

DRAFT
INTERNATIONAL
EDUCATION AND
SKILLS STRATEGIC
FRAMEWORK

VICTORIAN GOVERNMENT
SUBMISSION

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The Victorian Government welcomes the opportunity to present a submission to the Australian Government's consultation on the Draft International Education and Skills Strategic Framework (the Draft Framework).

Victoria wouldn't be Victoria without its international students, and international students contribute to the state in a myriad of ways. In 2023, around 235,000 international students chose to study in Victoria,ⁱ with the sector generating \$14.8 billion in export revenueⁱⁱ and supporting around 63,000 jobs in 2023.ⁱⁱⁱ International students help address the state's workforce needs and contribute through entrepreneurship and start-up ventures.^{iv} Victoria's international students demonstrate dedication to the Victorian community through organising inclusive events and serving as student mentors and ambassadors, and further enrich the state's diversity. Victorian international students also contribute their passion, skills, and knowledge to critical research areas such as stem cell research to enable bone marrow transplants and developing coral stocks with increased climate resilience.^v International students draw international tourists to Victoria, with an estimated 12 per cent of international visitors to Victoria (just over 240,000) visiting an overseas student studying in Australia in 2023.^{vi} Finally, international students themselves highly value Victoria, as demonstrated by Melbourne's ranking as Australia's Best Student City.^{vii}

The Victorian Government has a long track record of investment in and support for the state's international education sector, which holds around 30 per cent national market share of international student enrolments. The Victorian Government's lead agency for international education, Study Melbourne, within the Department of Jobs, Skills, Industry and Regions, is responsible for supporting Victorian international education businesses and Victoria's international students through diversifying international education export markets and products; providing support to providers to expand their export market focus; and maintaining Victoria's position as a destination of choice for students. The Victorian Government Schools International Student Program, within the Department of Education, is responsible for promoting and administering Victorian government schools as a destination of choice for international school students. Delivery of vocational education and training (VET) to international students by the Victorian TAFE Network is also highly regulated and overseen by government, as government's direct training provider.

The Victorian Government supports the intent of Australian Government measures to enhance the quality and integrity of Australia's international education sector, including through the Draft Framework and the *Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024* (the Bill). The Victorian Government's own commitment to supporting the quality of the international education sector is outlined in *Victoria's International Education Recovery Plan 2025*. However, the significance and scope of the changes proposed in the Draft Framework and Bill must be recognised, as well as the impacts these changes could have on the economy (at the national and subnational level), the international education sector and Australia's global reputation for international education. It is important that the Australian Government undertake adequate and considered consultation on the detail of the proposed measures, including with states and territories and the wider sector, to mitigate the risk of unintended consequences. Such collaboration would assist the sector to better manage the impacts of the proposed changes and support the long-term sustainability of international education in Australia.

In addition to providing this response to the Draft Framework, the Victorian Government will make a submission to the Senate Committee for Education and Employment Inquiry into the Bill and will continue to provide feedback on technical matters to the Australian Government through intergovernmental channels.

Objective 1: A sector built on quality and integrity

Response to questions for sector consultation

1. Are there further reforms governments should consider that will improve the quality and integrity of the sector?

While supportive of the overall intent of the reforms, the Victorian Government **calls for the Australian Government to undertake adequate consultation, consider a staged approach to implementation and ensure transparency in any further reforms to avoid unintended or prolonged damage to the international reputation of Australia's education sector and to the Australian economy.**

International education is a pipeline sector. The term 'pipeline' is used because there can be a long lead time between efforts to recruit international students and their arrival onshore, and because international education services are often delivered over multiple years. Once an international student is onshore, they often stay for several years, depending on the duration of their studies and their interest in and eligibility for post-study work rights in Australia. This means that when the Commonwealth makes changes to policy settings affecting international students, the effect on demand is not always immediately apparent.

As a case study, the changes to international education policy settings implemented during the COVID-19 pandemic continue to impact and flow through Australia's international education sector. While border closures and other health restrictions subdued demand for international education, Australia's removal of limits on international student work hours, extension of post-study work rights and the pandemic event visa strengthened the link between student visas and engagement in the workforce and may have increased demand for international education in Australia among certain cohorts of students. While the Australian Government's repeal of these changes will enhance sector integrity, **time is needed to allow the longer-term residual impacts to fully flow through the system (and be properly understood) before further reforms are implemented.**


The Australian Government has stated that international student demand for study in Australia has returned faster than anticipated post-pandemic^{viii} and that this growth may be underpinned by integrity issues. However, growth in demand has not been uniform across all jurisdictions and subsectors.

2. What more can providers do to improve the integrity of the international education sector?

The Victorian Government notes that education providers in Australia operate within a framework of strict and updated legislation (the *Education Services for Overseas Students (ESOS) Act 2000* and Amendments, the National Code), and are well regulated by the Australian Skills Quality Authority (ASQA), Designated State Authorities (DSAs), and the Tertiary Education Quality and Standards Agency (TEQSA), leading to a generally high standard of quality and performance. To further improve the integrity of the international education sector, the **Australian Government could consider providing greater support to TEQSA, DSAs, and ASQA to enable closer monitoring of integrity, to ensure the burden of risk is evenly distributed between education providers and regulators.**

Another area of focus could be the regulation of migration agents, particularly considering the Australian National Audit Office's May 2024 findings on the **limited effectiveness of regulation of migration agents by the Office of the Migration Agents Registration Authority** within the Department of Home Affairs.^{ix}

The actions of a few education providers and unscrupulous actors in the sector should not be seen as a broader reflection of how the sector operates. **Many Victorian education providers, including the state's public universities, TAFEs, and most private VET and higher education providers, demonstrate excellence in delivery of international education, receiving recognition for best practice on the global stage.**^x



The Victorian Government **cautions against the implementation of changes which will have an adverse impact on the sector's genuine education providers and students**, Australia's reputation as a quality and welcoming study destination, and the student experience of studying in Australia. The Victorian Government notes that the Australian Government's introduction of changes to student visa settings as part of **the Migration Strategy is already increasing pressure on providers**.

Objective 2: A Managed System to Deliver Sustainable Growth Over Time

Response to questions for sector consultation

1. **What factors should inform government's approach to allocating international student enrolments across sectors, providers, and locations in Australia?**

International students, as global consumers of education products, have agency. If the available allocation of places for study in Australia does not align with prospective students' desires or expectations, **they may choose not to study in Australia at all**, instead choosing an alternative study location or pathway. This in turn leads to a risk of resource misallocation – in other words, the allocation of enrolment places for a provider, subsector, or location that are not taken up by prospective students. According to a survey of international student preferences conducted by IDP in March 2024, primary factors influencing first choice of study destination include quality of education and employment opportunities after graduation.^{xi} **Where quality of education and employment outcomes are perceived better in another country, preference of study destination follows.** Further to this, international students are likely to refer to global university rankings to determine their institution of choice, which take into consideration quality of education and graduate employment outcomes.

Allocation by State and Territory

When allocating international student enrolments, the Australian Government should consider a principle of no **significant disadvantage for any jurisdiction relative to others**. The Australian Government should also take the impacts of the COVID-19 pandemic into account, including jurisdictions' varying recovery trajectories.

Victoria's international education sector continues to recover from the impacts of the COVID-19 pandemic. As a result of the closure of Australia's borders in 2020 and 2021 preventing international student arrivals, Victoria's international education export revenue declined from \$13.7 billion in 2019 to \$6.9 billion in 2021.^{xii} In the same period, its international student enrolments fell by 26 per cent and commencements decreased nearly 50 per cent.^{xiii}

Victoria has experienced a slower pace of recovery compared to other Australian states and territories. This should be taken into consideration by the Australian Government given Victoria's significant contribution to the strength of Australia's international education offering. Victoria holds around 30 per cent national market share of international student enrolments, is home to Australia's Best Student City (Melbourne) and six Victorian universities are ranked in the world's top 300.^{xiv} International education export revenue returned to growth in 2022 and Victoria has seen strong commencements growth in 2023, but **international student enrolments are yet to fully recover to pre-pandemic levels, with 2023 enrolments 7 per cent below 2019.**^{xv} In contrast, **all other Australian jurisdictions except for Tasmania saw growth in their 2023 enrolments compared to 2019.**^{xvi} It was anticipated that Victoria's world class education offering would support a sustained return to international enrolments growth over time. However, **as it stands, Victoria will be disadvantaged relative to other jurisdictions with a managed growth approach being put in place now.**

Allocation by regional/metropolitan designation

There are many benefits to attracting more international students to regional areas where there may be greater capacity in accommodation, strong community engagement and in some cases

a strong employability offering. There are also well-known challenges associated with attracting and retaining both students and migrants in regional areas over the longer term. As noted by the Grattan Institute, more than a quarter of recent arrivals who were living in regional and remote areas in 2011 had moved to major cities by 2016, compared to about 10 per cent for people born in Australia.^{xvii}

The number of international students choosing to study in regional Victoria is low relative to the number of enrolments in metropolitan areas, and it has remained relatively stable despite policy interventions at both state and Commonwealth levels.^{xviii} If the Australian Government chooses to evaluate its recently concluded Destination Australia program, this may inform consideration of the challenges and opportunities for attracting international students to the regions. Further improvements could include **better targeting regional offerings to cohorts of prospective international students who are more likely to be interested**, such as those who are from regional areas in their home countries, who seek a small community experience, or who are interested in understanding how regional Australian communities live and work.

The Australian Government should consider that each jurisdiction has a different regional footprint. **Victoria may be disadvantaged overall if the current definition of ‘regional’ (everywhere outside Melbourne, Sydney and Brisbane) continues to hold, and a greater number of places are allocated for regional study**, as Victoria does not have as many large regional education providers as New South Wales and Queensland.

Finally, consideration should also be given to the **treatment of universities with interstate branch campuses** – particularly in terms of what is considered ‘regional’. Several regional providers, including Charles Darwin University, Charles Sturt University and the University of Canberra, have interstate branch campuses in Melbourne which enrol international students. Many universities with city-based branch campuses have established these operations because, despite sophisticated marketing and promotion efforts and Australian Government policy intervention, international students have a preference to study in cities. This may be due to the draw of diasporas or because many international students may have grown up in cities much larger than Melbourne or Sydney.

Allocation across subsectors


Notwithstanding **the greater export contribution of higher education**,^{xix} **diversity remains a critically important consideration for Australia’s international education sector.** Australia should seek to avoid an over-reliance on one subsector due to the risk of subsector specific downturns. The fact that international students often pathway between subsectors as part of a legitimate study trajectory should also be considered in this context. The latest available data on course pathways for international students demonstrates that, of all international students commencing in higher education in 2021, around 15 per cent completed prior studies in ELICOS, a further 15 per cent completed prior studies in the non-award subsector, and 10 per cent completed prior studies in VET. Any short-term overemphasis on higher education at the expense of other subsectors may adversely impact student numbers in higher education longer-term, as potentially fewer students progress to higher education through these important pathway subsectors.^{xx}

Allocation across providers

Will be addressed in the response to question 3 of ‘A managed response to deliver sustainable growth over time’.

2. What considerations for government should inform the overall level of international students in Australia?

The proposed changes are likely to have macro-economic implications that should be considered. Notably, while the economic contribution of the international education sector is typically couched in terms of exports, its broader economic contribution is not always well understood. **International students are a driver of GDP/GSP growth.** Recent NAB analysis shows that with the return of international students, education exports contributed 0.8 percentage points to GDP growth over 2023.^{xxi} Additionally, **international students and graduates contribute to Victoria’s and Australia’s ability**



to address skills and workforce needs. International graduates are qualified for roles in priority industry sectors and can help to address skilled workforce shortages, including in the construction sector, care economy, clean economy and energy sector, education sector (teaching and early childhood) and the future critical minerals industry. While they are studying, many international students also contribute economically in lower skilled or casual positions.

The implications of related policy changes, such as the implementation of the Migration Strategy, should also be considered. The impact that the implementation of the Migration Strategy is having on international student visa assessment delays and rejections may be compounded by the impacts of more closely managed enrolment numbers.

Many education providers are already planning and recruiting for their 2025 and 2026 international student intakes. In this context, **timeframes and transition arrangements are a critical consideration, both for the number of international students recruited and enrolled and for the implementation of the proposed penalties for exceeding enrolment allocations.** Universities in particular have multiple avenues and pathways through which international students progress to further study, and this existing pipeline must be considered.

Some international students may come to onshore study in Australia through articulation arrangements via a transnational education (TNE) partnership. **If there is not some flexibility in the overall allocation for future years, such arrangements may be jeopardised** and the reputation of Australia's TNE offerings impacted.

Finally, the Australian Government should be conscious that it is proposing to regulate a sector that has to date largely operated under regulation focussed on quality and integrity, rather than growth. It is possible that further **unintended consequences may flow from the intervention of government regulation** in this space. In determining an allocation for international student enrolments by provider, by course, or by geographical designation, the Australian Government is distorting natural supply and demand dynamics. It is unclear how the market will respond, both in terms of demand for education services (prospective students) and supply of education services such as types or locations of courses offered (education providers).

3. How will this approach to managing the system affect individual providers?

The Victorian Government anticipates that the impact will vary by subsector as well as by education provider, and that education providers and peak bodies will be best placed to respond in depth to this question. As such, the following response considers impacts to Victorian providers at a subsector level. The Victorian Government will address the impacts on individual providers in the ELICOS, schools and non-award subsectors in its response to question 4 under 'A managed system to build sustainable growth over time'.

Universities

Impacts of a managed approach, including enrolment allocations, are anticipated to be significant for this subsector. Impacts have the potential to erode universities' financial performance and credit quality, according to global credit rating agency S&P Global.^{xxii}

Victorian universities are yet to fully recover from impacts of the pandemic. Annual reports published by Victorian universities demonstrate that only four such institutions reported an operating surplus in 2023, with another four operating at a net loss that year.

Across Victorian universities, 2023 revenue from onshore international students was \$3.6 billion,^{xxiii} underlining the importance of international students to universities. **If international student fee revenue is significantly reduced without commensurate increase in Commonwealth funding, this may result in localised impacts, such as increased redundancies and job losses.** For example, in late March 2024, Federation University announced plans to make 12 per cent of its workforce (around 200 staff) redundant by September 2024. Federation University has publicly stated



that job cuts are being driven by a 49 per cent fall in international student enrolments between 2019 and 2023, causing a \$79 million decline in revenue.^{xxiv}

If international student fee revenue is significantly reduced without commensurate increase in Commonwealth funding, the ability of universities to adequately fund their research activities may also be impacted. Investment in research by Australian universities is subsidised by international student revenue.^{xxv} Should universities need to decrease research output due to lack of funding, they are likely to face greater difficulties in maintaining research excellence across all fields of education. This will impact universities' global rankings, which international students use as a resource to determine their preferred course and provider. Without additional government funding, and with limits on international student numbers, universities may need to cut their course offerings, a decision which would impact both domestic and international students.

The Australian Government should consider the implications of reduced international student revenue on research funding in alignment with recommendation 24 of the Australian Universities Accord.^{xxvi} It should be noted that, in Canada, additional funding for research was introduced to assist the sector to rebalance following the introduction of caps on international student numbers in that country.^{xxvii}

TAFE

State and territory governments will need to play a key role in any negotiations with the TAFE subsector on international student allocations, given their responsibility for TAFE governance and their shared stewardship of the skills system with the Australian Government. Consultation with state and territory governments and other stakeholders prior to the implementation of a managed approach will help to minimise impacts on this subsector.

International students add to the quality of domestic students' experiences of TAFE, as they tend to be full-time, enrolled over longer periods of study and spend time on campus, adding to the positive student and cultural experience for all students. Similarly, the presence of international students means that TAFEs may be able to deliver courses where lower domestic student numbers would mean the class would not be financially viable.


The number of international student enrolments in TAFE in Victoria is relatively low. Over the past five years in Victoria, the proportion of international enrolments with government VET providers has decreased from around 7 per cent in 2019 to 3 per cent in 2023. This is largely consistent with other jurisdictions; exceptions are Queensland, where enrolments have remained relatively stable, and Tasmania and the Northern Territory, where enrolments are much lower compared to the rest of Australia.

Private VET and higher education providers

Visa grant rate data and feedback from peak bodies indicates that the private VET and higher education subsectors has already been substantially impacted by changes to student visa policy settings flowing from the implementation of the Migration Strategy. In the month of March 2024, the primary student visa grant rate for Victoria's VET subsector was just 42.9 per cent, down 36.8 percentage points on the primary student visa grant rate for the month of June 2023 (79.7 per cent).^{xxviii} Anecdotally, peak bodies have shared with the Victorian Government that several of their members are facing course closures, undergoing significant restructures, or have already shut their doors. The Victorian Government **reiterates the importance of ensuring that reforms focused on quality, sustainability and integrity do not have an adverse impact on genuine quality providers, and in doing so, damage the foundations of a diverse and sustainable international education sector.**

- 4. 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?**

In implementing the Draft Framework, the Australian Government may wish to consider the relative size and contribution of each subsector to the international education sector as a whole.



In 2023, the higher education subsector had the largest proportion of Victorian international enrolments at around 46 per cent of the total.^{xxxix} Other **subsectors make up a relatively smaller proportion**; around 16 per cent in ELICOS, 3 per cent in non-award, and 2 per cent in schools.^{xxx} While higher education is Victoria's largest subsector for international enrolments, fewer than 1 per cent of higher education enrolments are in post-graduate research degrees.^{xxxi} Relative to their number, **post-graduate research students make a significant contribution to Australia through their contribution to the research ecosystem**. As outlined in the Australian Council of Learned Academies' 2019 report on the science and research ecosystem, international research students contribute "international expertise to Victoria's research outputs, assist with the establishment of international research partnerships, and facilitate an alumni network that enables strong and meaningful connections between Victoria and the world, subsequently supporting global research, trade and business collaborations".^{xxxii}

Diversity is a critically important consideration for Australia's international education sector, and subsector diversity is an important consideration in the broader diversity context. The ELICOS, schools and non-award subsectors have already experienced adverse impacts on their operations due to COVID-19 border closures and the rapid implementation of the Migration Strategy. For the Victorian ELICOS subsector, the primary student visa grant rate has declined by around 18 percentage points in the past 12 months, from 89.6 per cent in the month of April 2023 to 71.7 per cent in the month of April 2024.^{xxxiii}

For schools, there have already been a variety of unintended consequences from the implementation of the Migration Strategy. Student Guardian (subclass 590) visas are seeing increased delays and refusals, in effect locking out international school students by locking out their guardians. Further, there are currently around 1,900 fee-paying international students in Victorian government schools whose visa status is as a dependent under their parents' visa, representing 31 per cent of all international students enrolled in government schools.^{xxxiv} This school-dependent visa cohort contributes approximately \$21 million annually to the Victorian economy through school fees. This revenue stream will be impacted if international students' parents are affected by the managed approach to growth.^{xxxv} Victorian international school graduate pathways should also be considered as part of the managed approach. The majority of Victorian international school students go on to further study in Australia.


5. How should government determine which courses are best aligned to Australia's skills needs?

International education can play a role in supporting the delivery of courses which provide domestic and international students with the skills that Australia needs. Information regarding skills needs in Victoria is forecast and published through a number of mechanisms including:

- Data published by the Victorian Skills Authority (VSA), including via the yearly VSA Skills Plan and State of the Labour Market Report, as well as data accessible through the VSA Dashboard. This data provides real and forecast skills needs for Victoria by sector and occupation.
- The Victorian "Free TAFE list" is a list of TAFE courses which are free for Victorians. This list relates to the most in-demand jobs for VET qualifications.
- Victorian Government programs, such as scholarships for domestic students studying secondary teaching or nursing, are indicative of skills needs.

Acknowledging this, *Victoria's International Education Recovery Plan 2025* recognises that international students may seek careers both in Australia and abroad. **Skilled international graduates who seek a career in a field in which Australia has skills needs may be supported to stay in Australia and contribute to filling Australia's skills needs if they choose to do so. There is scope for government to do further work to reduce barriers to workforce entry for graduates in these fields.**

However, it **may not be appropriate for governments to determine that international students must study courses aligned to Australia's skills needs**. While international students contribute to



skilled migration, four out of five international students do not transition to a permanent visa, and eventually leave Australia.^{xxxvi} As such, international students may be seeking to prepare themselves for careers in their home country or a third country, rather than in Australia. Further, **Australia sees significant benefit from its role in educating the world's future leaders, both from a soft power and a trade and investment perspective.**


There is potential for misalignment if application of the Draft Framework draws too close a link between Australia's skills needs and the courses offered to international students, as **international students may wish to upskill in an area of skills demand in their home country**, rather than an area in which Australia is lacking skills.

In order to reduce barriers to workforce entry for international graduates in areas of skills needs for Australia, the Australian Government could consider a **stronger focus on supporting increased participation of international students in work integrated learning (WIL)**, which would provide students with relevant local work experience and assist in improving their graduate employment outcomes in priority sectors. Research undertaken by Universities Australia in 2019 found that young international students enrolled in courses which do not have a compulsory WIL component, such as IT or management and commerce, have poorer employment outcomes compared to counterparts in courses that provide accreditation, compulsory work placements or WIL within the curriculum, such as health, architecture, nursing or teaching.^{xxxvii} As outlined in previous feedback to relevant Australian Government consultation processes, **the Victorian Government supports the exemption of all WIL units, whether core or elective, from the 48-hour per fortnight work limit.** Exempting elective WIL units from the work limit – as is the approach for core WIL units – would facilitate greater WIL participation rates. Such a shift would recognise the importance of WIL as an enabler of employability and in building student work-ready capabilities.

A stronger Australian Government approach to addressing current barriers to employment for international students and graduates may also have value. In 2021 and 2022, international students were responsible for around 66 per cent of combined course completions across Information Technology, Engineering and Management and Commerce, disciplines linked to industries facing skills shortages in Victoria. However, across Australia, fewer than half of international student graduates from these disciplines are in professional roles that match their field of study. Barriers to the employment of international graduates include employers' limited understanding of the benefits of hiring international graduates and their work rights under the temporary graduate visa (TGV), which have changed significantly in the past 18 months, and international students' lack of local professional work experience, which may influence an employer's decision to hire domestic over international students. Through 'Victoria's Commitment to Action', **the Victorian Government is working with employers, industry bodies and education providers to address employment barriers and promote post-study pathways** for international students and graduates. To date, 26 organisations have joined Victoria's Commitment to Action, and by doing so, committed to improving international student employment outcomes in Victoria. While this work will continue, **a national approach to educating employers on the TGV and benefits of drawing on this talent pool may have great traction**, particularly for large, multi-state employers.

6. How should government implement a link between the number of international students and an increased supply of student housing?

It is important to acknowledge that purpose-built student accommodation (PBSA) is not the only option available to house international students. Only some cohorts of students tend to access PBSA due to the relatively higher cost and limited accommodation offerings (usually studio apartments with shared facilities). In implementing the Draft Framework, the Australian Government may wish to take a location-based approach which looks beyond PBSA to determine the best mechanism(s) by which to increase the availability of student housing while minimising impacts on the wider Australian population.



DJSIR notes Victoria's international student population is concentrated in Melbourne (noting Victoria's smaller number of regional campuses compared to other jurisdictions). Melbourne CBD has good existing access to appropriate student accommodation and the largest stock of PBSA in Australia^{xxxviii} as well as availability of studio apartments. International students living in Melbourne CBD are unlikely to impact broader rental supply as they occupy accommodation types not normally in demand by other residents.

The issue of housing supply and affordability is complex^{xxxix}, encompassing a web of economic, planning, construction, financial, and supply and demand drivers. PBSA is a form of build-to-rent (BTR) development, which is supported by institutional investment. The Australian Government may wish to take into account that, as with many housing developments, the general BTR sector is facing challenges due to rising interest rates, material costs and construction costs, as well as ongoing operation and management costs.

7. What transition arrangements would support the implementation of a new approach?

Lack of certainty around the implication of the new approach for prospective students may result in a reduction in Australia's attractiveness as a study destination. As such, there is a clear need for **strong alignment between Commonwealth authorities and departments, including the Department of Home Affairs, the Department of Education and Austrade, as well as coordinated messaging** to maintain Australia's reputation as a welcoming study destination. Cross-agency coordination would also enable more effective recruitment of a diverse cohort of international students. For example, several countries from continents or regions identified by the Australian Government as offering diversification opportunities (notably Southeast Asia, Latin America and Africa) have seen significantly reduced student visa grant rates since implementation of the Migration Strategy commenced in late 2023.

It will be critical that the Australian Government communicates to the sector, state and territory governments, and students **the baseline that will be used for the implementation of the managed approach, as well as the overall number of students** it anticipates will enter Australia under a managed growth approach in future years. The Victorian Government calls for **clear and timely communication on the proposed cadence of review of the managed growth approach, as well as the expected timeframes for implementation and the planned duration of the managed approach to growth (i.e. ongoing or subject to review)**. The Victorian Government notes that Canada has committed to trialling its own such cap model for two years.

Clear and timely communication will also ensure state and territory governments are able to model impacts and anticipate what supports might be needed from a state and territory perspective. These include supports for international students, international education businesses, and heavily impacted localities.

Of immediate importance is also the definition of 'new student' given the Australian Government will be given the power to limit enrolments of new students from 2025, with overall enrolment numbers to be limited from 2026. **If 'new students' refers to students commencing a new course with the same provider, transitioning through a TNE pathway, a non-award or ELICOS pathway, this could prove to be quite disruptive for the sector.**

Objective 3: Taking Australian Education and Training to the World

Response to questions for sector consultation

1. What are the barriers to growth in offshore and transnational delivery of Australian education and training?

Victoria is a leader in transnational education (TNE) delivery^{xi} across all subsectors, and Victorian providers active in TNE embed strategies, approaches and models in their strategic and global engagement plans. In doing so, Victorian providers recognise that there are many benefits to TNE engagement which go well beyond the financial, most notably building education providers' reputations as a trusted global partner in-market with students and stakeholders alike.

Victoria's International Education Advisory Council^{xii} established a Working Group in 2024 to explore the current state of TNE in Victoria and identify key success factors, opportunities and challenges. **The major challenge for TNE growth is that it is not immediately financially viable but requires a medium to long-term financial investment.** Providers consulted noted it takes 3-8 years for both higher education and VET TNE offerings to deliver a return on investment. The timeframe depends on the mode of delivery with fully in-country delivery seeing faster returns. While TNE's success is evident in the increased profile and reputation of Australian providers, TNE needs to be financially viable to be sustainable. **Financial returns are low compared to onshore delivery with offerings needing to consider the price sensitivity in-country.**

Another barrier is the **time and resources required for providers to identify, assess and implement TNE opportunities.** Adequate research must be undertaken to consider the type of activity, partners, and selection and location of delivery. In-country regulations and legislation for setting up campuses and other modes of TNE delivery (for example joint degrees and dual degrees) are becoming more complex, higher risk, and approvals are taking longer. In-country fully online delivery is not considered an attractive option by country partners and fully online degree programs are largely not recognised by overseas governments, including India and China. Hybrid models with online components are an option however need to consider compliance with in-country policy and regulations. Online delivery may be suitable for upskilling and short courses, however the global market for these types of courses is highly competitive.

With rising costs of living globally, **articulation or twinning arrangements such as 2+2 models are increasing in popularity as a way to access an international education at a lower cost. However, an emerging issue is ensuring certainty and clarity of access to student visas and post-study work rights for students** in articulation arrangements. In light of this, the Commonwealth may wish to consider **possible unintended consequences of enrolment allocations and visa delays and rejections where education providers are currently delivering, or considering delivery of, a TNE model.**

There are particular barriers for TAFEs in TNE delivery, including restrictions on the ability to deliver Australian qualifications overseas due to placement requirements for some courses, the Australian content requirement, and the feasibility of delivering courses at a price acceptable to the market that would also provide a financial return to providers. **The Victorian Government would welcome more in-depth consultation with the Australian Government on how barriers and challenges in TNE for TAFEs could be addressed.**

2. Where can government direct effort to support transnational education?

The Victorian Government supports the intent of efforts by the Australian Government to address policy settings impeding the recognition of Australian qualifications and the expansion of education delivery offshore. **The Victorian Government would welcome more in-depth consultation with the Australian Government on how barriers and challenges in TNE could be addressed.** It would be happy to share Victoria's experience in offshore delivery, as well as insights from across the Victorian Government's Global Education Network, the largest of any state or territory.

There is limited data and information available on TNE delivery by Australian providers, including what is being delivered, by whom, where and the amount of revenue generated. **Improving the collection and sharing of data on TNE delivery by Australian providers, including at state and territory level, would establish a useful baseline to track and measure future progress** and may assist in better directing coordinated efforts to support TNE by the Australian Government and state and territory governments, including marketing and promotion of Australian education and training offshore.

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- ⁱ [Australian Department of Education, International student numbers by country, by state and territory.](#)
- ⁱⁱ [Australian Bureau of Statistics, International Trade: Supplementary Information, Calendar Year 2023](#), Table 3.
- ⁱⁱⁱ Victorian Department of Jobs, Skills, Industry and Regions internal estimates.
- ^{iv} [Study Melbourne, Future Founders Scholarship Recipients 2024.](#)
- ^v [Study Melbourne, Victorian International Education Awards 2023.](#)
- ^{vi} International Visitor Survey, year ending December 2023, Tourism Research Australia, released March 2024.
- ^{vii} [QS Best Student Cities 2024.](#)
- ^{viii} [Interview with Jason Clare MP, 12 December 2023, ABC News Breakfast.](#)
- ^{ix} [Department of Home Affairs' Regulation of Migration Agents, Australian National Audit Office, 8 May 2024.](#)
- ^x [The PIEoneer Awards 2024.](#)
- ^{xi} IDP, *Emerging Futures: Voice of the International Student*.
- ^{xii} Australian Bureau of Statistics, International Trade: Supplementary Information, Calendar Year 2023, Table 3.
- ^{xiii} Australian Department of Education, International student data – full year 2023 (based on data finalised in December 2023).
- ^{xiv} QS Best Student Cities and World University Rankings, 2024.
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