be a factor in establishing a physical campus in an overseas destination. The significant cost is not only for the infrastructure but in recruiting faculty staff and the ongoing operations of any physical facility. There is a lack of data to assess the ongoing viability of transnational education and partnerships in different markets.
- Assessing the market demand for specific programs in specific countries can be complex, as well as competing with other providers with similar course offerings. This involves time-consuming and potentially costly market research to overcome.
- An issue with purely online delivery, is that these courses are not always recognised or seen to be of as much value as face to face courses in the host country of the student, which may diminish their utility and demand.
- Many, and perhaps most, international students aren't just seeking an Australian *qualification*; they're also seeking an Australian *experience* which is only able to be authentically facilitated here in this country rather than overseas.

The delivery of transnational education to date has had mixed results, but has tended not to be a reliable source of revenue for providers compared to teaching international students onshore. There are a number of barriers to establishing a workable, sustainable and financially rewarding arrangement, as listed above. While some independent providers do undertake transnational education, for many, the barriers have to date been too difficult to overcome. This needs to be considered thoughtfully when the Australian Government is shrinking the international onshore market and not assume that transnational education is an easy or like-for-like replacement.

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

To date, the success of transnational education has been variable and there is a question over its financial viability. Government should undertake a project or projects to collect data on the viability of key markets regarding the sustainability and viability of transnational education in different markets. This data, which ought to canvass areas of complexity such as industrial relations obligations and taxation implications, could then be published on an online platform akin to the Smart Traveller website that provides guidance and resources for every country.

Government can further support transnational education by ensuring that there are country to country partnerships and arrangements in place that facilitate the delivery of courses by Australian provider in the host nation's country, including through the Department of Education's offshore network, who are in country. This would reduce any red tape and bureaucracy at a national level rather than needing to be negotiated on a provider level, which can be burdensome for the provider and difficult to navigate.

For example, the merits of online delivery, which has the least costs and overheads associated with it, can be progressed through government to government dialogue. Understanding and communicating the benefits to individuals and host nations' economies through addressing skills shortages by being able to quickly upskill and reskill their workforce will be critical. These may involve the delivery of short courses and microcredentials online and/or through a hybrid model of delivery which will be mutually beneficial to students, providers and host nations. Concerns around cheating and artificial intelligence can be allayed by sharing details about what TEQSA and ASQA do to ensure quality and integrity of providers, and in steps that are being taken to manage artificial intelligence.

Through government-to-government dialogue, there could also be an exchange of details of providers and their course offerings to understand where partnerships can be facilitated, as well as understanding the skills needs in the host country, which could be matched with course offerings from Australian providers. In addition to the above, the Government could offer grants to providers to undertake research about market opportunities and assessing the viability of including transnational education as part of their offering. This would incentivise providers, particularly independent providers who won't have the resources and means of larger public universities, to assess the merits of offshore delivery. The government provision of seed funding for transnational opportunities is another avenue that should be explored.

The importance of international students to Australia is significant and Government needs to explore the sustainability of transnational education while also ensuring the sustainability and growth of onshore delivery to international students.

The importance of international students to Australia is significant and Government needs to explore the sustainability of transnational education while also ensuring the sustainability and growth of onshore delivery to international students. One of the greatest assets of our current international education model is that people from around the world get the opportunity to study in Australia, which builds lifelong partnerships, cross-cultural communication and enduring economic relationships.

This will support nation-to-nation soft diplomacy and be a mechanism to promote and grow opportunities for transnational education. This can be done through articulating the benefits of online course delivery and the safeguards around its integrity, as well as study abroad opportunities. This engagement will also facilitate strong understanding of where and how courses can be tailored to meet education and employment requirements in countries through establishing nation-to-nation partnerships. This should be a whole of Government initiative, which includes DoE, the Department of Foreign Affairs and Trade and Austrade and lead to clear advice on how to navigate – in a culturally sensitive way – each country's program approval, taxation rules and bureaucratic processes.

Who We Are

Independent Higher Education Australia Ltd. (IHEA) is a peak body established in 2001 to represent Australian independent (private sector) higher education institutions. Our membership spans independent universities, university colleges and other institutes of higher education, all of which are registered higher education providers accredited by the national higher education regulator, TEQSA or associate members seeking registration.

Our Vision is that: students, domestic and international, have open and equitable access to world class independent higher education in Australia, built on the foundations of equity, choice, and diversity.

Our Mission is to represent independent higher education and promote recognition and respect of independent providers as they contribute to Australian education, the Australian economy, and to society in general. We achieve this by promoting continuous improvement of academic and quality standards within member institutions, by advocating equity for their staff and students, and by delivering services that further strengthen independent providers' reputations as innovative, sustainable, and responsive to the needs of industry and other relevant stakeholders in both higher education and vocational education and training. IHEA's commitment is to excellence, productivity and growth in independent higher education being delivered through a trusted Australian education system underpinned by equity, choice, and diversity.

IHEA members have different missions, scales, and course offerings across the full AQF range (Diplomas to Doctorates). Members comprise:

- Four private universities (Bond University, Torrens University, University of Divinity, Avondale University).
- Five University Colleges (Alphacrucis University College, Moore Theological College, Australian College of Theology, Sydney College of Divinity and SAE University College).
- Six self-accrediting institutes of higher education (Griffith College, Kaplan Business School, Marcus Oldham College, Excelsia College, The College of Law, and the Australian College of Applied Professions).
- Seventy four not-for-profit and for-profit institutions of Higher Education; and related corporate entities.

IHEA members teach approximately 74 percent of the students in the independent sector (i.e., more than 130,000 students) and educate students in a range of disciplines, including law, agricultural science, architecture, business, accounting, tourism and hospitality, education, health sciences, theology, creative arts, information technology, human services and social sciences.

IHEA holds a unique position in higher education as a representative peak body of higher education providers. Membership in IHEA is only open to providers registered with the Australian regulator – TEQSA. However, some IHEA members are dual and multi-sector providers who also deliver VET and/or English Language Intensive Courses for Overseas Students (ELICOS) courses.

Contacts:

The Hon. Dr. Peter Hendy
Chief Executive Officer
Email: Peter.Hendy@ihea.edu.au
Phone: 0418 679 911

Dr James Hart
Policy and Research Manager
Email: James.Hart@ihea.edu.au
Phone: 0418 694 680