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International Education
Association of Australia



International Education Association of Australia

Final Submission on Australian Universities
Accord Panel Discussion Paper

September 2023

Introduction

Our Association appreciates the opportunity to add to our initial submission to the Universities Accord Panel Discussion Paper of April 2023. The below content is a response to the Panel nominating a number of ideas that it believes are worthy of further consideration. IEAA will limit this final submission to the three ideas that we believe have the most potential to impact on international students as well as the international education sector more broadly.

1. Caps on International Students:

From a philosophical perspective, IEAA maintains that a university should have the autonomy to decide on its own size and shape as it relates to both its international and domestic student cohorts. For example, would the Accord Panel assume that the London School of Economics is any less an institution for being predominantly comprised of international students (currently around 70 per cent)? Depending on a university's mission, positioning, vision and goals surely they, under the direction of their governing bodies, make the appropriate decision themselves about their enrolment composition from an institutional perspective? A relevant example here, in the Australian context, is the University of Sydney. This institution has a large international student body, but have for some years capped many programs themselves in order to manage their desired shape and size.

Our Association would also regard any cap on international student numbers as being a market distorting response which may, ironically, negatively impact on domestic students as follows:-

1. Given that many classes run with a combination of domestic and overseas students, we would argue that our domestic students often gain the benefit of different perspectives originating from the lived experience of their classmates from many different nations and cultures.
2. In some cases, in the absence of overseas students, education providers may not be able to run classes with sufficient numbers to provide a good student and learning experience.
3. If classes have to be cancelled domestic students may well miss out on being able to enrol in a particular unit or course of study. This scenario would be particularly apparent in small niche providers or regional education institutions.
4. Caps will have the unfortunate effect of reducing overall university funding unless the Government intends to make up this shortfall via other means. Any cap would also have to be implemented on an equitable basis (not just by lifting standards as flagged in the Review). Otherwise, funding could favour disproportionately high tuition fee charging universities over others.

A final point we would add is that a cap would also be exceedingly difficult to administer as it would have implications on Direct Entry, TNE, articulations, transfer arrangements, etc. It could therefore serve as a very blunt instrument with little nuance.

2. Code of Practice

The Accord Panel has referenced the New Zealand Code. Our understanding is that this effectively operates as a combination of the compliance and standards settings already provided for in Australia through our CRICOS and ESOS instruments. In the case of New Zealand, all providers wanting to recruit international students must be a signatory to the Code and are subject to regular compliance audits. Given that Australia already has a globally respected regulatory and legislative framework that covers the same areas, as well as compliance with which providers are regularly audited, our Association would be concerned if there was, yet another layer added via the introduction of a new Code. If the Panel would like to use the New Zealand Code as an exemplar, then we would request that it at least references those elements of that nation's Code that are already covered by Australia's existing framework.

3. International Student Levy

Our Association is opposed to an international student levy. We would be particularly opposed to such a new tax for the purpose for which it is described in the Accord report. We would note that there are already levies charged to international education providers such as the Tuition Protection Services levy, CRICOS levy and annual TEQSA provider charges. Each one of these is based on cost recovery principles. We believe that the Government would therefore have a challenge to explain an international student levy as taxing a particular cohort for funds to be expended on other areas of policy delivery e.g., research. There was a recent Deloitte report published re: the New Zealand levy which the Accord Panel references see link:

[https://www.educationcounts.govt.nz/publications/schooling2/school-networks/review-of-t-
he-export-education-levy](https://www.educationcounts.govt.nz/publications/schooling2/school-networks/review-of-t-
he-export-education-levy). This report noted that both students and providers were comfortable with that levy's application because of its transparent nexus between services provided to overseas students and the actual revenue collected by the levy.

If the Accord Panel are determined to recommend a specific international student levy, then our Association would make the following key points:

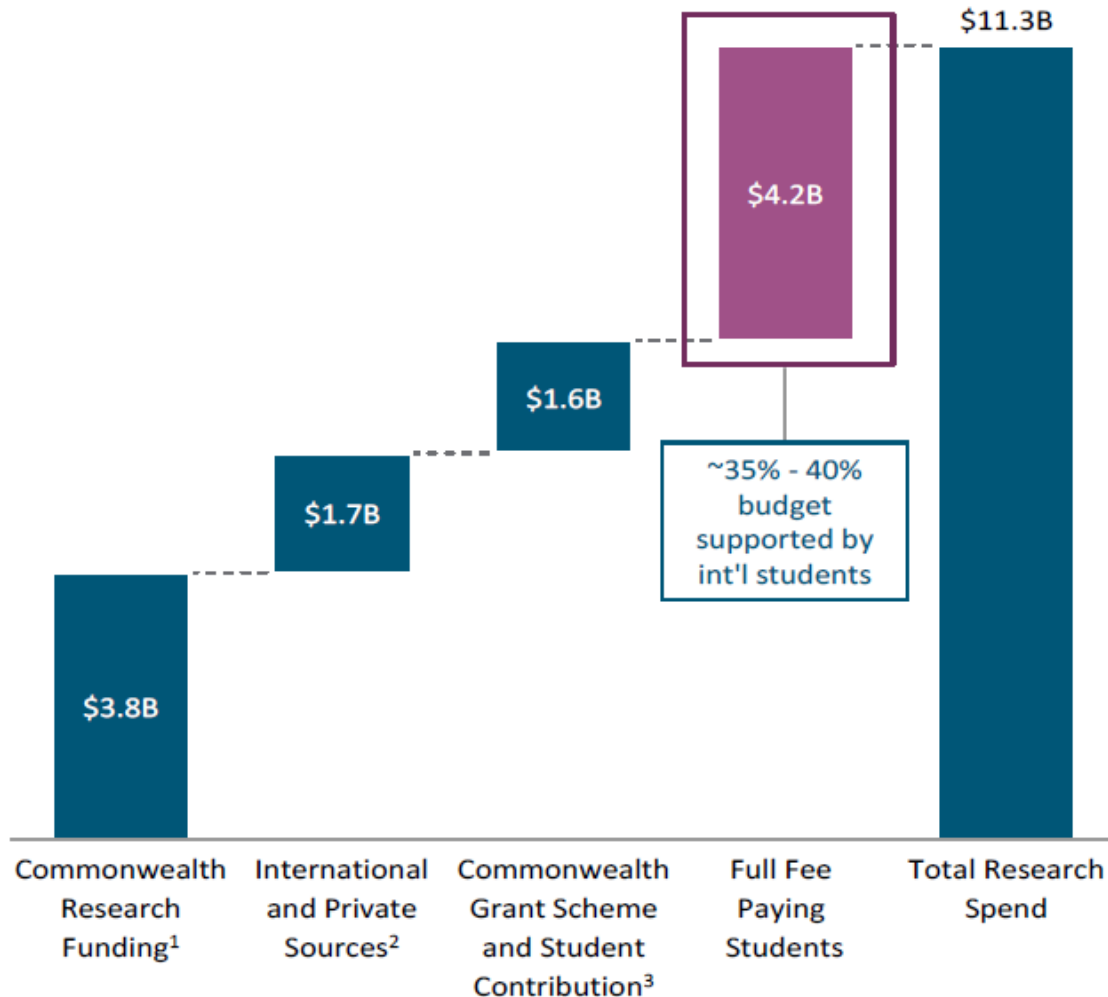
- There is a need for a commitment for transparency and annual reporting on the use and distribution of any levy, including the use by the government in any administration of the levy.
- This is a University Accord, but we now have private HE providers. Perhaps the levy being in the Accord limits its ability to be applied as it should? Should it be applied to all international providers (excluding ELICOS and Foundation)? Private HE providers argue that they are already subject to corporate tax.
- There is a serious disconnect between the Accord's commentary around improving the student experience and the proposed purpose of a levy. Is there the opportunity to think of it more as a reinvestment fund focused on student experience (and with a specific international student element embedded), scholarships for international students, student housing, international student travel concessions, and programs around community engagement and building the social license etc? It is important to point out that there is already a levy on university students that is aimed at improving the student

experience – the Student Services Amenities Fee (SSAF). All students pay this (domestic and international) and the Legislation requires that it be expended on activities that directly contribute to student wellbeing. Details are at <https://www.education.gov.au/higher-education-loan-program/approved-hep-information/student-services-and-amenities-fee>, including what the money can be spent on and how it is monitored. Importantly, students have a say in how it is spent and providers each year have to certify that fees were collected and expended in line with HESA.

- How does this speak to a number of Free Trade Agreements, which our nation is a signatory to, that include education and the lack of any similar tariff on other export sectors.
- A levy has to be applied to providers who recruit international students, but how it will be applied and managed needs serious consideration. Is it based on commencing or continuing data, a % of headcount, EFTSL or other, scalable based on size of institute or based purely on the number enrolled (some private HE providers might be small but purely international) etc?
- IEAA does not believe that the introduction of a levy could resolve research funding issues, nor that international students should pay for Australian education and research. There needs to be a better and more holistic approach to an ongoing sustainable model for funding research. Please note the below Chart (from the Parkinson Migration Review Discussion Paper) which highlights the large amount of cross subsidisation that overseas students already provide for our universities' research funding.

International student tuition fees make up around 35-40 per cent of universities' research spending

Figure 34: Indicative annual university research spending based on triangulation of estimates from 2016–2018



Source: Grattan Institute Report (2018), Mapping Australian higher education 2018; BCG Research

Note:

1. Based on ABS Research and Experimental Development, Higher Education Organisations (2018);
2. Includes industry contracts and donations, based on Department of Education and Training (2017);
3. Based on Deloitte Access Economics (2017).

Conclusion

Our Association would be pleased to provide the Panel with further information on any of the above three areas that impact our international education sector.