

IRU response to changes to international education

Feedback on the consultation draft of the Australian Government's *International Education and Skills Strategic Framework*

14 June 2024

Executive summary and key points of feedback

International education delivers significant social and economic benefits to Australia. The measures being proposed by government would fundamentally change the way that the international education system works and must be carefully considered. IRU member universities have diverse international student cohorts and experience in innovative models of transnational education (TNE), but have been disproportionately and unfairly impacted by changes to visa processing since December 2023. Any further changes must be equitable, proportionate to risk and should provide equalisation to address the damage already done.

- The IRU supports measures to improve quality and integrity – these must be targeted, evidence-based, proportionate to risk and more clearly communicated. The draft Strategic Framework as written risks damaging Australia's global reputation for quality and student wellbeing.
- The IRU supports the principle of “managed growth” with each university negotiating sustainable future growth targets (for both domestic and international students) with the ATEC.
- The IRU does not agree that the Minister should be given additional powers to cancel individual courses offered by universities, or to set enrolment limits at the level of university courses.
- The IRU will engage constructively on planning for new purpose-built student accommodation – this should be evidence-based and avoid entrenching concentration and inequity across the sector.
- Priority groups of students – including postgraduate research students and students in exchange, study abroad and TNE programs – should be excluded from any limits.
- Government should work with universities on new models for supporting the strengthening of key partnerships in the Indo-Pacific through higher education and research.

International education is an Australian success story. It has delivered significant social, economic and cultural benefits to students and to the nation over decades. Since the original Colombo Plan in the 1950s, Australian universities have welcomed students to Australia, deepening mutual understanding and our connection to our region. With the advent of more recent programs such as the AsiaBound scholarships and then the New Colombo Plan, Australian students have increasingly travelled abroad as part of their studies, strengthening two-way mobility and collaboration.

As a result, Australian universities are among the most internationalised in the world, with successful and innovative models of international education and high levels of international research collaboration. This increases the quality of our education and research and has driven high global rankings. In 2022-23, international education was a sector worth \$48 billion in total, employing 250,000 Australians. As international education recovered after the global COVID-19 pandemic, it led to spending that accounted for more than half of Australia's GDP growth of 1.5% in 2023.

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The changes to international education that are now being proposed by the Australian Government would fundamentally change the way that the system works. They must not be rushed and there must be careful consultation and consideration of economic and social impacts, to ensure that they do not undermine the viability of our highly successful international education model.

The Innovative Research Universities (IRU) and international education

The IRU is a network of seven public universities across the country committed to collaboration for a more equitable and innovative Australia. The *IRU Strategy 2022-27* sets out three shared priorities: an inclusive approach to education to increase participation and equity; high-quality research with a focus on translation and impact; and collaboration to strengthen partnerships in the Indo-Pacific.

The IRU has a distinct international profile, with a balance between domestic and international enrolments (on average 22% international across the IRU) and above-average rates of student satisfaction among our international students. IRU members have diverse international cohorts, with lower levels of concentration than the rest of the sector. And the IRU has higher than average rates of offshore delivery, with experience in the successful operation of offshore campuses (in countries such as Singapore and Dubai) and other TNE programs in countries such as Vietnam.

IRU members also work together to engage at scale internationally. This has included examples such as the IRU partnership with the Malaysia Research University Network and a joint in-country presence in Pakistan. IRU members have collaborated on a consortium approach to New Colombo Plan student mobility programs and in November 2023 signed an MoU for a consortium approach to new opportunities for TNE in India.

Australian Government Migration Strategy and impacts on the IRU

The government's Migration Strategy, released in December 2023, recognised the importance of international education to Australian society and to meeting urgent skills needs. It focused on the integrity of the student visa system to protect Australia's reputation for high-quality education.

However, the introduction of Ministerial Directive 107 in December, designed to slow down visa processing, has led to unfair impacts on IRU students and universities. IRU member universities are high-quality public providers of international education but were disproportionately affected by Directive 107, with an estimated financial impact of \$135 million in 2024, representing 27% of the total impact across all universities (\$500 million in 2024) reported by Universities Australia.

In 2023, total international enrolments at IRU member universities had just recovered to pre-COVID (2019) levels, but the impact of Ministerial Directive 107 has led to a 30% decline in commencements across the IRU in early 2024. While total 2024 commencements are up across the sector, IRU members have seen declines in commencements in key areas of skills shortage including STEM disciplines, engineering, IT and education/teaching.

The impacts of Ministerial Directive 107 have entrenched inequities across the sector, undermined diversification and reduced enrolments in courses relevant to Australia's skills shortages. They have also weakened the ability of IRU members to invest in new approaches to international education, including new TNE opportunities. Any further changes by government to the policy settings for international education must be carefully designed to avoid repeating these mistakes. They should also provide equalisation to address the damage that has already been done.

Australia's International Education and Skills Strategic Framework

The draft Strategic Framework was released by Ministers for consultation on 11 May 2024. It supersedes the *Australian Strategy for International Education 2021-2030*, which was designed to chart the sector's post-pandemic recovery, stating that "Australia's national and global environment has fundamentally changed" since 2021.

The Strategic Framework sets out three objectives to guide changes to the international education system, through policy reform and regulatory change:

1. A sector built on quality and integrity.
2. A managed system to deliver sustainable growth over time.
3. Taking Australian education and training to the world.

We provide feedback under each of these three headings in the sections below.

1. A sector built on quality and integrity

The IRU supports the primary focus on strengthening quality and integrity in international education. This is critical to Australia's reputation as a provider of high-quality education and to the protection of students. Over the three decades since the Dawkins reforms opened up Australian higher education to international students, government and universities have worked in partnership to develop and maintain this high-quality system. The IRU is keen to continue its engagement and partnership with government to further strengthen the system.

Various government reviews in 2022 and 2023 (including the Migration Review and the Nixon Review) identified specific problems and loopholes in the visa system that required attention. The IRU has engaged constructively with government to highlight these issues and to support changes to address them, including the closing of the concurrent study function, the reintroduction of a working hours cap for student visa holders and the introduction of a genuine student test to replace the genuine temporary entrant test.

Given the significant and recent nature of these changes, their full impact is not yet clear. The IRU is committed to ongoing and constructive engagement with government in support of quality and integrity, but further changes should not be rushed until evidence is available on the effectiveness of existing measures.

The draft Strategic Framework states that "our education and migration systems have been subverted by unscrupulous actors" but then also states that it is "the actions of a small number of unscrupulous providers" that are undermining Australia's reputation. The draft Framework does not substantiate any of its claims with evidence about the nature and extent of these problems. Nor does the Framework suggest additional targeted efforts towards unscrupulous providers. There is no evidence that there are new and significant "integrity and quality challenges" in universities that have arisen since international students returned to Australia after the COVID pandemic.

Generalised claims about poor quality and a lack of integrity risk undermining the global reputation of Australia's entire higher education sector and the wellbeing of students. Communication, policy and regulation must be carefully targeted and proportionate to risk to ensure outcomes in line with government and community priorities. Universities are not high-risk providers and are not

“subverting” the migration system. If Government has evidence suggesting otherwise, it is incumbent upon it to substantiate this and develop targeted interventions.

By framing the need for further intervention around ensuring “international and domestic students have access to an education system that delivers high-quality learning experiences” the Framework implies that all students at all providers are at risk not receiving a high-quality education. Concerns about quality and integrity would have greater credibility if they were based on evidence. The *2022 Student Experience Survey* indicated that roughly three quarters of all university students were satisfied with their entire educational experience, including 76% of domestic and 74% of international students. Student experience has improved each year since the progressive reopening of university campuses after 2020 and the IRU has above-average rates of international student satisfaction. There is scope for further improvement, but it is not clear that quality or student experience are widespread problems throughout higher education. If there are concerns about student experience, these could be targeted towards providers well below the sectoral average.

The negative impacts of the implementation of Ministerial Directive 107 (which has entrenched inequities between universities and undermined diversification) clearly demonstrate that measures to manage integrity and risk should be dealt with discretely rather than being used as a proxy measure to reduce the total number of international students in Australia. Where there are significant integrity issues, these should be targeted by government as a priority, with clear and transparent evidence and communication about the nature and scale of the risk.

The draft Strategic Framework states that “strong, whole of system data sharing” and “the development of evidence-based risk indicators” are needed to inform regulation by TEQSA, ASQA and the Department of Education. These should be put in place first to guide any further changes to policy and regulation.

The draft Strategic Framework also proposes new powers for government, to prevent providers from delivering courses which have significant quality or integrity issues, or which “have limited value to Australia’s skills needs”. It also proposes that the Minister for Education be able to stop accepting or processing applications for registration of new providers and new courses. However no evidence is given about the powers currently available to government through existing regulation and the need for additional measures.

The IRU believes that the Minister should not be given additional powers to reject or cancel individual courses offered by universities. This would be incredibly bureaucratic to implement and would run counter to the principle of university autonomy, stifling innovation in course development and delivery to meet emerging knowledge and workforce needs. If there are specific courses offered by other international education providers that have “significant quality or integrity issues” then regulatory and compliance efforts should be clearly targeted there.

The IRU supports measures to improve quality and integrity, but these must be targeted, evidence-based, proportionate to risk and more clearly communicated.

2. A managed system to deliver sustainable growth over time

The draft Strategic Framework makes the case that “unpredictable international student numbers onshore have the potential to undermine the sector’s social licence” and proposes a new approach for “managed growth” and a “balanced system”.

The IRU supports the principle of a more managed system which reflects a genuine partnership between government and universities. It is important to note that the system that has evolved over the last three decades has been managed by government policy and regulation – for example, there are already limits on the number of international students that universities can enrol through the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) which is managed by the national regulator TEQSA.

Planning for a managed system should be underpinned by evidence and analysis of global demand for international education and Australia’s capacity to deliver to meet that demand. The draft Strategic Framework is lacking any quantitative analysis of global trends over time to inform the setting of limits for “managed growth”. For example, analysis by Jon Chew at Navitas in December 2023 showed that international education in Australia was experiencing a “V-shaped recovery and catch-up rebound” after the COVID pandemic and would then settle into “more normal” enrolment numbers. If this is the case, it would be a mistake to legislate harsh new restrictions at the height of the recovery and unnecessarily limit opportunities for future innovation and sustainable growth.

There is also a significant timing issue for universities with proposed changes to international education to commence from 2025 and the government planning to introduce a new funding model for universities in 2026. Rather than “providing clarity” for providers as the draft Framework states, this has the potential to create significant uncertainty for universities.

The Australian Government’s response in the May 2024 Federal Budget to the final report of the Universities Accord stated that government will establish a new Australian Tertiary Education Commission (ATEC), which will design and deliver a new “managed growth” funding model (including needs-based funding) by 2026. The IRU supports the proposition that universities would negotiate future sustainable growth targets (for both domestic and international students) with the ATEC, in line with the Accord’s goals of greater participation, increased equity and graduates that can meet Australia’s skills needs into the future. The IRU also supports the proposition that public funding to universities should be targeted to areas of greatest need. The IRU agrees with the proposed approach in the draft Framework that each university’s international student profile be included in its mission-based compact, agreed with the ATEC. But this is not consistent with the Minister being given new legislated powers this year to set institution- and course-level limits for the number of international students in universities.

The IRU does not agree that the Minister should have the power to set limits at the level of individual courses in universities. This runs counter to the principle of university autonomy and would be very bureaucratic to implement. It would not provide sustainability or stability for universities (it could lead to teaching staff having to be made redundant at short notice) and would stifle innovation and the flexibility for universities – as self-accrediting institutions – to adapt and evolve curriculum to meet emerging knowledge and workforce needs. If there are specific quality or integrity issues in particular courses in other international education providers, these should be the focus of government regulation, underpinned by clear evidence and communication.

The IRU opposes the proposal that universities would have their registration automatically suspended for exceeding their allocation of places. The result of this change would be that universities under-enrol to avoid suspension, which is at odds with the goal of maximising participation and the benefits of higher education within sustainable growth plans agreed with government. For universities, the allocation of places should not be a hard target but a +/- scenario with a range of tolerances, to allow some flexibility (for example to allow for students in courses of different durations).

The IRU recognises the need for universities to engage constructively on future plans for student accommodation but has concerns about the proposal in the draft Strategic Framework that managed growth targets for individual universities would be dependent on “the university’s supply of purpose-built student accommodation”. This has the potential to further entrench existing inequities across the system, with a small number of universities (currently those with the most international students) having financial surpluses which would enable them to immediately invest in more accommodation.

The current policy and regulatory framework for international education in Australia has led to a situation in which more and more students are concentrated in a small number of large metropolitan universities. Rather than requiring all universities to be able to invest in accommodation in order to enrol more students, government and universities should work together to develop a clear evidence-based approach to identifying the most acute student accommodation shortages across the country and targeting measures accordingly. The availability of accommodation should be considered as part of the setting of the *overall* allocation of university places, taking into account the geographical and other context of each institution. If universities can demonstrate that sufficient rooms/accommodation are available for their students, their sustainable growth plans should not be limited. Purpose-built student accommodation requires long-term investment, and policy settings must provide stability and certainty for providers and investors.

The IRU agrees that changes to the framework for international education should have a focus on addressing concentration and supporting diversification. If government has specific concerns about concentration in certain institutions or locations, it should address these in a targeted way.

A system in which universities negotiate their mission-based compacts with the ATEC will allow for diversity and differentiation, while also providing government with a view of the system as a whole. International education in universities delivers significant benefits for Australia and must be allowed to grow in a sustainable way, with a focus on quality, equity and diversity. Any limiting of places must leave room for this sustainable future growth and allow flexibility to meet changing domestic needs and global conditions. Institutional growth plans must take into account the distinct mission, student cohort and location of each university – a one size fits all approach will not work.

Any rationing of places across universities must be equitable and should address existing inequalities and concentration. The implementation of Ministerial Directive 107 clearly demonstrates how a hasty change to policy can further entrench inequity and undermine institutions and diversification.

IRU modelling of options for limiting international student numbers in universities shows that a standard, across-the-board limit applied to all universities would not necessarily deliver on all of the government’s stated priorities. For example, a rule that no university would be allowed to exceed 30% of its total student cohort being international students would lead to huge implications for some universities. It would allow for growth (up to the 30% limit) in some universities but would not

deliver an overall reduction in the number of international students enrolled across the country. Individual negotiated growth plans with each university can be tailored to meet multiple priorities and can better address specific areas of risk or concern.

In setting the parameters for these negotiations with universities, government must clearly state its priorities, including if there is an overall target for a reduction in the number of international students in Australia in a given year. This is urgent because the pipeline for international student recruitment is long and offers are already being made for 2025 enrolment. Government should also be clear about how it will prioritise allocations across the sector to address its key aims including quality and integrity, equity, diversification and successful and sustainable delivery in outer metropolitan and regional areas.

To support this clarity and stability, the IRU supports the proposal in the draft Strategic Framework that specific priority groups of students (for example postgraduate research students) be excluded from any limiting of places to manage growth. To the list provided in the draft, the IRU would also propose that students in exchange/study abroad programs and students in TNE programs (for example, students articulating onshore and participating in 2+2 degree programs with international partner universities) should also be excluded from any limits. Through the implementation of Ministerial Directive 107, there have already been examples of students in 2+2 programs who were due to come to Australia this year to continue their studies at IRU universities, who were denied a visa. The architecture for international education, student exchange and TNE has been built up over many years through the development of long-term institutional partnerships. Any further changes to policy and regulation should take care not to damage these partnerships, and Australia's reputation and place in our region.

Finally, the IRU also disagrees that the Minister should be given new powers to stop universities from delivering courses "in areas which the Government determines to have limited value to Australia's critical skills needs". This is counter to university autonomy and a commitment to student choice.

The majority of international students in Australia return home after they graduate, but those who are able to work during their studies and after graduation make a valuable contribution to Australian society and to the economy in critical areas of skills shortage. This is particularly the case in regional areas, where international students and graduates fill key roles in sectors such as health and aged care. Consideration of this contribution to skills/workforce needs should be part of the negotiation of university-level managed growth plans and the Framework should clarify how government intends to support sustainable growth in regional areas.

The government's 2023 Migration Strategy includes a new Skills in Demand visa and measures to strengthen and clarify pathways from graduate visas to temporary skilled visas, including protections for students. These measures should be fully implemented and evaluated before additional powers are given to the Minister for Education to cancel courses on skills grounds.

3. Taking Australian education and training to the world

The IRU strongly agrees with the proposition in the draft Strategic Framework that "international education plays an important role in advancing Australia's global interests beyond our borders – contributing to a more informed, peaceful, prosperous and resilient region". Since the advent of the Colombo Plan in the 1950s, partnership and collaboration between universities and government have strengthened this role, strengthening Australia and its place in the world.

There is an inconsistency in the draft Framework, which on the one hand says that the international education system has “serious quality and integrity challenges” and on the other refers to Australia as “a world-leader in the delivery of high-quality education”, ready to capitalise on new opportunities to take our education to the world. The final version of the Strategic Framework should be much clearer and more specific about risk and integrity issues to avoid damaging Australia’s hard-won reputation for quality and innovation in international education.

The IRU also agrees with the draft Framework’s focus on the Indo-Pacific region and opportunities for new models of international education and the role of higher education and research in strengthening partnerships in the Pacific, South-East Asia and India. Universities play a key role in relationship-building in our region which supports Australia’s soft power.

The draft Framework would be improved with a more detailed analysis of global trends in international education and the opportunities for Australia, mapping existing strengths and highlighting areas for future growth. It should also include more discussion of opportunities for building upon the extensive international research links of Australian universities to support Australian Government foreign policy priorities.

IRU member universities are ready to play an active and constructive role in this agenda – for example, our universities have more partnerships with universities in the Pacific than any other group of Australian universities and also have extensive experience in TNE and offshore campuses.

However, over the last three decades, government has largely left it to universities themselves to design and fund new models of international education (including TNE) and in international research collaboration. For example, the establishment of offshore campuses and high-quality online programs are expensive and, without direct government support, must be cross-subsidised from other sources of university revenue.

In recent years, the Australian Government has cut funding to support international education, including the dismantling of the Endeavour and Destination Australia programs. The Department of Education committed \$56 million to international education programs in the 2016-17 Budget, but this will fall to \$8 million in 2027-28, according to the forward estimates in the May 2024 Budget.

If government is planning to limit the number of international student enrolments (in the absence of a new funding model) it will have a direct impact on the ability of universities to invest in key relationships and in new models of international education, including TNE. As part of a new “managed system” for future growth, it will be necessary to consider new options for supporting the strengthening of strategic partnerships and further expansion of Australian education offshore, including co-investment between government and universities. The draft Framework is silent on this issue but it will be an important aspect of a more sustainable approach to future opportunities.

The IRU welcomes the opportunity to provide feedback at this stage of the consultation on the new *International Education and Skills Strategic Framework* and looks forward to working closely with government over the coming months to support a partnership approach for a system characterised by quality, integrity, equity, diversity and sustainable growth.