

STRATEGIC REVIEW OF THE STUDENT VISA PROGRAM 2011

Go8 RESPONSE

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EXECUTIVE SUMMARY

The current and first independent review of Australia's student visa program by The Hon Michael Knight AO is a welcome indication of the Government's recognition of the importance of international education to Australian society. It represents a crucial opportunity for reform to ensure Australian education institutions can compete for the most talented international students.

International education provides significant economic benefits for Australia. It is both a major export industry and a source of domestic economic growth.

However, international education is much more than a business. The relationships formed through international education underpin Australia's engagement with the world and help sustain goodwill, trade and investment. They are the basis of future research collaboration. They make Australia's creative and intellectual assets more visible to other countries. They improve our reputation internationally as a centre for learning, research and innovation.

Furthermore, international students bring diverse experiences and perspectives and make it possible for universities to offer a much wider range of study programs, thus enriching the educational experience for all students and staff.

For these reasons the Group of Eight³ (Go8) believes that unnecessary financial and other barriers should not be put in the way of genuine international students who wish to come to Australia and that reforming the student visa program is critical for Australia's future as an innovative nation.

"Our drive to quality will help us ensure that Australia will become a destination for premium post-compulsory education – benefiting local and international students and ensuring that universities can attract talented international students far into the future".

The Hon Julia Gillard MP, Deputy Prime Minister and Minister for Education, March 2010¹

"Higher education teaching and learning priorities: Develop a comprehensive strategy to enable Australia's international education industry to grow sustainably through student visa requirements and procedures that compare favourably with nations such as the United States, Canada and the United Kingdom"

Business Council of Australia, March 2011²

1. Speech to Universities Australia conference, March 2010, www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article_100303_102842.aspx

2. *Higher Education: Lifting the Quality of Teaching and Learning*, Business Council of Australia, March 2011

3. The Group of Eight is a coalition of leading research universities in Australia. Member universities are: The University of Queensland, The University of Western Australia, The University of Adelaide, The University of Melbourne, The University of Sydney, The Australian National University, The University of New South Wales, Monash University.

SUMMARY OF RECOMMENDATIONS

The Go8 looks forward to the following outcomes from the Review:

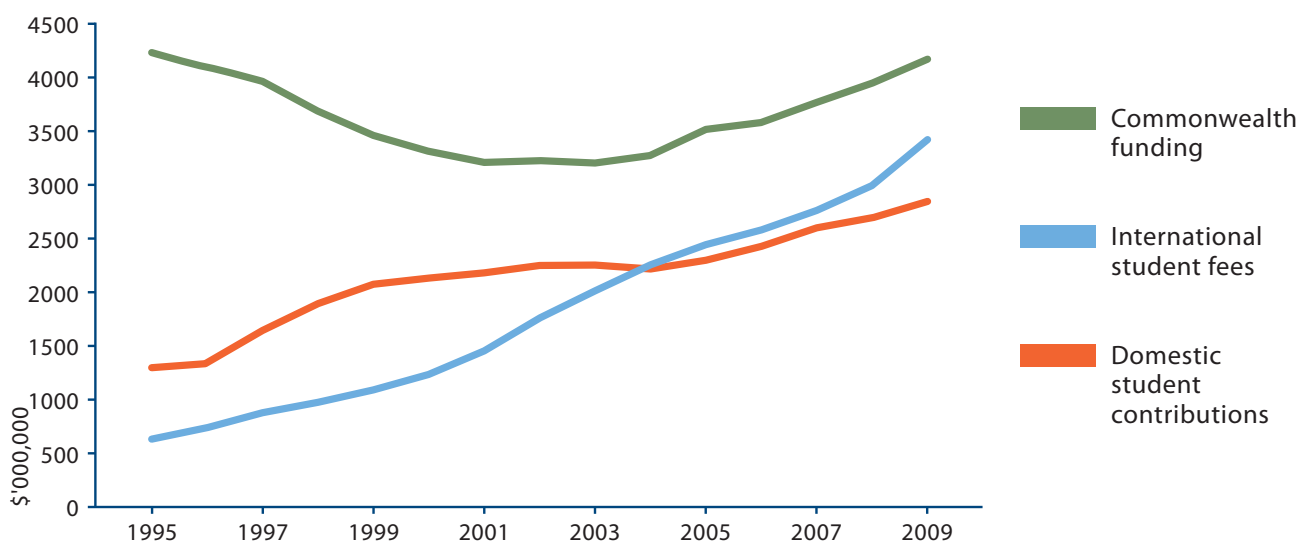
- A new visa policy regime based on institutional risk;
- Proof of finances requirements for student visa applications brought into line with competitor countries;
- Working rights provided to graduates from Higher Education programs of two years or more to put Australia back in a competitive position in attracting quality students and fill gaps in areas of skills shortage;
- More flexible course packaging arrangements for Foundation program pathways to university;
- Decreased visa application costs ; fee waivers for good quality HDR students; allocation of the funds in a transparent manner to support international student welfare;
- The creation of a formal advisory committee for consultation about implementation of the student visa program.

INTERNATIONAL STUDENT FEE INCOME

In 1995, international student fee income was a large and useful additional source of revenue, but still much smaller than funding from either the Commonwealth Grant Scheme (CGS) or domestic student contributions. Ten years later, international fees had outstripped domestic student contributions in absolute terms.

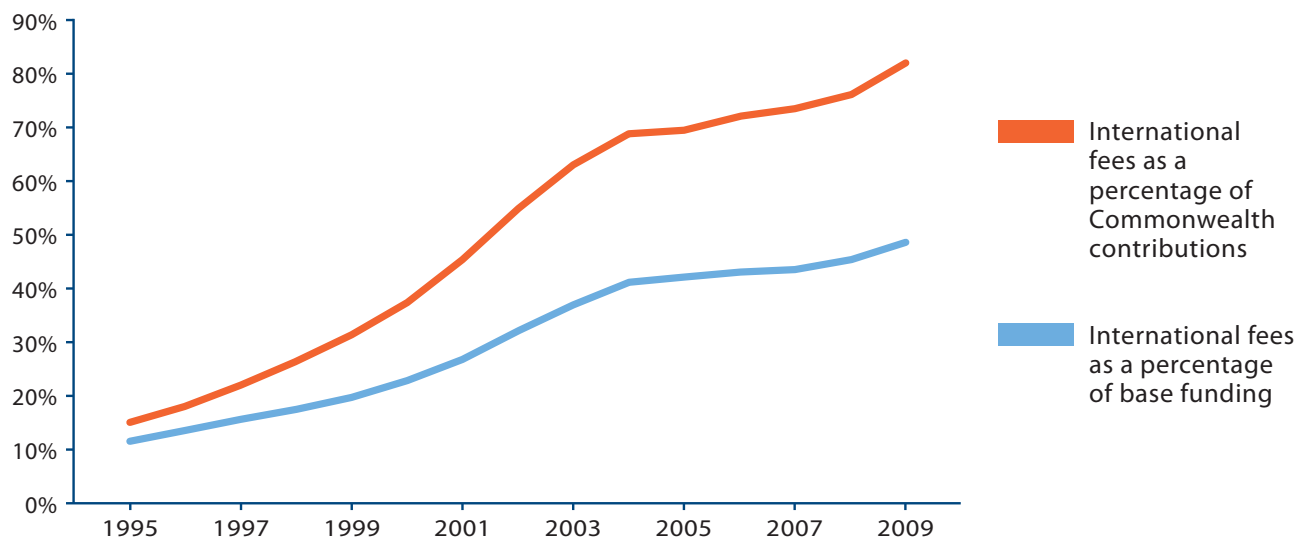
In 1995, international student fees were equal to 11 per cent of base funding revenue (CGS plus student contributions) and 15 per cent of Commonwealth contributions. By 2009, international student fees were equal to half of total base funding and 80 per cent of Commonwealth contributions.

Figure 1. Commonwealth and student contributions compared to international student fee revenue, millions of constant 2009 dollars, 1995 to 2009



Source: DEEWR (2010) *Higher Education Base Funding Review Background Paper*; DEEWR (2009), *Higher Education Finance Statistics*

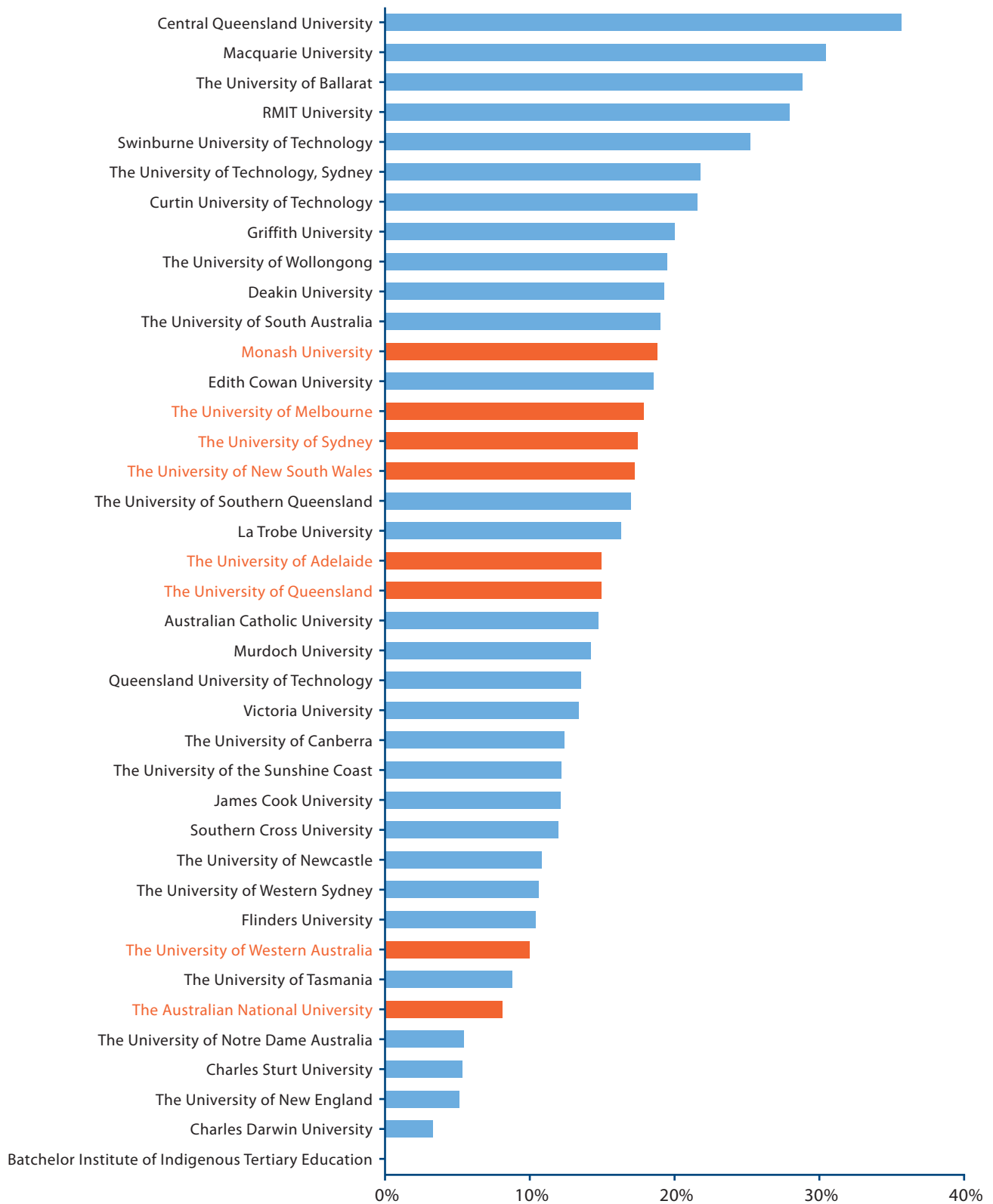
Figure 2. International student fee revenue as a percentage of base funding, 1995 to 2009



Source: DEEWR (2010) *Higher Education Base Funding Review Background Paper*; DEEWR (2009), *Higher Education Finance Statistics*

In 2009 international student fee income represented 17 per cent of total revenue for universities. The share differs substantially by university. Six universities derive 20 per cent or more of their income from international student fees, and two are over 30 per cent.⁴

Figure 3. Overseas students' fees as a proportion of total revenue by university, 2009



4. DEEWR, 2009 Higher Education Finance Statistics, www.deewr.gov.au/HigherEducation/Publications/FinanceReports/Documents/Finance2009.pdf

IMPACT OF DECLINING INTERNATIONAL STUDENT ENROLMENTS

For a combination of reasons, the era of exponential growth in numbers of international students coming to Australia to study in higher education and other sectors appears to be drawing to a close.

Significant changes to migration policy – affecting both pathways from student visas to permanent residency as well as student visas themselves – have weakened the previously strong appeal of study in Australia as a route to migration. A strong Australian dollar has undercut Australia's cost advantage – in both fees and cost of living – compared to rival destinations.

Many of the Government's policy changes aimed at tackling the abuses of skilled migration in certain elements of the international education sector were sensible and overdue. However, even though the changes were aimed at ridding the industry of rogue providers, they have treated all institutions in the same way and failed to differentiate between low and high risk or low and high quality institutions.

The consequences for Australia's third largest export industry could be disastrous. International enrolments across all sectors show that 2010 recorded the first fall in onshore enrolments since the Asian financial crisis of the late 1990s. Commencements data tell an even less positive story. Growth in higher education commencements has slowed almost to a standstill, while there are clear declines in ELICOS and VET. Both of these sectors are, among other things, important pathways to higher education for international students. Schools commencements have been in decline since 2008. While the number of international enrolments in schools has always been fairly small, this sector is another pathway to higher education.

Table 1. International Student Enrolments

Year	Number of students				Increase from previous year			
	Higher Education	VET	Schools	ELICOS	Higher Education	VET	Schools	ELICOS
2002	124,666	44,786	23,223	57,452				
2003	146,128	45,991	26,945	62,101	17.2%	2.7%	16.0%	8.1%
2004	164,008	45,547	27,311	61,743	12.2%	-1.0%	1.4%	-0.6%
2005	177,864	50,919	25,096	64,560	8.4%	11.8%	-8.1%	4.6%
2006	185,449	67,018	24,479	76,905	4.3%	31.6%	-2.5%	19.1%
2007	192,223	101,988	26,765	102,214	3.7%	52.2%	9.3%	32.9%
2008	202,270	153,881	28,303	127,247	5.2%	50.9%	5.7%	24.5%
2009	226,011	207,985	27,380	137,539	11.7%	35.2%	-3.3%	8.1%
2010	243,591	206,581	24,235	113,477	7.8%	-0.7%	-11.5%	-17.5%

Source: AEI enrolments by sector, December 2010

International student visa applications data recently reported by the Department of Immigration and Citizenship (DIAC) show sizable declines in demand, including in the higher education sector. Higher Education visa applications declined by 12 per cent in 2010 and overall student visa applications declined by almost 20 per cent.⁵

Table 2. Number of student applications lodged by visa subclass, 2004-05 to 2009-10

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	% change 2008-09 to 2009-10
570 Independent ELICOS Sector	23,830	28,316	32,671	32,617	41,640	38,050	-8.6%
571 Schools Sector	13,501	15,182	18,743	20,856	16,115	13,527	-16.1%
572 Vocational Education and Training Sector	29,521	36,254	53,116	79,290	132,554	87,157	-34.2%
573 Higher Education Sector	93,749	105,640	122,245	138,894	142,401	125,457	-11.9%
574 Postgraduate Research Sector	6,409	6,078	6,720	7,531	9,008	9,633	6.9%
575 Non-Award Sector	18,045	17,993	18,058	21,399	19,537	18,323	-6.2%
576 AusAID or Defence Sponsored	3,811	4,994	5,065	4,909	4,568	4,411	-3.4%
Total	188,866	214,457	256,618	305,496	365,823	296,558	-18.9%

The 2008 Bradley Review of Higher Education concluded “there is evidence of substantial cross-subsidy to research from funds for teaching domestic and international students”⁶

Assuming government is not prepared to make up for the shortfall, a major drop in international student enrolments is very likely to lead to a serious decline in the teaching, learning and research quality at most Australian universities.

Some of the factors causing the downturn in student numbers, such as the strong Australian dollar, are not within the Government’s control. However, visa policy settings are controlled by government and should be amended so they do not cause any unnecessary barriers to genuine international students who help fund a quality educational experience for all students.

5. DIAC, Student Visa Program Report, 31 December 2010

6. Australian Government Review of Australian Higher Education, Dec 2010 , p ixv

RECOMMENDATIONS/SOLUTIONS

Long-term

Introduce a new student visa regime based on institutional risk, not country of origin

The Go8 believes that the current policy of assessing the risk of each student based on country of origin is not efficient or effective.

The Knight Review discussion paper recognises that Australia's processing times are "generally longer than that of the USA and the UK".⁷

Many good students wait months for a response to their application which means they often receive an acceptance from another country in the meantime. Australia is therefore failing to attract many bright students, especially research higher degree students.

The Go8 proposes a new system which assesses visa applications according to the risk of the educational institution making the offer of a place to a student.

There is a great deal of difference between educational institutions in Australia and the student visa program should understand and reflect those differences.

Former ANU Vice-Chancellor, Professor Ian Chubb, recently outlined just some of the differences that exist between institutions that bear the university title in Australia.⁸

"According to 2007 data...one university has 30% of its enrolments in graduate programs and 15% in research higher degrees, while another has 7% in graduate programs and less than 1% in research higher degrees."

As Figure 3 above shows, international student fees range from 3 per cent to 36 per cent of university revenue. Added to the differences between universities are major differences between the school, VET and university sectors and between public and private providers.

The Knight discussion paper recognises that a visa system which accounts for differentiation amongst educational institutions will allow DIAC to "target more resources to assess applications for providers whose student load represents a higher level of risk."⁹ It would also lead to faster response times for low risk institutions and reward best practice behaviour.

Given that the new Tertiary Education Quality and Standards Agency (TEQSA) has committed to creating a system of regulation based on institutional risk profile, and that the Education Services for Overseas Students Act (ESOS) and the CRICOS register will eventually be administered by TEQSA, the Go8 believes that a student visa program based on institutional risk is a reasonable and achievable goal.

The interim Chair of TEQSA, Professor Denise Bradley, as recently as March 2011, has promised that the assessment of institutional risk will include factors such as a provider's "history of scholarship, teaching and research, its students' experiences, its financial status and capacity, and its history of compliance".¹⁰ This approach is enshrined in the legislation establishing TEQSA currently before the Federal Parliament.

7. Australian Government, Strategic Review of the Student Visa Program 2011, Discussion Paper, p 13

8. "Research universities and Australia's place in world", Professor Ian Chubb, Speech to the Lowy Institute, 29 July 2009

9. Australian Government, Strategic Review of the Student Visa Program 2011, Discussion Paper, p 10

10. Bradley, Denise, Presentation, Establishing TEQSA, March 2011

In responding to the Baird Review of International Education in 2009, the Go8 advocated that measures to determine an institution's level of risk could include:

- financial risk management;
- public/private;
- level/quality of information provided to international students;
- level/quality of student support services;
- academic success of international students;
- findings of prior audits;
- history/age of provider.

The Go8 will work with TEQSA and DIAC to develop institutional risk profile factors that will result in a student visa program that protects Australia's reputation as a safe destination and one that offers a quality educational experience. The Go8 will also work with Government to ensure that students applying to institutions deemed low risk will have their visa applications assessed faster than those applying to higher risk providers.

Such a system would further increase the incentive for institutions to manage their international student applications in a responsible way.

Immediate/short-term

Reduce proof of finances requirements

In the current visa system based on the student's country of origin Higher Education applicants from Level 3 and 4 countries must provide evidence of access to amounts in excess of \$100,000 (to cover the full 3 or 4 year period they remain in Australia. This results in a severe impact on universities as bachelor and postgraduate degree programs are usually longer than those in the VET or ELICOS sector. For students applying to long-standing quality higher education institutions this is unnecessary. It is far more onerous than financial requirements imposed by competitor countries.

Evidence of one year of funds for living costs and tuition (around \$40,000) would bring Australia back in line with major competitor countries. For the remainder of the student's stay in Australia the focus on source of funds should also be changed to evidence that the funds will be available (e.g. from family income, assets or loans). This change can be made immediately while a new system based on institutional risk is put in place. It will have an immediate impact on Australian competitiveness and will send a strong signal that Australia continues to welcome international students.

Retaining highly skilled graduates

In 2009/2010 the Federal Government made changes to visa regulations on permanent residency for former international students. Some of these changes were clearly necessary to deal with abuses that have emerged over recent years. However, we believe that the Government's response was in some respects an overreaction. There is no good argument for encouraging international students to stay in Australia to do low skill jobs. However, it would be short-sighted to set migration policy to prevent Australia from making use of high quality, highly skilled graduates who have been educated here and who are interested in staying to work in areas related to their studies.

International graduates are attractive employees for Australian companies because they have the language skills and networks to do business in their own countries, but still understand the Australian culture and professional context and they have been educated to Australian standards.

Many graduates, even those who do not desire permanent residency in Australia, would like the opportunity to use their skills and knowledge in an Australian workplace context. Providing this right to higher education graduates will help put Australia back in a competitive position in attracting quality students and will also fill gaps in areas of skills shortage.

The Go8 recommends that graduates of Australian higher education institutions who have studied for at least two years at bachelor level or above should be eligible to work in Australia for at least two years. For higher degree research students the work rights should be extended to four years and should also result in the right to apply for permanent residency upon graduation.

Similar rights have been extended in Canada which now sees Canada in a much more competitive position in attracting international students. 2010 data from Canada are not yet available but 2009 data (just one year after the changes were announced) show that numbers of “foreign students” increased by 20,000¹¹. The Post-Graduation Work Permit Program allows students who have graduated from a participating Canadian post-secondary institution to gain valuable Canadian work experience.¹²

The Go8 recognises the political sensitivities around this particular issue were caused by abuses in the private VET sector in the past. However, punishing all educational institutions for the behaviour of a few is not the answer. If working privileges are restricted to higher education graduates (bachelor degree and above) who have studied for at least two years, the Government can be confident the majority of graduates will gain work in areas relevant to their studies.

This policy change needs to be coupled with a message from the Australian Government to the community that international students are welcome in Australia both as students and as potential migrants. When introducing the new work permit program in 2008 the Canadian Minister for Citizenship and Immigration said “our ability to retain international graduates with Canadian qualifications, work experience and familiarity with Canadian society, will help increase our competitiveness and benefit Canada as a whole.”¹³ Changes in the visa policy settings will be far more effective if underscored by positive rhetoric from the highest levels of the Australian Government.

Course packaging

Until recently DIAC assessed student visa applications based on the highest level of study to be attempted. If a student required a Foundation (university preparatory) course in order to gain entry to a university program, the student would be assessed based on the Country Level given to the HE award.

However, changes made in 2010 have had a negative impact on the ability of students to obtain packaged visas where the package includes a Foundation course.

The Go8 understands this change may have been made by DIAC with good intentions to deter VET programs deliberately packaging with Higher Education programs to access the lower risk assessment levels even though the students may never had intended progressing to university study.

Foundation programs never contributed to this problem but the 2010 change is causing a significant decline in applications for such pathway programs to university study.

The Go8 recommends that while moving towards the new system of institutional risk assessment, that students accepted by a higher education institution through a CRICOS designated foundation program should be assessed at the country level relevant to the Higher Education (573) qualification. Students applying for 573 visas are less likely to be subjected to onerous financial requirements and therefore granted a visa in a more timely manner.

11. www.cic.gc.ca/english/resources/statistics/facts2009/index.asp

12. www.cic.gc.ca/english/study/work-postgrad.asp

13. Canadian Government Media release, 21 April 2008, www.cic.gc.ca/english/department/media/releases/2008/2008-04-21.asp

Visa application costs

The Knight discussion paper recognises that the application fee is more expensive than in other countries, noting that “the Australian figure does seem relatively high compared to some of our competitors”.¹⁴

The Go8 believes that decreasing the fee to a more competitive level is important. However, even more important are the following two issues:

1. providing discretion to DIAC officers to waive the fee for good quality HDR students;
2. a more transparent allocation of the fees with the bulk of money raised going directly towards projects relevant to international education including student welfare.

Implementation and consultation

The Go8 recommends DIAC and DEEWR consult stakeholders through a formal advisory committee and provide a grace period of at least six months before major policy changes come into effect. This will allow orderly implementation of policy and provide potential and current students time to prepare themselves for the impact of changes on their future study and work plans.

14. Australian Government, Strategic Review of the Student Visa Program 2011, Discussion Paper, p 13

CONCLUSION

International students contribute intellectually to Australian society. They bring talent and help to widen the outlook of Australians. They also increase Australia's understanding of the languages, cultures and economies of our trading partners. They increase the range of study programs available, thus enriching the educational experience for all students and staff.

Through international education, personal and institutional ties are formed. Doing business is easier with people who are already familiar with Australia. When formal diplomatic relations are strained, these ties ensure ongoing dialogue with Australia. Australia cannot afford to be isolated or by-passed in a more knowledge-connected world. Our future will rely on strong international connections and openness.

For these reasons the Go8 believes that it is imperative this opportunity to reform the student visa policy system is not missed.

The Go8 will work with DIAC and DEEWR and TEQSA to develop institutional risk profile factors that will result in a student visa program that protects Australia's reputation as a safe destination and one that offers a quality educational experience. Such a system will increase the incentive for institutions to manage their international student applications in a responsible way.

A new system based on institutional risk will allow Australian education institutions to compete for the most talented international students and thereby contribute to ensuring Australia's future as an innovative nation.



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