

Tracy Harris Solutions

Objective 1

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

Further reforms may not be necessary if current reforms are given adequate resourcing to be properly implemented.

Regulators

My understanding from discussions across the sector is that the perception of the two regulators (TEQSA and ASQA) is that they are under-resourced, especially in compliance and enforcement areas, and constantly turnover staff. The APS Employee Census provides some evidence to support this.

TEQSA is 98th out of 100 in the employee engagement index in the 2023 APS Census, with 30 per cent of TEQSA staff reporting that they wanted to leave their position in the next year and 35 per cent in the next two years. At ASQA, 24 per cent intend to leave in the next 12 months and 40 per cent in the next two years. And although ASQA does not publish its employee engagement index position, I believe they are 99th out of 100.

Again, it is my understanding that there is deep dissatisfaction in the sector with how inefficiently the regulators currently operate. Under-resourced regulators are likely to result in inconsistent application of new reforms.

Ensuring that the regulators are well supported and resourced, to implement new reforms, would be a far better course of action than implementing even more reforms.

Transparency

The government has already implemented reforms that it says will target "shonks", "crooks" and "dodgy providers".

ASQA reports that its tip-off line received 1300 tip-offs in its first six months of operation, with more than half relating directly to CRICOS providers. And, in more than 300 cases there is some form of compliance activity or investigation.

However, there is little transparency of outcomes of the reforms or tip-offs, leaving the sector to wonder if they are a waste of time. Understanding there are confidentiality and privacy requirements, some consideration could be given to reporting action that has been taken because of the reforms.

ESOS Quality and Integrity Bill

There are also a range of measures in the ESOS Bill that should be given time to be implemented before further reforms occur. The submission process for the Bill will address these.

Evaluation

Once the current reforms have had time to be implemented an evaluation should be undertaken to understand the impact of the reforms and whether there are still quality and integrity gaps requiring additional reform.

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

Most reputable providers are likely already implementing the required measures to ensure integrity in the international education sector. Less scrupulous providers are unlikely to do the same voluntarily and will

not change without enforcement. Attention of government should be on ensuring that regulatory bodies are sufficiently resourced to work with providers to implement the current reforms.

There is also an argument to be made that too much responsibility and burden has been put on providers to improve integrity, that really should be the responsibility of government. One example of this is the Genuine Student requirement. In the years I was engaged in student recruitment the responsibility of the provider was to determine if the student met the academic and English language entry requirements for their intended course, and then to teach them, because this is what they have expertise in.

Government has since put visa integrity responsibilities on providers, while at the same time criticising their absolute reliance on education agents. This reliance is a result of successive governments putting the burden of determining if a student, who is living in another country to that of the provider, is 'genuine'. Hence the need to rely on in-country representation, which prior to this regime was not how providers engaged with agents.

Rather than suggesting providers do more to improve integrity, there are opportunities to improve the quality of the international education sector through improving the student experience. My perception is that there has been an erosion in the level of international student support services over time, and an inconsistent level of service across the sector. Scarce resources are having to be allocated to ensuring compliance with legislation that does nothing to improve the student experience.

Objective 2

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

Please also see my response to the question "How will this approach to managing the system affect individual providers".

Students have choice and free-will

A significant factor that should inform government's approach is that there is a real risk of this policy measure causing significant harm to the international education sector if it is implemented too soon and without proper consideration. The sector operates in a global market-based economy and if the government swings the policy pendulum too far, students will vote with their feet. Australia is not unique, there are multiple other destinations that students can and will choose to go to.

"Global supply of on-campus, English-taught bachelor's and master's degrees have increased by 22 per cent since 2021, according to a new report from British Council and Studyportals. The growth has been largely driven by a tripling of programs since 2014 from 'non-traditional' destinations in Europe, Asia and Africa." (The Koala News, 31 May 2024)

Although government incentives may have some success in influencing students to choose courses that they don't really want to do or go to cities or towns they don't really want to live in, this will not sway the majority. They will simply go elsewhere.

The student recruitment pipeline

As I outline in more detail below:

- an offer of a place does not equal an acceptance
- an acceptance does not equal a visa being granted
- a visa being granted does not equal an enrolment, and
- an enrolment at the start of a term does not mean the student will finish the term.

Attrition occurs throughout the student recruitment pipeline, as students make decisions about their study plans at multiple steps on their journey. Education providers will have models that predict student behaviour, but these have never been perfect, and it is becoming increasingly difficult to predict outcomes. This has not been helped by the uncertainty caused by the recent visa grant issues and lack of transparency in decision-making by visa officials.

An example of unpredictability is in pathways to tertiary education. Despite best efforts, some students do not achieve the English language score they need to qualify for entry to a course in the time anticipated, requiring them to undertake more English. The tertiary education provider was expecting the student to commence in a particular term, but now the student won't commence until at least the next intake. The same occurs with students undertaking pathway diplomas. If the provider is holding a place in their 'cap' for this student, depending on how and when the cap is measured, then the provider will be unfairly disadvantaged through no fault of theirs or the student.

It is impossible to predict the exact number of enrolments a provider will have at the start of a teaching period.

Automatic suspension

The government should also remove the extreme penalty of automatic suspension if a cap is exceeded. As demonstrated throughout this submission, there are multiple factors that influence student enrolments, including:

- An offer does not equal an enrolment, nor does a visa granted equal an enrolment
- There is too much uncertainty with the current visa regime
- Not all students follow a linear path

Automatically suspending a provider for a year because one too many students enrol is too harsh. If caps are to be imposed, the government should consider an acceptable tolerance level for exceeding a cap.

Exemption

The government should also exempt the following students from a provider's cap:

- Ongoing students who have not been able to complete their studies in the standard study period
- Scholarship students, from both foreign governments and the Australian government
- Pathways students transferring from pathway colleges to a university degree, usually into the second year of the degree
- Offshore students who are studying with a branch campus or are in a partnership arrangement, such as articulations, dual degrees etc.
- In addition, ELICOS, Schools and Non-Awards students should be exempted, as per my response to the question below.

Timing

Another factor that the government should consider is the timing of allocating international student enrolment caps. The student recruitment process has a long lead time and 1 September for the following year, as proposed in the ESOS bill, does not give education providers enough time to manage their cap.

Delay implementation

The government should delay the implementation of this approach to at least 1 January 2026 to ensure that the policy settings are considered, and that providers have time to adjust their operating models.

Transparency and clarity

Finally, although I don't agree with a caps-based system, if caps are implemented then there must be transparency and clarity in the formula that is used. Caps should not be able to be used as a political tool, they should not be able to be bartered for votes. Caps must be set outside the political system.

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

Economic contribution

The international education industry is a multi-billion-dollar contributor to the Australian economy. The tuition fees and living expenses are only one aspect. Students also contribute to the communities that they live in through supermarkets, restaurants, movies etc. The Australian tourism industry is a major beneficiary, as students travel throughout Australia and their families come to visit and travel around the country.

Job creation

The industry creates employment for about 250,000 people, directly and indirectly. The COVID-19 pandemic, and the subsequent sharp decline in international student enrolments in Australia, had a significant impact on employment. According to Universities Australia, at least 17,300 jobs were lost in Australian universities in 2020, giving some insight into the impact that any decline in international student enrolments will have.

Diversity and inclusion

International students significantly contribute to the diversity within Australia's education institutions. They bring a wealth of cultural perspectives, experiences, and knowledge to classrooms and campuses across the country. Through interactions with local students and staff, international students offer unique insights into different cultures, traditions, and ways of thinking, creating a dynamic learning environment. International students play a vital role in enhancing the diversity and vibrancy of Australia's education sector.

Alignment of government policies

When considering the overall level of international students there is a need for the government to align its policies across various departments to address existing inconsistencies.

The Department of Home Affairs, Austrade, and the Department of Education often have different priorities and agendas, creating a fragmented and confusing landscape for prospective students and education institutions. For example, Austrade seek to open opportunities for students from new markets ie 'turning the tap on', while Home Affairs 'turns the tap off' by refusing visas from these new markets.

A cohesive policy framework is necessary to streamline visa regulations, marketing and promotion of Australian education and training internationally, and education policy, ensuring that Australia remains an attractive and competitive destination for international students.

Market fluctuations and lead times

The government must consider the long lead times involved in attracting and enrolling international students, as well as the potential for market fluctuations. Developing international student recruitment pipelines takes considerable time and resources, including marketing efforts, admissions processes and navigating visa applications. These extended timelines mean that changes in policy or global circumstances can have delayed but significant impacts on student numbers.

Additionally, the market for international education is highly competitive and sensitive to economic, political, and social fluctuations, both globally and locally.

It should also be noted that international student numbers have already been impacted by measures taken by Home Affairs in student visa grants.

Diplomatic and international relations

Australian governments have leveraged international education as a 'soft power' tool in building long-term diplomatic relationships and fostering cultural ties with other countries. Strategic use of soft power helps to create enduring relationships that contribute to diplomatic efforts, economic partnerships, and a more interconnected and peaceful world. International education has been included in bilateral and multilateral discussions, and international education initiatives have been included in Free Trade Agreements.

Sustainability

Ensuring that education providers have the capacity and resources to maintain high-quality education should be a consideration. This includes ensuring that they have appropriate international student support services.

Domestic student capacity and research

The decline in the level of government funding to the education sector has led to Australian education providers enrolling international students to cross-subsidise domestic students and research.

Australia's skills needs

As I argue in more detail below, the government should not prioritise Australia's skills needs in informing the overall level of international students in Australia. Any consideration about skills needs must be at the margins.

Ratios

I have seen some discussion about using a formula of the ratio of international students to domestic. However, there are existing providers, such as some pathways and private VET providers, whose business models are predicated on a majority international students. This business model should not be considered a bad thing in and of itself. If these providers are offering a quality student experience, then their domestic student numbers should not be a factor.

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

The approach of imposing a cap on individual providers on international enrolments, with automatic suspension if exceeded, shows a complete lack of understanding by government of the complexities of managing the lifecycle of a student, from recruitment to graduation. If this approach goes ahead, this will necessitate individual providers adding a layer of bureaucracy to their organisations to manage the cap, creating roles that contribute nothing to improving the student experience.

Recruitment pipeline

1 September of the prior year is far too late to confirm a cap for new international students, given the lead times involved in the recruitment pipeline.

The student journey can begin anywhere from six months to two years from the date they are intending to commence their studies. Once a student has decided which provider and course to apply for, the application process will often start several months prior to commencement, factoring in the time that it takes for admission considerations and applying for a student visa.

Providers receive applications on a rolling basis and are assessed on the merits of the application. If a student meets the admission requirements, then they are provided with an offer.

But making an offer doesn't equal an acceptance of offer. Through the conversion process, the percentages of students that will accept their offer will vary, as multiple factors impact their decisions, including offers from other countries or providers. From my experience in the recruitment of international students, determining which students will convert is an inexact science.

And because education providers know that not all offers convert, the volume of offers will be higher than their expected enrolments. It is not a one-for-one process.

Visa approvals not guaranteed

An acceptance of offer also doesn't equal an enrolment.

The next step in the student journey, once they have accepted their offer, is to apply for a student visa. The current student visa process lacks transparency about how decisions are being made and there is no certainty for providers about which students will receive a visa and who will be refused.

Given this lack of uncertainty it is hard to know how education providers will manage the student application process for new students. With the threat of automatic suspension, it is foreseeable that some providers will end up being well under their cap because (1) they will reduce the number of offers they make (2) the anticipated student arrivals don't eventuate because the current visa process lacks transparency.

Students are not robots

In an ideal world, once a student enrolls with their education provider, they follow the study plan for the course they are taking. But students are human, and they face barriers in their lives that disrupt their path.

Students fail units and they also change their minds about their course; some must extend their studies and finish their course part time. This is no different to a domestic student and it doesn't mean that the students are poor quality.

How are providers expected to factor these students into their cap?

Disincentives to take on pathways and students transferring from offshore

It is also foreseeable that imposing a cap will prove to be a disincentive for education providers to take on students from a pathway program or transferring from one of their branch campuses overseas.

Pathways students in this context are students enrolled in a pathway college, undertaking a course of study such as a diploma, that on completion gives them direct entry to year two of a university degree with credit. This means that the university does not have the student for the full degree program, and in an either/or choice will choose the later. Also, pathways students don't all necessarily transfer to the partner university, there is a level of attrition, nor do they all complete in the neat timeframe of the course.

If universities are capped, they may be forced to decide whether to accept direct entry students who are likely to study with them for the full course (ie are a higher financial yield) or keep an unknown number of places available for pathways' students. To a lesser extent, the same can be said for ELICOS students.

This is also the case with students who are enrolled in branch campuses overseas and come to Australia to study onshore for a shorter period, or students who are part of another TNE partnership model or articulation arrangement. For example, in the 2023 RMIT Annual Report: "The promotion of student mobility opportunities has seen a 250% year-on-year increase in enrolments from RMIT Vietnam to RMIT Melbourne, with over 1,000 students taking up these opportunities in 2023."

Enforcing strict caps, with threat of suspension, on individual providers will not only impact the provider. Students will also be impacted, as providers work out how to maximise the system to ensure that they are able to take advantage of their full cap.

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?

It depends on the definition of "manage the system for sustainable growth". If in this context it refers to imposing caps on schools, ELICOS and non-award then they should not be included in "approaches to manage the system for sustainable growth".

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

The government should learn from mistakes made by previous governments and should not attempt to align courses with Australia's skills needs.

Market-based industry

International education is a global market-based industry, with students exercising free will in which courses and countries they choose to study in. Restricting the offering of courses, especially to those that align with Australia's skills needs, will not be a case of 'build it and they will come'.

Only approximately 16 per cent of international students become permanent residents. This means that the vast majority will return home to work in their own country, meaning that Australia's skills needs are meaningless to them.

If the courses that students want to do are not offered in Australia, then they will go somewhere else, and there are multiple other options. There are the traditional English-speaking competitor markets such as the US and UK, but a recent study done by Studyportals found there has also been a rise in English-taught programs in non-traditional competitor markets.

As respected higher education leader Andrew Norton has said "people who will spend most of their working lives in non-Australian labour markets should be free to take courses that reflect their own interests and career plans."

Incentives and past mistakes

It is likely that incentives would need to be offered to encourage students to take up courses that meet Australia's skills needs, and this is where the government must learn from past mistakes.

In 2010, the then Minister for Immigration and Citizenship, Chris Evans said "Australia's migration program cannot be determined by the courses studied by international students". Senator Evans' comment came about following an explicit policy of the then government to break the nexus between student visas and permanent residency.

The government should recall the rise in private colleges offering hairdressing and cookery in 2007-2009, following these professions being placed on the Migration Occupation in Demand List (MODL). This subsequently led to a spike in permanent residency applications from graduates of these courses, but this did not lead to solving the skills shortage in these fields.

When the government introduced new migration policy in 2010, international students were cautioned against choosing courses for a migration outcome, because the MODL was reviewed annually and would change in response to Australia's changing economic and labour market needs.

Today's circumstances are no different.

Inconsistent messaging

The current government's Migration Strategy aims to reduce net overseas migration and the Genuine Student requirement for a student visa contradicts the ability of a student to say that they want to work in Australia. Aligning courses with Australia's skills needs sends inconsistent messaging to prospective students that we want them to study these courses to migrate, but we also don't want them to.

In October 2023, the Grattan Institute called for the government to stop offering false hope to international graduates. The Grattan found that less than a third of Temporary Graduate visa-holders transition to permanent residency when their visa expires, with graduates left in "visa limbo".

Employment concerns

Various studies have also shown that international graduates struggle to find employment in Australia in their field of expertise (for example, Deakin University in 2019). Graduates are often underemployed or employed in low-skilled jobs such as hospitality and transport. One of the biggest reasons cited in these studies is a reluctance of employers to consider employing international graduates.

This means that even if students enrol in courses that align with skills needs, these students may still not be employed in the skills shortage area once they graduate from their course.

Before encouraging students to enrol in courses that meet Australia's skills needs, the government would do well to first solve the issue of what happens once they graduate.

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

Simply put, it shouldn't!

There are multiple factors that impact the demand and provision of student housing that are outside the control of an education provider:

- The lead time in building new student housing is years, not months.
- Local governments may decline applications to build new housing. For example, Randwick City Council in Sydney recently voted against a 1,000-bed accommodation facility, a UNSW/Iglu proposal, which had been planned for over two years.
- Few universities have excess land available on their campuses to build new accommodation, and most VET providers have none.
- Where there is land, there is a significant upfront economic investment required by the institution to build accommodation.
- Once built, market fluctuations can cause financial losses for providers that operate their own accommodation. For example, ANU reported a \$20 million increase in student accommodation costs to cover students not able to take up residence in 2020 due to COVID.
- The demand for student housing is not just from international students, it includes domestic students, and this also fluctuates due to demographic changes.
- International students have different housing preferences and financial capacities. Some student housing can be more expensive than shared accommodation, and some students may prefer not to live in student housing.
- Rental prices in the private housing market impacts student choice.

Linking an increased supply of student housing with the number of international students is an oversimplification and does not consider the complex factors that drive housing demand.

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

I am not supportive of the implementation of the new approach, due to the reasons detailed above. Therefore, I do not propose any transition arrangements, although I do have an alternative recommendation

Although education institutions are required to provide accommodation information to international students under the ESOS Act, the level of assistance can vary from institution to institution. Therefore, an

alternative recommendation would be to strengthen the support services that education providers must give to international students relating to accommodation.

One of the recommendations in a report by KPMG in 2018, A 'Sharing Economy' model for international student accommodation, recommended that "Education institutions should collectively aim to exceed minimum ESOS requirements pertaining to the provision of accommodation information".

The government could go a step further and make this a requirement, rather than a collective aim of education institutions. This would result in international students being better supported in being informed of their accommodation options prior to commencement and assisted on arrival, and may cause providers to pause for thought when considering the number of international students they enrol.

Note that I am not suggesting an accommodation guarantee. As above, there are multiple factors that influence an international student's choice of accommodation.

Objective 3

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

We need to ask, why do we want to grow offshore and transnational delivery?

TNE provides an opportunity for some Australian education and training providers to enhance their brand reputation and recognition internationally. It can contribute to a multi-layered internationalisation strategy. However, if the intention of government is to replace lost revenue from onshore international students, then TNE is not the solution.

Changes in the operating environment

Establishing TNE requires a significant investment of resources and a long-term commitment. These branch campuses have been in operation for decades:

University of Wollongong Dubai – 31 yrs

Monash Malaysia – 26 yrs

RMIT Vietnam – 24 yrs

Swinburne Sarawak – 24 yrs

JCU Singapore – 21 yrs

The international operating environment that existed when Australian universities established branch campuses overseas is vastly different to the one that exists today. Domestic university capacity was limited in these countries, and this led to foreign governments supporting overseas education providers.

There are few, if any, countries with the kinds of opportunities that existed decades ago. In some cases, domestic capacity has improved, in others, the regulatory environment still does not allow foreign providers, and there is a question of demand/capacity to pay.

Brand recognition and reputation

Branch campuses established by some Australian providers more recently are only offering a small suite of courses in comparison to the established overseas campuses. For example, Monash Indonesia offers eight master's degree programs and a Doctor of Philosophy and Deakin University's campus in India currently only offers two postgraduate degrees.

With a limited suite of offerings, no new branch campuses will deliver the volumes of students required to equal the profit of enrolling international students onshore. Instead, brand recognition and reputation are likely to be the main motivators for these campuses.

Partnerships

The branch campus is the minority TNE model, with most TNE offered with a partner. For the number of successfully negotiated TNE arrangements, there are more that have been abandoned. The TEQSA Transnational education toolkit provides excellent insights into the complexity of negotiating and managing these kinds of partnerships. It warns providers not to “underestimate how much work is required to manage a successful partnership”.

The resource implications of establishing and ongoing management of these arrangements are also a barrier to entry.

Student demand and the study in Australia experience

This leads to the question of student demand and whether there is a volume of student enrolments that makes TNE worthwhile.

TNE does not provide a full study in Australia experience. Although a TNE course provides the curriculum of the Australian provider, teachers/academics are either locally employed or fly-in, fly-out. If students have the capacity to pay, they will choose to study overseas.

Tuition fees for TNE are also set at a premium, not at local rates. This leaves a small slice of students in each market who have the capacity to pay for a foreign education but not enough to study overseas.

In the case of online study, there is a limited market of students who want to study with a foreign provider online, have the technology that enables them to do so, and have a capacity to pay but choose not to study in their own country.

Case study

RMIT Vietnam is an instructive case study. It is arguably the brand leader in foreign-owned universities in Vietnam, following its establishment 23 years ago. Crucially, it has always had the support of the Vietnamese government.

In 2023, RMIT had almost the same number of students enrolled in Vietnam (14559) as international students enrolled in higher education onshore (14661) (2023 Annual Report). The revenue earned from students onshore was \$384.5 million, compared to \$226.2 million in Vietnam. International students onshore in Melbourne also provided RMIT with economies of scale and cross-subsidised research and domestic student activities.

This is not to say that RMIT should not be operating in Vietnam, it made a profit of \$67.3m. However, it is instructive for new entrants, as this has been years in the making and a profit has not always been the case.

Regulatory environment

Finally, the regulatory environment in both Australia and overseas can be a barrier. Australian providers are required to adhere to the regulatory environment in both countries, even though the course is not being taught in Australia. This can be burdensome and complex.

This all begs the question for executive teams in Australia’s education institutions as to why TNE. Finding profitable opportunities that can take years to see a return on investment needs to be balanced with core business and finite resources. The fact remains that the yield of an international student onshore is higher than one offshore.

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

As someone who has managed TNE programs for an Australian university, I believe that the 2022 TEQSA Transnational education toolkit is an excellent resource for Australian education providers who are new to

TNE. There may be opportunities to bring the Toolkit to life in other ways and provide additional resources to support its use.

There are two areas of in-country due diligence taken from the Toolkit where government could direct effort to support TNE:

1. Legislative scanning to understand the scope of all relevant in-country laws (such as privacy and data protection, labour laws, fraud, antibribery), including compliance requirements
2. Market analysis is part of the due diligence process and should be performed regularly with an eye to considering emerging markets and competitors

The Australian government has diplomatic representation in many countries in which an Australian education provider may consider offering a TNE program. Enhancing their role in supporting initial TNE exploration would be one way to direct effort.

For example, an education provider may wish to do an initial exploration of an opportunity in a new market. It would be helpful if the Australian government representatives were able to provide current information that addresses the issues above for that provider. It should be made clear that the Australian education provider must conduct its own due diligence if it moves forward.

Identification of opportunities is another way that government can direct efforts to support TNE. A recent example of this was a business mission to the Philippines focused on TNE run by Austrade. More than twenty Australian education providers joined the mission explore opportunities for Australian TNE providers. I am aware that feedback from providers who participated was positive.

It is important that these opportunities have been vetted and are real, and that appropriate follow up occurs.

As mentioned in the question above, Australia's regulatory environment can be a barrier to growth in offshore and transnational delivery. There are likely to be opportunities to make the regulatory requirements for TNE less burdensome, taking into account that the courses are not being delivered in Australia, while not compromising the need for quality and integrity.

The government also needs to have realistic expectations. I have experience with providers not following up on opportunities that have been identified for them, despite best efforts. TNE is not core business and providers will have competing priorities. TNE partnerships can also have extremely long lead times from initial introductions to the teaching of a student.