

AUSTRALIA'S DRAFT INTERNATIONAL EDUCATION AND SKILLS STRATEGIC FRAMEWORK

14 JUNE 2024





ABOUT THE REGIONAL UNIVERSITIES NETWORK

The Regional Universities Network (RUN) welcomes the opportunity to make a submission to the Department of Education's Australia's International Education and Skills Strategic Framework draft consultation

RUN is a national collaborative group of seven regional Australian universities: Charles Sturt University, CQUniversity Australia, Federation University Australia, Southern Cross University, University of New England, University of Southern Queensland, and University of the Sunshine Coast.

This submission reflects the positions of RUN institutions, and in doing so, also aims to represent the views of those students and communities which RUN universities serve; the one-third of Australians who live outside of metropolitan centres in Regional, Rural and Remote locations.

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OVERVIEW

RUN welcomes the opportunity to contribute to the consultation on the Department of Education's Draft International Education and Skills Strategic Framework. RUN is a national collaborative group of seven regional Australian universities: Charles Sturt University, CQUniversity Australia, Federation University Australia, Southern Cross University, University of New England, University of Southern Queensland, and University of the Sunshine Coast.

This submission reflects the positions of RUN institutions, and in doing so, also aims to represent the views of those students and communities which RUN universities serve; the one-third of Australians who live outside of metropolitan centres in Regional, Rural and Remote locations.

Australia should be rightly proud of the world-class international education sector that it has carefully developed over the course of decades, to the point where it has become our single largest service export industry. Australia's standing as one of the leading global educators is testament to the trusty that millions of international students have placed in Australia over many years. These students have been empowered by a qualification that is highly regarded by global employer pools, becoming global ambassadors of Australia's capabilities by exporting our values, skills, and a cultural affinity back to the world. Those that remain in Australia as citizens following graduation are welcomed for the invaluable contributions they make to Australia's culture, society, and economy.

International students studying in Australia are also an essential component to Australia's economic mix, strengthening our economy and helping pay for the essential services relied upon by all Australians. Indeed, the \$48bn that international students spent in Australia in 2023 is estimated to have accounted for over half of Australia's economic growth last year. Of this spend, an estimated 40 per cent is captured by education providers as tuition fees while the remainder is distributed across the broader economy via the consumption of goods and services. As such, Universities Australia estimates that the employment of approximately 250,000 Australians was linked to this important industry prior to COVID (2019).

The importance of this industry to Australia underscores its need to remain characterised by the highest levels of integrity, quality, and sustainability. RUN recognises the role that the university sector has historically played in promoting an exemplary high quality, low-risk culture within the broader international education industry. RUN supports measures that seek to sustain the world's trust in Australia's education sector, alongside the social licence granted by Australian society for its continued operation. This submission reflects upon these objectives, from a perspective of regional nuance.

Regional Australia benefits greatly from the social, cultural, and economic contributions made by international students. Australia's regions are made more vibrant, inclusive, and prosperous by the welcoming of students from all cultures. International students and graduates who settle in regional communities play an important role in addressing key skill shortages, boosting global perspectives within regional classrooms and workforces, and in suppressing the growing skills divide with metropolitan Australia. RUN agrees with the Strategic Framework's assertion that there is a strong case for regional Australia hosting a greater share of Australia's international student cohort, and for regional Australia welcoming a greater proportion of those international students who choose to remain in Australia post-graduation.

Despite the regions being home to almost four in every ten Australians, and featuring many world-class universities, just three and a half per cent of onshore international students (year-to-date October 2023) attended a regional campus. A further maldistribution occurs at an institutional level, whereby over 50 per cent of all international students in Australia in 2022 were attending one of eight large metropolitan universities. Twenty per cent of Australia's international university students are spread across 20 institutions, despite those 20 universities representing over half of Australia's total university count. This maldistribution is a key factor contributing to the growing resource asymmetries that exist between Australia's public universities. RUN argues that international education is a national interest whose immense benefits ought to be more equitably distributed, rather than continue to become increasingly

OVERVIEW

concentrated to a limited number of providers serving only a few of the many diverse social missions that exist within Australia's university sector.

As the Strategic Framework notes, however, there are challenges in attracting large numbers of international students to regional campuses. While RUN universities demonstrate high levels of success in supporting those international students who do elect regional study, the reality remains that many regional universities rely upon metropolitan CBD campuses to engage with international cohorts. These CBD campuses offer the same high levels of academic opportunities and support as found on the regional campuses of RUN institutions. Importantly though, these metropolitan campuses allow regional institutions to participate – albeit modestly – in Australia's international student market on a more equal footing to metropolitan universities.

This submission argues the importance of nuance in designing policy that impacts the engagement of international cohorts by regional universities, recognising that any major disruption to the sector is typically exacerbated by factors relating to diseconomies of scale, which tends to leave the social missions of RUN universities more exposed to unintended consequences. It is RUN's concern that the universities most likely impacted by the changes introduced by the Australian Government's updated Migration Strategy, and proposed managed growth policy, will be those regionally-based institutions who not only host the sector's highest concentrations of domestic equity enrolments, but whose ongoing viability in regional areas is directly linked to international enrolments at both regional and metropolitan campuses.

RUN universities have witnessed the highest proportional declines in international student revenue since COVID, the slowest post-COVID recovery in international students, and are among the least able public institutions to absorb any further reductions in international student revenue. RUN argues that any reduction in its international enrolments/revenue would ultimately result in the loss of regional university jobs and local economic benefits, the closure of regional campuses, and a reduction in tertiary services and opportunities available to regional Australians. This would not only detriment regional communities and the tertiary opportunities they rely upon, but it would also severely compromise the Australian Government's equity objectives arising from the Australian Universities Accord.

This submission outlines how policy settings can be designed with regional nuance to ensure regional Australians do not regress any further in their access to equitable education and research opportunities in their own communities. RUN ultimately seeks a visa/migration system that demonstrates greater transparency and repeatability, designed in such a way that avoids excessive concentrations of international students by provider, acknowledging the historical legacy this has had on growing resource asymmetries between Australia's public universities and their subsequent capabilities in meeting their social missions.

RECOMMENDATIONS

RUN recommends:

- Features of the next wave of reform be delayed until 2026 to allow a more informed approach to policy design and implementation.
- For managed growth policy to acknowledge and reflect the low-risk nature of public institutions in the international education market.
- Further reform of the six month no-transfer period to extend to a 12 month no downstream transfer period.
- A move away from provider risk ratings as the basis for student visas.
- Universities having greater access to more timely, relevant data from the Department of Home Affairs including far greater clarity and certainty surrounding risk rating implementation.
- That any reallocation of Australia's international students should favour public university providers.
- That the design of a future higher education system be based on transparency and repeatability, and does not result in excessive international student concentrations at any individual provider.
- No caps (by location, provider, or course) for international students enrolling at regional universities, and a visa regime that positively discriminates towards regional study/settlement
- More be done to promote regional university rankings at a field of study level, and to raise the profile of regional Australia as a desirable destination for international students, promoting the excellence of regional tertiary teaching and research opportunities.
- No setting of international student caps at the course level.
- Undertaking a highly nuanced and evidence-based approach to the process determining the overall quantum of international students in Australia.
- That the Australian Tertiary Education Commission, and not the Minister of Education, be responsible for managing growth of domestic and international student numbers.
- That the CBD campuses of regional institutions be allowed returned growth in international student numbers to at least pre-pandemic (2019) levels, without encumbrances such as the construction of student accommodation.
- That consideration be given to those regionally-run metropolitan university campuses that have become operational since 2019 to improve the viability of their regional service obligations.
- Development of policy that places a student's freedom of choice at the centre of Australia's education system
- Policy implementation that reconciles the impending changes in international and domestic funding.
- Avoiding a cliff face implementation strategy to enable institutions to make decisions in a strategically managed way.
- Additional international student scholarships (potentially in the form of a quota of Australian Awards) to facilitate regional campus study.
- The provision of additional Commonwealth support to the Department of Education's Education and Research Offshore Counsellor Network.
- A continuation of Commonwealth investment in the United Nations Educational, Scientific and Cultural Organization (UNESCO) Global Convention on the Recognition of Qualifications concerning Higher Education 2019.

OBJECTIVE 1: A SECTOR BUILT ON QUALITY AND INTEGRITY

Question One: Are there further reforms governments should consider that will improve the quality and integrity of the sector?

RUN provides in-principle support to reforms and legislative changes that are designed to safeguard the quality and integrity of Australia's international student sector today, while assuring the sustainability and social licence of this valued industry for tomorrow. RUN notes the recent reforms and actions taken by the Government to address integrity concerns such as:

- the reintroduction of the student visa working hours cap,
- student visa savings requirements, and
- heightened English language proficiency requirements.

Early evidence suggests that these reforms are delivering against their intended results. RUN argues for a period of evidence-based review and reflection of these current reforms to best gauge their full impact, before embarking upon the next wave of major reform foreshadowed by the draft Australia's International Education and Skills Strategic Framework (the Strategic Framework). Indeed, it would appear that the Government's intentions to address the integrity issues of a small handful of providers is causing disproportionate and significant damage to the reputation and viability of many low risk, high quality universities.

RUN is concerned that too much reform, too quickly, and without periods of evidenced reflection, will inevitably damage Australia's reputation as a welcoming, safe, world-class study destination, ultimately undermining the objectives of the Strategic Framework. RUN recommends that some of the more disruptive features of the next wave of reform to the international student sector – such as the measures associated with the implementation of 'managed growth' policy – be delayed until 2026 to allow a more informed approach to policy design and implementation.

■ RUN RECOMMENDS

features of the next wave of reform be delayed until 2026 to allow a more informed approach to policy design and implementation.

RUN supported the August 2023 closure of the concurrent study function in the Provider Registration and International Student Management System (PRISM) as a means to disrupt the unethical practice of student poaching by providers within the first six months of study commencement. The practice of student poaching has an erosive effect on the integrity of Australia's international student sector, and RUN recommends further reform of the six month no-transfer period to extend to a 12 month no downstream transfer period.

■ RUN RECOMMENDS

further reform of the six month no-transfer period to extend to a 12 month no downstream transfer period.

RUN would also support a move away from provider risk ratings as the basis for student visas, and towards a more holistic assessment of student suitability instead. RUN supports the suitability/risk of the student being assessed at the visa stage, utilising English Language proficiency and requisite personal funds alongside the Department of Home Affairs' analysis of risk associated with specific agents, locations, finances and matters of fraud etc... As a result, students and agents will become increasingly focused on the cost of visa refusals if they, rather than the providers, are penalised via, for instance, a loss of visa fee and/or a black mark for future applications for students, alongside appropriate penalties for agents.

■ RUN SUPPORTS

a move away from provider risk ratings as the basis for student visas.

OBJECTIVE 1: A SECTOR BUILT ON QUALITY AND INTEGRITY

Question Two: What more can providers do to improve the integrity of the international education sector?

RUN supports measures, proposed or recently enacted, that seek to hold non-genuine or high-risk providers more accountable for matters affecting sector integrity and student exploitation.

RUN universities and other low-risk providers are proactively preserving the integrity of their processes by increasingly holding agents and students accountable for sub-optimal applications. RUN observes that many of the integrity issues within the sector result from inadequate policy settings and/or policy enforcement (e.g. failure to take appropriate cancellation action against visa breaches, or regulator action against unscrupulous providers). For Australia's public universities, the interests and integrity of the higher education sector are well served by its regulator, the Tertiary Education Quality and Standards Agency (TEQSA), which employs principles of proportionality and risk-based approaches when managing issues of concern as they arise. As a result, Australia's universities typically demonstrate consistently high levels of integrity and low levels of risk through their engagement with the international student sector.

Occasionally, non-systemic issues that may impact integrity do arise within the higher education sector. While these are managed quite robustly through existing processes, proactively by the provider itself and/or via the involvement of TEQSA, RUN nonetheless sees the potential for improved practice that could be brought about by Australia's universities having greater access to more timely, relevant data. This includes far greater clarity and certainty surrounding risk ratings, and how these are being implemented by the Government. Universities would be able to respond more quickly and effectively to emerging issues of integrity/risk arising from, for instance, specific agents, locations, or fraudulent financial institutions, if they had access to live, real-time data and intelligence from the Department of Home Affairs. Australia's public universities consistently seek to act in the best interests of international students, and as a result Australia's international student market is characterised

by integrity, quality, and sustainability. Access to more timely, transparent, and robust data would enable Australia's universities to become more responsive participants in the international student sector via an enhanced ability to harmonise their decision-making in real time with issues of risk identified by the Department of Home Affairs.

RUN RECOMMENDS

universities having greater access to more timely, relevant data from the Department of Home Affairs including far greater clarity and certainty surrounding risk rating implementation.

There is also an important role for higher education providers to play in maintaining the goodwill that has been built up over decades between the sector and its valued international stakeholders, during this period of acute uncertainty, and disruption brought about by changes to Australia's international student sector. RUN members have prioritised their own efforts in seeking to preserve the goodwill that exists with their international students and stakeholders during this period and notes the efforts of other higher education providers and networks in similarly seeking to mitigate the erosion of sectoral integrity that has been caused by the national policy direction and debate surrounding international students in Australia.

Ideally, international students would choose a university based on the quality of teaching and the student experience and the relevance to their future plans rather than choosing a university based on the university's expertise in immigration assessment. Universities should not be compelled to engage in the increasingly complex immigration decisions as required under the current provider risk model. Instead, much of this decision-making should rest with the Department of Home Affairs, where more consistent, universal and informed decision-making can be made.

OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

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

RUN acknowledges the Government's desire to reconfigure international student enrolments to support greater sector quality, integrity, and sustainability.

Allocation via sector: RUN argues that universities are low risk and have performed well in driving Australia's reputation as a world class destination for international education. Australia's public universities are a small group of low risk, high-integrity providers and RUN believes that any reallocation of Australia's total international students should favour public university providers.

RUN RECOMMENDS

that any reallocation of Australia's total international students should favour public university providers.

Allocation via provider: The design of a future higher education system needs to be based on transparency – visa processing and provider expectation – and repeatability, that does not result in excessive international student concentrations at any individual provider. There exists a maldistribution of international students within Australia's universities; over 50 per cent of all international students in Australia in 2022 were enrolled in eight metropolitan universities. More than half of all universities (20) enrolled 20 per cent of international students. This maldistribution is a key factor contributing to the growing resource asymmetries that exist between Australia's public universities. RUN argues that international education is a national interest whose immense benefits ought to be more equitably distributed, rather than continue to become increasingly concentrated to a limited number of providers serving only a few of the many diverse social missions that exist within Australia's university sector. As such, RUN views the acute maldistribution of international students within this low-risk, high-integrity category of providers to be a factor that should influence policy design.

RUN RECOMMENDS

that the design of a future higher education system be based on transparency and repeatability, and does not result in excessive international student concentrations at any individual provider.

Allocation via location: RUN agrees there is a strong case for the regions hosting a greater share of Australia's international students, and a greater proportion of those international students who choose to remain in Australia post-graduation. The Regional Australia Institute (2024) found approximately 37 per cent of all Australians now live in the regions. Conversely, just three and a half per cent of onshore tertiary international students (YTD October 2023) attended a regional campus. International students play a vital role in the globalisation and cultural diversification of regional university classrooms, yet their limited presence adds another layer of disadvantage upon regional student cohorts who already exhibit the highest concentrations of inequity and underrepresentation in the sector. RUN recommends no capped impediments (by location, provider, or course) for international students enrolling at regional universities, alongside a visa regime that positively discriminates towards regional study/settlement.

RUN RECOMMENDS

no capped impediments (by location, provider, or course) for international students enrolling at regional universities, alongside a visa regime that positively discriminates towards regional study/settlement.

The Strategic Framework's redistributive objectives towards regional settings does not neatly align with the Government's recent discussion paper on the points-tested visa, which repeatedly debased the value of the additional points currently allocated to regional study. Likewise, the cessation of the Destination Australia scholarships undermines the Strategic Framework's redistributive objectives. Some form of alternative scholarship provision should

OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

Question One: What more can providers do to improve the integrity of the international education sector?

be restored. RUN believes more can be done to promote regional university rankings at a field of study level, and to raise the profile of regional Australia as a desirable destination for international students, promoting the excellence of regional tertiary teaching and research opportunities. Consideration must also be given to supporting the settlement and success of international students in regional Australia, given the unique and additional challenges they face (e.g. the greater distances between regional campuses and places of employment, housing and social amenities, alongside the limitations of regional public transport and a greater reliance on private vehicle ownership).

■ RUN OPPOSES

the cessation of the Destination Australia scholarship program.

■ RUN RECOMMENDS

more be done to promote regional university rankings at a field of study level, and to raise the profile of regional Australia as a desirable destination for international students, promoting the excellence of regional tertiary teaching and research opportunities.

Allocation via course: RUN does not believe the setting of international student caps at the course level serves the national interest – particularly in regional areas – and will ultimately lead to unintended consequences for regional universities. The cultural, social, and economic benefits brought by international students extend far beyond their role in suppressing domestic skills shortages. According to the Grattan Institute (2022) more than 80 per cent of international students leave Australia after graduation. RUN questions policy that seeks to dictate the course level study choices to the majority share of international students who will never apply their qualifications to Australian workforces. Australia should not have policy designed to undermine a student's freedom of course choice, recognising that students are best placed to determine those offerings that best reflects their interests, talents, and career aspirations. RUN's consideration of this factor is outlined in greater detail in its response to (Objective 2) Question 5.

■ RUN OPPOSES

setting international student caps at the course level.



OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

Question Two: What considerations for government should inform the overall level of international students in Australia?

RUN is supportive of policy changes that ensure greater quality, integrity, and sustainability to Australia's International student sector. As such, RUN welcomes many aspects of the measures already taken by the Government, alongside some of proposed reforms that are the subject of current consultation.

RUN raises four key issues for the Government to consider as it seeks to realise the objectives of the Strategic Framework, including those relating to determining the overall quantum of international students in Australia.

1. RUN acknowledges the Government's intentions to alleviate the pressure on Australia's housing stock through a wider geographic redistribution of Australia's international student cohorts. However, RUN would urge a highly nuanced and evidence-based approach to this process. The housing pressures being experienced in those handful of CBD suburbs that host Australia's highest concentrations of international students are not uniformly replicated across all of Australia. Recent analysis by the Property Council of Australia (2024) found that international students occupy less than 1 per cent of housing stock in the majority (73 per cent) of Local Government Areas in Australia, and only 4 per cent of rental occupations overall. Furthermore, this analysis found that, available housing stocks began decreasing, and median weekly rental prices began rising, in 2020, when there were no/few onshore international students – indeed, the analysis found that median weekly rents increased thirty per cent between 2019 and 2023, coinciding with a period that saw student visa arrivals decrease by 13 per cent.

RUN RECOMMENDS

undertaking a highly nuanced and evidence-based approach to the process determining the overall quantum of international students in Australia.

Carefully considered, highly targeted nuance is required to protect Australia's largest service export from unintended consequences while pursuing effective cuts to international student intake that seeks to realise marginal housing relief from the 4 per cent of Australia's available housing stock linked to international students.

2. A hard, blanket cap would be detrimental to Australia's pipeline of human capital, and detrimental to Australia's soft power and regional goodwill. A crude and unnuanced cap would also be detrimental to regional Australia's academic and research capabilities. The Government must consider how closely the metropolitan CBD campuses of regional universities (discussed in fuller detail in the response to Objective 2, Question 3) are linked to the current viability of tertiary education, research, and student support in regional Australia, where tertiary participation and attainment is persistently lower. The redistributive efforts to place more international students in regional areas will likely take years to realise, as will the eventual implementation of funding resulting from the Australian Universities Accord, which will be unlikely to meet the shortfall in funding from international students. These should be considerations for the Government if/ when determining how limits on international students are applied.

RUN BELIEVES

a hard, blanket cap would be detrimental to Australia's pipeline of human capital, and detrimental to Australia's soft power and regional goodwill.

OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

Question Two: What considerations for government should inform the overall level of international students in Australia?

3. An international student intake regime that overemphasises international students through the lens of meeting domestic skill shortages comes with risk to national interest. RUN discusses these risks more fully in response to Objective 2, Question 5 below, however the principle to observe is that, by globally competitive standards, international education is a free-market environment and that international students choose to study based on what is best for their individual future plans. That particularly extends to choice of course and RUN advocates against course limits being used to limit the number of international students welcomed by Australia.
4. With respect to the powers to set limits on international students in Australia (including limits by provider, location or course), RUN believes these powers should not reside

solely with a Minister. If these powers are to be held, RUN believes they should be in the hands of a strictly apolitical entity. The (soon to be established) ATEC, for instance, will be responsible for the managed growth of domestic students within higher education. Given the importance of the international student sector to Australia's public universities, it may make sense for the powers to manage international student growth to reside with ATEC as well.

■ RUN OPPOSES

the Minister of Education having the power to set limits on international students in Australia.

■ RUN RECOMMENDS

that the Australian Tertiary Education Commission be responsible for managing growth of domestic and international student numbers.



OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

Question Three: How will this approach to managing the system affect individual providers?

RUN welcomes the Strategic Framework's acknowledgement of the diverse contexts under which different providers operate within the international student sector. In the context of regional universities and their distinct social charters, international students play an incredibly important role in meeting the missions of regional institutions. RUN has previously outlined the invaluable contributions that international students/graduates make to the social, cultural, and economic prosperity of regional communities. But international students are also an indispensable revenue stream that supports the viability of many regional universities who operate in the challenging environment of thin regional tertiary markets. Regional universities service much higher levels of underrepresented, higher-need domestic student cohorts, often via networks of dispersed regional campuses. As a result, the geographically-defined social missions of regional universities mean they cannot generate the same operational scale as large metropolitan universities operating in densely populated urban markets.

RUN WELCOMES

the Strategic Framework's acknowledgement of the diverse contexts under which different providers operate within the international student sector.

Many regional campuses demonstrate success in attracting and supporting relatively modest (by metropolitan standards) numbers of international students. However, attracting large cohorts of international students to regional centres is challenging – as the Strategic Framework itself acknowledges – and so the reality is that many regional institutions rely upon metropolitan CBD campuses that predominantly support international cohorts. These CBD campuses offer high quality tertiary opportunities and high levels of student support. They also allow regional institutions to participate – albeit modestly – in Australia's international student market on a more equal footing to metropolitan universities and provide RUN universities some level of self-determination in addressing the growing

resource asymmetries that exist between Australia's public universities. The city campuses of RUN institutions sit alongside the campuses of many other low-risk, high-quality universities (including large metropolitan universities) who are also operating international campuses in cities outside of their headquartered region.

Australian Government student data (2022) reveals that RUN universities enrol just four per cent of all international students studying at Australian universities (including those studying on RUN CBD campuses). International students comprise just 14 per cent of all RUN enrolments, compared to a national average (excluding RUN) of 28 per cent. In terms of total income, RUN universities derive just 12 per cent of their revenue from international cohorts, while the national average (excluding RUN) is 25 per cent. RUN universities also experienced a more severe drop in international student numbers/revenue as a result of the pandemic, and they continue to face a more prolonged recovery. Australian Government higher education financial data shows that between 2019 to 2022, RUN universities saw a 61 per cent reduction in international student revenue, compared to the sector average of just a 16 per cent reduction during the same period.

RUN universities have already seen the highest proportional declines in international student revenue since COVID, the slowest post-COVID recovery in international students, and are among the least able public institutions to absorb any further reductions in international student revenue. Indeed, the total operational deficit of RUN universities in 2022 represented a combined \$128m shortfall to the major institutions providing tertiary services to regional Australia. While RUN support Government actions and reforms that build upon the efforts of regional universities themselves in attracting and supporting greater numbers of international students to regional campuses, RUN would urge that the CBD campuses of regional institutions should be maintained and allowed returned growth in international student

OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

Question Three: How will this approach to managing the system affect individual providers?

numbers to at least pre-pandemic (2019) levels, without encumbrances such as the construction of student accommodation. Furthermore, consideration should be given to those regionally-run metropolitan campuses that have become operational since 2019, via investments made in good-faith by regional institutions seeking to improve the viability of their regional service obligations.

It will take many years for the regional redistributive benefits of the Strategic Framework to be realised by regional Australian communities and universities. Any significant managed growth restrictions that are placed upon the CBD campuses of regional institutions, presumably applied from 2025 onwards, have the potential for major unintended consequences, including the loss of regional university jobs, the closure of regional campuses, and/or a reduction in tertiary services and opportunities available to regional Australians.

RUN RECOMMENDS

that the CBD campuses of regional institutions should be maintained and allowed returned growth in international student numbers to at least pre-pandemic (2019) levels, without encumbrances such as the construction of student accommodation.

RUN RECOMMENDS

that consideration be given to those regionally-run metropolitan university campuses that have become operational since 2019 to improve the viability of their regional service obligations.



OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

Question Four: 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?

RUN believes that all aspects of Australia's international education industry should demonstrate a high level of integrity and low level of risk, to the assurance of Government, participants, and the Australian public. For this reason, RUN does not hold a position on the status of distinct provider categories, but would recommend a proportionate, evidence-informed wait-and-see approach to eventual determinations regarding the inclusion/exclusion of these groups.

RUN RECOMMENDS

a proportionate, evidence-informed wait-and-see approach to eventual determinations regarding the inclusion/exclusion of all aspects of Australia's international education sector.



OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

Question Five: How should government determine which courses are best aligned to Australia's skills needs?

RUN acknowledges the national interest in aligning Australia's migration/visa settings more closely to Australia's skills needs. However, RUN views the policy intention of setting international student caps at a course level – understanding the impact this will have upon Australia's important education export industry – as a disproportionate and ineffectual response to Australia's skills needs.

■ RUN BELIEVES

setting international student caps at a course level is a disproportionate and ineffectual response to Australia's skills needs.

The overwhelming majority of international students leave Australia shortly after graduation, taking the skills and qualifications they have gained to international labour markets. Indeed, the Government's newly released Migration Strategy indicated that most international students are expected to leave Australia after they complete their studies. As such, RUN questions the value of policy that seeks to dictate the study choices (at a course level) to the majority share of international students who will never apply their qualifications to Australian workforces. The minority of international students who choose Australia as their study destination, who also seek a realistic chance of migration success, would already be aligning their study to not only personal interest but to those skills and occupations that favour successful migration outcomes. This migration dynamic undermines the necessity of Government intervention upon international student choice at the course level.

■ RUN OPPOSES

Government intervention on international student choice at the course level.

Setting international student caps at a course level atop of those at an institutional and/or campus level may also generate unintended consequences for regional universities operating courses across multiple campus locations. The highly variable nature of student decision-making

regarding accepting, enrolling, or withdrawing adds significant challenges to the institution in meeting enrolment caps precisely, made considerably more difficult by limits potentially existing at the course and campus level. There is a risk that many providers will consequently under-enrol – leading to lost opportunity to the university and the community it serves alike – or alternatively the provider may inadvertently over-enrol, attracting penalties or having to cancel enrolments, both coming at financial and reputational cost.

The recent Jobs Ready Graduates policy demonstrated the limited influence that either punitive or incentivised policy measures have on student choice. Applying a similar ideology towards international students may have the effect of either compromising the likelihood of a provider being able to meet its capped allocation through a limiting of domestic product choice in a rich and diverse global student market, or it may have the effect of attracting non-genuine students into academic streams unaligned to their personal interests or career aspirations.

As such, RUN advocates for policy that places a student's freedom of choice at the centre of our education system, recognising that students are best placed to determine those offerings that best reflects their interests, talents, and career aspirations. There is a risk that, should international students receive a place allocation but only in a course they do not preference, they will be more likely to forgo Australia for a competitor destination, or it will result in attracting the sub-quality, less-genuine student markets that Australia is trying to extricate itself from. This carries reputational, integrity, and financial risk.

■ RUN RECOMMENDS

policy that places a student's freedom of choice at the centre of Australia's education system.

OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

Question Five: How should government determine which courses are best aligned to Australia's skills needs?

Regional universities warmly welcome international students who are prepared to study, live, and work in regional areas, particularly those seeking careers in areas of high skilled shortages (including fields identified in the Strategic Framework such as education and health). However, RUN would caution against a caps-conditional policy that seeks to inflate enrolments in these fields above levels that international students would otherwise fill naturally through their own independent choice. It is also the case that some fields of study have student intake quotas limited by industry accreditation bodies

(such as the Australian Nursing and Midwifery Accreditation Council) which would seemingly undermine the policy objectives of directing international enrolments towards certain courses.

■ RUN CAUTIONS

against a caps-conditional policy that seeks to inflate enrolments in fields of education above levels that international students would otherwise fill naturally through their own independent choice.



OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

Question Six: How should government implement a link between the number of international students and an increased supply of student housing?

RUN notes the Government's intentions to alleviate the growing pressure on Australia's housing stock through a wider geographic redistribution of Australia's international student cohorts. RUN also notes the Government's intention to link any further growth in international student enrolments – above negotiated institutional caps – to the construction of new student accommodation. RUN would not support the linking of above-cap growth to new student accommodation construction for regional campuses, nor for the metropolitan CBD campuses of regional institutions as they seek a return to pre-pandemic (2019) international student numbers. (This latter point is outlined more fully in this submission's response to Objective 2, Question 3).

■ RUN OPPOSES

linking above-cap growth to new student accommodation construction for regional university campuses, and for the metropolitan campuses of regional institutions.

The current pressures on accommodation availability and affordability in the CBD areas of Australia's largest cities are not uniformly replicated across all parts of Australia, including its regions. The majority of regional communities simply do not host the concentrations of international students as seen in the CBD suburbs of our largest capital cities. The new student accommodation requirements of the proposed managed growth policy, if applied to regional higher education providers, would also place disproportionate burdens upon regional universities and regional communities.

■ RUN BELIEVES

the new student accommodation requirements of the proposed managed growth policy would place disproportionate burdens upon regional universities and regional communities.

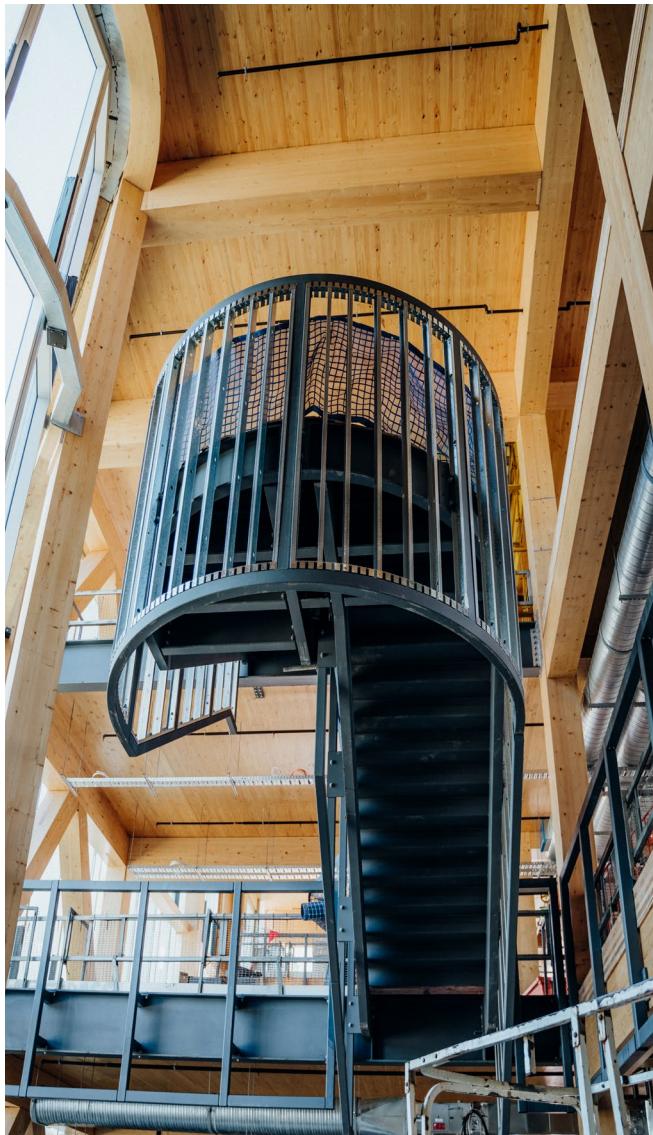
Firstly, regional universities have less financial capacity to take on major capital expenditure projects, compared to metropolitan universities who can leverage robust balance sheets derived from scaled operations in dense urban markets.

Secondly, the costs of construction, maintenance, equipment, and supply chains are higher in regional Australia. For instance, the most recent Rawlinsons Construction Guide (2024) recorded that, compared to the nearest capital city, the cost of construction on projects \$1.5m and above were 10 per cent higher in Armidale; 8 per cent higher in Dubbo; and 17 per cent higher in Rockhampton, Mackay, or Gladstone. These inflated regional construction costs represent a disproportionate cost burden for regional universities.

Thirdly, there are higher and more persistent skills shortages in regional economies, including amongst Technicians and Trades Workers. The two most recent Skills Shortage Quarterly publications, released by Jobs and Skills Australia (JSA), found that the fill rates for Technicians and Trades Workers were lower in regional areas, with overall fill rates widening between metropolitan and regional areas from 2022 to 2023. JSA concluded that shortage pressures in regional areas have become more pronounced. The additional pressure that new student accommodation projects would place upon the skilled construction sector in regional communities would further compound regional issues of skills scarcity and construction costs. Regional skills shortages would have an impact upon the construction costs and timeframes of new student accommodation builds, making it more challenging for regional universities to meet growth opportunities as they arise.

OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

Question Six: How should government implement a link between the number of international students and an increased supply of student housing?



The accommodation needs and study profiles of international students tend to exhibit differences between metropolitan and regional settings. For instance, RUN universities tend to host post-graduate international students who undertake and subsequently complete their qualifications at a later age than those attending metropolitan universities. International post-graduate students studying at regional locations are often accompanied by partners and children, meaning they are more likely to seek private market accommodation over purpose-built student accommodation.

Additionally, regional campuses are not always located near the services, amenities, and places of employment that international students require, and these students will often preference accommodation options that are off-campus, and more suited to their specific needs and circumstances. These factors diminish the case for new purpose-built student accommodation in regional areas. RUN recommends a survey of existing regional student accommodation to better inform policy direction.

The timing impacts of the multijurisdictional process of planning/building approvals required of major construction projects such as student accommodation – a multi-year process in some instances – would also be a significant barrier to meeting the intent of the managed growth policy, and in responding quickly to changes in international student market opportunities.

OBJECTIVE 2: A MANAGED SYSTEM TO DELIVER SUSTAINABLE GROWTH OVER TIME

Question Seven: What transition arrangements would support the implementation of a new approach?

RUN urges an acknowledgement of the additional challenges that smaller and regional universities would face during the transition to the new managed growth policy landscape, recognising that any major disruption to the sector is typically exacerbated by factors relating to diseconomies of scale.

The full pipelined benefits of a more geographically equitable distribution of international student cohorts will invariably take years for regional Australia and its universities to realise. However, the financial impacts of a January 2025 reduction in international student admissions will be immediate and significant. The potential for unintended consequences, including the loss of regional university jobs, the closure of regional campuses, and/or a reduction in tertiary services and opportunities available to regional Australians would be high.

RUN acknowledges that the implementation of the ATEC and the implementation of a needs-based funding policy may relieve some of the funding pressures facing universities, however this is not anticipated until 2026, and would be unlikely to meet the funding shortfall experienced by a major reduction in CBD campus revenue. RUN does not view the introduction of needs-based funding as a trade-off for international student enrolments.

RUN urges a policy implementation approach that reconciles the impending changes in international and domestic funding, such that the impacts occur at the same time to at least allow some degree of offset. This would not only require a nuanced understanding of the different providers within the university sector – and the different communities and missions they serve – but also a nuanced understanding of the capacity of different providers to absorb the impact of the reform.

RUN RECOMMENDS

policy implementation that reconciles the impending changes in international and domestic funding.

RUN would recommend that the metropolitan CBD campuses of regional institutions should be allowed growth in international student numbers to at least pre-pandemic (2019) levels, without encumbrances such as the construction of student accommodation.

RUN RECOMMENDS

that the metropolitan CBD campuses of regional institutions be allowed growth in international student numbers to at least pre-pandemic (2019) levels, without encumbrances such as the construction of student accommodation.

RUN would not recommend a cliff face implementation strategy. Where, and if, institutions must reduce their international student numbers as part of a managed growth strategy, they should be able to achieve this over a number of years thereby allowing institutions to make their decisions in a strategically sensible way. An immediate cut in revenue can only be met with an immediate cut in expenditure and this has the potential to significantly impact university operations, regional communities, and university staff.

RUN RECOMMENDS

avoiding a cliff face implementation strategy to enable institutions to make decisions in a strategically managed way.

RUN would be open to a less stringent application of the institutional allocations so that during transition, institutions are able to maximise their enrolment allocations. There are a range of factors that will impact the ability of institutions to maximise their enrolment allocations, and with the fiscal impact of the allocations resulting in such severe outcomes for institutions there should be a degree of flexibility built into the transition period to enable institutions to be able to refine their internal operations while minimising the possibility for ending up significantly under their allocation and forgoing revenue.

OBJECTIVE 3: TAKING AUSTRALIAN EDUCATION AND TRAINING TO THE WORLD

Question One: What are the barriers to growth in offshore and transnational delivery of Australian education and training?

The current policy environment has serious implications for Australia's transnational education sector. There are many transnational models that can be used, ranging from distance education to bricks and mortar campuses, however it is important to understand that the success of these models is dependent upon the desires of students, and the fiscal impact transnational delivery has on Australian education providers. This fiscal impact is not only associated with the capital expenditure related in setting up transnational education, but also the ongoing expenditure of such models, the difficulty that can be faced (in some jurisdictions) in repatriating revenue back to Australia, and the fact that revenue derived from transnational education is considerably lower than that from onshore delivery. The current disruption in visa processing for many Australian universities has eliminated their financial ability to invest in transnational education opportunities. Universities with balances sheets that have been constrained due to Covid, and the current rejection of students of visas will be unable to grow, or invest in transnational education.

Furthermore, there is additional risk and operational complexity accompanied with transnational education. Geopolitical hazards - which may exist beyond the control of Australian institutions, regulators or Governments - are an ongoing risk. Additionally, operating in an environment that obliges both Australian and foreign regulatory requirements can add significant complexity.

The success of transnational education is also constrained by the appetite and desire of international students to engage in that form of education. Students come to Australia's shores to study for a variety of reasons.

If the Government wished to encourage Transnational Education ventures, it may consider policy provisions that seek to make it a more attractive proposition for providers and prospective students alike;

- Offshore students who have completed an Australian tertiary qualification via an Australian provider's transnational services might be afforded similar provisions as those available to onshore international students, such as post-study work rights.
- Ensuring that students enrolled in Australian transnational education offerings, that feature an onshore study component, do not count towards the capped limits of that provider.
- Encouraging dual recognition of learning between countries would address the current lack of recognition, making it easier to offer a robust portfolio of courses via Transnational Education.

OBJECTIVE 3: TAKING AUSTRALIAN EDUCATION AND TRAINING TO THE WORLD

Question Two: Where can government direct effort to support transnational education?

RUN is supportive of the Department of Education's Education and Research Offshore Counsellor Network in raising awareness for both domestic and international educational opportunities, especially as it relates to collaborative opportunities. Additional support for the Counsellor Network could yield significant benefits for transnational education, considering that often those Counsellors have significantly large geographies, multiple countries to manage, and constrained resources. Further investment in the Education and Research Counsellors would yield significant benefit not only to transnational education, but also Australia's international education brand.

RUN RECOMMENDS

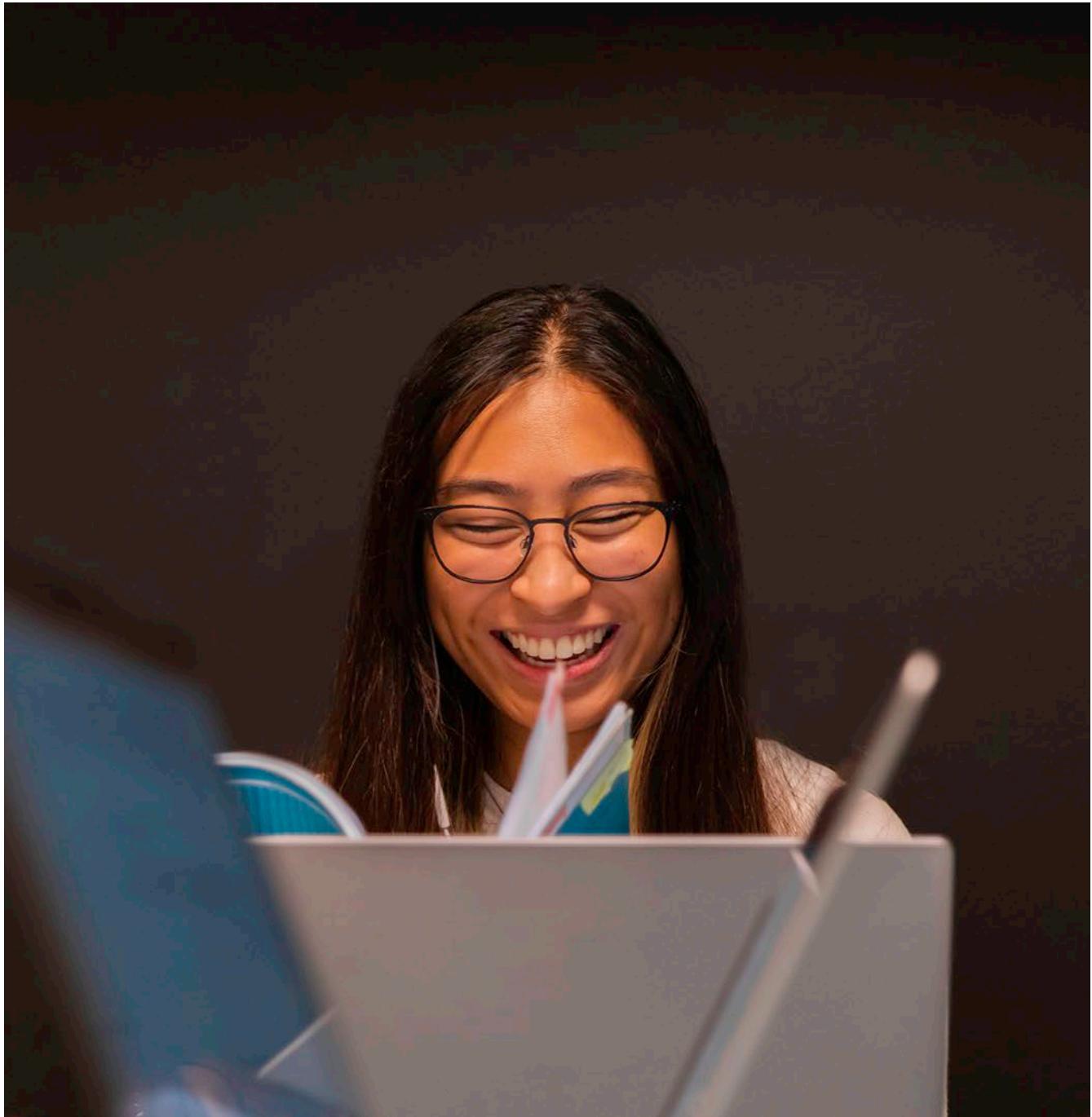
providing additional support for the Department of Education's Education and Research Offshore Counsellor Network

The ongoing recognition of Australia's qualifications is vital to ensuring the ongoing growth of Australia's transnational education sector. RUN supports the continued investment in the United Nations Educational, Scientific and Cultural Organization (UNESCO) Global Convention on the Recognition of Qualifications concerning Higher Education 2019.

RUN SUPPORTS

the continued investment in the United Nations Educational, Scientific and Cultural Organization (UNESCO) Global Convention on the Recognition of Qualifications concerning Higher Education 2019





**For further information please contact
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