



Charles Sturt
University

Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 [Provisions]

1 July 2024

Office of the Vice-Chancellor
Charles Sturt University

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Senator Tony Sheldon
Chair
Senate Standing Committee on Education and Employment
PO Box 6100
Parliament House
Canberra ACT 2600

By email: eec.sen@aph.gov.au

Dear Senator Sheldon

Thank you for the opportunity to comment on the *Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 [Provisions]*. Charles Sturt University supports the intent of the Bill and the majority of its measures to improve the quality and integrity of international education in Australia. We do, however, have concerns about some of the details in the Bill and the Government's approach to effecting reforms to international education.

The Bill and the associated International Education and Skills Strategic Framework will impose inflexible caps on international student numbers and establish a punitive model for enforcing those caps. Negotiation and management of these caps will be complex and likely involve substantial additional administrative costs for higher education providers. Some measures in the Bill are in response to abuses by a very small part of the higher education sector, yet universities and other highly-regulated and reputable institutions are being treated as if they are on par with dodgy shopfront operations. The Bill also includes extraneous elements relating to student accommodation with little evidence that these measures are needed or will prove effective.

Charles Sturt University is particularly concerned about the proposed timetable for introducing these reforms. Universities are expected to begin negotiations about caps on international student numbers early in the third quarter of 2024, with final caps to be determined within months. At the moment it seems we will have to conduct these negotiations without knowing the final requirements in the legislation and any associated guidelines or regulations, which courses might be subject to caps or the skills priorities behind the decision, or the overall funding arrangements for universities under the 'managed growth' model announced only last week, and which include a cap on domestic student numbers, too. Minister Clare has asserted that this rapid implementation is necessary to give universities certainty. We suggest that certainty can be provided by a later starting date – one that gives the Government time to finalise the rules before universities have to start operating within the new arrangements.

Like other universities Charles Sturt has already begun making offers to international students for 2025 as part of the normal cycle of enrolments that takes into account factors like student demand and the northern hemisphere academic year. We now face the possibility of having to pause or even rescind offers because of an as-yet unknown future cap, creating a high risk of reputational damage for the University and for Australia's international education industry. Deferring implementation of the measures in the Bill would be fairer for students and recognise the operating environment of higher education providers and the international education market. It would also allow a more coherent approach to reform than has been demonstrated to date. We therefore urge the Committee to recommend amending the Bill so that caps and other arrangements come into effect from 1 January 2026. This would also align with the intended commencement of domestic student caps, enabling a holistic approach to student numbers across the sector and at each institution.

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We are also concerned about the lack of consultation on the Bill and related measures. Major changes to the regulatory framework for international education, such as the increased savings requirement for prospective students, were announced only days before they came into effect. Higher education peak bodies were given only a token briefing on the *Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024* before it was introduced to Parliament. And there are strong indications the Government intends to proceed with many of the reforms regardless of any well-founded criticisms put forward by universities. Overall, the Government's approach to driving change to the international education sector is hardly a model for engagement with a major and highly successful export industry.

Other comments on the Bill and the proposed International Education and Skills Strategic Framework are included in the attached submission. I would be happy to provide the Committee with more information on any of the issues covered by the submission.

Yours sincerely

Professor Renée Leon PSM
Vice-Chancellor and President



Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024 [Provisions].

General observations

Charles Sturt University has long had a major role in bringing the advantages that come with higher education to those in regional areas, and in meeting the critical workforce shortages in Australia's regions. The ability of regional universities to offer higher education to our students and to undertake vital research is underpinned by our financial sustainability. A strong cohort of international students, including via the University's capital city presence, is crucial to this.

Prior to the COVID-19 pandemic our metro campuses brought in around \$135m in revenue. We had a long-standing presence in both Sydney and Melbourne with approximately 8,000 enrolments in 2019. This year the University has re-opened campuses in both cities to cater for both international and domestic students. These campuses provide many benefits to the University, including supporting our global ranking and international partnership development, but of course they also provide vital revenue for the University – revenue that is all the more essential in the face of continued government under-funding of the cost of providing quality higher education in regional areas.

As has been repeatedly emphasised by many across the higher education system, international education also makes a major contribution to the economy. International education is Australia's largest services export, contributing \$48 billion to the economy in 2023, supporting 250,000 Australian jobs and is responsible for more than half of Australia's recent economic growth. International education also has a very significant flow-on effect to the health of Australia's tourism sector.

The regional campuses of universities like Charles Sturt typically attract students who study in areas of skills shortage, with Allied Health courses, and particularly Nursing, representing the majority of our enrolments. Most of our international students who stay in Australia after graduation take up positions in regional areas, helping to meet essential regional workforce needs. According to the Regional Australia Institute, job vacancies are growing three times the rate in regional Australia as compared to metro locations. In Bathurst, home of one of our regional campuses, the unemployment rate is currently 1.3 per cent, well below the national level. Attracting skilled workers to the regions is challenging and we have demonstrated that international students can be part of the solution, though – as discussed below – the proportion of international students opting to study in regional areas remains low.

Given the economic and soft-power impact of international education, any changes that constrain the benefits of the sector must be very carefully considered. We support the need for sustainable growth but argue that significant changes, such as capping, must be carefully thought through and supported by evidence.

The Government has already made substantial recent changes to improve the quality and integrity of the sector, including the implementation of recommendations from the Migration Strategy and the Nixon Review. Charles Sturt University strongly supports the need for quality and integrity



within the sector. Along with other universities we have taken great care to support the integrity of the international education sector through substantial investment in pre-visa screening as part of the Simplified Student Visa Framework (SSVF), full delivery of ESOS obligations, and pro-active engagement with international students to mitigate the risk of exploitation and modern slavery. Charles Sturt University complies with the NSW *Modern Slavery Act 2018* and the Commonwealth *Modern Slavery Act 2018* and reports annually on the relevant policies, procedures, and actions.

Many of the issues that we have seen in recent years have been the result of policy failures by successive governments, often against the advice of universities that have highlighted potential integrity risk – for example the extension of student visa work rights, the extension of the Post Study Work visa following the Jobs and Skills Summit, and the need to close the pandemic visa. The majority of higher education providers have also long called for the Government to use available levers to clamp down on non-genuine actors, such as visa cancellation for students who breach visa conditions and regulatory action against providers that are not compliant with ESOS and other legal requirements. We continue to advocate for the Government to use such levers and effectively hold non-genuine actors to account, especially if its main goal is to reduce overall migration numbers. Effective compliance activity would be more effective in stemming the success of the less reputable end of the market and reducing non-genuine student arrivals than blunt action against universities and other reputable providers. And, ideally, the Government would review and evaluate the impact of reforms to date before considering further measures.

After reviewing the Government's proposed changes to the framework for international education, the University offers the following comments on the *Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024*.

Key issues with the Bill and framework

A major concern we hold is that these new measures have been introduced with little warning and little consultation. For example, while the Explanatory Memorandum for the Bill claims that higher education sector stakeholders had been consulted, the only effort to do so was a short briefing a few days before the Bill was introduced to Parliament.

The Bill and framework indicate that caps may be applied at the course, provider and provider category level. This level of complexity means a high risk of unintentional breaches and subsequent sanctions. This is even more likely with the release of policy papers on 21 June 2024 indicating that the Government intends to cap domestic student numbers, too.

The Government's proposed approach offers little flexibility. For example, the Government proposes to suspend providers' license to enrol international students for a year if they exceed their cap. Various external factors, including on-going delays in visa processing, put universities at a high risk of unintentionally exceeding their cap. In practical terms it will mean most universities will manage to a cap well below the official cap so as to avoid going over it. While this might suit the Government's goal of reducing migration numbers it will impact universities' revenue from international education. Negotiating caps – which may happen annually – and managing and reporting numbers will create a significant additional administrative burden for universities and represents an increased level of disproportionate Government interference and intervention.



The allocation of caps must deliver equitable access to the benefits of international students for all Australian universities and their local partners in industry and the wider community, because all universities are operating within a funding model that depends on international student revenue to meet the actual costs of teaching and research. For a university like Charles Sturt, this means ensuring that there is room to grow international enrolments to a level proportionate to that of other Australian universities.

Based on the most recent available public statistics, 50 per cent of all international students in Australia in 2022 were enrolled in just eight large metropolitan universities, with more than half of all Australian universities enrolling just 20 per cent of international students between them. The universities with lower international student enrolments must be given the same opportunities to grow international enrolments as universities that currently have high enrolments.

For regional and outer metropolitan universities this also means the ability to respond to the demand preferences of international students through the operation of city-based campuses. While Charles Sturt University strongly supports the goal of increasing the number of international students in regional areas, it will take concerted action to achieve this goal given the demand preferences of international students. The Government could assist by, for example:

- launching a genuine regional promotional campaign internationally,
- offering more scholarships (e.g. a quota of Australia Awards) for regional campus study, and/or
- reducing the on-campus delivery requirement (e.g. to one subject a session) for students studying at regional campus (noting this may allow regional universities to increase the course offerings to international students which are currently restricted due to the online limitations).

Nonetheless, the Government must recognise that the demand preferences of international students are strongly geared towards metropolitan study, with just over three per cent of international students choosing a regional location. The demand preferences of students will not change simply because of new policies or legislation, and if Australia cannot cater to student preferences they will choose another country, damaging Australia's largest services export and risking Australian jobs and the economy.

Failure to effectively allocate a flexible and appropriate cap for the city-based campuses of regional universities will create a significant funding shortfall for those universities, with potential impacts to the provision of education for regional domestic students, regional jobs, and the ability to undertake research that has practical regional community impact.

In allocating student enrolments, the Government must ensure an equitable approach that also recognises student demand preferences. A university's international to domestic student ratio should be considered when setting the cap, as well as the university's pre-pandemic enrolment levels. Course-based capping should be avoided as it creates further unnecessary complexity and the notion of aligning this to Australia's skills needs largely ignores the fact that more than 80 per cent of international students return home after study.

Criteria for provider caps should be transparent and decided well in advance of the start of the next academic year. We suggest that the Government's approach should take into account universities' differing strengths and, where skills needs are a factor, local/regional as well as national needs. A blanket approach to caps is not in the best interests of students, universities, or employers dealing with workforce shortages.



Charles Sturt supports calls by the Regional Universities Network (RUN) that the powers for setting the cap or level of international students, should not rest solely with the Minister and that these should instead rest with an independent authority like the Chief Commissioner of the proposed Australian Tertiary Education Commission (ATEC).

Implementation of the Bill

The timeframe for implementation of measures in the Bill and the associated Draft International Education and Skills Strategic Framework is very short. We have been advised by higher education peak bodies that the Department intends to start negotiations about caps in June 2024, with caps to be finalised by September and in effect from 1 January 2025.

This timetable means that universities will be negotiating the caps without knowing:

- the final requirements set out in legislation,
- the final form of the Framework,
- any associated guidelines or regulations,
- skills priorities,
- which courses might be subject to caps,
- the impact of recent announcement on student demand, and
- overall funding arrangements for universities under the 'managed growth' model.

This timetable does not take into account that many universities have already had to begin making offers for the 2025 academic year.

There are limited provisions for appeal of Government, Ministerial or Departmental decisions, especially in relation to breaches of the cap.

Agents

The proposed definition of agent is too broad. In its current form it likely captures many entities that are not 'agents' in any true sense including public servants, state agencies and other third parties. We risk ending up with complex and detailed reporting requirements, complex and confusing information being provided to our students and unintentional breaches. There is also the concern that universities would be required to disclose commercial-in-confidence information which risks potential breaches of contracts with our partners.

Housing

The Bill and Framework suggest that universities will be able to negotiate higher caps for international students if they commit to building more student accommodation, a situation akin to asking airlines to build more hotels if they want to increase passenger numbers. The Government's rationale for this proposal is the impact of international students on the availability of housing, but their position does not take into account the current supply and use of student accommodation, the long lead time to build new accommodation, and universities' differing abilities to finance new buildings.

A recent analysis by the Property Council of Australia (2024) found that international students occupy less than 1 per cent of the housing stock in the majority (73 per cent) of Local Government Areas in Australia and only 4 per cent overall. There is also evidence that Purpose Built Student



Accommodation is not seen as an attractive option for most international students. Additionally, the major impact to housing stock and rental increases occurred between 2019 and 2023 when the numbers of international students in Australia decreased dramatically due to the pandemic.

Charles Sturt provides an 'accommodation guarantee' to international students with on-campus accommodation available to those who want it. Across our regional campuses we have 2,731 student beds available with more than 20 per cent of these currently available as at 14 May 2024. We have room to grow and have the accommodation available including rooms that are currently being refurbished. That said, the Government's proposal to link the higher international student caps to building new accommodation does not take into account universities' differing capacity to raise the funds needed to do so.

Regional universities do not have the financial reserves (or borrowing capacity) of large metropolitan universities. Even among regional universities there are different capabilities to raise capital for new infrastructure like accommodation. Both James Cook and Charles Darwin Universities have borrowed from the Northern Australia Infrastructure Facility to build new accommodation. Other regional universities do not have that option. Expecting regional universities to fund the construction of student accommodation to support metropolitan campuses would require the reduction of the already-limited capital funding available to provide decent facilities for domestic students on regional campuses.

Recommendations

Charles Sturt recommends that the *Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024* should be amended to include:

- staged implementation over the next 18 months, with the new arrangements to come into full effect from 1 January 2026,
- clear mechanisms for appeal of Ministerial and Departmental decisions, including caps and actions in relation to breaches of the Act or framework,
- more flexibility in relation to caps in recognition of the realities of managing the application-offer-enrolment cycle, and with the aim of reducing the risk of, and consequences for, unintentional breaches,
- requirements for the Minister(s) and Department(s) to explain their decisions,
- a sensible compromise on the definition of agent, and
- removal of the provisions relating to student accommodation.