

Draft International Education and Skills Strategic Framework

14 June 2024

Key take aways:

1. Public universities play a unique role within the tertiary education and training system, and policy settings should support their continued success.
2. For Australia's public universities to meet the expectations of Government, and of society, any shortfall in international student tuition revenue will need to be addressed through a fresh look at holistic funding models.
3. The Government should use this Framework as an opportunity to ensure that all universities receive a fair allocation of any cap to the system.
4. The Framework should factor in a minimum transitional period of twelve months before implementation of the policy from 1 January 2026, facilitating genuine co-design of key settings with the sector's expertise.

The Australian Technology Network of Universities (ATN Universities) appreciates the opportunity to provide feedback on the draft International Education and Skills Strategic Framework.

Public universities play a unique role within the tertiary education and training system, and policy settings should support their continued success

As mission-driven institutions, public universities play an essential role in contributing high-quality education and skills training for the benefit of the Australian economy, our communities and society. The work that universities do progresses Government objectives and serves our national interests, at home and overseas. Collectively, ATN members teach about 20 per cent of Australia's domestic students. We teach around 14 per cent of Australia's onshore international cohort and a similar number of students overseas.¹ Our universities are consistently highly ranked for quality of education and research. We strongly support a vibrant, sustainable tertiary education sector that provides a high-quality experience for domestic and international students, is diverse and inclusive, and produces the graduates and research Australia needs to be successful now and into the future.

The Australian Universities Accord lays out a transformational agenda to ensure that the sector can continue to meet Australia's needs. **ATN member universities are well-placed to support the**

¹ Australian Government Department of Education, full year 2022

reforms envisaged in the Accord, given our track record in inclusive education and the diversity in our cohorts. As of 2022, 22 per cent of ATN universities' domestic students were from non-English speaking backgrounds, 24 per cent had a disability, and 20 per cent identified as coming from lower socio-economic backgrounds.² Our focus on applied learning, skills development in cutting-edge technologies and partnerships with industry ensure that our institutions are ideally positioned to be the engine for the growth in higher education participation for the students to whom Government wishes to extend access.

However, it is important to recognise the interdependence inherent to the delivery of high-quality higher education. Within the current model, **where the surplus from international students' tuition is reserved for re-investment in the public mission of our universities**, a reduction in a university's capacity to recruit international students has material consequences for:

1. delivery of high-quality educational experiences for domestic students, particularly those students from underrepresented backgrounds who – the Accord recognises – are more costly to teach;
2. the financial flexibility within universities to engage in long-term investments like world-class teaching and learning facilities, student accommodation and transnational education;
3. covering the full costs of research, an issue also recognised in the Accord; and
4. keeping Australian universities globally competitive and continuing the development of people-to-people links for the benefit of our society and economy.

For Australia's public universities to meet the expectations of Government, and of society, any shortfall in international student tuition revenue will need to be addressed through a fresh look at holistic funding models

Should the Australian Government use the policy levers proposed in the draft Strategic Framework to reduce onshore international student enrolments, we urge a simultaneous conversation about how to ensure the higher education continues to be funded to deliver its broader objectives. This includes growth of the system through greater inclusion, as envisaged in the Accord. **Sequencing of reforms will be key to enable effective transition to a new sustainable model.** The model of individual mission-based compacts between universities and the Australian Tertiary Education Commission, as proposed in the Accord, provides a framework in which domestic and international student settings – and commensurate funding – can be negotiated.

We note concerns expressed about quality and integrity in the system, and imbalances in international student recruitment that negatively impact the student experience. We are committed to addressing these challenges through bespoke and targeted measures. To achieve the goals of the international education system in meeting immediate and future skills needs while not putting undue pressure on

² Australian Government Department of Education, full year 2022

infrastructure, there must be alignment with other Australian Government policies, including migration, jobs and skills, housing, foreign policy, development and trade. **New and existing policy settings, including those related to slowing visa applications processing or increasing rejection rates for particular countries, must be considered holistically to avoid mixed messages or perverse incentives.**

The Government should use this Framework as an opportunity to ensure that all universities receive a fair allocation of any cap to the system

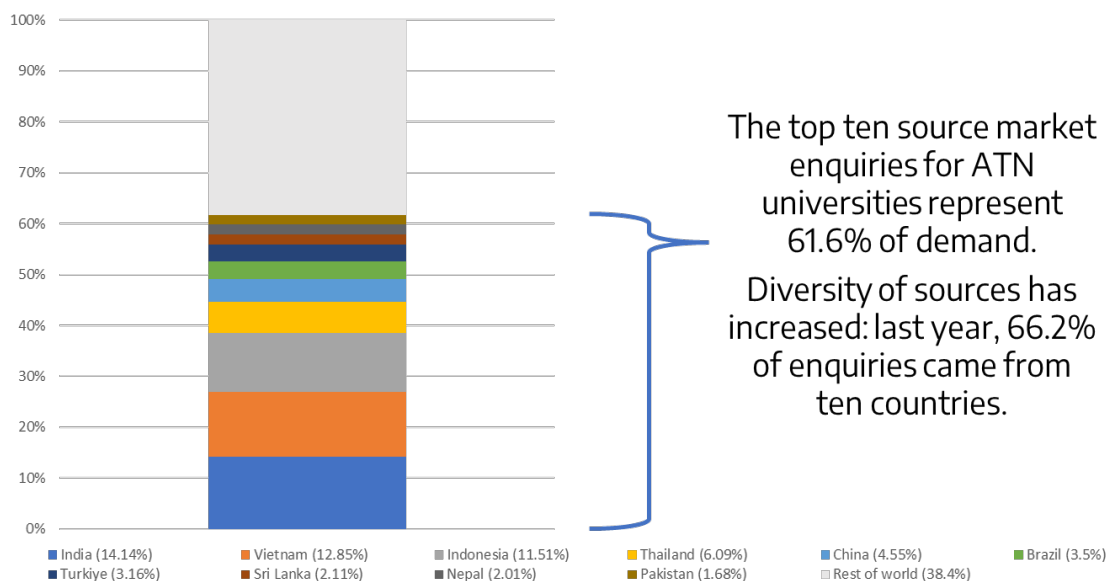
ATN universities recognise that the demand factors driving international education are unlikely to be significantly influenced by adjustments to Government policy settings. In so far as settings can encourage students to consider alternative options, we encourage the Australian Government to consider two factors when deciding an approach to allocating enrolments across sectors: providers and locations.

First, there should be diversity across the higher education system. This world-leading export industry is Australia's fourth largest, valued at \$48 billion in 2023,³ reflecting that Australian universities have very different offers to prospective students. For example, ATN's membership alone represents both capital city and regional campuses, and higher education and dual sector institutions. Distribution of students across the sector is an asset offering opportunities for individuals, institutions and communities. Further concentration of international students would make the system less attractive and less sustainable. **We recommend that the Government address any over-concentration of international students by ensuring all universities receive a fair proportion of an allocated cap.**

Second, policy settings should set universities up to successfully achieve diversification of the international student cohort. Universities need a critical mass of international students to have the financial and institutional capacity to diversify by source countries and across programs. ATN universities have a strong focus on diversification by source country (see Figure 1 below) and recognise the need to continue to pursue diversification of both source countries and programs of study. **The proposed settings in the draft Framework may work against diversification efforts, given the messages that the policy sends to international students and subsequent reputational impacts for Australia.** Hard caps may have the perverse incentive of focusing institutional efforts on those students who pay the highest fees, which reduces diversity even further. Current visa settings also discourage universities with diversified cohorts from continuing to invest.

³ Australian Bureau of Statistics International Trade in Services series, full year 2023

Figure 1 | Sources of demand for ATN member universities (CYTD)



Source: IDP Connect (shared with permission)

A reduction of international students will impact the domestic student experience culturally and financially. From a cultural standpoint, international students enrich the experience of domestic students by bringing a diverse range of global perspectives, improving students' ability to communicate and engage with those from different cultures, and creating enduring links well beyond the term of study. As noted above, the financial impact on domestic student experience is also significant as it is currently typically subsidised by international fees. Universities Australia has calculated that higher education institutions are forecasting a collective shortfall of more than half a billion dollars in 2024 due to slower visa processing and cancellations, which could lead to up to 4,500 job losses across the sector.⁴

The Framework should factor in a minimum transitional period of twelve months before implementation of the policy from 1 January 2026, facilitating genuine co-design of key settings with the sector's expertise

ATN Universities strongly supports a transitional 12-month period, at a minimum, before implementation of the policy from 1 January 2026. **For public universities, this timeline would allow for the ATEC to be established and negotiate individual compacts, and would align more realistically with university and student timelines for decision-making.** The recruitment and admission process begins 12-18 months in advance, and takes longer in some cases due to requirements for sponsorship by governments, time needed to meet English language thresholds and related packaging of offers.

⁴ See <https://universitiesaustralia.edu.au/media-item/keynote-address-itec24-higher-education-symposium/>

Moving to implement the policy in full for 2025 will come at the expense of sustainable long-term settings. It is also essential to manage future student expectations and support agent networks appropriately. **Clear and consistent messaging about the importance of international students will continue to be critical throughout to limit reputational impacts and maintain Australia's attractiveness as a study destination.**

Incentivising study in areas of Australia's skills needs

We note the intention of the draft Strategic Framework is not to restrict international students to study only courses aligned to Australia's skills needs, but to incentivise them to do so. We would not see a need for bespoke mechanisms to forecast skills, noting 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. If Australia is to successfully transition to a knowledge-based economy, we need to make studying in Australia as attractive an offer as possible for international students who have many options to choose from.

We recommend using the existing market mechanisms of providing information to prospective students (i.e. aiming to shape demand) rather than intervening in the supply of programs. Market intervention by Government at program level poses multiple risks which should be avoided:

- failing to address quality and integrity issues which exist at provider level rather than by course;
- exercising a level of control where Government is unlikely to have the full information to make good decisions which deliver intended policy outcomes; and
- overreach into areas of institutional autonomy which may open the way for further excessive intervention.

Transnational education

ATN member universities are already leaders in delivering TNE, educating around 39,500 students overseas, or 22 per cent of all Australian higher education TNE.⁵ We caution against any suggestion that a reduction to onshore international student numbers can be offset by increased TNE. Offshore activities are not typically undertaken solely to generate revenue for repatriation to Australia; rather they are a critical part of our broader diplomacy efforts, build people-to-people links, create global research collaborations and serve as an excellent soft power tool. We further note that universities are likely to have reduced ability to invest overseas unless more sustainable funding arrangements are agreed, particularly in light of increasing competition for TNE from both traditional competitors (e.g. UK) and emerging competitors (e.g. India, China).

⁵ Australian Government Department of Education, full year 2022

If Government wishes to further stimulate TNE, it may need to work with institutions on risk sharing or co-investment models. Given the expertise and long history ATN members have of delivering in this space, we would welcome a discussion with the Government on how best to meet the needs of institutions while delivering on Government objectives and supporting overseas partners.

ATN members remain committed to producing the innovative research, highly skilled graduates and thought leadership Australia needs and expects of its public universities. We look forward to working closely with the Government on policy settings that support a high-quality and sustainable higher education system.

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