



THE UNIVERSITY  
of ADELAIDE



University of  
South Australia

# Department of Education

## Draft International Education and Skills Strategic Framework Consultation

The University of Adelaide and University of South Australia Joint Submission

## Introduction

The University of Adelaide and University of South Australia are building a future-focused university that will combine the strengths of both institutions to deliver nation-leading curriculum and student experience, greater access to education, and world-class research excellence.

The new Adelaide University will drive the innovation and scale needed to make transformational investments for South Australia and beyond. On current findings, the new institution will be the largest educator of domestic students in Australia and will soon have the scale and resources to be sustainably positioned in the top 100 in the world. It will also have a diversified international education reach.

International education is an important economic contributor in South Australia. It is currently South Australia's largest export sector, achieving a value of \$3.15 billion for the 2023 calendar year. This achievement also marks the first time an export sector has reached \$3 billion in value in South Australia. Nationally, similar effects play out. According to the National Australia Bank, education exports contributed 0.8ppts to Australia's GDP growth in 2023, and also contribute to a huge amount of domestic employment<sup>1</sup>.

Adelaide University has the potential to create \$500m per year in additional revenue to South Australia's economy through improved university-industry engagement and increased international education exports. This would bolster State productivity and ensure graduates leave the higher education system with the capabilities, skills and experience needed to succeed in the workforce, filling existing and emerging skills gaps in industry.

More broadly this capability is integral to meet the nation's workforce requirements to support a number of strategic ambitions and endeavours (including AUKUS, energy transition etc), building Australia's reputation as an international education destination, increasing international research collaborations, and contributing to soft diplomacy.

The University of Adelaide and University of South Australia are pleased to have the opportunity to be part of the consultation on the Draft International Education and Skills Strategic Framework. The Universities appreciate the complexity in developing such a wide-ranging framework but stress the need for nuance across this approach. The Universities are calling for considerations of specific measures within the framework including in relation to far reaching integrity measures; managed growth in the international education sector; international student caps linked to student housing; and Transnational education.

## Integrity in the sector

Government messaging and subsequent media coverage on integrity has negatively implicated the entire sector, despite Higher Education being relatively unscathed by integrity issues. There must be recognition that the different providers within Australia's education sector have very different contexts; a one-size-fits-all solution (albeit through a series of measures) that proposes drastic government intervention (unseen in any other sector) will see some providers unfairly penalised whilst having a dramatic impact on Australia's reputation as a welcoming study destination. A nuanced, targeted approach is needed.

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<sup>1</sup> <https://www.nab.com.au/content/dam/nab-email-composer/nabmarketsresearch/economics/pdf/2024-03-07%20thematic%20-%20Students.pdf>

### **Proposal to change the no-transfer period**

On top of recent reforms, such as closing the concurrent study function in the Provider Registration and International Student Management System (PRISMS), the Government is considering lengthening the six month no-transfer period to 12 months, as a means to reduce the issue of onshore poaching. Whilst the Universities are supportive of this, it won't change the 'course hopping' behaviour it is designed to combat unless the loophole of creating duplicate records in PRISMS is also prohibited. Currently, providers can create a new student record when one already exists, which enables the unscrupulous behaviour to continue.

### **Proposal for greater data transparency**

The Australian Government has proposed that whole of system data sharing activities will enable the regulators to address integrity concerns, with Part 2 of the *Education Services for Overseas Students (ESOS) Amendment (Quality and Integrity) Bill 2024* outlining that providers will have access to a secure channel to share agent data and which would be available to ESOS agencies and providers only.

Before considering the usefulness of such a measure, clear definition is needed of both the terms 'agent' and 'commission.' As it stands, the definition of agent is so broad it encapsulates almost every entity other than direct university staff that have pre-enrolment engagement with international students. This includes Australian and foreign governments, partners offering progression arrangements, offshore university staff, companies engaged for creative services; that is, entities with which engagement on behalf of the provider is not necessarily for the primary purpose of recruiting students. The definition should be clearly targeted at agents or include exemptions for entities that are clearly not agents.

Similarly, 'Commission' requires a tighter definition, and it is recommended that **all** payments to agents need to be captured (marketing support, incentives, payments of flights/accommodation, etc) in addition to specific remuneration for students recruited, to provide a more accurate picture of agent earnings.

The concept of providing transparency of agent data to providers beyond their own agent network could be valuable in terms of messaging and accountability. However, this could entail a significant administrative burden on providers to capture and report this data in a nationally consistent way, as well as on the Government agency to facilitate, given PRISMS dashboards already have usability concerns. If provider datasets and definitions are inconsistent (which is already the case across the sector), lack timeliness or accuracy, or the system is difficult to navigate – the service will be meaningless.

Two data sets are being proposed for sharing;

- *Agent performance data*: access to legitimate quality markers of an agent's visa success rate such as retention rates, deferrals, etc, could be helpful when a provider is at the point of assessing a student's application. Universities already have robust due diligence processes in place (using their own similar metrics) to make such decisions, and the usefulness of comparison of metrics at the national level is not clear in the context of assessing individual applications.
- *Commission rates paid to agents*: this is commercially sensitive information, which puts at risk hard-earned provider-agent relationships. It is questionable if this information would actually help a provider in decision-making, or whether it would be useful to achieving the Government's integrity ambitions. It may, rather, potentially encourage more underhanded behaviour. For instance, providers might offer a very similar commission rate for reporting purposes but provide a vast range of other 'payments' being made to agents. A similar

practice currently occurs with scholarships, where the amount advertised on a provider's website is different to that actually provided to a student. If it is decided this data must be collected, agent commissions should not be shared amongst CRICOS-registered providers, only with the ESOS regulatory agency.

### **Further reforms to improve the quality and integrity of the sector**

Fiscal certainty for the Higher Education sector is essential to consistent and improved quality. Universities must have long-term budgetary certainty to allow for appropriate resourcing of research and teaching, upgrading facilities, and provision of outstanding student support services. Revenue generated from international student tuition fees also enables Universities to support the Australian Government's foreign affairs and trade initiatives, including support for international development activities, Australia Awards scholarships and New Colombo Plan activities.

The ESOS reforms currently before Federal Parliament reduce institutional autonomy, creating increased uncertainty about income streams. If the sector cannot be offered improved direct funding, then governments must not compromise capacity to develop alternative income streams. International student income has allowed the sector to maintain its research activities. Changes that reduce the ability of institutions to recruit international students are likely to have similar impacts to COVID, including job losses, more stressful roles and less satisfied students. It will also limit capacity to contribute to government ambitions following the release of the Accord and DFAT initiatives outlined above.

**Using existing mechanisms and powers will help achieve the desired outcome in reducing unscrupulous behaviour.** As highlighted above, a systems correction in PRISMS could be made to disallow a provider from determining if a matching record has been found, or, the PRISMS Help Desk could be given the authority to override a match, as requested by a provider. It is appreciated that introduction of the Application Programming Interface (API) will force the match, however, smaller providers will not use the API tool so the issue will still exist.

Further to these systems fixes, **the sector requires: more thorough monitoring by TEQSA/ASQA; for these bodies to take action against providers who consistently breach Standard 7 of the ESOS Framework;** and Government to use the powers it currently has by holding students to their agreed enrolment on which basis their original student visa was granted.

For greater data transparency, Government (TEQSA) should share the downhopping data with providers so individual cases can be addressed with education agents. Currently, providers don't get a full report on downhopping cases as students are not required to declare these changes.

Institutions would benefit from greater transparency of previous student visa applications, for example, applicants could be required set up Immi accounts prior to receiving an offer, and to nominate institutions permitted to view their record. This would give the institutions to which they have applied the opportunity to find out if the applicant has had a previous visa refusal, and the reasons for the refusal. This would reduce the likelihood of agents and applicants making further spurious applications to Australia.

Page 10 of the Framework states '*A ban on agent commissions for onshore student transfers between providers removes incentives for unscrupulous agents and providers to 'poach' students and reaffirms the provider's key role to support and advise their students*'. Whilst there doesn't appear to be anything in the ESOS Bill itself to enact this, there have been references in other forums of this being a 'reform' outside of the legislation. The Universities believe a ban on onshore commissions should be avoided as unscrupulous agents will find a way around this and/or penalise the student to

facilitate the transfer. If it is necessary, the Universities recommend the ban be limited to transfers for students downgrading their AQF level or transferring to a cheaper course (program).

Universities are the benchmark standard for managing integrity within individual institutions and, therefore, across the higher education sector. Consideration could be given to applying these methods for managing integrity to other parts of the sector.

### **How providers can improve the integrity of the international education sector**

Providers can take integrity measures such as, restrictions on the approval of agent change requests, setting clear guidelines and processes, and providing continuous training for education agents on the potential consequences for "poaching."

Ensuring rigorous admissions and compliance screening also dissuades those who wish to circumvent Australia's migration system from applying to Australia. This requires the support of a quality education agent network who know their territories and are well positioned to identify fraud. An improved agent network, particularly those outside Australia's jurisdiction, will be assisted by measures such as the education agent data sharing proposed in the ESOS reforms before parliament.

## **Managed growth of the international education sector**

### **Proposal to introduce caps**

Limiting the number of enrolments for any one institution may be an appropriate response to the highly concentrated student numbers in some capital cities, however, other parts of Australia are actively pursuing population growth and have the capacity and capability to increase international student numbers. The Universities support the exemption [reportedly sought by the state government](#) for South Australian universities on the basis that it would risk the state's economic prosperity. The new Adelaide University will seek to attract an additional 5,000 to 7,000 international students to South Australia as a key contribution to the State's prosperity.

Public underfunding of research and the subsidising of domestic student fees has been offset by international student tuition revenue. Restricting the number of international students will impact these other fundamental operations, as well as impacting ambitions in Transnational Education (TNE) provision (a resource expensive activity that is subsidised by onshore international student revenue).

Further, as author, researcher, and Higher Education commentator, Andrew Norton has explained, *"capping international enrolments takes another step away from a system in which students and education providers can make decisions based on known legal criteria, to a system enforced by legislation but based on ministerial and bureaucratic discretion"* as the specificities on caps will be decided administratively. While it has been indicated that there is not an intention for a granular use of course capping across the sector, and that this would be used largely on an exceptions basis, the power in the Bill nonetheless exists and some greater clarity and guiderails should be provided for Ministerial use of these powers together with additional review options (given the highly significant impact of these decisions).

Managing such a cap is likely to create significant red tape for universities and increase costs, given both the potential complexity, and the sanctions for breaches. Providers are operating with

significant uncertainty of commencement volume, particularly given current visa refusal rates, which means providers will likely need to build in a buffer as to how many acceptances, and Confirmation of Enrolment (CoEs) they allow. This could result in either providers operating well under cap (further diminishing the economic benefit of the sector and other social benefits) or the mass cancellation of offers and CoEs every semester once a provider reaches its cap.

Further, caps may influence which programs a provider accepts students into for enrolment; a limitation on volume will naturally lead to decision-making which prioritises the highest yielding students (high-fee or longer duration programs) reducing incentive for a provider to pursue progression arrangements (articulation and TNE programs for example) with partners abroad. Allocation of a plus one place (one year of study) will become a significantly higher risk within a cap system where that same place can be allocated to a four-year Honours student. The Department of Home Affairs will need to implement systems to ensure visas are not issued over a provider's cap, in addition to a provider's institutional cap management.

### **Meeting Australia's skills needs**

The emphasis on international education enrolments more closely reflecting Australia's skills needs ignores the fact that approximately 80% of international students return to their home country after studying in Australia. Australian institutions are also well placed to deliver on the needs, across many discipline areas, of growing economies such as India, Vietnam and Kenya. Students, who complete their studies in Australia become important ambassadors and advocates for partnerships and trade initiatives.

Quotas for international students in areas of demand, such as teaching and health, are typically low. One reason for this is the clinical placement bottleneck and the prioritisation of domestic applicants for these places. Health courses require placements in real-world medical workplaces, and a shortage of these is an obstacle to expanding enrolments. For international enrolments to reflect Australia's skills needs more closely, a greater number of scarce clinical training places would need to be allocated to international students. However given the majority of those students would return to their home country upon graduation or shortly thereafter, Australia's labour market would not benefit from such an alignment.

### **Links between Accommodation and Regional Australia**

The requirement to develop infrastructure outside of an education provider's primary purpose and expertise is something that no other services sector and major exporter in Australia is subject to. Housing supply should not be specifically linked to international student enrolment settings but rather addressed in terms of Australia's overall population growth aspirations and through other mechanisms. Despite the public discourse asserting that the return of international students after COVID is the main contributor to the record low rental vacancy rates and rising rental costs, it has been found that international students make up only four per cent of Australia's rental market and that Australia's rental market is a complex web of supply and demand drivers that extend well beyond the impact of international students<sup>2</sup>.

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<sup>2</sup> The Student Accommodation Council, <https://www.propertycouncil.com.au/submissions/myth-busting-international-students-role-in-the-rental-crisis>

Construction of new purpose-built student accommodation (PBSA) buildings during the COVID-19 pandemic means that Adelaide *is not* facing the shortage of student accommodation experienced in some Eastern state capitals. Indeed, the current 10 per cent vacancy rate in Adelaide's PBSA demonstrates the need for a State and/or institutional based approach should this measure be implemented.

### **Diversification**

The Framework encourages improvement to Australia's source market diversity. At the institution level, both the University of Adelaide and University of South Australia have pursued diversification agendas, with business development and recruitment efforts constantly being strengthened in the pursuit of new markets. More ambitious exploration in new markets is restricted by the deliberate targeting of student visa applicants from high-risk countries by the Department of Home Affairs.

It is hardly surprising that the sector has a high population of Chinese students when this market has a consistent 95%+ visa rate (and 97.3% as recent as 30 April 2024), compared to 68.5% with the Kenyan market. Market diversification at an institutional and sector level is unviable if there are unwarranted variations in the rate of visa grants in other markets. Market demand also impacts diversification opportunity and the two largest international student cohorts for Australia – India and China – are reflective of the largest education source markets in the world.

Adding caps to student numbers will also encourage universities to be as efficient as possible with their recruitment by targeting students with high chance of retention and low risk of Visa refusal. Unfortunately, many developing markets have poor retention and high visa refusal records. Given a strict cap on growth, Universities will be forced to focus on the more traditional markets which will have an unintended but very real impact on diversification.

### **Factors to inform Government's approach allocating international student enrolments across sectors, providers, and locations in Australia**

Despite the average increase in living costs (including accommodation), finding suitable and affordable housing has remained achievable for international students enrolled at Universities in South Australia.

In 2023, the University of Adelaide successfully placed 100% of international students into appropriate accommodations, ensuring that no student experienced housing pressure. The dedicated Accommodation Services team has been proactive in assisting students, particularly international students, in securing suitable housing.

Other factors to consider include:

- Economic impact – Regional development and encouraging enrolments in regional areas to reduce pressure on major cities.
- Discipline and program support – supporting high growth potential (for SA/Adelaide: biomedical, health, AI and technology, space, agriculture, food and wine), can align educational outcomes with local economic needs.
- Quality of education and accreditation - Ensuring that students are placed in institutions known for high-quality education maintains Australia's reputation, and providers must

meet accreditation standards to ensure degrees are internationally recognised and valued.

- Cultural diversity – Focus on diversification of student enrolment and reasonably allocate students. Providers should also have robust support systems for international students including language assistance and cultural integration programs.
- Regional approach to minimise adverse impacts to education providers in regional Australia.
- A deeper understanding of the motivations of international students is required by the government before trying to manipulate student decision making. Investment into international education is usually targeted to the large prestigious institutions in major cities. Accordingly, capping enrolments is far more likely to result in international students and their families choosing alternative countries for their studies rather than regional Australia, causing enrolment loss across the whole sector.
- If the government is seeking to redirect HE efforts to TNE then it needs to be conscious that some of these arrangements involve several years of study in the student's home country and another one to two years in Australia (if at all). If the government persists with its efforts to control international student numbers in Australia, it must ensure that students involved in progression arrangements have access to on campus enrolments when they are due to transition to the final years of their study.

### **International students in Australia**

International students are a source of skilled labour for Australia and greatly benefit the culture and economic fabric of our society. The Government should consider whether international students who have studied in Australia and are already settled into the country are a better alternative to recruiting skilled labour directly from overseas. Younger Australians are reconsidering HE study due to the increasing debt burden meaning a steady stream of locally raised skilled labour cannot be relied upon to staff our industries of the future.

Government must also consider the following when deciding upon the overall level of international students in Australia:

- Population growth in Australia
- Revenue generation and job creation
- Cultural exchange and social cohesion
- Student satisfaction and high standard of education
- Visa policy and processing time

International applicants have already been deterred by the uncertainty created by the ESOS reforms before Parliament. This is likely to see many students redirect their attention to other countries that are competing in the same market as Australia for international student revenue. The impact of this on institutions could be catastrophic. We are seeing many universities already running deficits repeatedly.

If capping extends to subject level, there is likely to be a significant administrative burden on providers. It is unclear why the ESOS amendments need to extend to this level. Other administrative



challenges will emerge when international students wish to make an internal courses change which is an expected part of many students' educational journey.

Cross-institutional enrolments must be excluded from any cap, otherwise the student will be counted twice. The automatic suspension of a provider for going one student over the cap is unreasonable as numbers fluctuate during the admissions and enrolment process meaning providers would need to deliberately aim for well below the cap target to avoid this penalty. Factors, such as visa processing, attrition rates, and graduation rates make it difficult to determine exactly how many places a provider will have available. Should the implementation of caps proceed, sanctions should be applied in a manner that recognises the complexity in managing this.

### **Australia's skills needs**

The Universities support Australian Technology Network of Universities (ATN's) observation that Jobs and Skills Australia has already been tasked to determine skills needs at the national level. Additionally, the migration skills list provides an incentive for post-study work rights for the students who are intending to build a life in Australia. We recommend using the existing market mechanism of providing information to prospective students (i.e. aiming to shape demand) rather than intervening in the supply of programs.

Universities put extensive resources into designing courses that will satisfy student demands/interests and satisfy Australia's future skills needs. They seek to develop courses that will be successful in the marketplace and bear the risk if courses are unpopular. The Job-Ready Graduates Package has demonstrated that it is difficult for governments to influence student demand and that doing so leads to perverse incentives rather than delivering on policy objectives.

### **Transnational Arrangements**

UniSA has a 30+ year history of TNE delivery in China, Hong Kong, Malaysia and Singapore, with aspirations to develop a greater TNE presence in new markets as part of a wider internationalisation strategy. Similarly, the University of Adelaide has developed strong partnerships in China, for example, the Joint Education Institute - Haide College which was established together with Ocean University of China and approved by the Chinese Ministry of Education in 2020.

Any measures which encourage further expansion is welcome. However, establishing a TNE presence is not without its risks and requires a significant institutional commitment, including a much longer period for financial return. There are also the added complexities of operating in a foreign country, navigating the unclear or insufficiently developed regulatory frameworks in overseas markets, as well as the different legislative, cultural and political environments. It is revenue generated from onshore international student recruitment that supports and enables institutions to explore TNE opportunities. In difficult times (economic troubles, budgetary constraints, border closures, or restricted growth), it is these exploratory/high risk activities that are paused or withdrawn, and only when onshore enrolments are flourishing do institutions have the resources to subsidise these longer-term and higher-risk pursuits.

## Summary

The Universities support the government's objective to maintain the integrity and quality of Australia's international education and retain its reputation as one of the world's leading providers and implement measures that ensure growth is sustainable.

To achieve these objectives without creating adverse effects, will require a nuanced approach, particularly in states such as South Australia where international education is the largest export sector without the student housing pressures of other states and with significant workforce needs.

The Framework must take into account the different sections within the Education and Skills remit, as well as the different circumstances across jurisdictions and geographical locations.

Attention must be focused on the following settings to ensure adverse impacts locally, nationally and internationally are avoided:

- A nuanced, targeted approach is needed regarding the integrity measures in the framework. There must be recognition that the different providers within Australia's education sector have very different contexts; a one-size-fits-all solution that proposes drastic government intervention will see some providers unfairly penalised whilst having a dramatic impact on Australia's reputation as a welcoming study destination.
- The power in the Bill needs greater clarity and guardrails for how a Minister might use these powers.
- The requirement to develop infrastructure outside an education provider's primary purpose and expertise is something that no other services sector and major exporter in Australia is subject to. This will not be achievable for many institutions, and even if possible, will divert resources away from the academic purpose.
- The idea that international education enrolments should more closely reflect Australia's skills needs, ignores the fact that 80% of international students return to their home country after studying in Australia.
- The flow on effects; such as the dramatic impact on Australia's reputation as a study destination, additional red tape, costs to institutions, possible cancellation of offers in order to stay within caps, the impact on articulation and TNE programs, and the impact on diversification.

International students are important to South Australia and Australia's economy, culture and diversity. It is important that the final International Education and Skills Strategic Framework is nuanced, and appropriate time is taken to review proposed measure to ensure that Australia's reputation of welcoming international visitors endures.

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