

OFFICE OF THE VICE-CHANCELLOR

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Hon Jason Clare MP

Minister for Education

Website: https://submit.dese.gov.au/jfe/form/SV_o6YrZsoKRsUyMPs

Dear Minister

Draft International Education and Skills Strategic Framework
Submission from Macquarie University

Thank you for the opportunity to respond to the Draft International Education and Skills Strategic Framework consultation paper and proposed changes to the ESOS Act.

The attached submission is deliberately brief and focused. However, more detailed material is available should you need this.

The submission sets out Macquarie University's alignment with national objectives, highlighting its cautious rebuilding efforts, as well as fair cap considerations, and alignment with critical skills needs in Australia. We seek to ensure that institutions like Macquarie, which have adopted a cautious rebuilding strategy post-pandemic, are not unfairly penalised.

Macquarie University supports Government efforts to make policy that continues both to ensure 'quality and integrity' in international education, and to recognise the very important contribution that international students make 'to our nation's cultural and social fabric.'

Yours sincerely

[Signature]

S. Bruce Dowton MD

Draft International Education and Skills Strategic Framework

Submission from Macquarie University

Macquarie University welcomes the opportunity to respond to the Draft International Education and Skills Strategic Framework and to the changes proposed in the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024.

Overall response

The University strongly supports efforts to uphold ‘quality and integrity’ in international education. We welcome recent changes which have addressed significant issues in this area, issues which have involved ‘a small number of’ non-university providers but which have the potential to damage the international reputation of the whole tertiary sector. We also support continuing efforts to address ‘infrastructure pressures.’

1. Higher education and VET sector growth

The proposed changes to the ESOS Act rightly distinguish between the higher education and VET sectors, allowing for ‘separate approaches.’ While there would seem to be a case for addressing the very rapid increase in VET enrolments in recent years, our view is that there is little evidence that a highly interventionist approach is required to managing the growth of international student numbers in most universities. Indeed, Department of Education statistics¹ show that:

- Higher education saw stable five per cent annual growth over the 20 years pre-pandemic and seven per cent in the six years prior. That growth has been both sustainable and necessary to maintain Australia's global competitiveness; and
- Year-to-date figures for March 2024 saw only a ten per cent increase compared to the same period in 2019. Recent curbs on migration have slowed growth and it is expected that growth will continue to normalise over the remainder of the year.

2. Definition of ‘managed growth’

If there is to be managed growth in the higher education sector, then a good deal of work will be needed to establish what this will entail. Universities will need to understand the methods for determining both:

- a) Appropriate national levels for international student intake; and
- b) The allocation of enrolment caps to individual universities.

Without this clarity, universities cannot properly assess the full impact of, or provide informed feedback on what, as the consultation paper rightly acknowledges, will be ‘a significant shift’ for international education.

In the absence of such detail, we suggest one possible approach as a starting point for modelling and consultation across the sector. This would be to set a maximum ratio of international to domestic students at the university level, such as a 70/30 split allowing no more than 30 per cent of a university's students to be international.

¹ Australian Government, Department of Education, International students: monthly report: YTD Mar 2024 (accessed June 2024)

While it is too early for the University to endorse this position, it would shift international student load away from those large metropolitan universities where current proportions exceed 40 per cent, helping to distribute student numbers across the wider sector.

An important consideration in any allocation of institutional caps is that to base them on current numbers would unfairly penalise universities like Macquarie that have carefully rebuilt their enrolments. This year, our enrolments are projected to be six per cent below our 2019 pre-pandemic figures, though we look forward to a balanced recovery and to sustainable growth. We propose that if there are to be caps, they should reflect both the institution's historical growth and the strategic initiatives which contribute to Australia's educational and economic goals.

The University welcomes the aim, identified in the draft strategic framework, to continue efforts to secure greater market diversity. Diversification is a key strategic focus at Macquarie and should be encouraged across the sector. We ensure that no more than 30 per cent of our international students come from any single country within any broad field of education and this approach has significantly enhanced the quality and sustainability, and student experience at Macquarie. It has also, we believe, established a benchmark for best practice in Australian higher education.

3. Long-term policy stability

Due to the length of the product life cycle, universities require long-term stability and predictable policy settings to properly plan and deliver high-quality education. Therefore, we are particularly concerned that proposed powers for ministerial intervention at the course level could upend university operations and admissions processes and could do this virtually overnight. A far better approach is to rely on the proposal also contained in the draft framework to establish profiles as part of mission-based compacts.

4. Strengthening visa settings

Consideration might be given to increasing the non-transfer period, as well as to requiring that students who transfer from their primary provider once in Australia must apply for a new student visa. There should be some room to recognise extenuating circumstances but, currently, students are able to transfer after six months from a degree at a public institution to a course at a private education provider with little academic content. This is an easy route for students looking to game the system.

The requirement to apply for a new visa would fall in line with the UK and other jurisdictions and would strongly discourage students from entering the country on a student visa without a genuine intention to study. A second possible disincentive would be to significantly increase the cost of such a visa.

5. Alignment with national skill needs

Macquarie University has strategically increased its focus on programs that align with national skills needs, such as health and engineering. Many international students enrol in these high-demand areas, contributing to Australia's future workforce. A rigid cap could hinder our ability to support critical sectors effectively.

Macquarie University has shifted its mix of international students, so that the Faculty of Science and Engineering, and the Faculty of Medicine, Health & Human Sciences have increased their share from 24 per cent to 45 per cent of international students. This strategic realignment ensures that our international student intake directly contributes to

the nation's workforce requirements and ensures the long-term sustainability and integrity of the sector.

The Australian Department of Health and Aged Care (DOHAC) predicts a shortage of 85,000 nurses by 2025 and 123,000 nurses by 2030. To address this critical gap, Macquarie University is considering a two-year postgraduate nursing master's program, designed to meet both domestic and international demand for reskilling and career transitions into nursing. This program would prepare students for registration as nurses in Australia, aligning directly with national skills needs in high-demand areas. Students will benefit from our best-in-sector Clinical Practice Units (CPUs), equipped with advanced simulation facilities and equipment, ensuring they receive top-tier practical training. This initiative not only addresses the urgent nursing shortage but also will reinforce the reputation of Australian nursing education programs as some of the best in the world. Any changes should permit universities to continue to innovate like this and respond to areas of national need.

6. Impacts on research, rankings, and global competitiveness

As the Australian Universities Accord Panel acknowledged in its *Final Report*, the very high level of 'self-funding' of university research has created a heavy reliance on international student fees, an approach which is 'neither strategic nor sustainable.' The research income model has become acutely sensitive to fluctuations in international student recruitment and so caps have the potential to create a critical gap in university research funding across the nation. Therefore, if there is to be managed growth in the higher education sector, then impacts on research will need to be carefully considered.

Estimates indicate that proposed caps on international student enrolments, combined with stricter visa regulations, could lead to a \$500 million shortfall this year and potentially cost up to 4,500 jobs across the sector. Such reductions would severely impact financial stability and sustainability, especially as eight out of ten universities in NSW posted deficits for 2023 and with the uncertainty surrounding the proposed reforms to the funding system more broadly.

This kind of shortfall would reduce research income and have a wider impact on rankings. Macquarie University, for instance, is now in the top ten domestically in both QS and Times Higher Education. Our success in THE metrics is particularly due to research strength, research influence, and research excellence, which place the University in the top ten per cent for global research.

Negative impacts would extend beyond financial concerns. Tighter regulations and enrolment caps could prompt prospective students to seek education opportunities elsewhere, weakening Australia's global competitiveness. This reduction in international student enrolments would not only affect university finances but also diminish the diversity and cultural exchange that enhance the educational experience and global partnerships. Maintaining a robust international student intake is crucial for the continued success, financial stability, and global standing of Australian universities.

Returning specifically to research, the draft paper rightly recognises 'the significant value to Australia's broader innovation and skilled migration objectives' that international postgraduate research students bring, and the University strongly supports the suggestion that they be excluded from any proposals to manage growth.

7. International student accommodation

If there are to be enrolment caps, then the University agrees that these should be linked to the availability of suitable accommodation. To ensure availability, we urge the local, state, and federal governments to support universities with regulatory changes, planning

assistance and enabling policies. Implementation of enrolment caps linked to accommodation should be flexible enough to include additional housing within a short commute of campus, rather than requiring it to be located strictly on campus, particularly where there are strong transport links.

The draft rightly recognises that there is ‘insufficient purpose-built student accommodation.’ Too great a reliance on private providers for student accommodation may mean that significant numbers of international students are priced out of the market. Private providers often build accommodation that can be repurposed for general housing, and this means building to a standard that many students can’t afford. By contrast, purpose-built student accommodation can be offered at a more affordable price point. However, it must be recognised that there the university carries all the investment risk.

Macquarie has plans to deliver ~1,000 beds within three years and ~3,000 beds within seven-ten years. To achieve these goals, we are committed to working with all levels of government to address the housing needs of both domestic and international students in a responsible and sustainable way.

Finally, we share with other universities a deep concern about efforts to link housing shortages to international student numbers. This is not supported by evidence. According to the Property Council of Australia, international students have only a very limited impact, accounting for just four per cent of the rental market. The report also shows that only two per cent of local government areas were above ten per cent.²

² Property Council of Australia: [‘Myth busting international students’ role in the rental crisis’](#) 2024 (accessed 13 July 2024). Recent analysis by the Go8 also fails to find any direct link between international student numbers and the housing crisis: Go8 policy paper: [‘International students and housing and other cost of living pressures’](#) April 2024 (accessed 13 June 2024)