

Response: Draft International education & skills strategic framework

ACKNOWLEDGEMENT OF COUNTRY

Monash University recognises that its Australian campuses are located on the unceded lands of the people of the Kulin Nations, and pays it respects to their Elders, past and present.

KEY POINTS AND RECOMMENDATIONS

Monash University is deeply concerned about the future direction of Australia's international education sector as set out in the *Draft International Education and Skills Strategic Framework*, and about the likely consequences and timing of the proposed measures. Alignment of the sector with national goals is at risk if the draft Framework is adopted and implemented without substantial change. We are pleased to provide several recommendations for modification of the draft Framework.

For Monash, the direct consequences of the Framework as currently conceived would be the contraction or cessation of our ability to continue to deliver many initiatives that have been integral to becoming a top-50 university that provides world-class education, research and community development locally, regionally and globally.

These views are grounded in the nature of Monash. The University is unique in Australia for its international profile. Since the first Colombo Plan, the University has been deeply engaged in international education, and is very proud of alumni across the Indo-Pacific and beyond. Monash pursues excellence to create positive benefits for society and our communities around the world, particularly in the Indo-Pacific across our network of international campuses in Malaysia, Indonesia, India, China, and Italy.

- In 2023 Monash University had nearly 12,000 enrolled students in these offshore locations.
- All campuses are research intensive and offer postgraduate education, and Monash Malaysia also offers undergraduate education.
- The quality and scale of international education and research offered in Australia is critical to the success of our international campuses.
- For some years Monash has pursued a strong international student diversification strategy.
- For Monash, and likely many other institutions, total international enrolments have not yet returned to pre COVID levels. This continues to have a significant effect on revenue and university budgets.

Monash University welcomes the opportunity to engage in comprehensive discussions with Government and relevant departments regarding a 'managed system to deliver sustainable growth over time' and the leading contribution Monash plays in Australia and the Indo-Pacific.

Recommendations

- Defer the implementation to 2026 to avoid unintended consequences associated with rushed development.
- Adopt a differentiated approach to integrity measures based upon risk assessment. Public providers, universities and TAFEs, should not be subject to the same measures as private providers as the integrity risks are simply not the same.
- Any limits on international student enrolments at universities should be made through negotiation with individual universities and be inclusive of each institution's overall mission and position - balancing its overarching approach to international education with domestic profile and financial imperatives. This should occur firstly as part of mission-based compacts, and subsequently through the Australian Tertiary Education Commission (ATEC).
- Do not introduce new Ministerial powers to set enrolment caps by course.
- Include a sunset clause in the legislation for the removal of Ministerial powers upon the introduction of the ATEC.

INTRODUCTION

We agree that international students are more vulnerable in education decision-making than domestic students and welcome appropriately targeted measures to improve system integrity as being in the interests of the students, the market for international education as a whole, and the nation.

The draft Framework covers both higher education and vocational education and training (VET) providers. It does not however sufficiently differentiate between the distinct parts of the international education sector, which encompasses approximately 50 public and private universities and university colleges, another 30 government providers (mostly TAFEs) and 1,400 private training providers. It proposes extensive powers for interventions that run the risk of causing irreparable damage to a leading Australian industry that has taken decades to build, with consequent stagnation or decline in the global market for Australian university education.

Measures intended to resolve integrity issues should be directed towards providers whose conduct is undermining the quality and reputation of Australian education. We are concerned that the all-encompassing nature of the draft Framework will waste resources and create unintended consequences, with far reaching negative impacts for universities and other high quality Australian providers of international education. It has also introduced a period of uncertainty into university planning and budgeting at precisely the time that significant parts of the sector are due to emerge from the devastating impact of the pandemic on international enrolments - particularly in Victoria.

Successive Federal governments have strongly supported Australian universities' work to attract international students by offering them high quality education. This has enabled universities to improve the range and quality of their education and research, for the benefit of students, the Australian economy, Australia's influence in international affairs, and societies here and across our region.

Universities are comprehensively regulated through a system of legislation and frameworks¹ that govern registration and accreditation for both providers and the courses they offer. In addition, the *Migration Act* and instruments under it form an important regulatory regime that applies to international students. We note that since new regulations were introduced to improve the integrity of the student visa system, Monash University has seen no change in its visa refusal rate.

On the other hand, within the current regulatory environment, there are loopholes that enable non-genuine, low quality or otherwise unscrupulous providers - mostly operating in the VET sector - to exploit vulnerable students, domestic and international.

We urge the Government to focus specifically on these providers of concern and introduce measures to ensure more effective regulation of their practices. Distinguishing (legislatively and otherwise) between privately owned VET providers - some of whom undoubtedly are not of high integrity and quality - and universities and government-owned providers, would more effectively accomplish the Government's objectives.

At the same time, we acknowledge that to achieve 'sustainable growth' over time of international student enrolments at universities, a certain degree of national planning is necessary. Any Government concerns regarding the overall international student profile or quality of a particular university would most effectively be resolved directly through dialogue with the relevant provider, within the existing regulatory framework for universities and negotiation of mission based compacts. This approach would avoid inadvertently diminishing the value of international education to the Australian economy and community or adversely affecting high quality providers that are meeting regulatory and societal expectations. While we are not aware of any concerns in relation to Monash University, we are ready to work in partnership with the Government to ensure there is a shared understanding of the purpose and characteristics of the University.

We are also concerned that some of the assumptions upon which the Framework is based might not hold. For example, setting enrolment limits, while imposing a maximum, is unlikely to directly influence the underlying capacity of a university to attract enrolments. The idea that a government can 'allocate' student enrolments to universities or courses or specific areas of Australia is problematic. Enrolments ultimately depend upon the individual choices of many thousands of prospective international students.

¹ These include the *Higher Education Support Act 2003*, the *Tertiary Education Quality and Standards Agency Act 2011*, the *Higher Education Threshold Standards under that Act*, and the *Education Services for Overseas Students Act 2000*.

Whilst the intention of the draft Framework is to prioritise the 'best and brightest' international students, the overwhelming impression of public commentary on international students over the past 18 months from a variety of sources has been negative in tone. The signal sent by enrolment limits would compound this impression and could well have the effect of deterring students from applying to Australian universities, as can be seen from the recent experience of the UK and Canada.

The connection asserted in the draft Framework between international student numbers and pressures in the housing market appears not to exist. Comparison of the rental vacancy rate to the number of international student arrivals over roughly the past decade does not reveal any significant positive correlation.

We welcome the Government's intention to support further development of transnational education (TNE), and are concerned that other measures proposed in the draft Framework would work against the sector's capacity to invest in TNE and stifle innovation in high quality education offerings and relationships. The draft Framework seeks to advance internationalisation, for example via articulation agreements or the growth of overseas campuses. Yet at the same time, the increased interventions proposed would constrain the capacity of Australian universities to earn the revenue required to expand internationally. The draft Framework also forecasts visa restrictions that would make it more difficult for students in the Indo-Pacific region to travel to Australia.

We urge the Department and the Minister to continue to consult with key sector stakeholders prior to the introduction of policy changes in order to develop a framework that will achieve the stated policy objectives, supported by a well-considered implementation plan. There is no benefit to rushing to make change that is highly likely to have predictable and undesirable consequences.

RESPONSE TO QUESTIONS

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?

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

There are links between onshore international education and post-study visa applications, however the latter should not drive international education policy.

It is not the size of the market in itself that has caused the integrity issues. Attempting to manage international enrolment numbers down to the course level is not the solution to the challenges to quality and integrity. Focusing on the size of the higher education sector will treat some of the symptoms but not the cause.

- As the draft Framework notes, problems are caused by migration settings and conditions for specific visas, rules around visas that provide loopholes, and issues with CRICOS.
- Attracting the best students from diverse nations and maintaining system integrity requires a stable and reliable visa regime, with consistency in assessment and a timely turnaround time.
- There could be clear messaging in the course and visa application processes to indicate that onshore qualifications don't necessarily confer post study work rights or permanent residency pathways, and that it is the responsibility of the student to determine whether their intended course will lead to the outcome they are seeking.
- We commend the various reports and proposals of the [Grattan Institute](https://grattan.edu.au) which take a long-standing and evidence-based position on the merits of preferring talent over skills in permanent migration settings², and the impact this approach could have on reducing the returns to non-genuine providers and agents.

The costs and risks of a large and unwieldy framework applied to the entire sector outweigh the intended benefits. We advocate for investment in intelligent monitoring systems and working with existing integrity frameworks to target the areas where reform is needed.

We support the use of indicators to assess the risk of unscrupulous behaviour and to identify low quality programs. "Enhanced monitoring" should be considered carefully to avoid:

² Including, for example, <https://grattan.edu.au/news/migration-points-test-misses-the-mark/>

- Introducing additional reporting load for minimal benefit (noting that much of the information supplied by universities is not used or released in a timeframe which would provide greatest benefit)
- Competitive disadvantage within Australia and for Australia collectively in the global market
- Stifling innovation in development of new education offerings and models.

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?

The Government does not have the power to "allocate" enrolments of international students. At most it can place limits on enrolments. International education is a global, competitive market and as has been observed in key competitor countries, attempts to intervene could have a compounding freefall effect:

- Students will make their own choices about where to study.
- 'A managed system' through the unprecedented ministerial powers proposed might make Australia unpredictable and therefore a riskier proposition for international students, who plan their studies many years in advance. This might cause the market to fall below what is required to sustain the university system within the current public funding environment.
- We note the situation unfolding in the UK, where there has been a 30% drop in applications from international students to study in the UK. The *desirable* students will either continue to apply to the more established, metropolitan institutions, or will move to countries that have more stable and welcoming policies.
- To provide transparency, responsibility and consistency in the application of new proposed ministerial powers:
 - the criteria and principles for decision making should be contained within the ESOS legislation
 - ministerial determinations should be reviewable/disallowable, or if this is not possible, ministerial reasons should be published or allowed to be requested by the relevant provider.
- Unique International Student Profiles should not be combined with diversification targets. China and India combined account for two thirds of the global higher education market. Ethical diversification strategies therefore are a long game, needing to encourage students to consider study in Australia, or to invest in offshore opportunities that require considerable cross-subsidisation, generally for at least the first 10 years at a minimum. (Further with respect to diversification, we do not understand the relationship between source country concentration and accommodation, transport, etc as implied on p19. Is the draft Framework proposing that students from markets other than India and China are more likely to study outside of Sydney, Melbourne and Brisbane?)

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

The economic, budgetary, social, and geopolitical significance to Australia of international students should be the paramount considerations. The structure of the different state and territory economies should also be considered. For example, international education is Victoria's largest export. 'A managed system' should mean sustainable growth, not steady state or decline.

Given the relationship between international fee revenue and university operations, especially in the current environment where JRG funding for a course rarely covers the cost of its delivery, the Government should consider the potential impact of reduced revenue for universities on: the Commonwealth budget; universities' workforce, course offerings, provision of amenities, research output, and strategic investment in TNE innovations and expansion (which is generally funded by onshore revenue); and potentially on the viability of some smaller institutions. Please refer below under Objective 3 for a discussion of TNE funding and operation.

Some level of national planning of enrolments, including of international students, is achievable. Further, universities need to maintain their social licence. We accept that at some point, too high a proportion of international enrolments at a public university, most likely at an undergraduate level, might be perceived to threaten the 'public' nature of the university.

Curbing international student enrolments will not solve Australia's rental accommodation problem, given that international students account for 4% of renters. The data show that the rental vacancy rate lacks any significant positive correlation with the number of international students in Australia. Rather, it is the interplay of various supply and demand pressures that have created Australia's overheated rental market. These drivers include the rise of smaller and solo-person households, intrastate migration, rising construction costs, planning delays, and a trend to re-purposing second bedrooms into home offices, amongst others.

3. How will this approach³ to managing the system affect individual providers?

The consequences of enrolment limits, combined with the prospect of the exercise of a discretionary ministerial veto at any time, could have a range of detrimental effects, depending on the nature and timing of such interventions and how they might change the number and distribution of international students enrolled in Australian universities.

These effects might include:

- Reduced capacity to plan ahead with confidence, resulting in workforce reductions. As Professor Andrew Norton has explained, the introduction of enrolment limits in order to “allocate” students to institutions (when we know that current incentives to influence enrolment patterns have failed), coupled with substantial adverse consequences for any institution that exceeds those limits, is likely to cause universities to enrol substantially fewer students than any limit permits.
 - “Capping international student numbers by university and course will lead to the *stranded places problem* – student places that are theoretically available but cannot in practice be used. Every condition added to the use of a student place reduces the chance that a student can be found who meets all the criteria.⁴”
- Scaled-down extra-curricular activities for students
- Reduced capacity to invest in supporting equity student success through scholarships, cost of living supports, and mentoring programs.
- Closure of courses that currently benefit from substantial internal subsidies, or more limited subject choices within retained courses, including languages
- Fewer innovations in teaching and learning
- Longer timeframes for upgrading old and essential teaching and research infrastructure
- Reduced research effort and outcomes, resulting in an overall decline in the status of Australia’s universities, which in turn would make Australia less attractive to international students, and potentially for foreign direct investment
- A reduction in or at least a slower approach to TNE development.

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

A risk-based approach should apply to all sectors of the education system, to target directly the integrity issues of concern.

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

The premise of linking the international higher education market and specific courses with domestic migration policy is deeply problematic. Collectively, public universities in Australia offer thousands of courses at undergraduate and postgraduate level. We do not think there is sufficient information available to be able to make decisions about which courses lead to graduates gaining employment in a skills shortage field and there are serious time lags involved between application, enrolment, completion and industry needs.

- We know that fewer than 20 per cent of international students settle in Australia, so their chosen courses of study are largely irrelevant to Australia’s skills needs.
- If regulation of enrolments in specific courses is aimed at international students who might be seeking to settle in Australia, a long term view should be taken. For example, long standing Grattan Institute research finds that “while there are significant short-term benefits for Australia from international students, the biggest economic benefits come from attracting students with the highest-earning potential,⁵” irrespective of their course and location of study. Further, “Forcing migrants to move to regional areas will likely reduce their incomes, reducing the taxes they pay and therefore also the size of the fiscal dividend they provide to the Australian community, while increasing the cost of the public services they consume⁶”.

³ <https://go8.edu.au/policy-brief-international-students-and-housing-and-other-cost-of-living-pressures> and <https://www.propertycouncil.com.au/submissions/myth-busting-international-students-role-in-the-rental-crisis>

⁴ <https://andrewnorton.net.au/2024/05/13/limits-on-international-student-numbers-could-reduce-enrolments-to-well-below-the-official-cap/>

⁵ <https://grattan.edu.au/news/the-diversification-of-international-education/>

⁶ Refer <https://grattan.edu.au/wp-content/uploads/2021/05/Rethinking-permanent-skilled-migration-Grattan-Report.pdf>

- A course might not be in an identified area of skills need but might attract very bright students and equip them with the knowledge and skills to become significant innovators. Conversely some courses that are offered in known areas of skills shortage might not result in desirable graduate outcomes.

As long as the existing migration policy loopholes are closed, the current approach of the points system incentives and occupation skills lists enables migration-focused graduates to enrol in degrees that will give them a better chance of obtaining employment and achieving permanent residency. The vast majority of international students who don't wish to settle in Australia should be able to select a course that suits their own career and life plans.

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

The current high level of net overseas migration is a short-term problem. As explained in a recent ANU policy briefing, net migration fluctuates with flows of migrant arrivals and departures. The current surge in total net overseas migration is the function not of greater arrivals, but of fewer departures, and this is a result of the extension to temporary visas during the pandemic⁷.

The long-term problem is one of planning, housing and infrastructure sufficient to support the current and future population, according to the government's planned growth, and population forecasts. In Canada, which instituted a cap on international students in response to public concern over immigration, subsequent analysis and data have not only confirmed that there was no link between the two, but that the caps could in fact further exacerbate the crisis due to a contraction of the labour market and by reducing the revenue of educational institutions which produce the highly-skilled engineers, urban planners and other key personnel that design and deliver innovative and cost-effective new housing solutions⁸. In light of these concerns, the Canadian Government has announced a significant investment in student housing both on or off campus, through the \$40 billion Apartment Construction Loan Program.

It should be noted that many Australian universities are already working with their State and Territory Governments to facilitate co-investment in further accommodation options, but are hampered by a range of planning, regulatory and cost factors that are impeding progress.

- Given national collective benefit from the international education market, the Government should partner with universities, accommodation providers, state and local governments to develop and co-fund new models for housing provision that also benefit, for example, university staff, students on placements, key-workers.
- The Commonwealth is also encouraged to include student accommodation in the definition of affordable housing and negotiate its inclusion in the National Housing and Homelessness Agreement. Through that Agreement the Commonwealth can provide incentives to those jurisdictions to make the necessary changes to planning regimes to fast-track and encourage development of such accommodation.

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

- Given the substantial number of offers to international students already made by a number of universities as part of the normal process, the introduction of new regulation of enrolments for 2025 presents significant and unresolvable difficulties for universities and students. Rushing the introduction of such regulation is highly likely to undermine the Government's objectives. It would be more realistic to defer the start of the new approach to 2026, to account for the long lead times associated with student/family budgeting and decision-making process, recruitment and admissions of international students.
- Any enrolment limits should have a tolerance or be materially higher than the actual target, to account for the imprecision of load planning/enrolment and unpredictable conversion rates.

Objective 3: Taking Australian education and training to the world

⁷ <https://policybrief.anu.edu.au/explaining-the-2024-net-overseas-migration-surge/>

⁸ <https://theconversation.com/international-students-cap-falsely-blames-them-for-canadas-housing-and-health-care-woes-221859>.

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

The development of a campus or substantial presence offshore requires years of planning and substantial investment. Financial losses in the early years of such a venture are common and understood as part of the investment matrix. Monash has long standing and extensive experience in offshore campuses and always approaches the investment on a decadal basis. In order to take such financial risks, an institution needs to be assured of its ability to manage them through relatively predictable revenue both on and offshore.

Unfortunately the proposed regime of enrolment limits contained within the draft Framework would directly undermine these conditions, in a number of ways:

- Interventions into institutional capacity to generate revenue that enables universities to expand their offshore offerings would greatly impede the efforts of Australian universities to maintain and grow their existing overseas campuses and would stifle any new initiatives.
- The diplomatic consequences of restricting onshore students while at the same time expecting full access to offshore markets. Regional reactions to Australian restrictions on international student access to onshore Australian studies, while simultaneously pursuing an expansionary offshore strategy, are unpredictable. It must be remembered that delivery of education in other countries by Australian institutions necessarily involves approvals, registrations, and indeed recognition of those qualifications from those same countries whose students would have limited access to Australian education within this country.
- Common TNE programs include study periods offshore and onshore.

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

Government can support TNE by:

- Allowing a sufficiently-market driven approach to onshore international student recruitment to cross-subsidise TNE expansion
- Engaging in genuine conversations with institutions that have been successful in developing TNE programs of all kinds to understand the end to end experience and time frames involved for sustainable success.
- Engaging in country-level cooperative agreements that facilitate qualification recognition for offshore and TNE programs.

APPENDIX

MONASH GROUP PRESENCE

