

Request for public comment:
Reform of the ESOS Framework

Committee for Melbourne submission

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1. About the Committee for Melbourne

The Committee for Melbourne (the Committee) is an apolitical, not-for-profit, member network that unites a cross-section of Melbourne's leaders and organisations to work together to enhance Melbourne's economic, social and environmental future.

Founded nearly 30 years ago, the Committee works to ensure Melbourne's challenges and opportunities are addressed in ways that keep our city vital, inclusive, progressive and sustainable for the long-term.

Our members represent over 120 organisations drawn from the city's major companies, academic institutions and civic organisations across a broad range of industries. We represent no single interest and seek to challenge conventional thinking and develop innovative policy that continues to enhance the world's most liveable city.

The Committee welcomes the opportunity to make a submission to this important review.

Contributions and references

This submission has been developed with the input of the following member organisations: Deakin University, Monash University, RMIT University, Swinburne Institute of Technology, The University of Melbourne and Victoria University. However, the submission is made on behalf of the Committee of Melbourne and its contents do not necessarily represent the views of any specific member organisation.

2. Key issues and themes

International education is a key contributor to Melbourne’s current and future prosperity and plays an important role in positioning Melbourne globally.

International students make a significant contribution to both Australia’s and Melbourne’s economies. International education is Victoria’s biggest export and a critical component of the state’s economy. International students currently pay the majority of fees in our universities and bring billions of dollars to the state. Their presence supports an estimated 38,000 jobs in Victoria, most of them in Melbourne. Without the valuable contribution of international students, the capacity for our institutions to provide high quality academic offerings to domestic students would suffer.

International students are however much more than just a source of revenue. They make a very significant contribution to the multicultural richness and vibrancy of Melbourne. They are also a key source of skilled and casual labour, and contribute to the city’s global connections and reputation in a multitude of ways through ongoing economic, cultural, education and research, business and investment links.

Melbourne has a range of inherent strengths that support its position as a leading student city, including a large number of highly-ranked universities, proximity to Asia’s burgeoning populations, a highly rated lifestyle, a safe environment and a tolerant multicultural community. The opportunity exists for Melbourne to grow its share of international students and to build its reputation as one of the world’s leading international student cities, but this is not assured unless the education and experiences it offers continue to evolve to meet the needs and expectations of international students.

A recent report by Ernst & Young (a Committee for Melbourne member organisation) summarised the key drivers of change shaping higher education as:

- global mobility and the emergence of global education brands;
- development of digital technologies;
- an increase in industry-based learning; and
- competition for the international market.¹

These are all relevant considerations for the current review. As the education landscape continues to change, we need to ensure our policy and regulatory frameworks do not unreasonably constrain the ability of education providers in Australia to deliver competitive, world-leading educational experiences that meet the demands of the market.

2.1 Melbourne as a world-leading international student city

Human capital is more important than ever in achieving global competitiveness. With its strengths in research, its eight universities, and strong TAFE and private higher education sectors, Melbourne has a sound basis for building skills for the future, and for developing its brand as a knowledge city.

¹ Ernst & Young, *University of the Future*, 2012

Attracting not just large numbers of students and researchers to Melbourne, but the best and brightest, is key to driving future prosperity. Maintaining high quality of the studying and living experience in Melbourne, and the value Melbourne qualifications deliver to graduates, is therefore critical.

There are some worrying indications that Melbourne's relative appeal as a student city is slipping. In 2014, Melbourne's rank fell from fourth in the world to equal fifth in the QS Best Student Cities index, behind Sydney. Affordability remains the biggest issue for both Melbourne and Sydney compares with other top student cities.

High quality education and employment outcomes are critical to Melbourne's ongoing future as a global centre for learning. International and domestic students are a vital source of financial support for our institutions, but the immediate financial incentives must be properly balanced against the longer term need to maintain academic excellence. If not, Melbourne's reputation will be diminished and it will slip further down the rankings of top student cities.

Looking into the future, as household incomes in rapidly growing economies fuel demand and increasingly sophisticated and demanding student markets, we need to ensure that our offerings remain attractive and competitive. This includes responding to the needs of a globalised student market by tailoring desirable education offerings that match the best in the world.

2.2 The current review

The Committee supports the intent behind the current review in seeking to improve the ESOS framework by:

- reducing burdens on CRICOS providers by only requesting information that is genuinely needed;
- streamlining domestic and international education standards and quality assurance frameworks;
- increasing the ability of providers to deliver courses in a 'contemporary manner' (eg online and work-based learning); and
- supporting the student visa system.

3. Committee for Melbourne comments

3.1 General comments

International education is a critically important sector to Melbourne and the Committee supports the role of the ESOS Act in providing a framework to provide protection to international students in relation to tuition and to regulate quality of service provision. This unique piece of legislation offers Australia an edge over other competitor destinations.

Ultimately Melbourne's value proposition for international students is determined by what the city offers in terms of the quality of their education, and the work experience and employability that education delivers. By studying in Australia, many students are also seeking to achieve high levels of English language proficiency or a pathway to permanent residency. If Melbourne is to have a successful future as a leading student destination and to remain competitive, it must address some of the challenges to meeting the expectations of international students and deliver value for money in terms of their desired life and career outcomes.

Maintaining quality of education experience and outcomes for international students is critical to the future success of Melbourne's international education sector, and the ESOS legislation is a vital component of the system that protects international students.

We need to ensure that Melbourne is providing a quality product to its international students. With increased competition and lower cost competitiveness, Melbourne's international education sector must work harder on other drivers of student choice, including quality of education offerings, quality of lifestyle, cultural engagement opportunities, and post-graduate employment opportunities. Institutions must ensure their educational offerings are of high quality, relevant and contemporary to a sophisticated set of international consumers. This may mean tailoring curricula to incorporate a wider world view and to teach on an international scale.

The Committee's concerns are that the need to protect international students, to maintain quality and to prevent undesirable immigration impacts must be weighed against the burdens compliance places on education providers.

The Committee believes that a 'one size fits all' policy is not helpful in minimising these burdens, and that there is an argument that the diversity of providers should be recognised and the system should be reflective of the vastly different risk profiles that exist among providers. A tiered compliance system that caters for different risk profiles of providers should be considered.

Melbourne's brand as leading international student city is critically dependent on the quality that is delivered by the whole sector, including private providers. The recent budget cuts announced to TEQSA are therefore of concern in relation to risk assessments of providers.

3.2 Comments on proposals for the reform of the ESOS framework

The Committee for Melbourne offers the following comments on specific proposals for reform of the ESOS framework raised in the Discussion Paper:

- **Streamlining quality assurance agency processes** – the Committee supports the proposals outlined in the Discussion Paper to streamline and simplify administration of quality processes by, among other things, ensuring greater consistency and less duplication of effort between the domestic and international quality assurance frameworks.
- **Reducing the reporting burden** – the Committee supports the streamlining of regulation and legislation to enable providers to focus on delivering quality outcomes for students and to minimise unnecessary administrative and reporting requirements.
- **Minimising Tuition Protection Service (TPS) requirements** – the Committee welcomes the proposal to modify the requirement that all education institutions be subject to the current

50 per cent limit on the collection of tuition fees prior to commencing a course. This recognises that not all institutions share the same risk profile and that the requirement in many cases has an unnecessary impact on the cashflow of institutions.

- **Increasing flexibility in education delivery** – the Committee shares the concerns of many stakeholders that the National Code does not reflect development in education delivery such as distance learning/online delivery or work related training, restrictions that do not apply to domestic students.

The ESOS framework needs to keep pace with the way education is being delivered, and the reality is that this is changing and will continue to do so. In particular, two of the major drivers shaping the higher education world of the future identified by Ernst & Young are digital technologies and workplace-based learning.

The 25 per cent limit on online components for courses is regarded by some Committee members as too prescriptive. Setting an arbitrary limit on online delivery does not recognise that online teaching is not in most cases an alternative to the classroom, and that it is now an integral part of the way many courses are delivered. Having different rules for domestic and international students in such instances is not seen as workable.

Our higher education sector has a major contribution to make in supplying the skills and capabilities needed for future prosperity. As an increasing proportion of the population is seeking higher education qualifications, concerns from industry persist around the quality of graduate skills. There is a range of issues to do with making graduates entering the labour market more ‘work ready’, including access to suitable work experience and in the case of some international students, English language skills and other ‘soft skills’.

Closely linked to the reputation of the academic institution, the perceptions of career and migration opportunities are key drivers of student choice. Ensuring we have attractive policy settings for career-related work opportunities, both during and after undertaking a course of study, is critical to remaining competitive.

The introduction of more liberal post-study work rights for international students has not succeeded in having work experience expectations met, in large part because of attitudinal issues on the part of employers. There is a major task to be undertaken in convincing employers to take on international undergraduates and graduates, and the efforts of the Victorian Department of State Development, Business and Innovation in working with employer groups in Victoria to establish a work placement program for international students is worthy of praise. However, there is still far more to be done in Melbourne and across the country in encouraging more openness to employing international students, and in providing the students with the necessary workforce skills.

- **Transfer of students** – some Committee members report issues with agents openly and actively working on or near some campuses to recruit their students. The appropriate response needs to be thought through very carefully as there is a genuine risk of damage to the city’s reputation if such activities lead to poor education outcomes for international students, or to compromises in their safety.

Increasing policing regulation of agents is not necessarily the solution, as it is likely that less scrupulous operators would simply operate from offshore if attempts were made to regulate their activities within Australia. It was also noted that increasingly agents are operating independently of institutions, and dealing with students directly.

There is a recognition that there is perhaps more that providers can themselves do to ensure that they are the first point of reference for students who are dissatisfied or confused about their courses and alternative options.

The Committee supports the intent behind Streamlined Visa Processing (SVP) and sees it as a positive development in supporting the international education sector. It would be very damaging for Melbourne's reputation if abuse of SVP arrangements became so serious it resulted in a failure of confidence in the system and withdrawal of access to local providers.

It was also noted that the appeal processes around Standard 7 required a lot of work on the part of institutions without commensurate outcomes, and suggested that institutions themselves could alleviate many of the issues by requiring non-refundable deposits or similar deterrents as part of their contracts with students.

- **Welfare of students aged under 18** – the Committee is concerned that the ESOS Act be amended to address loopholes that exist in the protection of young international students, without being excessively prescriptive. As noted in the discussion paper, Committee members believe there are concerns around clarification of welfare arrangements and suitable accommodation arrangements for students under 18.

Safety is a key issue for international students, and even more so for those aged under 18. While the Committee believes that Melbourne's record for safety and support for international students should be more actively promoted, there are still perceptions in some offshore markets that the reality is worse than it is based on reporting of events some years ago. This is an indication of how important safety is to our reputation as a leading international student city.

- **Working with stakeholders to produce a practical and accessible National Code and explanatory guide for ESOS** – the Committee has no specific comment.
- **Registration charges** – the Committee has no specific comment.