

# Australia's International Education and Skills Strategic Framework

## NSW Government Response

30 May 2024

The NSW Government welcomes the opportunity to provide feedback to the Australian Government on the draft International Education and Skills Strategic Framework (the Framework). This feedback focuses on:

- the importance of the international education and skills sector to NSW
- the NSW Government's work to support the sector and its alignment with our key strategic priorities
- opportunities to strengthen the Framework and associated Australian Government communications to the industry.

The NSW Government is committed to developing a globally competitive, sustainable, and resilient international education and skills sector. We look forward to continued collaboration with the Australian Government to coordinate our approach toward this objective, including via ministerial and departmental forums such as the Ministerial Migration Roundtable, Ministerial Council on Trade and Investment, and regular international education meetings with relevant agencies such as Austrade, the Department of Home Affairs, and the Department of Education.

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## International education is critical to NSW

### The NSW Government recognises the benefits of the international education and skills sector

NSW is one of the most culturally and linguistically diverse states in the world, with almost 30 per cent of the population born overseas from over 300 ancestries, speaking 280 different languages and dialects at home<sup>i</sup>. This diversity is an asset, with multicultural businesses and communities playing a key role in supporting the vibrancy of our state and enhancing NSW's economic position.

The NSW Government values the positive contributions international students and graduates make to the cultural, social and economic fabric of our state. International education is a critical industry in which NSW and Australia have a comparative advantage globally, due to our world-class education providers, innovative economy, and diverse population.

International students are also ambassadors for NSW and Australia, with 84 per cent returning home to careers across business, academia, civil society, and government. The remaining 16 per cent gain permanent residency<sup>ii</sup>, further contributing their skills and expertise to NSW and Australia, creating a \$12 billion fiscal dividend over their lifetimes in the country<sup>iii</sup>. That is more than double the estimated \$5.6 billion in annual international student tuition profits which go towards university research<sup>iv</sup>. International education is also key to Australian soft diplomacy in the region, with international students strengthening our people-to-people ties.

## International education is a key export and a critical enabler of Australian and NSW Government priorities

NSW is the most popular study destination in Australia, taking in 39 per cent of Australia's total international students<sup>v</sup>. These students deliver benefits for communities across the state, studying at public universities, TAFE, independent providers, English language colleges and schools. The broader international education and skills ecosystem also includes education technology (EdTech) companies, accommodation providers and community organisations.

In economic terms, international education is NSW's second largest export after coal, and largest services export, worth \$17.9<sup>vi</sup> billion to the state in 2023 and supports over 95,000<sup>vii</sup> full time equivalent jobs in NSW. The sector is a crucial enabler for several key industries which lift the national economy, including tourism. International students account for 70% of all international tourism spending in NSW<sup>viii</sup>. Their visiting friends and relatives (VFR) further contribute, with one in four international students attracting VFR to Australia, resulting in an additional \$1.1 billion annually to the economy<sup>ix</sup>. Tourism Research Australia also singles out international students as critical workers for the visitor economy, where they contribute to the casual workforce, graduate as professionals in cooking and management, and connect NSW businesses to international markets and local diasporas<sup>x</sup>. Australian census data shows a third of temporary graduate visa holders work in retail, accommodation and food services<sup>xi</sup>.

International students are central to realising Australia's ambitions to progress our standing as a globally competitive innovation-driven economy. Our domestic skills mix alone will not be sufficient to deliver on priorities such as advanced manufacturing and the green energy transition. International education plays a key role in addressing these gaps with international students comprising a significant proportion of total NSW graduates in fields with critical skills shortages, including IT (63%), engineering (52%), architecture and building (32%), health (16%) and education (14%)<sup>xii</sup>.

International students are also critical to our innovation, research, and development agenda. Fees from international students fund 27 per cent of university research in Australia<sup>xiii</sup>, with international students making up 43 per cent of PhDs and 30 per cent of Masters (Research) awarded<sup>xiv</sup>. 38 per cent of Australian startup founders are born overseas and 20 per cent of startups have an employee on a visa, with Student and Graduate Working visas the most common<sup>xv</sup>.

Beyond this, international students are also vital to our world-class cities and night-time economies as consumers, workers, and promoters. International students are our future investors, with alumni often choosing Australia to invest in and do business with once they return home and begin their careers.

### The NSW Government is committed to supporting the international education and skills sector

Study NSW is the NSW Government's lead unit for international education, with a remit to grow and support the sector's sustainability. Study NSW delivers four core functions<sup>xvi</sup>:

- enhance the experience of international students studying with NSW education providers and celebrate their contributions to our communities
- promote NSW's strengths as a study destination
- coordinate policy and advocacy to enhance the competitiveness of international education in NSW
- foster international market development opportunities and innovation in the sector.

The work of Study NSW is supported by NSW's global network of trade and investment representatives, including education-focussed roles in China, India, Indonesia, and Chile<sup>xvii</sup>.

In parallel, the NSW Department of Education is actively engaged in the sector, including through its higher education, DE International and TAFE NSW teams. The Department is updating its *NSW Higher Education Strategy*, which currently includes positioning NSW globally as a priority, by reinvigorating and diversifying international education and engagement<sup>xviii</sup>.

## Careful stewardship will ensure the sector's benefits are realised into the future

Given the sector's importance to the state and the nation, the Australian Government must be mindful of the impact of the new Framework and other changes to Australian Government policies, strategies and legislation linked to international education both in the short- and longer-term.

The Australian Government's updated migration policy and associated announcements on international education and skills are already having a major impact on the sector in NSW. International student numbers have peaked following an expected post-pandemic surge, with March student visa grants for NSW down 18.1% compared to March 2019. This suggests there may have been an over-correction in response to the numbers seen in 2023. An excessive reduction student numbers will have significant negative consequences for the economy, including job losses, labour shortages, constrained business environment, reduced tourism activity and research output.

NSW Government is also witnessing the detrimental impact to our international standing. State government officials in overseas markets are reporting reputational damage to Australia, noting that the discussion on visas is affecting Australia's broader standing as a place to do business. Tourism and hospitality business owners have also told the NSW Government, during recent consultations on our Visitor Economy Strategy, that the significantly increased numbers of student rejections have broader reputational issues for Australia as a tourist destination. This has a compounding impact on tourism and hospitality businesses who are losing both the international student VFR market, and the vital international student labour pool<sup>xix</sup>. Recent research indicates these impacts are expected to be compounded by slowing growth in international student numbers in 2024 and beyond<sup>xx</sup>.

The NSW Government urges caution to ensure that the Australian Government's aim to reduce international student numbers in the short-term is balanced with the longer-term economic, skills, research and other needs of NSW and Australia.

## Opportunities to strengthen the Framework

The NSW Government offers the following feedback to strengthen the next iteration of the Framework. *Feedback is offered aligned with the Framework's three stated objectives (below). We also provide additional feedback in line with the specific questions asked within the Framework (table at Attachment A).*

### Objective 1: A Sector Built on Quality and Integrity

#### Ensure the benefits of a quality international education sector to the Australian public are highlighted in the Framework

The NSW Government welcomes the Australian Government's focus on integrity and quality, which it supports as critical values to ensure the competitiveness, resilience and sustainability of the international education and skills sector.

While emphasising the importance of these values, however, the Framework and associated communications should comprehensively highlight to the public the numerous and significant benefits to Australia of this sector.

International education is a great Australian success story and a valuable national asset delivering economic and social prosperity for the Australian public. Domestically, international education is critical to the economic growth which has supported recent generations of Australians. In 2023, more than half of Australia's GDP growth came from international students<sup>xxi</sup>, with two-thirds of international student spending in Australia going towards goods and services (only a third goes to education providers in tuition fees)<sup>xxii</sup>.

Globally, international education links Australia to the world and is an important component of Australia's soft power and a critical economic input to Australia's tourism sector<sup>xxiii</sup>. The experiences of our international students and alumni from our world-class institutions shape our broader ability

to attract capital and skills. The experience of our international students shapes our geo-political relationships:

- directly, with many leaders, senior officials and industry executives having studied in NSW
- indirectly, through Australia’s reputation as a welcoming study destination with a quality education offering.

Many of our relationships in key markets such as ASEAN and India are underpinned by international education and are often a key part of government-to-government dialogues.

The Framework can do more to highlight the benefits of a quality international education sector to Australia’s economy, skills mix and global reputation, including by partnering with states and territories on campaigns to increase social licence and address negative community sentiment. Ensuring a strong partnership between government, the sector and the public now will ensure that international education continues to deliver for Australia into the future.

## **Objective 2: A Managed System to Deliver Sustainable Growth Over Time**

### **Recognise the critical role of States and Territories in managing the composition of the sector**

The Australian Government should consider how changed international education-related policy settings may lead to unintended consequences in its aim to create an international education sector more aligned to skills needs.

The Framework proposes a central role for the Australian Government – specifically the Minister for Education and the Minister for Skills and Training – on the distribution of international student enrolments at a provider level according to skills, accommodation, and diversification considerations. With over 500 CRICOS-registered public and independent education providers spread across NSW delivering myriad courses, consideration should be given to the practicalities of navigating NSW’s complex international education and skills ecosystem.

The Framework’s proposed approach to enrolment distributions intersects with existing state and territory domains and interests, and there is a risk that efforts to centrally influence enrolments will yield disproportionate and unintended results among the state’s metropolitan, regional and independent providers.

States and territories play an active role in supporting a more balanced composition of the international education sector, including through the Study Australia Partnership – a formal collaboration between Austrade and all state and territory study destination agencies<sup>xxiv</sup> - as well as other strategic engagements aligned to national priorities. For example, NSW is already working to diversify source country and study location and alignment with our state’s skills needs, including through upcoming education expos to support NSW education providers in Vietnam and Latin America in 2024.

The Australian Government should ensure that the Framework positions states and territories as key partners in its implementation, including:

- recognising the complexity of existing state and local planning and housing regulations in considering implementation of elements of the Framework related to the construction of new Purpose-Built Student Accommodation (PBSA)
- coordinating with states and territories on the implementation of overall enrolment profiles, acknowledging that states and territories have distinct skills needs, priorities and sectoral mixes
- providing for states and territories to lead on strategic market targeting, based on each jurisdiction’s course demand and regional skills criteria
- providing clear pathways for skilled international graduates to connect with opportunities to work in high-demand fields in partnership with providers and industry.

There is also an opportunity for the Framework to promote and support a more integrated system of application, education, qualifications, and employment for international students if students are to be seen as a solution to skills needs.

### Take a broader approach to student housing

The Framework should consider expanding its student accommodation approach to include the full range of housing options and take a nuanced approach that recognises the diversity of institutions in NSW, particularly those in the regions.

In its current draft, the Framework specifies the construction of new purpose-built student accommodation (PBSA) as a factor in the Government's consideration of university enrolment caps at the institutional level. It fails to recognise that construction of additional student accommodation infrastructure depends on a complex mix of state planning instruments and local government development regulations. This complexity will in turn have implications for the ability of universities to plan for additional enrolments, which will have flow-on financial and staffing implications.

Further, the Framework's approach to student accommodation does not account for vocational education and training providers, private higher education institutions, and English language colleges. The providers make up around 60 per cent of international enrolments in NSW but largely do not provide accommodation for students. As such, there is a risk that the Framework's consideration of accommodation in relation to international student enrolments will have disproportionate impacts across the NSW international education sector, and result in limited and uneven outcomes for housing supply. Critically, the Framework does not differentiate between institutions based in major cities and those based in our more regional areas. Communities across the country may have different types and degrees of housing issues, with many regional communities desperate for the skills that international students bring. A more nuanced approach – rather than a blanket cap – is recommended to recognise the different issues affecting metropolitan and regional education providers.

Considering other categories of student housing in relation to enrolment limits as part of the Framework's broader housing approach may mitigate these risks. The NSW Government is already working with the state's broader housing ecosystem by supporting industry-led student accommodation standards, including supporting the development of Australia-first industry standards for the homestay sector, and through our long-standing partnership with the Student Accommodation Association which drove the development of the National Property Accreditation Scheme for purpose-built and other forms of student accommodation.

### Ensure currency of available data

The Australian Government should ensure that it improves the currency and granularity of data to allow jurisdictions and the sector to meaningfully engage with discussions around setting of enrolment caps per provider, course, and location.

Delays in the Commonwealth's publishing of international enrolment data, and limitations within the data regarding specific qualifications studied by international students, act as a barrier for jurisdictions to understand the current state of international education at an institutional level.

## Objective 3: Taking Australian Education and Training to the World

### Consider the role of EdTech in quality and transnational education

The NSW Government supports the Framework's objective to encourage diversification of education delivery models by taking Australian education and training overseas. In fact, the NSW Government is already fostering transnational opportunities including supporting our education providers to open campuses offshore, for example the University of Wollongong in India and Western Sydney University in India and Indonesia. The Framework should further encourage institutions to develop offshore campuses, in particular in ASEAN in alignment with the *South East Asia Economic Strategy to 2040*. We understand that many NSW institutions already have plans to open campuses in Indonesia, with others such as University of Wollongong continuing to build their offerings in existing campuses in Malaysia. This presents an opportunity for the Commonwealth and NSW Governments to continue collaborating to enhance offshore institution presences.

In addition to offshore campuses, however, there is an opportunity for the Framework to go further and highlight the role which EdTech can play to support transnational education objectives. EdTech has a key role to play under the Framework in projecting Australia's education quality with the world, through online platforms and remote assessment systems.

NSW is Australia's leading state for EdTech, with 40 per cent of the national sector, contributing \$1.5 billion annually to the Australia's economy<sup>xxv</sup>. The role of EdTech in the sector is well documented, with key innovations around learning management systems, content management systems, and curriculum development critical in sustaining Australia's reputation as a quality education destination. The NSW Government supports the NSW EdTech sector through a dedicated ecosystem program to expand their delivery of their services in Australia and offshore.

## Attachment A: Additional input based on Framework questions

Section	Questions	Response
<b>1. Sector built on quality and integrity</b>	<b>1. Are there further reforms governments should consider that will improve the quality and integrity of the sector?</b>	<ul style="list-style-type: none"> <li>• NSW recommends further consultation between the Commonwealth and state and territory governments on this matter.</li> <li>• NSW is concerned that current actions under the Migration Strategy to limit the number of student visa approvals risk seriously damaging Australia’s international reputation as a destination for students, tourists, and prospective workers.</li> <li>• Visa refusals are recorded in an applicant’s immigration history and may impact the ability of individuals to apply for future visas for Australia and other countries.</li> <li>• The directive to delay and limit visa approvals for students based on their country of origin and the risk rating of their chosen higher education provider is likely having a lasting impact on many individuals’ ability to travel internationally.</li> <li>• This is a risk for Australia’s reputation as a welcoming country, and importantly, an ethical consideration that must be considered when making decisions on visa approval processes.</li> </ul>
	<b>2. What more can providers do to improve the integrity of the international education sector?</b>	Nil response.
<b>2. A managed system to deliver sustainable growth over time</b>	<b>1. What factors should inform government’s approach to allocating international student enrolments across sectors, providers, and locations in Australia?</b>	<p><b>Student demand – school education</b></p> <ul style="list-style-type: none"> <li>• Any measures introduced should improve the integrity of the international education industry, while not discouraging enrolments in regional locations, to ensure more diversification of study locations.</li> <li>• Similarly, as the schools sector is an important feeder into the university sector, with quality, high achieving students that bear low risk, any introduced measures should facilitate more enrolments into the tertiary sector.</li> </ul> <p><b>Student demand – tertiary education</b></p>

		<ul style="list-style-type: none"> <li>• There is a risk that efforts to influence enrolments towards certain courses or providers will lead to high-quality prospective students changing their enrolment preferences to international competitors in Europe and North America.</li> </ul> <p><b>Skills and work</b></p> <ul style="list-style-type: none"> <li>• The Framework should consider how current visa settings may impact its aim to create an international education sector more aligned to skills needs.</li> <li>• Recent actions to limit work hours for international students and reduce the length of post-study work rights for graduates appear to run counter to this aim.</li> <li>• The current state of student work rights does not appear to be linked to meaningful employment structures or understanding of the types of work international students engage in.</li> <li>• Students are currently only allowed to work 48 hours across any two concurrent weeks. The challenge with this is that this rolling fortnight is not linked to employment structures. Different employers and industries have different pay cycles and rostering systems that do not align with a rolling 14-day period. These conditions limit the ability of students to adjust to the flexibility required in industries such as hospitality and exposes them to risk of losing employment as a result.</li> <li>• These settings could be driving international students into insecure and illegal work environments, including gig-economy jobs and unregistered cash-in-hand work, which increases the risk of exploitation and exposure to unsafe conditions.</li> <li>• One suggestion would be to allow students to work a set number of hours within a given calendar month. This would create a set and structured period that is easy to understand for students and employers and would allow for flexibility within each month for students to adapt work hours according to study schedules and fluctuating needs of employers.</li> <li>• Another suggestion would be to allow paid work that is directly related to students' qualifications to fall outside of existing caps on allowable work hours. This would align with the draft Framework's call for international students have more opportunities to undertake work-integrated learning.</li> </ul>
	<p><b>2. What considerations for government should inform the overall level of international students in Australia?</b></p>	<p><b>Schools</b></p> <ul style="list-style-type: none"> <li>• Graduating international students from the schools sector should be exempt from the international student enrolment caps to be set by the Australian Government.</li> <li>• This will have little impact to the overall number of international students in Australia due to the small size of the schools sector and these students are already onshore. However, it will ensure that these students do not miss out on the opportunity to obtain an Australian university qualification, which is the reason they applied to study in the schools sector. Were these students to miss out, then Australia's reputation would be damaged.</li> </ul> <p><b>Universities - research</b></p>



		<ul style="list-style-type: none"> <li>• International student fees are a significant source of revenue for universities (\$3.6 billion in NSW in 2023).</li> <li>• The draft Framework and actions under the Migration Strategy aimed at reducing numbers of international students have not been paired with additional research funding commitments or proposed reforms of research funding arrangements.</li> <li>• NSW universities invested approximately \$4.4 billion on research and development in 2022, with 53% of that expenditure being sourced from 'general university funds', which includes student fees.</li> <li>• A significant and sudden decrease in enrolments risks impacting research and development activities critical to Australia's future prosperity.</li> <li>• International students make up a significant proportion of post-graduate research enrolments in vital areas such as information technology. These students make valuable contributions to Australia's ability to compete on a global stage in fields such as cybersecurity, blockchain, and other emerging technologies.</li> </ul>
	<b>3. How will this approach to managing the system affect individual providers?</b>	Nil response.
	<b>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?</b>	<ul style="list-style-type: none"> <li>• No. The schools sector should be exempt from this initiative as it is the smallest international education sector and has been the slowest to recover post-COVID. The schools sector is an important feeder into the university sector, with quality, high achieving students who bear low risk.</li> </ul>
	<b>5. How should government determine which courses are best aligned to Australia's skills needs?</b>	<ul style="list-style-type: none"> <li>• Efforts to recruit more international students into areas of skills needs, such as teaching and nursing, must be accompanied by holistic reform of funding settings for those courses.</li> <li>• International student fees are significantly more expensive than domestic students and international students are generally unable to access Commonwealth support schemes designed to assist students with cost-of-living pressures when undertaking unpaid placements.</li> <li>• For example, the total cost of a Bachelor of Teaching (Secondary) at the University of Newcastle is approximately \$148,000 over four years. The course includes approximately 90 days of unpaid</li> </ul>

		<p>professional experience in a school setting, during which an international student would be ineligible for the Commonwealth's new Paid Prac Payment.</p> <ul style="list-style-type: none"> <li>• It is also unclear if time spent on mandatory practical placements would count towards an international student's fortnightly work rights limit.</li> </ul>
	<p><b>6. How should government implement a link between the number of international students and an increased supply of student housing?</b></p>	<ul style="list-style-type: none"> <li>• Efforts to encourage the provision of purpose-built student accommodation may, over time, help to reduce the strong competition for homestays, which is the main accommodation option used for schools, and has been a limiting factor to the schools sector's post-COVID recovery.</li> <li>• However, the proposal to allow providers to enrol additional international students over their cap if they are able to demonstrate they are constructing additional student accommodation is likely to favour providers that are already well-resourced and further entrench an uneven distribution of international students.</li> <li>• Construction of additional student accommodation infrastructure depends on a complex mix of state planning instruments and local government development regulations.</li> <li>• Development applications can take years to be resolved and are often subject to lengthy delays driven by community objections and planning revisions. The passage of applications through this process is inconsistent across different states and local council areas and could favour some providers over others.</li> <li>• This complexity will have implications for the ability of universities to plan for additional enrolments, which will have flow-on financial and staffing implications.</li> <li>• The proposal does not account for vocational education and training providers, private higher education institutions, and English language colleges, which make up 60% of enrolments in NSW's international education sector but largely do not provide accommodation for students.</li> </ul>
	<p><b>7. What transition arrangements would support the implementation of a new approach</b></p>	<ul style="list-style-type: none"> <li>• Delays in the Commonwealth's publishing of higher education enrolment data, and limitations within the data regarding specific qualifications studied by international students, act as a barrier for jurisdictions to understand the current state of international education at public universities.</li> <li>• This impacts the ability of jurisdictions to meaningfully engage with discussions around setting of enrolment caps per provider, course, and location.</li> <li>• The proposed new powers of the Minister to halt additional enrolments at a provider for up to a year, if they exceed their enrolment cap, will require exceptional data availability and management to ensure providers avoid accidental breaches.</li> </ul>
<p><b>3. Taking Australian education and training to the world</b></p>	<p><b>1. What are the barriers to growth in offshore and transnational delivery of Australian education and training?</b></p>	<p>Nil response.</p>
	<p><b>2. Where can government direct effort to support</b></p>	<p>Please refer to comments in the submission page 6.</p>

	<b>transnational education?</b>	
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## Submission References

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- <sup>i</sup> Australian Bureau of Statistics (2021), Cultural diversity: Census
- <sup>ii</sup> Australian Treasury and Department of Home Affairs (2019), *Shaping a Nation, Population growth and immigration over time*
- <sup>iii</sup> Grattan Institute (2023), International student visa pathways after graduation
- <sup>iv</sup> Grattan Institute (2023), International student visa pathways after graduation
- <sup>v</sup> Australian Department of Education (2019), International student numbers by country, by state and territory
- <sup>vi</sup> Australia Bureau of Statistics (2023), International Trade: Supplementary Information, Financial Year (Table 3)
- <sup>vii</sup> Australian Department of Education (2019), Jobs Supported by international students studying in Australia
- <sup>viii</sup> Australia Bureau of Statistics International Trade: Supplementary Information, Calendar Year, 2023 | Australian Bureau of Statistics (abs.gov.au)
- <sup>ix</sup> Parliament of Australia (2023), Enquiry into Australia's International Tourism and Education Sectors
- <sup>x</sup> Tourism Research Australia (2023), Tourism Workforce Report
- <sup>xi</sup> Australian Census and Temporary Entrants Integrated Dataset (ACTEID) (2019)
- <sup>xii</sup> Australian Department of Education (2023), Higher Education Statistics, Award Course Completions Pivot Table 2022
- <sup>xiii</sup> Centre for Social Research and Methods (2020), How reliant is Australian university research on international student profits?
- <sup>xiv</sup> Australian Department of Education (2023)
- <sup>xv</sup> Startup Muster (2017), Annual Report
- <sup>xvi</sup> Study NSW (2024), About Study NSW: Empowering International Education Excellence
- <sup>xvii</sup> Study NSW (2024), International Network
- <sup>xviii</sup> NSW Department of Education, NSW Higher Education Strategy 2021-2025
- <sup>xix</sup> Tourism Research Australia (2023), Tourism Workforce Report
- <sup>xx</sup> British Council (2024), Five trends on international student mobility for 2024
- <sup>xxi</sup> National Australia Bank (2024), Markets Research – International students drove growth in 2023
- <sup>xxii</sup> Australia Bureau of Statistics International Trade: Supplementary Information, Calendar Year, 2023 | Australian Bureau of Statistics (abs.gov.au)

<sup>xxiii</sup> Parliament of Australia (2023), Enquiry into Australia’s International Tourism and Education Sectors

<sup>xxiv</sup> Austrade (2024), Study Australian Partnership

<sup>xxv</sup> EduGrowth (2023), Australian EdTech Ecosystem Snapshot