



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

University of Tasmania Submission
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TASMANIA 

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The University of Tasmania is pleased to provide this submission to the Senate Education and Employment Legislation Committee inquiry into the provisions of the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024.

International education is a significant economic contributor to Australia, and we need a migration system that positions Australia as a quality destination for education and provides a pathway for top talent to contribute to our nation in areas of skills, workforce and population need.

We strongly support the Australian Government’s objective of creating a Migration System that is effective in achieving a manageable migration rate, while supporting Australia’s economic growth and maintaining our global competitiveness.

The current state of the international education sector in Australia is a significant national policy issue - a two-tier system where a small number of universities have high concentrations of international students, and an ongoing reliance on international student revenues to offset funding shortfalls in domestic education and research. This financial dependence has led to some universities chasing further growth to attract high numbers of international students, driving up student numbers nationally and causing an inequitable distribution of international students across the country.

These problems with Australia’s international student market have emerged rapidly in response to changes in Chinese domestic policy during the Covid-19 global pandemic and have been exacerbated by the Australian visa settings for international students.

In 2019, Australia had the largest number of international students studying across the country. In 2020, the pandemic led China to shut its borders, creating a situation where on-campus study was no longer possible. In response, China implemented policies to recognise online study from domestic and international institutions and directed students to global top 100 universities to ensure Chinese students were studying with quality online providers. Additionally, as part of their ‘talent acquisition policy’, major Chinese cities began prioritising graduates from global top 100 universities to gain residency.

This has resulted in a significant increase in demand among Chinese students for courses offered by the global top 100 institutions, which includes five of the Australian Group of Eight member universities. These universities have been able to attract more students because of these policy changes in China.

Australia’s visa policy settings have then created further advantage for the institutions with large volumes of ‘low risk’ Chinese students, where they have been able to chase further growth in higher risk markets without reducing their risk rating tier. Under these visa settings, institutions with a large volume of ‘low risk’ students can take a much higher volume of ‘higher risk’ students than universities who don’t already have a large volume of ‘low risk’ students. This has led to an imbalance in Australia’s international education market resulting in large concentrations of international students living in and around metropolitan locations.

This imbalance is resulting in poor experiences for students and applicants, increasing the risk of financial damage to the sector and causing reputational harm to our international education brand. Because the dynamic of Australia’s international student market is being driven by policy settings in China just as much as in Australia, there is also an issue of sovereign control of the higher education sector which needs to be carefully managed. A managed market approach to sector growth is needed to maintain the quality and integrity of international education in Australia and restore alignment between national education, economic interest, and student migration.

To mitigate these risks and achieve a managed approach to Australia’s international education sector, an overhaul of the international student migration system is needed, including policies to address both the number of students in Australia and the visa processing system.

If it is an integral part of genuine, overall international student migration system change then we welcome the Australian Government’s intention to introduce enrolment caps for international students as outlined in the *Education Services for Overseas Students Amendment Bill 2024* (ESOS Bill). The proposed managed system and introduction of student caps will better serve the national interest by recognising the benefits that come from increasing the proportion of international students in lesser populated and regional areas.

Achieving a managed approach to international student numbers will require the introduction of student caps alongside reforms to Australia’s international visa processing system. We support the introduction of caps proposed in the National Planning Level (NPL) and International Student Profiles (ISPs) as an effective way to achieve a smaller and more equally distributed international student market. Calculating sector caps for a managed market approach should be a transparent approach and will need to carefully consider unintended consequences to address overall migration objectives, maintain a high-quality reputation globally, and support the financial sustainability of Australia’s higher education sector.

However, we are concerned about the ongoing sector impacts of Ministerial Direction 107, and without urgent changes to the evidence level framework used for Australia’s visa processing some universities will be unlikely to achieve their proposed ISP limits.

In addition to the immediate removal of Ministerial Direction 107, the Australian Government needs to consider resetting evidence levels in 2024 given the distortions to these visa processing settings that have occurred to many institutions post-COVID as a direct result of the changed circumstances in relation to Chinese students as outlined above, and undertaking a review of the visa system to design a renewed approach.

Simply revoking Ministerial Direction 107 without a visa system review will not be effective in achieving a managed market, because the existing visa processing operations has driven the two-tier split across Australia’s higher education sector and, without system reform, will continue to do so.

Designing and implementing a managed market approach will need to carefully consider any unintended consequences to ensure the policy intentions are achieved.

The Australian Government has proposed a legislated approach to implementing enrolment caps for international students through a National Planning Level and individual institution limits through International Student Profiles. Alternative proposals have suggested a flat rate maximum to be applied to all universities, capping their international student numbers at a set percentage of their total student or total commencing cohort. While a flat rate percentage cap may initially deliver on the policy intent of a reduction in international students at some universities, applying this without an absolute or total (national) cap would have significant longer-term negative consequences for the sector and for overall migration levels.

The current state of international education in Australia demonstrates that if the total number of international students isn’t limited, the national market will fail to maintain a managed growth rate itself. Implementing a flat rate ratio cap without an absolute or total cap would effectively uncap international student numbers, as the international student ‘cap’ would be solely dependent on the number of domestic students enrolled at an institution. This policy approach would incentivise some institutions to compete for more domestic students as a strategy to access more international student revenue. For example, if the cap was set at 33% then recruiting 3 additional domestic students would enable an institution to access 1 more international student.

It is likely that the largest institutions would have the financial scale and flexibility to be out-compete other universities, particularly smaller and regional universities. This would enable the current situation to continue, with a small number of universities attracting a high number of international students and would not achieve the policy intent of a more nationally distributed and balanced student population.

To address migration policy objectives and the financial and operational sustainability of Australia’s universities, an absolute cap on international student commencements should be combined with a flat rate ratio of international students as a maximum threshold.

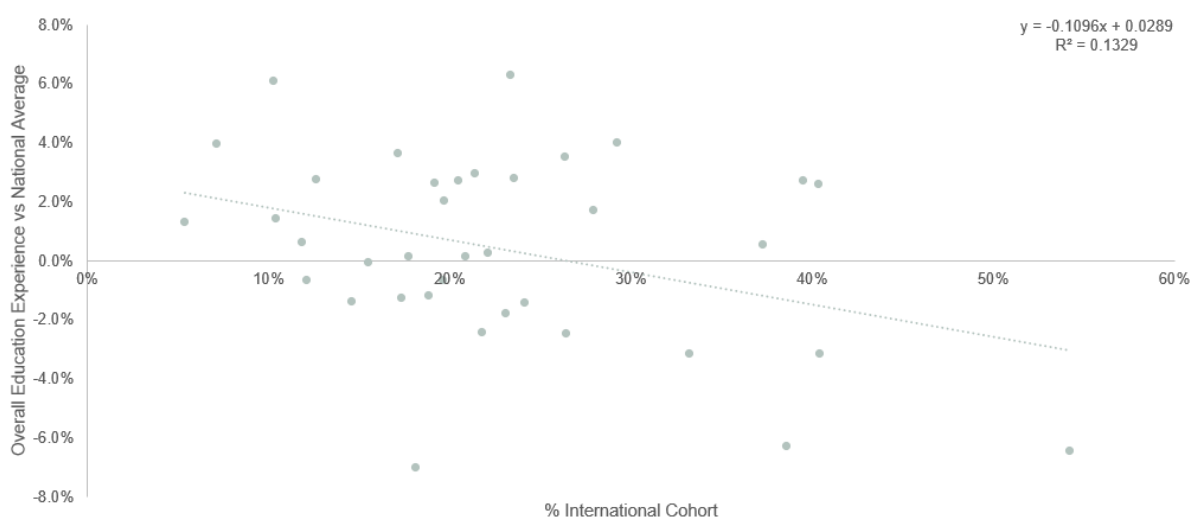
Retaining these two levers in the managed market design will ensure that total international student numbers are held at a sustainable level nationally, while seeking to achieve a more equitable distribution of international students. While there would still be some risk of competition between institutions, this would not be as severe as an uncapped market as the absolute cap would limit the overall increase in international student numbers being driven by increasing domestic numbers.

Initially, the absolute cap could be based on the current National Planning Level (based on 2019 numbers with some allowance for growth patterns since then). In the process of establishing the ATEC, a flat rate maximum threshold approach could be established within its remit – including implementing a staged reduction in the maximum threshold percentage over a multi-year period, to manage overall migration in a planned, financially sustainable way for the sector and for local economies.

In situations where international student ratios or high concentrations are impacting on student experience within courses or institutions, the ATEC could also oversee an institution and course level approach to maximum thresholds. While national Student Experience Survey data does not indicate strong correlations between international student numbers and overall domestic student experience across the sector (refer to Figure 1), there may be a weak negative correlation for individual Student Experience Survey items at some institutions.

This does not appear to be consistent across all universities and may be unique to individual institution, course or cohort specific factors.

Figure 1: Overall Educational Experience (For Domestic Students) vs % International Cohort Estimate by Institution, 2022



Source: International student rate has been estimated from HEIMS commencing data 2022 (load and headcount tables exclusive of offshore and HDR students); Overall Educational Experience commencing student data from 2022 National Student Experience Survey data (exclusive of HDRs)

This suggests that interventions to improve student experience where it's related to high numbers or ratios of international students need to be approached at an institutional and course level. This could be facilitated within the remit of the ATEC to investigate and correct any situations where poor student experience is a result of high numbers or clustering of international students within courses or campuses.

In these situations, international student caps would be applied at both institution and course level to address overreliance on key courses for international students and the resulting student experience issues. To enable the ATEC to remedy where this is occurring at individual institutions, the ability to cap international student numbers at course level would need to be retained within the legislation. Determining an appropriate course level cap will require targeted and thorough research to determine and measure the impact on student experience resulting from the proportion or clustering of international students.

Alongside the introduction of international student caps, visa processing reforms are urgently needed to enable proposed caps to be achieved in a timely and student-centric way.

While the Australian Government has committed to removing Ministerial Direction 107 upon Royal Assent of the ESOS Bill, this does not guarantee implementation of a more suitable mechanism for visa processing and current indications are that the existing evidence level framework system will continue to be used.

This current system is resulting in a poor experience for applicants from higher risk countries, reputational harm to Australia's international education brand, and will not support the objective of a managed and more equally distributed international education sector.

The evidence level framework imposes stringent requirements on universities at Evidence Level 2 (EL2) and Evidence Level 3 (EL3), and will make it challenging, or in some cases near impossible, for them to meet the proposed enrolment targets. The complexity of the current framework increases administrative burdens for both universities and students, leading to delays and inefficiencies. Further, the framework does not account for the varying levels of risk associated with different countries and education providers, resulting in a one-size-fits-all approach that is not suitable for all institutions and disproportionately impacts on regional universities and those with smaller numbers of international students.

The longer the current visa processing settings remain in place, the more challenging, and less likely, it will be for some universities, including the University of Tasmania, to enrol to our allocated limit in 2025 or 2026.

At the University of Tasmania, we have sought to understand and predict visa decisions made under the evidence level framework, to ensure we issue offers to applicants likely to be accepted by the Department of Home Affairs. The process for admitting international students to Australian universities works well when universities understand how the Department of Home Affairs determines whether to approve or reject applicants and can reflect this within their own decision making.

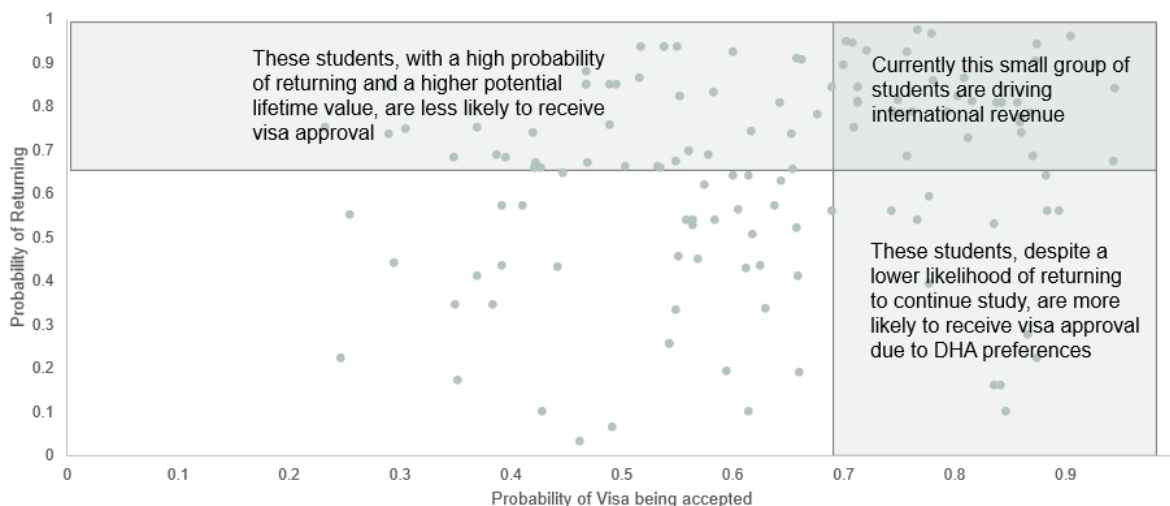
If the international education system is working at its most efficient, universities would only issue Confirmation of Enrolments to students who are most likely to receive visa approval.

As a strategy to maintain a sustainable level of international students and manage our institution back to an EL2 rating, we have developed a statistical model to assess which student applicants are likely to be issued a visa based on relationships between factors such as course, recruitment agents, and English-language competency.

The model uses past data to predict future outcomes and is used by our university as an assessment tool during the process of determining genuine student applicants, to identify applicants likely to be accepted by the Department based on past visa decisions. The model applies characteristics from past visa approvals to current student applications, finds similarities and estimates a likelihood of visa approval to inform our decision making for issuing a Confirmation of Enrolment.

The data modelled in Figure 2 demonstrates that applicants that have features statistically correlated to visa approvals are frequently misaligned to applicants identified by our university as students with demographics that are associated with high likelihood of returning. Interestingly, the group of applicants who are receiving visa approvals and driving international revenue are only a small portion of the total applicants we have identified as likely to receive approvals. However, the applicants we have identified with a lower probability of returning for a second semester are more likely to receive visa approvals from the Department.

Figure 2: Example estimated probability of visa being accepted and returning for a second semester for students from high-risk countries



Source: Based on model estimates from PRISMS, International Applications Pipeline and Course Enrolments

Because reasons for visa rejection for individual applicants are not provided by the Department, developing this model has involved testing assumptions about factors for accepting and rejecting visas. While some demographic factors appear to influence visa approval rates, this has not always been consistent when applied to individual cases. In reviewing individual cases we find examples of seemingly similar applicants who were issued Confirmation of Enrolment from our university and subsequently applied to the Department for student visas receiving inconsistent visa outcomes.

Our understanding of the visa processing system anticipated that the applicants with better profiles are more likely to receive a visa approval. These factors include as an example English proficiency, academic background, financial capacity as well as demographic information such as age and country of birth. On review, when considering individual cases side by side, there are students applying from the same country, through the same educational agent with lower academic scores and lower financial capacity getting approved, while a seemingly better applicant with higher academic scores and higher capacity to pay are rejected.

This systematic inconsistency makes it nearly impossible to accurately apply a learning model to identify students with a high likelihood of visa approval for issuing Confirmation of Enrolments.

Without consistency and transparency on how visa decisions are being made by the Department of Home Affairs, we have found the effectiveness of our model is significantly reduced, and as a result we have been constrained in our ability to implement data-informed changes to our decision-making processes.

Universities with EL2 and EL3 ratings are experiencing slower visa processing and higher visa refusals than EL1 rated institutions, which makes it challenging for these universities to improve their risk rating level under the current inconsistent and complex system. Despite focussed and sustained efforts by our university to analyse the visa processing system outputs and adjust our operations and decision-making framework accordingly, we have been unable to improve our evidence level rating over this period. This reveals a serious misalignment between the visa processing system and the proposed managed market approach, which will require many of the EL2 and EL3 rated universities to grow their student enrolments to rebalance the national distribution of international students.

Global examples highlight the risks of misalignment between visa processing frameworks and managed migration policies. These insights offer opportunities to revise the visa processing system to better achieve policy objectives.

Canada has implemented a managed system for international education; however the policy objectives of managed growth and regional distribution are not being met due to visa processing challenges including long wait times. This is impacting student preferences, with students choosing other locations for study. The misalignment between visa processing and policy settings in Canada is causing international student numbers to drop 40% below the assigned cap limits, highlighting a risk to Australia if our visa framework and migration policies continue to be misaligned.

The United Kingdom has implemented a points-based visa system, generally considered more streamlined and transparent than other frameworks. The UK system requires students to achieve a certain number of points based on factors such as securing a place in a program, financial capability and English language proficiency. This system simplifies the visa application process with clear and consistent criteria that students must meet to obtain a visa, and the process is transparent for students and educational providers including updates and guidelines provided by the government.

While Canada's outcomes highlight the risks of misaligned visa mechanisms and migration policies, the UK system could serve as a model for a revised visa processing approach that maintains quality, simplifies the process for students, ensures transparency for all stakeholders and upholds Australia's reputation as a quality destination for international education.

Removing Ministerial Direction 107 without consideration of a renewed approach to the visa processing system will not achieve the policy objectives set out in the ESOS Bill. A new data-driven and transparent approach to visa processing is needed, to enable a fairer, high quality migration system that supports national interest.

To achieve the Australian Government's policy objectives of a smaller and more equally distributed international student population, we propose a reset of evidence levels and a renewed approach for the Department and education providers working in partnership to ensure shared alignment to national priorities, while Australia's visa system is reviewed.

We suggest that evidence levels for all Australian universities are reset to evidence level 1 in 2024, to support the transition to a managed migration system and redress the distortions in evidence levels that have occurred post-COVID for many universities because of changes in Chinese domestic policy. Under the new managed system, it will be the responsibility of universities to manage their ISPs, which means the visa system can be administered as intended - to assess and approve quality students, not to manage total migration numbers.

Resetting all universities to evidence level 1 will ensure all providers are enabled to maintain a sustainable level of international student enrolments during the transition to the managed market approach. This is particularly critical for regional and smaller universities that have been impacted from the evidence level visa processing approach under Ministerial Direction 107, and who are at risk of not being able to meet their assigned ISPs for 2025.

We also suggest the Department of Home Affairs should begin working proactively with education providers who are unsuccessful at attracting quality students and are at risk of moving towards a lower evidence level rating under the current evidence level visa processing approach. This could take the form of an audit or review of the providers processes and decision-making guidelines to ensure alignment with visa processing priorities to achieve a high-quality international education sector. Working in partnership with education providers on quality and improved processes will have significant positive outcomes for the sector and will support a more transparent, data-driven approach to international student recruitment.

We would welcome the opportunity to work with the Department of Home Affairs on a trial of the education provider audit/review we have proposed, to assess our visa approvals and refusals data, improve our current approaches for identifying and recruiting international students, and to ensure we are well-informed to attract quality students so that we can meet our ISP and Tasmania can benefit from an equitable national migration system.

To ensure the integrity of our immigration system is maintained and the objectives of the ESOS Bill can be achieved, a full review of the visa processing system should be undertaken.

To support the intention of a managed market approach, reforms to visa processing will be needed, to transition from the current process-based input model to a high-quality output model. This will not only enable the managed approach but also mitigate barriers in visa processes which are currently acting as a deterrent for international students considering study in Australia.

The Department of Home Affairs and the Department of Education share international education objectives related to student success, retention, graduation and employment. The Department of Home Affairs requires student visa applicants to prove their genuine intent to study in Australia and potentially contribute skills needed by the country. Meanwhile, the Department of Education tracks completion rates and quality indicators through tools like the Student Experience Survey (SES), Graduate Outcomes Survey (GOS), Graduate Outcomes Survey – Longitudinal (GOS-L), and Employer Satisfaction Survey (ESS).

While current categories like fraud must continue to be critical factors of the application process, in a capped environment where growth is managed, the need to monitor inputs and control the number of international students is significantly reduced. Instead, the visa processing system can adopt an output model, prioritising quality and genuineness in line with the shared objectives of the Departments of Home Affairs and Education.

The output measures the Department of Education already monitor are all key measures of identifying genuine students and institutions, and these can be adopted to manage the broader systems in the long-term. In an output model, countries and institutions would be rated on applicant quality and genuine student rates. Applicant quality should be assessed on the rate of visa cancellations, refusals due to fraud, student visa holders becoming unlawful non-citizens, and subsequent protection visa applications. Genuine student rates should be assessed on retention, completion rate, graduate outcomes, and employer satisfaction rates.

Under this model, a sliding scale by country tier should be introduced where either processing times or caps are reduced each year if an institution is not meeting an acceptable rate. As an example, historical completion rates for international students at universities has ranged from 70-80% since 2005. Accordingly, Level 1 would be set at 75%, level 2 at 70-75% and level 3 at below 70%.

To provide for appropriate diversity of student cohorts within institutions, there should also be limits on the number of international students from different country levels that link to the quality thresholds, as outlined in the table below. A level 1 institution, with a cap of 1,000 international students would have flexibility (within their 1,000-student cap) to recruit up to 500 students from any tier of country. If that institution was to drop to level 2, they would be restricted in their ability to recruit from higher risk countries but would still be able to achieve their overall cap. If the institution dropped to level 3, they would only be able to recruit 100 students from level 3 countries.

	Institution level 1	Level 2	Level 3
Country level 1	Max 50% of cap	Max 50% of cap	Max 50% of cap
Level 2	Max 50% of cap	Max 25% of cap	Max 25% of cap
Level 3	Max 50% of cap	Max 25% of cap	Max 10% of cap

Alternatively, if the current input-based visa processing approach continues, the introduction of a central clearing house should be considered, to improve quality, consistency, and efficiency.

The creation of a processing centre like Tertiary Admissions Centres where applications from international students are screened and processed for genuineness will ensure data is shared, students are treated fairly, and institutions are not all processing the same applications multiple times. This central clearing house could be funded by a per application fee and would reduce administration and cost for government and institutions, as well as giving early clarity to students about their option for study in Australia.

In either model, visa processing can also be used to support institutional allocation management on an operational basis. When institutions exceed their allocation, the processing times should reduce and slow their ability to exceed their country level or overall cap for extended periods of time.

In taking an approach which addresses the number and distribution of students in Australia alongside the visa processing system, Australia can create a fairer international education sector that supports the intended migration policy outcomes and retains our reputation as a high-quality provider of international education.

Implementing a managed market approach should include the introduction of an absolute national cap on commencements alongside institutional level flat rate ratios. Additionally, the shortcomings of the current evidence level framework need to be addressed with the introduction of a renewed approach to the visa processing system, for the full intent of the national and institutional caps to be realised.

The University of Tasmania would welcome the opportunity for a further discussion on the detail provided within this submission to the Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024.