



Australia's International Education and Skills Strategic Framework

Submission by the University of Melbourne – June 2024

Executive summary

International education is an integral part of Australia's university system and one of the country's great successes, bringing numerous benefits to the nation and enriching our community. In 2023, it was Australia's fourth-largest export, worth \$47.8 billion. This included \$30.5 billion spent on goods and services in the broader economy, supporting local businesses and jobs.

The University welcomes the Government's renewed focus on quality and integrity. Existing regulatory frameworks already provide significant scope to address these long-standing issues. However, to date, these rules have not been adequately enforced due to a lack of coordination between ESOS agencies and inadequate resourcing for compliance activities. Beyond strict sanctions for non-compliance, the University recommends the Government enact additional integrity measures, including publishing first-year retention and graduation rates by institution.

At the same time, the University strongly opposes the Government's proposed international student caps. The University recommends that the Government prioritise integrity measures in 2025 as this will go a long way to managing student enrolments. If caps are to be introduced, then these should commence no earlier than 2026, following intense consultation with every affected provider, to allow an orderly transition and to reduce the risks of a shock to the sector and the economy.

Caps will result in reduced funding for teaching, infrastructure for staff and students, and research, noting these are already underfunded by Government. This will hamper the Universities Accord's ambitions to rapidly expand domestic tertiary attainment rates and boost research efforts. Importantly, this loss of income and uncertainty could lead to job losses and course cancellations as early as 2025. S&P Global Ratings have also warned that caps could erode universities' credit ratings.

Given the significant penalties for providers exceeding their caps and the negative effect on Australia's reputation as an education destination, caps will likely reduce enrolments more than intended. This could seriously harm Australia's GDP (spending by international students accounted for more than half of Australia's economic growth in 2023), with effects rippling across the economy. By reducing demand, particularly in less mature markets, the caps could well reduce international education's sustainability by undermining efforts to diversify international student cohorts.

There are significant problems with the premises underpinning the measures to cap students. The Framework suggests that international student enrolments should better align with Australia's skills needs, but only 16% of international students stay in Australia after their studies. For those who stay, there are already skills alignment mechanisms, such as skilled migration lists.

Applying caps to certain courses will not lead to greater demand for other courses – the Job-Ready Graduates program showed in a domestic context that heavy-handed incentives have little impact on student choices. International students will simply choose to study in a different country. The same principle applies to caps on metropolitan universities in favour of regional universities.

The Australian Government has rightly championed the international education sector. This is not the time to undermine its success as it recovers from the impact of the pandemic.

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

The University of Melbourne strongly supports the focus on quality and integrity outlined in the Framework, noting that many of the problems identified have been known for some time, and the public university sector has been frustrated at the lack of action to curb recognised damaging activities. Significant scope already exists within regulatory frameworks to address many of the issues, but a lack of resourcing and actions from ESOS agencies and a lack of coordination between government departments has delayed meaningful reform. Where action is taken, phoenix operators seem to be able to reopen with impunity. Therefore, resolute, focused action by government and regulators in this area of the sector will go some considerable way to addressing the issues the ESOS Bill seeks to address.

This point notwithstanding, there are reforms the Government could consider to improve the quality and integrity of the sector. For example, it could progress admissions transparency work started by the Higher Education Standards Panel to set student expectations. It could also publish first-year retention and graduation rates by institution. The methodology associated with collecting Graduate Outcomes Survey data for international students could also be improved, noting the low response rates and misalignment between the timing of the surveys and overseas graduate job cycles.

At the same time, it is important to separate the issues of quality and integrity from relevance to Australia's skills needs as these are currently conflated in the Framework.

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

The University of Melbourne has been vigilant in preventing admissions of students who are supported by bad actors. Admissions, compliance, and recruitment staff across Group of Eight institutions are meeting on a regular basis to understand existing and emerging integrity risks. By working together and sharing information, we plan to stay ahead of these bad actors seeking to exploit our admissions processes.

Further information-sharing by the Department of Home Affairs is needed to assist the sector with this work. Recent stakeholder briefings have been extremely helpful, but the compliance burden is growing. Between the Department and universities, we are verifying and re-verifying documents for the same applicants. The University is looking to external companies to help with document verification on systems where they are verified once and then are accessible by multiple clients (like in the finance sector). Any assistance that can be provided by Government would be well received, especially in the area of identity fraud.

Government and regulators rightly expect forensic compliance with the [National Code of Practice for Providers of Education and Training to Overseas Students 2018](#) (National Code) and the [Higher Education Standards Framework \(Threshold Standards\) 2021](#) (HES Framework). [TEQSA's sector alert](#) in August 2023 outlined observed discrepancies in compliance with these rules and suggested there is a need for more stringent oversight and enforcement on these issues. This would further reduce enrolments of non-genuine students. The ESOS Bill's integrity measures are aligned with this approach.

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

In principle, the University is opposed to the Government having responsibility for the allocation of international student enrolments. Currently, universities can respond to international student

demand based on their own missions, strategies, and capacity. This allows them to recruit the best students and provides a crucial source of revenue, noting that the Government does not cover the full costs of teaching, research, or infrastructure and there does not appear to be any urgency in addressing this sustained underfunding which impacts domestic students.

The draft Framework claims that a managed system will provide “crucial certainty to education providers about the size of the sector.” However, this will have the opposite effect. Under the ESOS Bill, the Minister would be granted the power to impose enrolment caps by notice to providers up until 1 September of the previous year (or 31 December for 2025 caps). The Minister could also vary these caps at any time.

This approach would seem to be unworkable. The recruitment phase for international students generally begins 18 months before students commence, which allows for time for offers and acceptances, visa applications and for students to make ready their affairs to move to Australia. The proposed changes introduce considerable uncertainty and mean providers may be required to cancel thousands of contracts with students at late notice. In addition to being highly inefficient, it also creates uncertainty for universities in staff recruitment and course planning given student numbers will likely be uncertain. This could have drastic impacts on providers and students, damage Australia’s reputation and lead to significant job losses as early as 2025.

The draft also argues that “concentrations of students in courses and locations have been a persistent issue in the Australian international education sector.” It suggests that too many students live in Sydney, Melbourne, and Brisbane and that too many international students study business and management as opposed to health and education. However, heavy-handed caps on specific courses and institutions in specific locations will not resolve these issues. The Job-Ready Graduates program showed in a domestic context that blunt government incentives do not impact students’ choices over their field of study. If government proposes to exercise control over international student enrolments by course level at each institution, it should be transparent about the reason this is required and the evidence that this will have a desirable outcome.

According to the 2022 QILT Student Experience Survey, the top reason international undergraduates chose their current institution was because the institution offered the course they wanted to study.¹ Applying caps to a specific course will not lead those students to enrol in an entirely different course and/or in a different location that does not align with their interests. International students will simply choose to study in a different country.

The same is true for caps applied to metropolitan universities in the hopes of increasing enrolments at regional universities. There are already numerous incentives for international students to study in regional areas (e.g. lower fees, migration incentives). If a student is unable to enrol with their preferred provider in their preferred course, they will not study in Australia. Allocating places in this inefficient way will only lead to stranded places, with some providers unable to satisfy student demand, while others are unable to fill their places. This will place a handbrake on one of Australia’s largest exports just as it begins to recover from the pandemic. The Government had previously supported the Destination Australia scholarship program as one way to attract international students to regional Australia. We note the Government ceased funding to this program in the 2024-25 Budget.

Data shows that of the ~\$48bn contribution to Australia’s economy, around \$31bn in spillover benefits other sectors. States without strong mining sectors, with economies still fragile following the

¹ QILT. (2023). *2022 Student Experience Survey*. [https://qilt.edu.au/surveys/student-experience-survey-\(ses\)](https://qilt.edu.au/surveys/student-experience-survey-(ses))

ravages of COVID, will be the hardest hit, leading to business failures and job losses. For universities, sudden cuts to international student enrolments will result in immediate job losses. We are seeing this play out currently for some providers who experienced a drop in enrolments following the changes to migration policy earlier in 2024.

Finally, when applying caps on a provider-by-provider basis, the Government should consider whether these measures could be considered anti-competitive. If caps are implemented primarily to control market dynamics and arbitrarily benefit certain universities at the expense of others, and some locations and markets at the expense of others, then the caps and government action might be challenged as anti-competitive including on the grounds that it undermines the obligation for government policy to be competitively neutral.

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

Setting the context for the policy change and understanding the consequences of its application is critical to ensure the policy does no harm. The current proposals penalise the sector for a temporary, larger-than-expected increase in student numbers due primarily to the pandemic lag effect.

In recent Estimates testimony, the Treasury Secretary made the point that Australia is experiencing a temporary bump in net migration due to the COVID catch up effect, saying:

“We expect arrivals to ease and departures to pick up over the next few years, with the number of temporary visa holders in Australia to be consistent with pre pandemic trends. Treasury expects net overseas migration to have peaked in 2023.”²

In capping the overall number of international students, consideration should be given to the risks this will pose for providers, students, the nation’s global reputation and the broader Australian economy.

In the first instance, one-on-one consultation with universities is urgently required. The government may find that many universities are at or near their preferred enrolment numbers of international students based on their size, shape and mission and that, sector-wide, a phased transition into managed growth could deliver a desirable policy outcome over time.

Already the number of international students granted visas to come to Australia has decreased dramatically, with student visa grants down 34% in March 2024 compared to a year ago.³ Further, universities are still recovering from the impact of the pandemic on their operations with most universities running deficit budgets. In Victoria five of eight universities reported deficits in 2023,⁴ while eight of the ten New South Wales universities were in deficit for that year.⁵ S&P Global Ratings have warned that the caps could further erode the financial performance and credit ratings of Australia’s universities. The agency has argued that the legislation would “crimp operating margins, choking funding for research and halting the advance of Australian tertiary institutions up global rankings.”⁶

² Dr Steven Kennedy, Secretary of the Treasury, Commonwealth. (2024). *Budget Estimates (Hansard Proof Copy)*, Senate, 3 June 2024, p. 6.

³ Department of Home Affairs. (2024). *Student visas granted at 2024-04-30*. <https://data.gov.au/data/dataset/student-visas>

⁴ Parliament of Victoria. (2024). *University Annual Reports* (Tabled documents, 1 May 2024)

⁵ Parliament of NSW. (2024). *University Annual Reports* (Tabled documents, 20 May 2024)

⁶ S&P Global Ratings. (2024). *Australian Universities: Would International Student Caps Spur A Course Correction?* <https://www.spglobal.com/ratings/en/research/articles/240612-australian-universities-would-international-student-caps-spur-a-course-correction-13139717>

In 2023, spending by international students accounted for more than half of Australia's economic growth. International education was worth \$47.8b to the Australian economy (\$30.5b paid as goods and services and \$17.1b on tuition fees) and supported 250,000 jobs nationally.

Victoria contributed 31% of international education revenue nationally, which means the proposed caps on international student numbers will have a disproportionate impact on the Victorian economy. International education is the State's largest services export, comprising 52% of Victoria's services exports in 2023. Victoria's international education sector generated \$14.8 billion in export revenue in 2023.

For Victoria, capping student enrolments could have a severe impact on job losses. Department of Jobs, Skills, Industry and Regions analysis estimates that the international education sector contributed around 63,000 FTE jobs to the Victorian economy in 2023, an increase of 48% on 2022.

Cuts to the sector will be felt by businesses beyond universities, including in retail, hospitality and tourism. Austrade noted that in 2019 international education generated 68% of the international tourism spend in Australia.⁷

Caps on international students will also mean reduced funding for teaching, infrastructure for staff and students, and research. Already, Government funding does not cover the full costs of teaching in some disciplines, particularly in the STEM fields for which there is a skills shortage. There is no short-term plan to address the most egregious aspects of the Job-Ready Graduates funding changes, which means universities must generate funding from other sources to cross-subsidise the cost of educating domestic students. Nor does the Government provide dedicated funding for infrastructure since the abolition of the Education Investment Fund. Australian students deserve to be educated in cutting edge facilities, as their peers are around the world. Government funding also falls well short of the full economic costs of undertaking research – in 2022, the University of Melbourne had to find from other sources approximately \$475m to meet the full costs of delivering grant-funded research.

If the Government's actions result in a drop in sector revenue it must consider where the compensating revenue will come from and how the Accord's ambition to have 80% of the working-age population with a post-secondary education by 2050, can be met.

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

Providing the Minister with discretion over "sustainable growth" by institution, year-by-year, as late as September each year, will introduce significant uncertainty for the sector. As highlighted earlier in this submission, the recruitment phase for international students generally begins 18 months before students commence. Offers are generally made the year before. This provides international students sufficient time to plan their move and go through the processes required to obtain a student visa (noting visa processing alone can take up to three months.⁸) Many universities plan their courses, marketing and workforce in April or May of the year before students actually enrol.

Caps imposed up until 1 September of the previous year could therefore cause chaos. This will put secure jobs at risk as providers are compelled to cancel contracts with potentially thousands of students, threatening the viability of those courses. If the government proceeds to implement caps, they should be fairly and transparently negotiated based on a three-year rolling average (with the

⁷ Joint Standing Committee on Foreign Affairs, Defence and Trade (Trade Subcommittee) Inquiry into Australia's tourism and international education sectors, Commonwealth Parliament (*Submission 73 - Supplementary Submission 1 Austrade's correction to evidence and response to Questions on Notice*, 16 May 2023). p. 2

⁸ Department of Home Affairs. (2024). *Visa processing times*. <https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-processing-times/global-visa-processing-times>

ability to increase these if circumstances change) rather than year-by-year to allow at least some semblance of forward planning for universities and a more functional approach to implementation.

Caps could also perversely lead to an international student body that is less diverse. Caps will force some institutions to raise their entry requirements even higher, making it harder for applicants from smaller, less represented source countries to gain entry. This will increase Australia's reliance on a few major source countries and have implications for procedural fairness as international students would be subject to different requirements to domestic students. The potential for caps will also remove the certainty that is required to engage with other governments and expand recruitment and scholarships into new countries. Additionally, global rankings agency QS has warned that caps could hurt Australian universities' competitiveness, again undermining the sector as a whole, and diversification initiatives specifically.⁹

This approach will also lead to enrolments well below provider caps. Providers do not have full control over their international student enrolment numbers – only their offers to new students. Enrolment numbers are subject to changes outside of providers' direct control, including students choosing to not accept an offer or choosing to discontinue their studies. Harsh provisions that automatically suspend providers' registration when they exceed their cap by even one enrolment will force providers to make fewer offers than they have places, meaning providers will likely enrol well below their caps. In fact, it is entirely likely that universities will be forced to enrol under their caps to a number they set so as to enable them to recruit and retain staff with certainty and to have the necessary teaching infrastructure in place each year.

In addition, the proposals could have a chilling effect on future investment in learning and research infrastructure. This type of investment requires certainty over a long period of time for universities to be able to confidently raise capital either through debt or joint ventures. Financial lenders and private investors will be less likely to back universities if future enrolments cannot be reliably forecast. The proposals to cap international students on a year-by-year, institution-by-institution, course-by-course basis introduces real sovereign risk into the operations of universities and their bankers. Further, changeable caps create little incentive for universities to consider bringing online new infrastructure to replace aging property stock when it is uncertain whether it will be needed.

Negative narratives about international education and ongoing policy uncertainty could cause lasting damage to Australia's reputation as an education destination of choice and make international students feel increasingly unwelcome. For example, IDP reports that Canada dropped from the equal first-choice destination for international students last year to fourth this year, following its decision in January to cap international student numbers. The IDP Connect CEO said restrictive policy changes were impacting the decisions of international students, with more than half changing their minds on their first-choice destination. He said, "The results are a reminder that governments in the UK, Australia and Canada need to provide clarity on international student policies in order to maintain the competitive advantage they have in this global industry."¹⁰

⁹ Tim Dodd. (2024). *QS warns student visa blitz could harm Australian university rankings*. The Australian. <https://www.theaustralian.com.au/higher-education/qs-warns-student-visa-blitz-could-harm-australian-university-rankings/news-story/8ccc5ad53a34864b3b49cb62db0aa45b>

¹⁰ IDP Education. (2024). *US takes pole position in the eyes of international students*. <https://careers.idp.com/news/us-takes-pole-position-international-students>

6. 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 is the University's view that caps should not apply to *any* parts of the international education sector.

Inclusion of non-award (exchange and study abroad) higher education courses, graduate research, and Australia Awards under these caps will directly impact on outbound student programs and aid programs in the region. Similarly, caps applied to students studying in Australia under bonded scholarships from their home governments could have detrimental impacts on Australia's diplomatic relationships and result in a less diverse student cohort. For these reasons these categories, that represent a very small proportion of students, should not be included in the proposed student caps.

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

Only 16% of international students stay on in Australia long-term. Therefore, there is little relationship between Australia's current and future skills needs and the courses that international students elect to take, as the vast majority will leave to work overseas after they graduate. Students choose what they study based on their own interests, skills, and career plans. If caps mean that a student cannot enrol in their preferred course, they will simply study in another country and Australia will lose its status as a preferred destination.

It must also be noted that universities cannot easily increase the number of places available in many courses deemed to be aligned to Australia's skills needs. Many of these courses (nursing, teaching) have mandatory practical placement components, which already suffer from supply issues. This essentially places a cap on the number of places universities can offer to all students (not just international students) in these courses. This issue will persist even if these courses were exempted from international student caps.

There are also ethical questions involved in increasing enrolments in these courses on the basis of Australia's skills needs without commensurate increases in permanent migration numbers – Australia has a limited number of permanent residency places available, resulting in an excess number of international graduates applying for these places. Consequently, even students in priority courses may be forced to leave Australia after graduation due to insufficient residency opportunities. Foreign students also report difficulties, referenced in the Migration Strategy, finding skilled employment after graduating during their permitted post-study work period even in areas of skills shortages such as engineering and IT. In addition, the government recently reduced the time graduates are permitted to stay and work after they graduate.¹¹

Finally, skills forecasts can act as a guide but have typically been an unreliable measure of future skills needs. As outlined in the Productivity Commission's 5-year Productivity Inquiry, we can make predictions that there will be greater future demand for skills in some broad areas, but making predictions about exact skills needs is far more challenging.¹² Some future occupations do not yet exist and will be informed by technologies that have not yet been invented. These challenges, combined with the significant time it takes to train and educate people, mean that we cannot identify priority courses with any great certainty.

¹¹ Commonwealth Government. (2023). *Migration Strategy*. p. 62

¹² Productivity Commission. (2023). *5-year Productivity Inquiry: From learning to growth*. p. 10

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

It is disappointing that the government has chosen to make international students scapegoats for the current housing shortage.

As the Student Accommodation Council has pointed out, international students should not be blamed for the housing crisis, implicitly or explicitly. International students make up only 4% of renters in Australia. In most local government areas, international students make up less than 1% of the rental market.¹³

In its interim report on international education, the Joint Standing Committee on Foreign Affairs, Defence and Trade made this point:

“...the Committee is concerned that international students are not unfairly scapegoated or blamed for broader pressures in the housing market. In aggregate, international students add enormously to Australia and their contribution to housing demand is modest as compared to the population at large, noting also the contribution of Purpose Built Student Accommodation to meeting demand.”¹⁴

Net migration does impact housing demand but it is a small part of a broader picture, with even the Treasurer acknowledging recently that cutting migration would only help “at the margins, at best”.¹⁵ The Reserve Bank of Australia has identified other drivers, including declining housing supply in recent years, constrained by supply chain disruptions and shortages of materials and skilled labour.¹⁶

Pushing universities to construct additional Purpose-Built Student Accommodation (PBSA) would only divert finite building materials and workers away from building much needed new domestic housing to instead building student-only accommodation. This is not the most efficient use of resources when housing supply is not currently meeting domestic demand. It could also lead to stranded places where beds are unused due to unforeseen caps or students choosing to live outside of PBSA while non-students still struggle to find rentals.

Caps could also perversely disincentivise PBSA investment. Building largescale PBSA takes several years from conception to completion. For a university or private company to invest in PBSA it will need to be certain about what the cap will be, for example, in 5 years’ time if it does not build new accommodation, and what the cap will be if it does. If the Minister has the power to set caps, essentially with the stroke of a pen, investors will not be able to make any firm predictions about what future student numbers will be, increasing the sovereign risk to PBSA investment. Thus, rather than incentivising universities and PBSA providers to invest in student accommodation, potential caps create so much uncertainty around future student numbers that they create a perverse disincentive for investment – caps would incontrovertibly introduce sovereign risk to investors and funders.

¹³ Property Council of Australia. (2024). *International students not to blame for housing crisis*.

<https://www.propertycouncil.com.au/media-releases/international-students-not-to-blame-for-housing-crisis>

¹⁴ Joint Standing Committee on Foreign Affairs, Defence and Trade. (2023). *Quality and Integrity – the Quest for Sustainable Growth: Interim Report into International Education*. p. 90-91.

¹⁵ Rosie Lewis. (2024). *Budget 2024: Coalition will prioritise reducing international student numbers at Go8 universities to cut migration*. The Australian. <https://www.theaustralian.com.au/nation/politics/budget-2024-coalition-will-prioritise-reducing-international-student-numbers-at-go8-universities-to-cut-migration/news-story/62ccf37a6197865cf7efc2cd05071b4a>

¹⁶ Sarah Hunter, Assistant Governor (Economic), Reserve Bank of Australia. (2024). *Housing Market Cycles and Fundamentals*. <https://www.rba.gov.au/speeches/2024/sp-ag-2024-05-16.html>

PBSA also relies on State-level planning approvals, which can add to the timeframes for bringing more stock online. For example, the president of the Student Accommodation Council noted that in Sydney the average time from acquiring a loan to having PBSA operating is seven years.¹⁷ S&P Global Ratings have argued that it is unlikely that universities will be able to meaningfully boost PBSA supply due to these impediments.¹⁸

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

As highlighted previously in this submission, universities require significant notice if they are to manage student caps. Implementing caps as soon as 1 January 2025 will wreak havoc on the sector and Australia's reputation with international students and lead to significant budget cuts and job losses.

In 2025, the Government should prioritise integrity measures, particularly in the private VET sector, as shutting down 'dodgy providers' and phoenix operators will go a long way to delivering the reduction in student numbers sought by the government and preventing non genuine students entering the country. If caps are to be introduced, then the commencement date for universities should be in 2026 to allow sufficient time for the government to understand the consequences it will cause, for compact discussions to be held and an orderly plan agreed.

Caps should only apply to new commencements and be negotiated at least 18 months before students commence. If caps are expressed as a ratio of international students to domestic students, this should be determined on a headcount rather than EFTSL basis, noting that international students are generally required to enrol on a full-time basis, leading to their overrepresentation in EFTSL. Headcount also more accurately accounts for the number of domestic students enrolled.

Providers should also be advised of caps over a three-year rolling period to provide sufficient certainty for planning. In the first year, the Government should permit institutions to enrol up to at least the number of international students in the year prior to the commencement date to allow for forward planning, reduce uncertainty, and minimise impacts on university budgets and job losses. Even that as a baseline will result, for many universities, in a significant cut to revenue over the forward budget. Additionally, the Government should consider including a sunset clause in the ESOS Bill, noting that the current bump in net migration is temporary.

To support implementation, there must also be alignment between institutional caps and visa grant rates. Institutions will need to carefully manage the number of Confirmation of Enrolments issued so caps are not exceeded; however, if visa processing is slow or rejection levels high then actual enrolments will be below the levels that institutional budgets and staffing levels have been based on. Caps may further impact on diversity if slowing of visa processing from some countries means a greater proportion of genuine students from those countries miss out on being able to take up a capped place due to not receiving a visa in time.

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

The draft Framework seems to imply that providers could increase offshore enrolments to offset lost revenue caused by onshore enrolment caps. However, offshore delivery is a fundamentally separate

¹⁷ Anouk Darling, President, Student Accommodation Council. (2023). *Joint Standing Committee on Foreign Affairs, Defence and Trade Hansard*. 19 April 2023. p. 17

¹⁸ S&P Global Ratings. (2024). *Australian Universities: Would International Student Caps Spur A Course Correction?* <https://www.spglobal.com/ratings/en/research/articles/240612-australian-universities-would-international-student-caps-spur-a-course-correction-13139717>

business to onshore delivery. The margins in offshore delivery are much lower and the student cohort typically has different drivers to those seeking out an onshore education. Establishing offshore campuses or partnerships requires significant upfront investments in infrastructure, marketing, and compliance with sometimes onerous local regulations. Providers must also invest significant time and money adapting their courses for an overseas market. At the same time, international markets have notably lower price points than the domestic market, so revenue is much lower. These factors mean that most offshore delivery is cost neutral at best. Imposing caps on students onshore would also reduce the resources available to universities to fund the development and implementation of offshore delivery. For providers that do manage to establish sustainable operations, local laws can prevent providers from expatriating this revenue.

There are opportunities to expand some forms of transnational delivery. For example, the University's Bachelor of Science Dual Degree program provides Indian students the opportunity to complete their degree both in India and in Melbourne – spending the first two years in India, followed by two years on campus in Melbourne. Students can also study up to six masters subjects in their final year and can fast-track a masters degree from a suite of disciplines including science, engineering, public health and data science. The program has been co-designed and quality assured by the University of Melbourne. However, the Government's proposed student caps will perversely serve as a barrier to these innovative forms of transnational delivery, thus undermining the sector's efforts to diversify offerings that align with its mission.

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

The Government could support transnational education by exempting these forms of delivery from arbitrary student caps. The Government could also support transnational education through diplomatic efforts offshore that seek to lower the regulatory barriers (and therefore costs) for providers. The Government could also improve data on offshore enrolments, as it is currently difficult for providers to understand market trends, with numbers overinflated in some cases. The Government may also consider how quality assurance measures could be applied offshore, to maintain standards and protect Australia's reputation overseas.