



THE UNIVERSITY OF
SYDNEY

Professor Mark Scott AO
Vice-Chancellor and President

14 June 2024

Mr Tony Cook PSM
Secretary
Commonwealth Department of Education
By email: StrategicFramework@education.gov.au

Dear Secretary,

Re: Australia's International Education and Skills Strategic Framework, Consultation Draft

The University of Sydney welcomes the opportunity to provide feedback on the Department of Education's draft [International Education and Skills Framework](#) released on 12 May 2024.

While the University broadly supports the Government's proactive approach to improving quality and integrity in the education system, the Framework also proposes significant changes to the way Australia's highly successful international education sector will be managed for years to come. The proposed changes include the introduction of arbitrary enrolment caps for individual providers and possibly courses, harsh penalties on providers for breaches, and new powers for the Minister for Education to ban any provider, at any time, from delivering a course to international students.

If the Framework is implemented as proposed in the enabling [Education Services for Overseas Students Amendment \(Quality and Integrity\) Bill 2024 \(Cth\)](#), these reforms will introduce the most significant change to the operation of Australia's international education sector in more than 20 years. There could also be profound implications for the autonomy of Australia's self-accrediting universities and all other tertiary education providers.

Any rapid cuts to international students will have very damaging flow-on consequences for local communities, jobs and economic growth. International education contributed \$48 billion to the Australian economy in 2023 and was responsible for more than half of economic growth in the last financial year. More than 60 per cent of international student expenditure is on goods and services beyond education providers. In NSW international education contributed \$18 billion to the economy in 2023 and prior to the pandemic Study NSW estimated that the sector supported some 95,000 jobs.¹

We therefore urge the Department to consider changes of this magnitude extremely carefully, so that they do not create unintended consequences for the economy and providers, or send discouraging messages to potential genuine students that could deter them from applying to study in Australia.

We note that at this stage, with no detail about the scope of the proposed caps, or about how decisions will be made and applied to the University of Sydney, our ability to assess the impact on our future operations is limited. As the Framework highlights, consultation with the sector and individual providers will be critical to ensure that the Government's longer-term ambitions for the sector are not jeopardised. We expect this dialogue will also encompass the Framework's enabling legislation, which is now before the [Senate Standing Committee on Education and Employment](#) for inquiry and report by 15 August 2024. We will provide further detailed commentary on that Bill to assist the Government and parliamentarians in making final decisions on this legislation.

The University of Sydney understands the underlying concerns the Framework seeks to address, particularly around local housing pressures, diversifying student markets and fields of study. We have been doing substantial work in each of these areas and are committed to doing more. However, the solutions are not straightforward, take time to realise and require policy alignment and stability from all

¹[NAB Market Research, Education export income - Calendar Year - Department of Education, Australian Government, City of Sydney international education - City of Sydney \(nsw.gov.au\)](#).

levels of government to support the commitment of resources. There is also a need for more dialogue and cooperation than occurs currently on student accommodation planning and solutions between governments, universities and private sector property developers.

There is growing evidence that the steps the Government has already taken over the past year – with integrity measures and other reforms to student visas – are taking effect. Particularly relevant to overall migration numbers is the low rate of departures of students and other temporary visa holders during the past two years, which will increase naturally as students graduate and temporary visas expire.

The importance of the Framework's implementation timelines maintaining alignment with normal annual recruitment timelines cannot be understated. The process of applications, offers and decision-making by students runs on a cycle of at least 18 months and is embedded in global markets, where we face direct competition from the UK, US and Canada. Students intending to arrive in Semester 1, 2025 may have started thinking about applying to study with us from Year 10 in high school. They and their families have already seen Australia change its visa rules numerous times in the last 12 months.

We are genuinely concerned about the feasibility of the 1 January 2025 start date for the proposed reforms and the consequences of prolonged uncertainty for thousands of prospective students and our staff. We are already well advanced in making offers for 2025 in line with our normal recruitment and admissions timelines, as are many other universities across Australia. Acceptances are starting to flow in, with students making deposits towards their fees, accommodation and other arrangements for their studies in Australia. Given these realities, it is obvious that limits on 2025 enrolments will be challenging for universities to implement without seriously disrupting thousands of students and potentially putting us in breach of contractual obligations to students. These students will be left with limited time to arrange alternative options.

The University proposes that a more practical and careful approach would include greater sector consultation and a proposed start date in 2026. This would allow time to assess how the post-COVID migration spike in students is working its way through the sector. Postponing full implementation until 2026 would minimise the risk of damaging Australia's reputation and ensure universities can continue to support teaching and research activities in 2025. It would also soften the impacts on local economies and prevent sudden job losses within education providers and the wider economy.

Finally, noting the Minister's recent media commentary that he does not intend to exercise the full powers included in the proposed Bill, it follows that these extraordinary powers do not need inclusion in the Bill, or must be amended to apply only to providers with identified quality or integrity issues. It should not be the legacy of one Government to leave such powers with unfettered licence for potential use for unintended purposes by their successors. If, at another time, such powers are considered essential, the minister of the day should seek them from the Parliament.

We trust our attached feedback is helpful to the Department as it looks to finalise the Framework and are keen to be part of the discussions about the proposed changes, as they continue.

Yours sincerely,

(signature removed)

Professor Mark Scott AO
Vice-Chancellor and President

Attachment The University of Sydney, submission on the Department of Education's Draft International Education and Skills Strategic Framework, released for consultation 12 May 2024

The University of Sydney, submission in response to the Department of Education’s Draft Australia’s International Education and Skills Strategic Framework, released for consultation 12 May 2024

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Support for the vision

The University welcomes the [Draft Australia’s International Education and Skills Strategic Framework’s](#) (Framework) recognition of the importance and multifaceted value of international education to Australia. We share the Framework’s vision for an international education sector that is ‘sustainable, high-quality, diverse and founded on integrity.’ (p.4) This proposed future direction aligns with recommendations we have put to successive international education strategy reviews over the last decade - most recently in submissions to the Australian Universities Accord.¹

Sustainable growth in international education is critical to Australia’s economy at a time when national productivity is in decline. The NAB recently reported that half of Australia’s GDP growth in 2023 came from international students - with 60 per cent of their expenditure being on goods and services purchased through their participation in activities like travel, tourism, entertainment, hospitality and health services.²

In 2022, ACIL Allen demonstrated that the University of Sydney contributed \$5.5 billion to the NSW economy in economic output, including \$1.1 billion in research impact and \$1.7 billion in education

¹ [University of Sydney Submission 2 to the Australian Universities Accord, April 2023](#)

² [NAB Markets Research, Thematic – International students drove growth in 2023](#)

impact through the provision of skilled graduates. Furthermore, ACIL Allen calculated that, in terms of future productivity gains, every \$1 we invest in research generates an extra \$7.38 towards GDP.

If the Government is serious about reversing the long-term decline in productivity, it must support long-term sustainable growth in international education as an export sector that adds substantially to economic growth, sustains hundreds of thousands of jobs, supports our sovereign research capability and skilled workforce development, and strengthens relations in our region and globally.

Support for the focus on quality and integrity

The Framework's recognition that it is 'the actions of a small number of unscrupulous providers [that] undermine Australia's reputation and exploits students' is welcome. The emphasis on the value of 'experienced and ethical providers' and on the need for 'strengthened integrity measures to be 'calibrated to target risk and ensure only those providers who meet Australia's quality standards are able to operate' are also strongly supported. (p.8-12).

The University supports the series of integrity measures the Government has implemented to April 2024 (p.11). We are on the record as supporting the new Migration Strategy's policy principles and objectives regarding international education, which have a strong focus on ensuring quality and integrity, and on creating clear pathways to permanent residency for genuine students in areas of skills shortage.

We endorse most of the additional integrity measures flagged in the Framework and contained in the [Education Services for Overseas Students Amendment \(Quality and Integrity\) Bill 2024 \(Cth\)](#) (ESOS Amendment Bill), *Parts 1-6* and will provide feedback on any specific issues of concern in our submission to the Senate Committee's inquiry into the Bill.

The most effective mechanisms available to enhance the system's integrity are the ESOS agencies' powers to grant or remove a provider's entry on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). The Framework's focus should be on ensuring that the ESOS agencies are encouraged and resourced appropriately to exercise their existing registration powers.

Further reforms that would improve the quality and integrity of the sector

In term of further reforms that would improve the quality and integrity of the sector, we raise for consideration:

Addressing structural funding challenges faced by public universities

The Australian Universities Accord final report highlighted the longstanding structural funding challenges experienced by universities and the associated risks to the sector's quality and sustainability. International student fees contribute more than 30 per cent of total revenues in Group of Eight universities.³ This income has become critical for sustaining teaching of domestic students in nationally significant fields where delivery cost exceed base funding, and to meet the full costs of research. The Framework does not assess the impact of arbitrary enrolment limits on university revenues and does not include any measures to overcome the challenges associated with the current funding model. Implementing the Framework without considering the reality of university funding may put at risk university research and/or programs and activities that benefit both domestic and international students.

Growing work integrated learning for international students

The Framework says much about the responsibility for providing international students with work integrated learning (WIL) opportunities resting with education providers alone (p.20). It also outlines the Government's plan to allocate international student places to courses aligned with areas where Australia faces persistent skills shortages. Teaching and nursing courses offered by providers in regional areas are highlighted as likely to be prioritised with allocations (p.21-22). We agree that

³ [Department of Education, Finance Publication 2022](#)

growing quality WIL opportunities for international students is critical not only to improve graduates' employability skills and career prospects, but also to diversify the fields in which international students enrol.

However, growing WIL and employment pathways for international students in priority fields like teaching, nursing and other programs with mandatory professional placements will not be achieved through the efforts of education providers alone. Strong Commonwealth leadership and coordination is needed to drive a true partnership approach with state and territory governments, accrediting bodies, employers and providers. The policy, financial and tax incentive structures relevant to growing WIL for both domestic and international students should be independently reviewed as a priority, as the Accord did not delve deeply enough into these issues. Such a review should consider leading international models and consider their appropriateness for Australian contexts, including WIL in rural, regional and remote communities.

The 'placement poverty' challenge is as real for international as it is for domestic students, especially for those required to move from their homes and jobs for placements. Yet policy anomalies and inconsistencies abound, while international students are often not treated equally by employers, especially when there is placement scarcity. The logic of the Commonwealth Department of Health's the [Rural Health Multidisciplinary Training Program](#)'s ban on international students receiving any benefit under the program should be reviewed. The Government's recent decision to cut the [Destination Australia Scholarship](#) program should also be reviewed – at least for international students interested in studying or completing professional placements in priority fields in regional communities. The decision to cut this rare source financial assistance available for international students interested in studying or completing placements in regional areas is inconsistent with the Framework's vision and priorities.

Factors that should inform the allocation of international student places

The significance of the proposed reforms

If implemented as proposed in the Framework (pp15-16) and set out in Parts 7 and 8 of the ESOS Amendment Bill, these aspects of the proposed reforms will introduce the most significant change to the operation of Australia's market-based system of international education since the Commonwealth began encouraging public universities to enrol international fee-paying students at scale in the late 1980s. There could also be profound implications for the autonomy of Australia's universities and all other tertiary education providers.

The powers that Parts 7 and 8 of the ESOS Amendment Bill would give any future Minister for Education the opportunity to be highly punitive against individual providers and their course offerings. The unprecedented powers proposed for the Minister of Education in relation to caps and bans on individual courses need to be assessed for their appropriateness to ever be utilised, not the reassurances of the current Minister that he does not intend ever to exercise some of them.⁴

If the changes are legislated as proposed, it would be open to a future minister to exercise these powers in relation to a wide range of issues unrelated to the concerns that underpin the Framework. For example, a future minister may not wish to support courses in a particular field for religious, political or philosophical reasons. A future Government may decide to target students of certain nationalities, or may want to punish or reward a particular provider, or category of providers, for reasons that are far-removed from the quality, integrity and sustainable growth objectives that have prompted the Framework's development.

It should not be the legacy of one Government and Minister for Education to leave such powers with unfettered licence for potential use for unintended purposes by their successors. If, at another time, such extraordinary powers are considered essential, the minister of the day should seek them from Parliament.

⁴ <https://ministers.education.gov.au/clare/interview-sky-news-sunday-agenda-2>

The economic value of international education

Any rapid cuts to international students will have flow on consequences for local communities, jobs and economic growth. International education contributed \$48 billion to the Australian economy in 2023 and was responsible for more than half of economic growth in the last financial year. More than 60 per cent of international student expenditure is on goods and services beyond education providers. In NSW, international education contributed \$18 billion to the economy in 2023 and prior to the pandemic Study NSW estimated the sector supported some 95,000 jobs.⁵

We therefore urge the Department to consider changes of this magnitude extremely carefully, so that they do not create unintended consequences for the economy and providers, or send damaging messages to potential students, risking Australia's reputation as a quality provider of tertiary education internationally.

Historical government encouragement of growth

The Framework notes that the number of onshore international student enrolments has never been considered at a strategic level to determine the appropriate size and composition for a sustainable sector. (p.12). In fact, for more than 20 years, successive Commonwealth Governments have actively encouraged universities and other public and private tertiary education providers to grow their international student numbers because of the discretionary revenue, wider economic, employment, temporary workforce and soft power benefits that flow from international education. The Government's support for growth has included significant and continuing public investment in Austrade over decades to promote Australia as a leading destination for international students and to help providers grow and open new markets.⁶

More recently, deliberate policy decisions taken by the Commonwealth during and after the pandemic have contributed to the integrity challenges as well as the spike in Net Overseas Migration (NOM). These decisions include: removing the student visa working hour cap and not reimposing it until almost 18 months after borders reopened; introducing the Covid-19 Pandemic Event visa; the continuous changes to post-study work rights; and the regulators insisting that VET and higher education providers return to fully onshore provision by 1 July 2023.

The need for strategic discussions about managed and sustainable growth

We welcome the Government's desire to start holding strategic discussions with the sector to inform future planning. We also welcome the Government's commitment to consult with the sector on approaches to implementing the proposed 'managed system', including to establish transitional arrangements that support the sector to manage the change effectively. (p.15).

However, we have significant concerns about the assumptions that underpin the Framework's proposed method for achieving sustainable growth. The Framework suggests that the Government intends to intervene to manage international student enrolments to ensure alignment with Australia's skills needs (p.6 and elsewhere). Great care must be taken here because of the factors that drive international students' course choices and the reliance Australia's universities have on income from international students to meet the full costs of research, and to teach and train of domestic students in many areas of strategic national importance.

For example, at the University of Sydney, many teaching and research programs in areas aligned with Australia's skills and research priorities run at significant losses due to substantial shortfalls in 'core' or 'base' funding derived from the Commonwealth and domestic student contributions. We rely on discretionary revenues from international students and other sources to sustain teaching and research in fields like health and medicine, veterinary science, agriculture, the creative and performing arts. Moreover, in the absence of dedicated Commonwealth funding for capital projects following the abolition of schemes like the Education Investment Fund and Capital Development Pool, universities are heavily reliant on discretionary income, including from international student fees, to fund major teaching, research and accommodation infrastructure projects.

⁵ [Education export income - Calendar Year - Department of Education, Australian Government, City of Sydney international education - City of Sydney \(nsw.gov.au\)](#)

⁶ <https://education.austrade.gov.au/about-us>

The factors that drive students' course choices

Based on our decades of experience operating as leading Australian provider of education services to international students, in our assessment, the Framework is not underpinned by a sound understanding of the factors that drive the study international students' course choices.

Moreover, the Framework has not learned the lessons from the past attempts of Australian governments to control the allocation of domestic Commonwealth-supported places (pre-demand driven system and other more recent targeted schemes) or to encourage students to study in fields favoured by the Government (Job Ready Graduates Package). As a result, the risk is high that the Department's proposed approach to managing the system will fall short of achieving its longer-term policy objectives.

For example, the latest QILT [International Student Experience Survey](#) found that in 2022 the top reasons for international students choosing to study at their Australian providers were: the institution offering the course the student wanted to study (96 per cent) the reputation of the qualification (95.6 per cent) employment opportunities after graduation (94.8 per cent) the reputation of the institution (94.2 per cent) and the course fee (90.5 per cent).

Lower course costs and additional migration incentives regional study have been in place for years, but have not worked to attract international students to these locations. Indeed, many regional universities have established campuses in metropolitan areas in response to the realities of student demand. Places allocated to regional universities, or targeted at specific courses offered by certain providers located in regional areas, will only be utilised if international students choose to study with those regional providers and in those courses. Moreover, allocating international student places for take-up at the metropolitan campuses of regionally-based universities would run contrary to the Government's stated concerns about accommodation and other population-related pressures in these centres.

Policy experts such as Professor Andrew Norton suggest that these underlying design flaws will lead to the *stranded places problem*: 'many education providers will end up with unusable institution or course-level allocations of international student places, while other institutions and courses turn students away.'⁷

We urge the Government to consider refining its plans to avoid these unintended consequences and the need to add further complexity like a cap-and-trade system for international student places as suggested by Professor Norton.

Unreasonable and unrealistic timelines

The Framework does not address implementation timeframes, but these are contained in the ESOS Amendment Bill. Commencing the new arrangements from 1 January 2025, potentially with providers not knowing their caps until 31 December 2024, is unreasonable and unrealistic.

We make offers to international applicants on a rolling basis and have thousands of offers out with students to commence in 2025. Acceptances are coming in daily with students' deposits towards their being paid as required by our contractual terms. More offers for 2025 are being made each week and we will soon start making offers for places 2026.

There is growing evidence that the steps the Government has already taken with integrity measures and other reforms to student visa are taking effect. For example, national student visa arrivals have returned to be 89 per cent what they were in 2019. In NSW student visa arrivals are eight per cent or 9,000 less in 2024 than at the same point in 2019.⁸

Particularly relevant to overall migration numbers following the post-COVID spike, is the relatively low rate of departures of students and other temporary visa holders since borders reopened. Departures will increase as students graduate and temporary visas expire. Further, the Minister for Home Affairs' introduction of the [Genuine Student Test](#) for visa applications through new [Ministerial Direction 106](#)

⁷ <https://andrewnorton.net.au/2024/05/27/a-cap-and-trade-system-for-international-student-places/>

⁸ <https://www.education.gov.au/international-education-data-and-research/student-visa-arrivals>

has strengthened the Government's ability to refuse non-genuine applicants for study in Australia, and much higher visa refusal rates and delays have been felt by the sector in Semester 1, 2024.

Implementation should be postponed for at least 12 months to allow for proper consultation with the sector and individual providers, to provide time to assess the impacts of integrity and visa reforms already taken, and to develop evidence-based modelling to inform the setting and operation of the caps.

However, if the Government insists on proceeding with the proposed implementation timeframes, the start date should be moved to no sooner than 1 July 2025, with caps set 18 months in advance of each year once the new requirements are fully operational. The rest of 2024 can then be used for consultation, with transition arrangements from 1 July 2025.

While providers need certainty on any caps for managed growth in 2025 and 2026 as a priority, as we discuss further below, they and private sector property developers will also need much longer-term certainty to be able to plan and invest with certainty in purpose-built student accommodation.

Carve outs for some groups of international students

We support the Framework's indication that consideration is being given to exclude international higher degree by research students from any caps, as well as enrolments in schools, short courses, non-packaged English courses and non-award courses (specifically Study Abroad and Exchange). (p.16).

Rather than list the various other specific cohorts that should also be considered for exclusion, we recommended that for higher education providers, any caps only apply to their international fee-paying undergraduate and postgraduate coursework students who are not in receipt of full or partial funding support from a foreign government, the Australian government, or a reputable and recognised non-government scholarship program. The soft diplomacy benefits that flow to Australia from these scholarship programs are significant. They also add substantially to student diversity and most students supported by foreign governments are bonded to return home at the completion of their studies. Many progress to senior roles within their governments, strengthening people-to-people links and perceptions of Australia. We currently have some 750 students on foreign government scholarships, drawn from about 60 countries, with around 250 commencing in Semester 1, 2024.

Foundation course and higher education pathway providers should have standalone enrolment limits, even if wholly-owned subsidiaries of another registered provider.

Students enrolled offshore/transnationally should not be included, noting that the best models involve some form of onshore study, providing linkages to communities and networks in Australia. Consideration could also be given to treating transnational enrolments as ineligible for post-study-work-rights if an additional limitation needed to be added.

Some categories of students may need to be excluded for a transition period. For example, consideration should be given to grandfathering students who are already onshore and completing ELICOS or Foundation courses with a view to commencing with a tertiary education provider. These students were packaged and made their decisions before the cap proposal was announced. They should not be included in a commencing cap for the initial implementation period. If these students are to be counted, they must only be counted once, not separately for each enrolment on their package pathway.

It is also important to note that one student visa entry to Australia could facilitate multiple enrolments by a student, for example in ELICOS, VET and Higher Education courses. Given that the proposed caps are being driven primarily by concerns about Net Overseas Migration, calculating them based on visas grants utilised for entry to Australia, rather than on enrolment numbers, would make more sense. Nevertheless, a guiding principle for the setting of caps and for monitoring providers for compliance should be that each international student visa holder is only counted once at any point in time.

Growing purpose-built student accommodation

The Framework suggests that for universities alone, a range of considerations will influence the Minister's setting of the international student enrolment caps, including each institution's supply of purpose-built student accommodation. It further suggests that the Government may only allow universities to enrol additional international students above their caps, where they have established additional, newly built supply of purpose-built student accommodation. (p.16).

The University of Sydney has been increasing its investment in and support for accommodation. We have invested \$220 million building affordable student accommodation since 2015 and are working to offer an extra 2,000-3,000 beds over the next five years. We also collaborate with private student accommodation providers, reserving beds for our students. We provide a range of [support and advice](#) to help our students find affordable housing options on and off campus, including providing emergency accommodation and financial assistance where needed.

Currently in NSW, university-run accommodation is not considered 'affordable housing' under state planning laws despite being comparable priced at least 25 per cent below the wider market. A change to this categorisation would make it much easier for all NSW universities to fast-track student accommodation developments, providing planning control relief, density bonuses and exemptions from development contributions that would allow us to increase affordable local accommodation by at least 20 per cent. We are in discussions with the NSW Government regarding this change as well as to designate certain student accommodation projects as *State Significant Developments* to assist further with the fast-tracking of such developments.

While providers need certainty on any caps that will apply to them for 2025 and 2026 as a priority, they and the private sector property development sector require much longer-term certainty about the caps that will be applied in the future. Typically, a five-year timeline is required from site selection to opening of a new student accommodation facility. Enforcing purpose-built accommodation-related caps from 2025 is unrealistic and provides insufficient time for providers to respond effectively.

Unless the Framework delivers enrolment cap certainty five years in advance, it risks the unintended consequence of reducing the stock of new student accommodation that is brought to the market. Already, we are hearing reports that developers of student accommodation facilities may walk away from new projects unless such certainty is provided.

Given the capital costs and long lead times involved in creating new student accommodation facilities, we encourage the Framework to consider allowing providers to demonstrate their capacity to match future growth in international student enrolments with the availability of a mix of other accommodation options that do not impact on existing rental stock. For example, we run or facilitate [extensive 'homestay' accommodation options](#), where domestic or international students take a room in a residence and with hosts who have both been quality checked to ensure minimum standards of quality, safety and support have been met. The costs and timeframes required to grow homestay and other accommodation options are significantly lower and shorter than for building new purpose-built accommodation from scratch.

We trust this feedback is helpful and look forward to engaging with the Government as it refines the Framework and seeks Parliament's support for the enabling ESOS Amendment Bill.