



**Queensland University of Technology
response to the Department of Education's
consultation draft for
*Australia's International Education and Skills Strategic Framework***

QUT welcomes the opportunity to provide informed, expert advice to the Department on its consultation draft of the proposed *Australia's International Education and Skills Strategic Framework* (the Framework).

QUT supports the Universities Australia (UA) advocacy position on the Framework and the related enabling legislation, the *Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024* (the Bill). This submission complements the UA response.

Objective 1: A Sector Built on Quality and Integrity

QUT supports measures aimed directly at the preservation of integrity and quality.

We are pleased that the Department is recognising and acting on compromises to the integrity of the Australian international education system that universities have been warning Government about for some time. The exploitation by bad faith market participants of loopholes and gaps in regulation that were spotlighted by universities but left in place during and after the pandemic has endangered the quality, integrity, reputation and social licence of the entire international education enterprise.

While endangerment is not damage, there is some evidence that harm has been done; and either way, future harm is eminently avoidable. It is therefore imperative that egregious exceptions to the general orderly and responsible conduct of international higher education are eliminated.

It is equally important, however, that those institutions which have been doing the right thing all along are not adversely affected by a crackdown on the improper behaviour of others.

Furthermore, these changes have implications well beyond universities and the wider education sector, and will have a differential impact in different cities, sectors and communities, similar to those we saw during the pandemic, when workforce shortages hit service sectors including hospitality and tourism, and subsequently in professions such as IT and engineering.

Questions for sector consultation

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

Subjecting all participants across the entire tertiary international education sector to the same granularity of regulatory scrutiny and intervention will waste an enormous amount of time, energy and focus on institutions that pose little if any regulatory risk; this effect will be exacerbated by the significant market share held by those who are observing all standards and requirements as a matter of operational routine. The diversion of effort away from where it is actually needed in a misguided attempt at uniform intervention across the entire sector will diminish regulatory efficacy in the subsectors where most problems arise.

Any additional regulation should be imposed proportionate to actual risk, attenuated and focused at two levels:

- a) Classes of institutions that have few if any integrity concerns (such as self-accrediting public universities) should be subject to the lightest touch; and
- b) Within a given class of institutions, specific institutions with good track records should be subject to a lighter touch approach than those with a record of problematic behaviour.

Additionally, an excessively harsh crackdown on student numbers by Government will inevitably result in sector job-losses, ironically in the very work groups that the Department is expecting to enact locally the improvements to integrity and quality. Government should consider carefully the entirely predictable negative impacts of actions to dramatically constrain inbound student numbers upon the very assurance systems and processes it hopes to encourage.

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

Competent and responsible providers that are regulated in proportion to risk, when not caught up in a dragnet approach aimed at bad actors, will be able to get on with ensuring their own processes and the conduct of their staff and students are aligned with the rules governing international education, rather than having their operations exposed (ironically) to greater risk due to a diversion of effort towards unnecessarily onerous compliance exercises.

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

Questions for sector consultation

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

Government should have regard to the track record of institutions and subsectors in managing international student enrolments responsibly and within reasonable parameters, both when setting starting caps and when establishing conditions for subsequent growth.

Individual public universities that have demonstrated over time that they have been able to balance their international and domestic student loads thoughtfully, responsibly and successfully should be provided a starting cap that does not impinge on their existing

sustainable practice. Growth formulae should also factor in demonstrated responsible management.

In particular, universities that have maintained modest levels of international enrolments relative to the sector average should be rewarded – and certainly not punished – for their prudence by being provided a starting cap and growth settings that enable them to continue to model best practice behaviour to the sector.

If Government seeks to control the number and growth of international student enrolments in certain locations, such as high-density urban settings, it should in the first instance discourage incursions into those areas with ‘branch office’ operations by institutions with primary bases of operations located elsewhere.

As with the idea of directing students into specific courses (addressed below), Government should be realistic about the low likelihood of international students submitting to attempts to direct them to live and study in regions or cities in which they have no interest. If the Australian Government attempts to steer a prospective international student who is keen to study IT in Sydney into a teaching course in Bathurst, she will simply go to Vancouver or San Francisco instead.

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

With respect to the overall size of the international student cohort in Australia, Government should consider:

- the effect on the national accounts of too stringently restricting numbers, not only in absolute terms but also in terms of the international education market’s risk mitigation function that buffers our terms of trade against the volatility of global commodity prices, to which all 4 of Australia’s other top 5 exports by value are exposed¹;
- the impact on Australia’s already declining gross research and development (R&D) expenditure, should universities’ essential contribution be curtailed by virtue of the loss of revenues that enable it;
- the dire consequences of any such reduction in R&D expenditure for Australia’s economic objectives, including the Future Made in Australia agenda, and for our national prosperity and sovereign industrial security;
- the importance of international student workers in service labour markets (e.g. in hospitality and tourism);
- the importance to the economy of servicing the living needs of international students, especially for small business; and
- the long-term benefits of onshore international education to Australia’s regional and global relations, with positive effects for business, politics, sport, science, culture and geopolitical stability.

¹ Education is 4th on this list by value, behind iron ore, coal and natural gas, and ahead of gold: see <https://www.education.gov.au/international-education-data-and-research/education-export-income-calendar-year>

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

The implementation of the proposed regime – in the form outlined in the consultation paper and canvassed in discussions, and on the timeframe indicated – will have a devastating effect on Australia’s universities and the surrounding ecosystems, and lead to further job losses and uncertainty. It will completely undermine universities’ capacity to manage international recruitment, offers, enrolments and commencements responsibly and sustainably.

This approach to managing the system will dramatically reduce Australian public universities’ capacity to undertake world-leading public benefit research, by radically reducing the revenue stream they rely on to pay chief investigator salaries, to meet the indirect costs of competitive grant-based and negotiated project-based research, and to build, maintain and upgrade research infrastructure.

Should the Government proceed, it must offset this last effect – which will otherwise devastate the national R&D effort – by providing an annual research fund in the order of the \$1 billion one-off subvention provided by the previous Government during the pandemic, to address the same dangerous funding shortfall with the same proximate cause (plummeting international student numbers).

For over two decades, the Australian Government has been able to minimise the taxpayer funding of the public benefit research that it requires our not-for-profit public universities to conduct. This has been achieved by the establishment from scratch and remarkable year-on-year growth of Australia’s most successful service export. If the international education market is now to be pruned back and carefully trained in ‘managed growth’ at Government’s behest, then Government must bank those two decades of windfall relief on the research budget and start paying its way.

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?*

All subsectors of the broad international education enterprise should be included in any regulatory scheme designed to prevent dishonest practice; to exclude particular subsectors from consideration would be to invite bad-faith actors to simply redirect their efforts to those unregulated sections of the market. There is no *a priori* rationale for excluding these subsectors from coverage.

There is, however, considerable merit in excepting higher degree by research (HDR) students from the operation of caps. They comprise a very small proportion of the total international student cohort; they are already the most highly regulated and scrutinised of all international student populations in the country; they are only enrolled in the most reliable institutions across the gamut of international student education; they are not susceptible to non-genuine exploitation by corrupt elements (due to the very high entry requirements for HDR study); and they are precisely the incoming guests that Australia wishes to encourage, bringing overseas-trained talent to our shores in order to expand our capabilities and strengthen our international research ties.

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

The Government's premise that it can force international student enrolments into courses that it thinks are aligned to Australia's workforce skills needs is flawed. Enrolment management is the wrong tool for the job; it will deter many international students from even coming to Australia; and of those who do come it will impact 4 to 5 times as many students as are destined for the Australian workforce.

In light of the significant majority of international students who return to their countries of origin (or at any rate leave Australia) soon after completion, Government should reconsider the intention to align student enrolments to Australia's skills needs. Around three quarters of international higher education students go home after studying in Australia, either right away or after a short post-completion work phase; their contribution to addressing the skills deficit is negligible. Centralised controls aimed at channelling this cohort into courses that feed into specific segments of Australia's workforce would not only be doomed (see below) but would do nothing to address our national skills shortages even were they to be successful.

Instead, the need for internationally sourced skilled workers (including those educated and trained in Australia) is more effectively addressed through the visa program at the point of workforce entry than at the point of course selection, providing a clearly signalled and stable incentive that can draw international students interested in pursuing this route into the relevant courses of their own volition.

This will ensure that individuals pursue courses of study in which they sustain an interest and aptitude, which is the surest predictor of student success and study-work relevance. As we have seen with the disastrous Job-Ready Graduates (JRG) program, students are not apt to enrol in courses in which they lack aptitude and interest; and those who do tend to struggle to succeed. We should not attempt to replicate JRG's artificial channelling of domestic student course selection in the international cohort by means of regulation. In practice, international students have even more options available to them than do most domestic students – they can simply opt to study in another country less determined to force them into careers they do not wish to pursue, in response to the needs of a workforce they have no intention of joining – so attempts to fill courses of the Government's (rather than their own) choice with international students have even less prospect of success than the failed attempts at this for domestic students.

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

The idea that Government can implement a functional link between the number of international students and an increased supply of student housing by the means proposed will have unintended consequences.

There is a significant temporal disconnect between the function that Government is proposing to manage – international student enrolments at a given institution in any given

year – and that institution’s capacity to plan and provide dedicated student housing in the form of purpose built student accommodation (PBSA) facilities. The current dispute between the University of New South Wales and Randwick City Council illustrates the problem perfectly. Even in the very best case scenarios, the period between the commencement of planning for a new PBSA facility and its occupation by its first residents would comfortably exceed the duration an undergraduate degree, a doctoral candidacy, a full parliamentary term, or the forward estimates period of a federal budget.

With the long lead time required to address a forecast student cohort of very uncertain size, subject to a potentially arbitrary command-and-control regime that reserves to itself the power to direct numbers down to a fine level of granularity (including course selection), the construction of a PBSA that is precisely designed to not compete with the general rental market would present a significant stranded asset risk in the context of such significant over-the-horizon policy uncertainty. It is hard to see how the kinds of projects envisaged by the Government could be financed within any normal parameters of fiduciary responsibility in the presence of so much baked-in regulatory uncertainty.

Taken together, the temporal disconnect and the significant uncertainty surrounding future policy changes that may be imposed without notice render the proposed method of handling international student growth inherently unviable.

It would be much more effective and efficient for Government to focus on addressing the structural and regulatory problems that produced and entrenched Australia’s housing crisis – including the tightening of the general rental market – rather than creating ineffective regulation aimed at a relatively small cohort of market participants.

The size of any impact on housing supply is also very different in different regions.

If this advice is ignored and accommodation is to be taken into account, Government should respond in proportion to the actual effect on local general rental markets of real international student demand, as evidenced by reliable and verifiable statistics, rather than scare campaigns run by media and political interests. It should also have regard to the sum of all student accommodation placements provided by each institution, including not only their own PBSA facilities but also homestays, third party placements, the use of beds in other institutions’ PBSAs, etc.

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

It is not possible to introduce the proposed regime or anything like it on 1 January 2025 without throwing the sector into complete disarray. Australia’s global reputation as a stable, desirable, reliable international study destination will be severely damaged, potentially irreparably, as we, along with others, have offers in the market already. State auditors and university governing councils are watching on with alarm as institutional financial forecasting even 200 days ahead has been subjected to radical uncertainty. The implementation of the regime must be deferred by at least one year.

In the meantime, the package must be the subject of genuine co-design to ensure its measures support its objectives, that they are rational and feasible, and that they are

realistic about the choices available globally to the prospective international student. For example, the degree and granularity of control of long-established self-accrediting public universities must be reduced and scaled back, to allow for greater policy predictability that will enable universities to make exactly the long-term investments the Government is hoping will help alleviate accommodation pressures near campuses.

Objective 3: Taking Australian Education and Training to the World

Questions for sector consultation

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

The provision of online transnational education is still in its developmental phase and is not an area where Australia has many natural advantages. With any given learner potentially acquiring access to literally any provider world-wide, factors such as differentiation, reputation, quality assurance, name recognition and discoverability are all critical to success.

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

Few institutions – at least, few Australian institutions – are likely to be able to transcend all the challenges mentioned above to any significant degree.

The few examples of successful transnational education by Australian institutions have required longer term investment over many years before a genuine return has been realised. The best way to achieve this in the few markets where it can be done is by ensuring Australian universities have a robust and predictable financial position and outlook.

Government achievements in expanding the recognition of Australian qualifications will assist Australian domestic and international students alike.