



ANU Migration Hub Insights No. 24/3

International students: A government changes its mind

By Andrew Norton

Professor in the Practice of Higher Education Policy, POLIS: The Centre for Social Policy Research, The Australian National University

Author contact: andrew.norton@anu.edu.au. Editorial contact: migrationhub@anu.edu.au

Key takeaways:

- **International student numbers have surged:** Pent-up demand caused by closed borders in 2020 and 2021 and Australia's popularity as an international student destination led to a record number of onshore student visa holders, 673,981 in May 2024.
- **International student politics have changed:** Initially the Albanese government encouraged the return of international students. But by late 2023 the politics of migration had changed. Multiple policy changes aimed to reduce Australia's international student and former international student population.
- **Problems in international education:** Population issues aside, issues of non-genuine students seeking access to Australia's labour market, student poverty and English proficiency were also tackled with policy change.
- **Changes to visa policy:** Student visa application fees have more than doubled, tests for awarding a student visa have been tightened, onshore applications for student visas have been limited and how long former students can remain in Australia on a temporary graduate visa has been reduced.
- **Caps on international student numbers:** The government proposes capping international students by education provider and course. The bill to implement this policy is in the Parliament.
- **Recommendation:** Do not introduce caps on international student numbers.



Table of Contents

Introduction	2
International student policy – a brief history	3
The Albanese government changes its mind	4
Demand-side policies to reduce international student numbers	6
Visa changes and living costs.....	6
Visa processing priorities.....	6
Visa changes and English language proficiency	7
Greater scrutiny of student visa applications	7
Bans on onshore student visa applications for visitor visa and temporary graduate visa holders	9
Increased visa application fees.....	11
Reduced temporary migration incentives to come to Australia	11
Reduced permanent migration incentives to come to Australia	12
Supply-side policies to reduce international student numbers	12
Capping the number of students at each education provider	13
Capping the number of students by course	15
The consequences of policy changes for international student numbers	17
Conclusion	20
Appendix A – Issues in defining enrolments and administering international student caps	22
Appendix B – Effects of visa policy changes	24
Migration policy change effects to date – vocational education.....	24
Migration policy change effects to date – higher education	26
References.....	29

Introduction¹

The Albanese government has reversed its policies on international students. In its first twelve months, following the Labor Party’s election victory in May 2022, the government encouraged the post-COVID return of international students. In the second half of 2023 it changed direction, introducing multiple policies to discourage new arrivals and send students already in Australia home more quickly.

This policy turnaround happened for mixed reasons. Some changes responded to longstanding issues in international education. These included misuse of student visas to access the Australian labour market, problems with student English language proficiency, and financial requirements below Australian living costs. Like its predecessors, the Albanese government connects international education and Australia’s skills needs. It wants fewer students taking courses not relevant to Australia’s skills needs. It wants to avoid former students without priority qualifications remaining in Australia on successive temporary visas, in the often-false hope of permanent residence. A new policy concern is the contribution international students make to Australia’s population. A rapid increase in temporary visa holders in Australia after international borders reopened in late 2021 fed into the politics of housing availability and affordability. Attention turned to international students, the largest single temporary visa category.²

¹ Suggested citation: Norton, A. 2024. International students: a government changes its mind. ANU Migration Hub Insights No. 24/3. Canberra: The Australian National University

² New Zealand citizens on special category visas are included in the Department of Home Affairs count of temporary visa holders, and outnumber international students (DHA, 2024i). However, special category visa holders did not fit neatly into the

International student policy – a brief history

International students have studied in Australia for over a century, typically in free or subsidised student places until the mid-1980s. Between then and the late 1990s, three major policy changes helped turn international education into a major industry – opening the market to full-fee students, consumer regulation to protect students, and linking study in Australia to migration (Meadows, 2011; Megarrity, 2007).

From 1986 universities could take international students on a commercial basis, without restrictions on fees or numbers. This made international students attractive to public universities that see themselves as ‘under-funded’. It also drew in for-profit education providers. From a low enrolment base, double-digit annual growth rates became the norm (Figure 1). International education began its transition from a small complement to domestic education, with primarily diplomatic and other non-commercial motivations, to an industry.

As numbers grew the government realised that international students needed protection. The *Education Services for Overseas Students Act* (ESOS) was passed in 1991, with a subsequent 2000 version still in force. The ESOS legislation requires education providers to register before offering courses to international students and sets out various minimum requirements. In the early 1990s laws were enacted to ensure international students received the education they paid for or a refund.

In the late 1990s a third major change introduced migration incentives. Until then migration policy had not favoured former international students. They were required to return home before applying for a permanent visa, at a time when long-term temporary visas were not common. But this approach to international students changed when the government began seeing them as a partial solution to Australian skill shortages. The new policy framework included points for Australian study towards a point-tested permanent residence visa and further points for qualifications related to occupations in demand.

Since the early 2000s, policymakers have modified but not yet fundamentally overturned these three foundations of the international education industry. Between 2000 and 2019, the most important international student migration policy changes occurred in the late 2000s and early 2010s. Late 2000s reforms made it harder for former international students to move directly to permanent residence based on qualifications alone. The policy aim was to end a surge of enrolments motivated by permanent residence. This change, along with a high Australian dollar and crimes against Indian international students, led to the first major decline in international student enrolments (Figure 1).

In 2011, migration policy changed again to make it easier to stay in Australia on a temporary graduate visa with work rights, especially for higher education students. The goal was to make Australia more competitive in the international education market without restoring a direct link with permanent migration (Australian Government, 2011). To secure permanent residence, former students needed employer sponsorship or to accumulate points towards one of the points-tested visas.

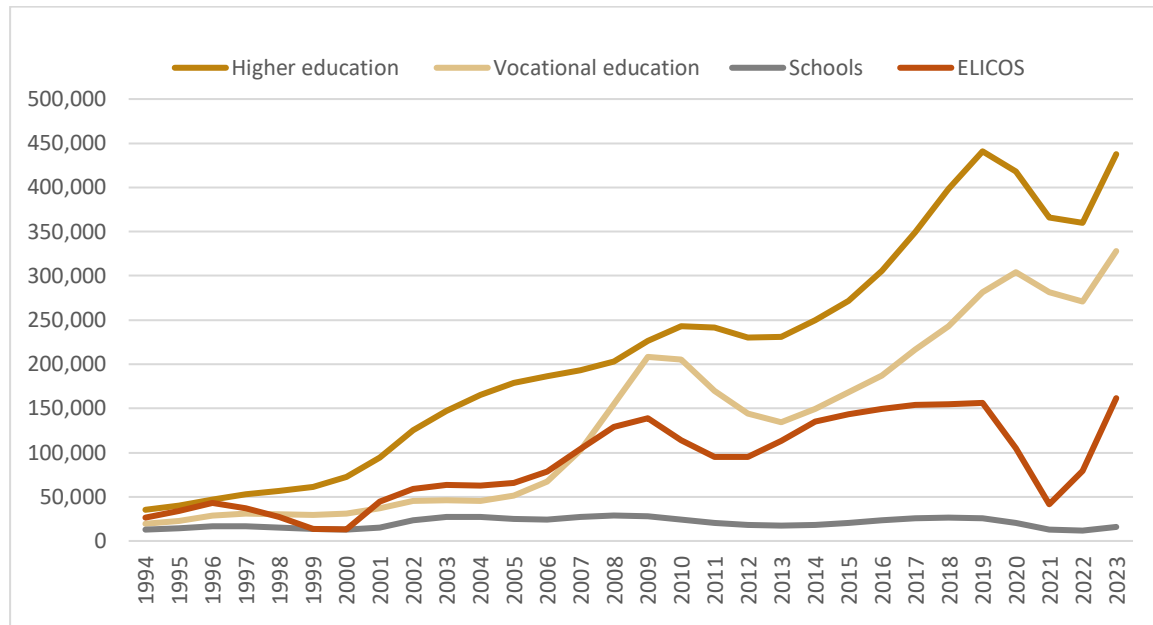
From 2013 international student enrolments grew strongly until COVID-19 border closures brought the boom to an end (Figure 1). Australia’s border was closed to international students from March 2020 to December 2021. The enrolment consequences were significant as Figure 1 shows, although except for ELICOS (English language courses) perhaps not as negative as initially feared. One reason for this was that temporary residents of Australia could prolong their stay with a student visa.

After the COVID disruption, international education resumed its previous status as a major services industry. In 2023 fee revenue from onshore students was \$17.1 billion, \$13.2 billion of which was attributed to higher

‘temporary’ category. They can remain in Australia permanently. They are entitled to some, but not all, government benefits available to permanent residents. This includes classification as domestic students in the higher education funding system.

education (ABS, 2024b). Profits on this fee income support university research (Norton, 2020). International students are also important sources of labour.³

Figure 1: International student enrolments by education sector, 1994 to 2023



Sources: 1994-2004, Archival Australian Education International sources. 2005-2023, Department of Education, International student data – full year data

Notes: Data prior to 2001 classified students taking multiple courses only by their highest course. Since then a person is counted as an enrolment for each course. For example a person who takes an English language course (ELICOS) and then commences a degree in the same year will be counted twice, in both the ELICOS and higher education totals.

The Albanese government changes its mind

After coming to office in May 2022 the Albanese government worked to pull international education out of its COVID slump. In the financial year from July 2022 to June 2023 it granted nearly 500,000 student visas, a 40% increase on the previous largest number in 2018-19 (DHA, 2024g). The time a former student could remain in Australia on a temporary graduate visa was extended by two years, if they took one of the thousands of courses the government nominated. The policy intent was to ‘strengthen the pipeline of skilled labour’ (Clare & O’Neil, 2022; DofE, 2023). For a bachelor-degree graduate with a qualification on this list, the maximum stay in Australia on a temporary graduate visa increased from two to four years. With seven in ten higher education international students nominating migration as a factor in choosing Australia, this extra time would inevitably increase Australia’s appeal to migration-focused students (SRC, 2023).

When the Albanese government came to office international students could work unlimited hours, following the Morrison government’s early-2022 temporary lifting of a 40-working-hours-per-fortnight cap during semester (DHA, 2022). The international education sector opposed removing the cap, which they knew would attract students who wanted to work rather than study (Cassidy & Rachwani, 2023). In July 2023 the government reimposed limits on student working hours during semester. But the new cap was 48 hours a fortnight, an extra eight hours of legal employment that benefits students who work to support themselves in Australia (DHA, 2023b).

³ See (Norton, 2024b). In 2020-21 the ATO recorded income of \$7.36 billion for temporary student visa holders (ABS, 2023b).

On May 2023 data, 80% of students from Southern and Central Asia, with India and Nepal the main source countries, were employed, compared to 24% from North-East Asia, with China the main source country.⁴

By October 2023, however, the government had changed its mind about reviving international education. From then through to July 2024 regular policy announcements inflicted blow after blow on the international education industry. Most of these policy changes made it more difficult and costly to obtain a student visa. A decision to limit the permanent residence options of former international students is expected later in 2024. Legislation to cap student numbers is in the Parliament as of July 2024. The bill will probably pass in some form with Coalition support. The following sections of the paper discuss the enacted or planned changes, before discussing their cumulative consequences.

The reasons for this change of direction are mixed. Some government policy shifts tackle problems that the international education industry generally acknowledges, including students primarily motivated by earning money rather than studying, and English language proficiency. Other policies are new means of pursuing an old policy goal, encouraging international students to meet Australia's labour force needs.

To these the government has added a new policy objective, reducing Australia's population. Pressure on accommodation and other services is cited as a reason (Australian Government, 2024a, p. 18). While the government has not yet set a target number of international students, international education is part of a broader policy of reducing net overseas migration (NOM). NOM measures the net gain or loss of population through arrivals and departures, excluding shorter visits (ABS, 2024c).⁵ The government expects that NOM will decline from 528,000 in 2022-23 to 395,000 in 2023-24 and 260,000 in 2024-25 (Love, 2024).

An earlier NOM forecast, prior to the policy changes discussed in this report, already expected international students to drive NOM down. Its estimate was that international student NOM would fall from 270,000 in 2022-23 to 100,000 in 2026-27 (Australian Government, 2023a, p. 4). In the years prior to the COVID border closure international student NOM was also around 100,000 (ABS, 2024c).

This analysis recognises that high international student NOM in 2022-23 was a by-product of the COVID disruption of international education. With few new international students commencing courses in 2020 or 2021, pent-up demand pushed monthly offshore student visa grants to higher-than-normal levels from mid-2022 to December 2023 (DHA, 2024g). Because fewer students completed courses in 2022 and 2023, due to lower commencements in the preceding years, the population offset of students departing after completing their qualifications was much smaller than usual.

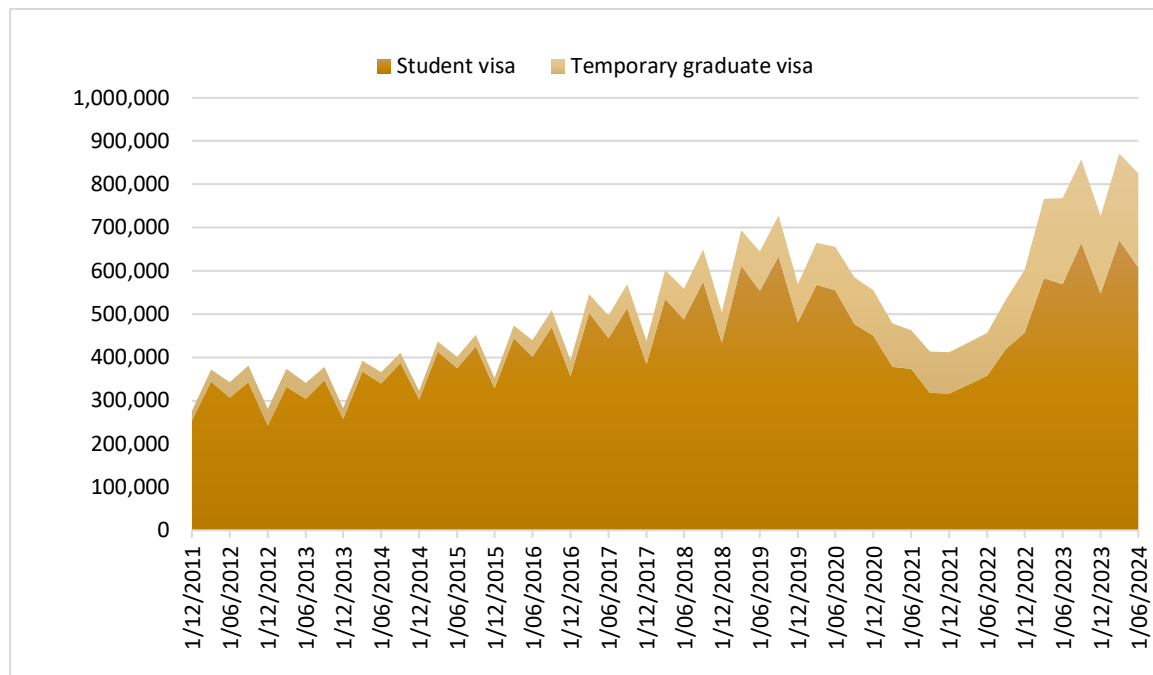
As normal patterns of arrivals and departures return international student NOM will fall. This will happen for other temporary migrant categories as well. As Alan Gamlen observes, despite high NOM in 2022-23, Australia's population increased by less than it would have between 2020 and 2023 had NOM added to Australia's population on its previous trajectory (Gamlen, 2024).

For the moment, however, the COVID disruption to student arrivals and departures means that, as of mid-2024, the international student population is at record levels. In May 2024, Australia's resident student visa holder population, including the partners and children of students, was 673,981, more than 58,000 above the pre-COVID peak of September 2019 (DHA, 2024i). Adding former students on temporary graduate visas brings their combined total to 886,867, nearly 200,000 more than their pre-COVID peak (Figure 2). This is why the government has decided to slow down arrivals and speed up departures.

⁴ Calculated from (ABS, 2024a).

⁵ A person is counted in net overseas migration if they arrive in or leave Australia for at least 12 months out of a period of 16 months.

Figure 2: Student and temporary graduate visa holders in Australia, 2011 to 2024



Source: Department of Home Affairs, Temporary entrants visa holders pivot table

Notes: These totals include primary applicants, the student or graduate, and secondary applicants, the partners and children of the primary applicants. The dips each June and December reflect university semester endings, with students departing Australia on course completion or leaving for a holiday.

Demand-side policies to reduce international student numbers

Since the late 1990s successive governments have used visa policy, rather than direct intervention in educational institutions, to manage the characteristics and numbers of students. The current policy phase is notable for the large number of changes over a short period of time. The student visa changes are presented in approximate chronological order, followed by changes to others visas that alter the incentives to study in Australia.

Visa changes and living costs

Poverty while in Australia leaves international students vulnerable to workplace exploitation and reliant on overcrowded housing (Farbenblum & Berg, 2020; Morris et al., 2020). In response, the government lifted the savings required to study in Australia, which had not kept pace with inflation. From 1 October 2023 the minimum savings level increased 17% to \$24,505 and from 10 May 2024 increased by a further 21% to \$29,170 (Clare, O'Connor, & O'Neil, 2023; DHA, 2024c). As noted, maximum work hours during semester have been increased, which will also reduce financial pressures on international students.

Visa processing priorities

In mid-December 2023 the government announced processing priorities for offshore student visa applicants. To do this they repurposed an existing migration risk rating of education providers, which affects how much evidence student visa applicants must provide in their application. Higher rates of visa application refusals, visa cancellations, visa overstays and asylum claims by current or former students result in higher risk ratings (DHA, 2023a). Under Ministerial Direction 107, visa processing priority was given to higher education applicants seeking entry to

institutions with the lowest risk rating, research degree applicants, and school applicants.⁶ In practice, the processing rule favoured city-based and more prestigious institutions. Applicants for other education providers faced extended delays.

Prior to Ministerial Direction 107 in December 2023, 50% of vocational visas were processed in about two months, 65 days (DHA, 2024e, p. 55). By July 2024 the Department of Home Affairs indicative processing time was 50% of vocational visas processed within 6 months – so half of all applicants are expected to wait longer for a decision (DHA, 2024j). The July 2024 processing time for higher education applicants was 50% within 47 days, an improvement on 65 days in late 2023. The higher education figure, however, conceals variations between universities based on their risk rating. In July 2024, 10% of higher-education visa applications had been in the system for four months or more. A university lobby group put the loss of international student fees from the visa processing change at \$500 million (Ross, 2024).

Ministerial Direction 107 is open that the processing order has little to do with the original purpose of education-provider risk ratings, to streamline the processing of lower-risk applications. It states that the change was intended to support government policies concerning the ‘size and composition of net overseas migration (NOM)’.

Visa changes and English language proficiency

A problem facing some international students, and those who teach them, is English language ability (Gagen & Faez, 2024; Müller, 2015). In December 2023 the government announced that student visa applicants would need higher scores on English language tests. On the International English Language Testing System (IELTS), which rates English ability from 0 (no English) to 9 (expert user), the minimum score for vocational and higher education visas was lifted from 5.5 to 6 (Australian Government, 2023b, pp. 64-65). This change took effect in March 2024. An IELTS score of 6, however, means only ‘competent’. It is sufficient for training but not academic courses (IELTS, 2015, pp. 12-13). Most Australian universities already require a minimum IELTS score of 6 or 6.5, so this change primarily affects vocational education.⁷

The 2021 Australian Census asked respondents to self-assess English language ability. Among student visa holders from major international student source countries, the increased English language requirement is expected to affect Chinese applicants more than those from India or Nepal.⁸

Greater scrutiny of student visa applications

Student visas are a relatively easy way to come to Australia for an extended period. Migration rules try to identify visa applicants whose main motivation is not to study. On 23 March 2024 the previous ‘genuine temporary entrant’ test for student visa applicants was replaced with a ‘genuine student test’. Student visa applicants no longer had to attest that they only wanted to stay in Australia temporarily. This requirement was an incongruous part of migration policy, given migration incentives to remain in Australia including post-study temporary visas with work rights and additional points toward points-tested visas for Australian study (discussed in more detail later).

The ministerial directions on interpreting the old and new tests have significant overlap. Decision makers must consider whether the applicant has good reasons for not studying in their home country if a similar course is available there, whether personal ties to their home country provide a significant incentive to return, and whether

⁶ Ministerial Direction number 107, Order for considering and disposing of Student Guardian visa applications and offshore subclass 500 (Student) visa applications (2023).

⁷ Separate requirements on English language ability apply to higher education admissions. However, these are stated as general principles rather than setting specific standards (Norton, 2023, p. 39).

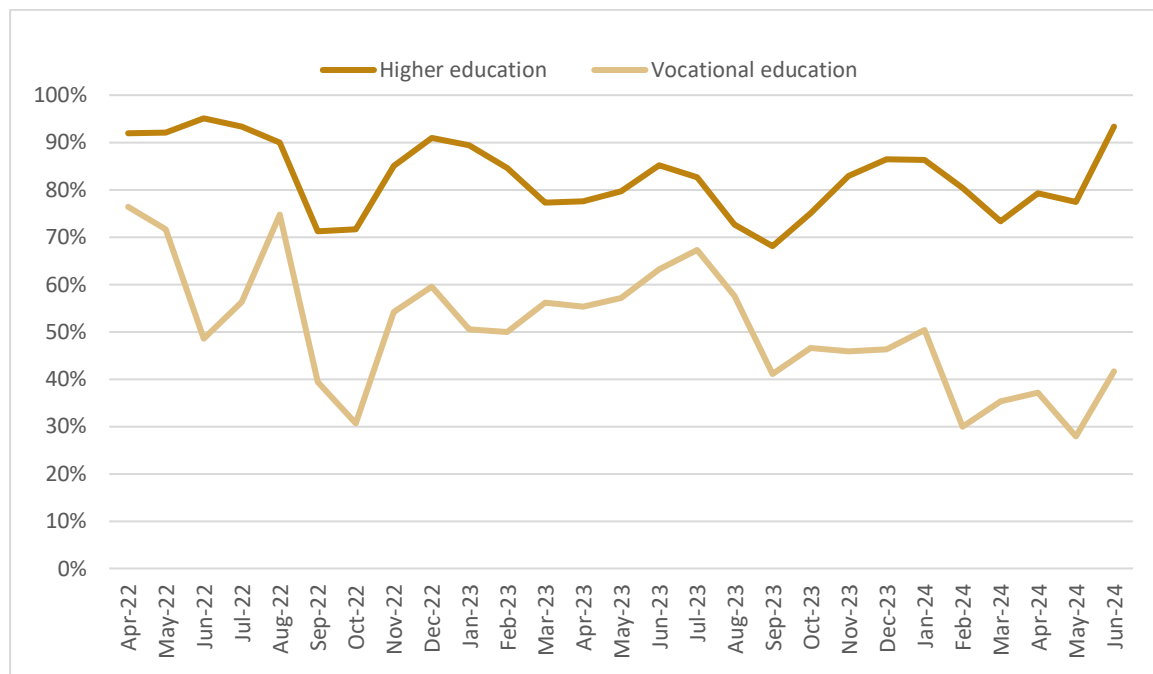
⁸ Students from countries with a substantial period as British colonies are more likely to say that they speak English ‘very well’ or speak English only than students from other countries. Calculated from (ABS, 2023a).

their economic circumstances create an incentive to come to Australia for reasons other than study. Military service and political and civil unrest in their home country also count against an applicant.⁹

The genuine student test, however, includes more detail for applicants who previously held a student visa. Histories of starting but not completing courses, switching to unrelated courses, or changing education providers are red flags. While both tests allow for reasonable changes to career or study pathways, the genuine student test wants to see 'logical course progression'. 'Further scrutiny' could be applied to applicants holding temporary graduate or visitor (tourist) visas. The government also said it would increase use of 'no further stay' conditions on student visas, blocking onshore applications for another visa (O'Neil, 2024a).

Changes to the student visa system reflected concern about increased applications from people not believed to be genuine students. Australia's attraction as a place to work rather than study was amplified by the Morrison government lifting work limits on student visa holders from January 2022; these were not reapplied until 1 July 2023.¹⁰ Higher rates of visa applications assessed as non-genuine contributed to increased visa processing times.

Figure 3: Monthly higher education and vocational education offshore student visa grant rates, April 2022 to June 2024



Source: Department of Home Affairs, Student visas grant rates

Note: This shows grant rates for applications processed in the month shown, not by the month in which the application was received.

Both the genuine entrant and genuine student tests use criteria that are open to subjective interpretation. By the second half of 2023 questionable and inconsistent applications of the rules were apparent. Migration agents reported large increases in refusal rates. Applications that a year ago would have been accepted were now

⁹ Direction number 69, Assessing the genuine temporary entrant criterion for student visa and student guardian visa applications (2016); Direction number 106, Assessing the genuine entry and stay requirements for student visa and student guardian visa applications (2024).

¹⁰ The ABS Education and Work survey found that in 2019 4% of working international students reported working more than 30 hours a week. In 2023 53% reported 30 hours or more in a survey conducted in May, before the working hours limits were reinstated. Calculated from (ABS, 2024a).

rejected. One example given was of two Colombian sisters. One sister was approved and the other rejected on family ties grounds. Another applicant was rejected because incomes in Australia are higher than in their home country, a criterion that would rule out applicants from most international student source countries (Mulder, 2023).¹¹

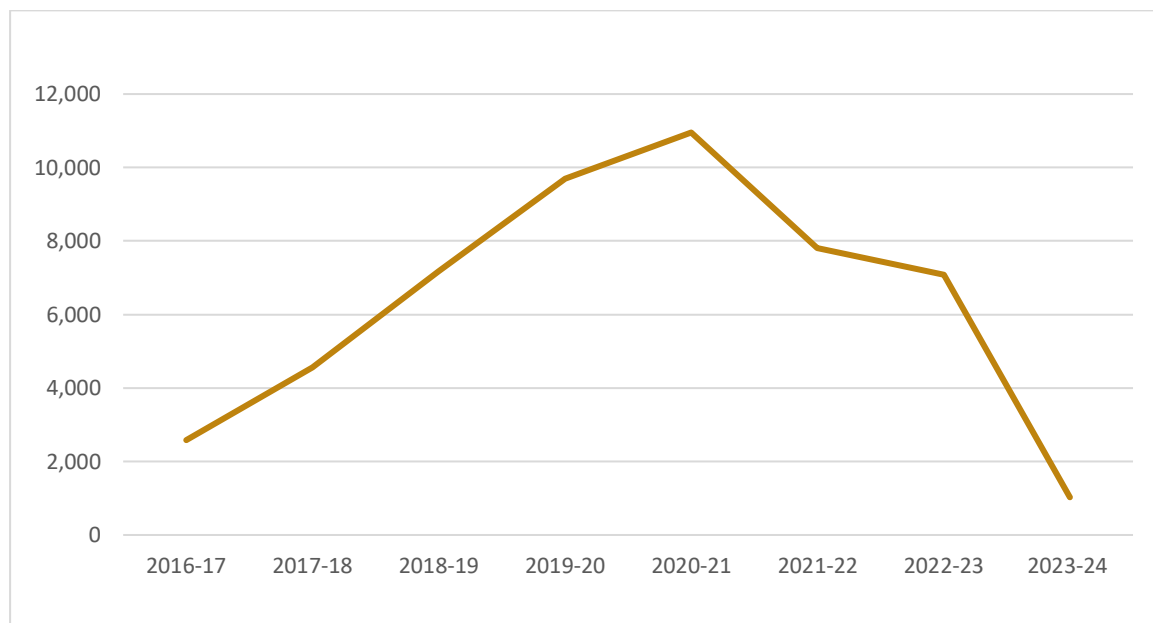
These changes led to increased visa application rejection rates. Prior to 2022-23 the visa grant rate for offshore higher education applicants was typically above 90%. As Figure 3 monthly grant rates show, the grant rate was below 90% from January 2023 to May 2024. Vocational education grant rates have historically been much lower than in higher education. The annual grant rate in the years prior to COVID was typically in the 60-70% range (DHA, 2024f). Since September 2023, as Figure 3 shows, grants rates have been at record low 30-40% levels.

Less predictable application of the rules for receiving a student visa interacted with using the risk rating system for processing priorities. By March 2024 ten universities had been reclassified to a higher risk level, requiring their students to submit more information with their visa application and delaying visa processing (Dodd, 2024). To avoid further risk rating downgrades, universities began cancelling student enrolments (Cassidy, 2024; Hare, 2024b).

Bans on onshore student visa applications for visitor visa and temporary graduate visa holders

In June 2024 the government announced that, from 1 July, onshore visitor and temporary graduate visa holders would not be able to apply for a student visa without first going home. This strengthened the March 2024 ministerial direction to apply ‘further scrutiny’ to these applications. According to the government’s media release, 36,000 onshore visitor visa holders had applied for a student visa between 1 July 2023 and the end of May 2024. It cited Grattan Institute research that 32% of temporary graduate visa holders returned to study when their visa expired (O’Neil, 2024a).

Figure 4: Student visas granted to onshore temporary graduate visa holders, 2016-17 to 2023-24



Sources: Department of Home Affairs, Student visas granted pivot table

Note: Primary visa applicants only.

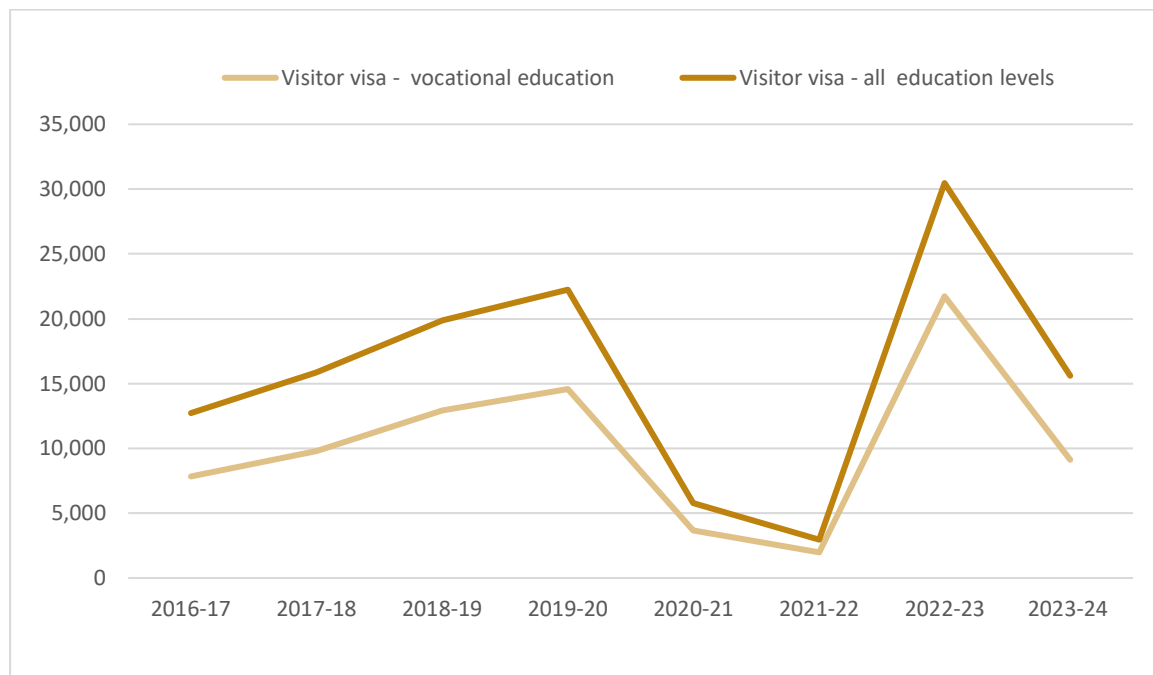
¹¹ New staff hired by the Department of Home Affairs to speed up student visa processing may also have contributed to inconsistent decision making.

The Grattan Institute data was for calendar year 2018. Department of Home Affairs financial year data, in Figure 4, shows that increasing numbers of student visas were granted to former temporary graduate visa holders between 2016-17 and 2020-21. In later years this number fell significantly. Of temporary graduate visa holders who remained in Australia in 2022-23, 12% moved to student visas, but this fell to less than 2% in the six months to December 2023 (DHA, 2024d).

A major reason for this decline was that a pandemic temporary activity visa offered a cheaper way to stay in Australia. That visa was closed to new applicants in September 2023. The government does not publish visa application statistics by previous visa held, but in the first half of calendar 2024 onshore temporary graduate visa holders have been granted, on average, 119 student visas a month. Other policy changes had already limited this means of remaining in Australia. The full ban on onshore applications provides clarity for applicants with temporary graduate visas. But based on Figure 4's statistics it will not significantly affect student visa holder numbers.

As Figure 5 shows, many more student visas are granted to visitor visa holders than temporary graduate visa holders, although with a fall in numbers in 2023-24 after a spike in 2022-23. Significant numbers of international students transition to visitor visas, so visitor visa applications include former students (Norton, 2024a). Most onshore visitor visa applicants take relatively cheap vocational education courses, when higher education courses are more popular overall (Figure 1). This choice of course level is consistent with the government's belief that vocational education visas are used to prolong stays in Australia.

Figure 5: Student visas granted to onshore visitor visa holders, 2016-17 to 2023-24



Sources: Department of Home Affairs, Student visas granted pivot table

Note: Primary visa applicants only.

The full ban on onshore student visa applications, however, rules out people who wanted to check Australia out, perhaps including the three months of study permitted on a visitor visa, before committing to a course.

Another reason the government wants to limit onshore applications is that onshore visa applicants have access to the Administrative Appeals Tribunal, which can review cases on their merits. When Department of Home Affairs decision-making appears subjective and inconsistent this gives grounds for over-turning visa rejections. In 2023-24 until the end of May, 7,640 applications to reconsider refusals of student visas had been made, more than the cumulative total between 2019-20 and 2022-23. Of the cases decided to May in 2023-24, 45% resulted in the

original decision being set aside, a slightly higher success rate than in previous years (AAT, 2024, p. 4 & previous years).

Increased visa application fees

With no prior notice, on 1 July 2024 student visa application fees increased from \$710 to \$1,600. A joint ministerial media release claimed that the increase reflected the ‘increasing value of education in Australia’ and the government’s ‘commitment to restoring integrity in the international education sector’ (O’Neil, Clare, O’Connor, & Giles, 2024). The fee is not refundable if the application is unsuccessful.

Australia’s student visa fee is significantly higher than those charged by competitor countries. In approximate A\$, the visa application fee is \$164 in Canada, \$277 in the United States, \$343 in New Zealand, and \$932 in the UK (Hoang & Hurley, 2024).

With high visa refusal rates, an expensive fee could deter applicants with any doubts about their prospects of success. It also represents a significant increase in total education costs for students coming for short stays, to study English or to participate in student exchange programs.

Reduced temporary migration incentives to come to Australia

The government’s September 2022 decision to extend temporary graduate visas by two years, for those with qualifications on a government list, was surprising at the time. It was announced on the same day that the prime minister made remarks critical of Australia’s reliance on temporary migration, highlighting emerging tensions between policy goals (Albanese, 2022).

The December 2023 decision reversing the two-year extension arrived less than six months into the new policy (Australian Government, 2023b, pp. 65-70). From 1 July 2024 the extension was no longer available. Several other changes also came into effect that day. The standard temporary graduate visa length for a masters graduate was cut from three years to two years, and for PhD graduates from four years to three years, although the old times remain for Indian passport holders.¹² The maximum age for a temporary graduate visa was reduced from 50 to 35 years, with an exception for research degree graduates (the exception was announced later (DHA, 2024a)). The IELTS requirement was increased from a score of 6 to 6.5, above the student visa level of 6. A one-year extension remains for students taking their course in Canberra, Adelaide, Perth and major regional cities. A two-year extension for studying in other regional areas is also still available.

These changes reflected concern that temporary graduate visa numbers could escalate significantly. Aside from a temporary COVID dip, more than 140,000 international students a year complete eligible qualifications (DofE, 2024a). Allowing each completing cohort to stay on temporary graduate visas for long periods of time could quickly build a large population. As of June 2024, the resident temporary graduate visa holder population was 216,494. It has more than doubled in the last two years (see Figure 2). A Grattan Institute report published in October 2023 projected a total of 370,000 by 2030 (Coates, Wiltshire, & Resenbach, 2023, pp. 16-17). The same report showed that many former international students worked in jobs below their skill level. It attributed this in part to issues with their English language proficiency.

Data releases on temporary graduate visas are not detailed enough to quantify the effects of shortening their length. In non-COVID years, however, the proportion of non-research higher education and vocational education visas granted to people aged 35 or more has been 12-14% (DHA, 2024g).

¹² Due to an Australia-India trade agreement. Longer periods also apply for Hong Kong passport holders: (DHA, 2024a). These two groups together make up a third of applicants in 2023-24 to the end of May: (DHA, 2024h).

Reduced permanent migration incentives to come to Australia

Points-tested permanent visas favour former international students in several ways. Out of a maximum 145 points, 25 points are only available to people who have studied in Australia: 5 points for Australian study, 10 points for doctorates or masters in STEM fields, 5 points for study in a regional area and 5 points for a professional training year in ICT, engineering or accounting. Former students can also get additional points for a state or territory government nomination, for speaking a credentialed community language, for their qualification level regardless of where study took place, and for being young. The only criterion on which international students are less likely than other applicants to do well is the up-to-20 points available for skilled work experience (Australian Government, 2024b, p. 6).

The government's discussion paper on points-tested migration, quoting the earlier Parkinson review of migration policy, noted that many applicants score the maximum possible points for skills, age and English proficiency. This means that points for attributes deemed less obviously beneficial to Australia determine applicant success rates. The discussion paper's authors saw as anomalous that a former international student who had worked for three years in an area of skills need, an outcome they wanted, earned the same points as someone who studied in a regional area or took a professional year of questionable labour-market value. A reformed points test, it says, 'should prioritise the characteristics that best predict migrants' capacity to find skilled work in Australia' (Australian Government, 2024b, pp. 7-8).

At the time of writing in late July 2024, a revised points test has not been announced. The new policy may make it easier for former international students working in areas of skills need to move quickly to permanent residence. For other international students, however, it will limit their options for remaining in Australia. This may make Australia a less attractive destination.

Supply-side policies to reduce international student numbers

International students can only come to Australia if first accepted by an education provider. Along with demand-side policy changes, the government plans to constrain the supply of international student places by capping the annual number of international students by education provider, location and course. A bill to implement this policy is currently before the Australian Parliament, the *Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024*.¹³ For brevity, it is subsequently referred to as the 'ESOS amendment bill' or the 'bill'.

If the bill passes, the caps will create significant administrative problems for both the government and education providers. Monitoring and controlling the number of enrolled student visa holders is not straightforward.

The process of getting a student visa starts with a 'confirmation of enrolment' from the education provider. The student submits this to the Department of Home Affairs as part of their visa application. Some applications – a high proportion in recent times (Figure 3) – are rejected. Unsuccessful student visa applicants cannot be counted towards the relevant cap. Their enrolment in the education provider and the confirmation of enrolment sent to the government will lapse.

Because not all visa applications are successful, education providers need to issue more confirmations of enrolment than they want or expect as enrolled student visa holders. This creates a period of uncertainty. Education providers must wait to see how many student visas are approved in the time until the semester starts. With no caps, the education provider can adjust their teaching capacity up or down depending on final student numbers. If caps are in place the education provider faces a dilemma. Issuing too few confirmations of enrolment will result in lost students and revenue; issuing too many means cancelling enrolments or risking automatic suspension of the right to issue further confirmations of enrolment for the rest of the year.

¹³ For a discussion of the bill that provides the relevant statutory sections see (Norton, 2024c). This blog post also has links to the bill, its explanatory memorandum, and the Parliamentary Library's bills digest.

The government also faces a complex administrative task, with several sets of frequently changing numbers – confirmations of enrolment, enrolled student visa holders, and student visa holders whose enrolment has ended (student visas typically expire about two months after the expected course finish date). Only the middle category, enrolled student visa holders, is counted in the cap. The government will need real-time data on a person’s current visa and enrolment status to monitor and enforce the caps.

Government agencies, in their submissions to a Senate inquiry into the ESOS amendment bill, recognise that the caps cannot be implemented with existing systems. The Tertiary Education Quality and Standards Agency, the higher education regulator, notes that the international education data system needs ‘enhancement’ (TEQSA, 2024, p. 3). The Department of Home Affairs – which issues student visas – says that the necessary sharing of data between itself and the Department of Education requires ‘significant development’ (DHA, 2024b, p. 5). With a policy start date of 1 January 2025 that ‘significant development’ needs to happen quickly.

The history of government IT projects provides little confidence that the system will be ready by 1 January 2025. A new IT system for higher education enrolments introduced in 2021, which was intended to produce the kind of real-time data that would support enrolment monitoring, has instead led to long delays in data releases. Its latest enrolment data is from 2022, and its latest applications data is from 2021.

Further discussion of the legal and practical issues associated with the caps is in Appendix A.

Capping the number of students at each education provider

If the ESOS amendment bill passes, the Minister for Education can cap annual international student enrolments by education provider, with scope for different caps according to campus location. In 2025 only new students will be capped, with ongoing students included in later years.

Capping education providers is a substantial bureaucratic task. Table 1 shows that, as of late 2023, 1,477 education providers were registered to provide courses to international students. These providers offer courses at almost 3,900 locations (DofE, 2024b). The government says that it will not cap schools and providers of non-award courses, leaving up to 1,143 organisations to be capped (Australian Government, 2024a, p. 16).

Table 1: Providers of international education by sector and public/private ownership, December 2023

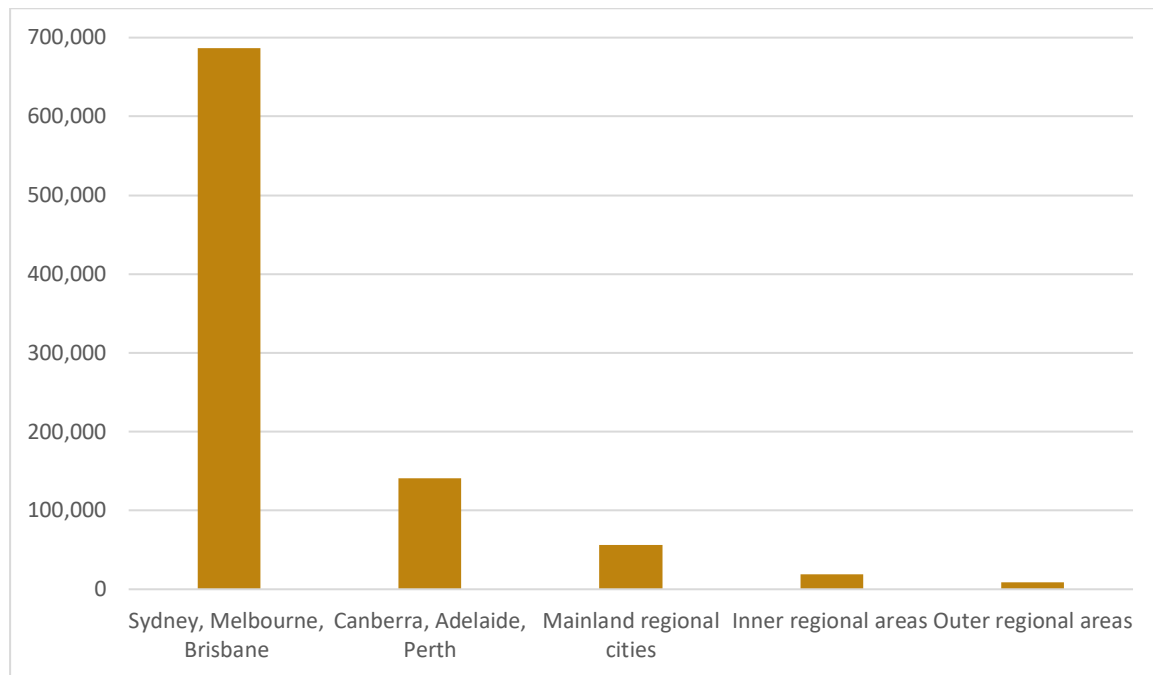
Main course sector	Private providers	Public Providers	Total providers
Higher education	115	42	157
Vocational education	865	16	881
ELICOS (English language)	104	1	105
Schools	324	8	332
Non-award (short courses with no formal qualification)	2	0	2
Total	1,410	67	1,477

Source: Australian Government, *Improving integrity in the international education industry*, p.93

The main rationale for institution and location enrolment caps is to reduce student numbers in Sydney, Melbourne and Brisbane. The Liberal Party supports this objective, which means that, in principle at least, provider-level caps have majority support in both houses of parliament (Dutton, 2024). As Figure 6 shows, most international students live in these cities. According to the government, the caps will help ‘alleviate current pressures on accommodation, transport and other infrastructure’ (Australian Government, 2024a, p. 18). The government also hopes more

international students will study in regional areas (Australian Government, 2024a, p. 21). Figure 6 shows that relatively few international students live in the regions. Regional campuses may escape enrolment caps. Regional universities, however, will still be affected through their major city campuses, which they established to attract international students who will not move to regional towns and cities.

Figure 6: Location of international students within Australia, October 2023



Source: Department of Education, *International student enrolments and commencements by SA4*

While government documents provide guidance on how enrolment caps would be set, the bill itself provides no constraints on the minister’s reasons for choosing an enrolment cap. It does, however, allow the minister to create exemptions to an institution-level cap. These could include not counting students in a specific course or courses, or courses delivered in nominated locations. The government has indicated the postgraduate research courses and non-award courses, which are typically taken by international exchange students, will be exempt (Australian Government, 2024a, p. 16). Universities that establish ‘additional, newly built supply of purpose-built student accommodation’ will be allowed to enrol additional students (Australian Government, 2024a, p. 16).

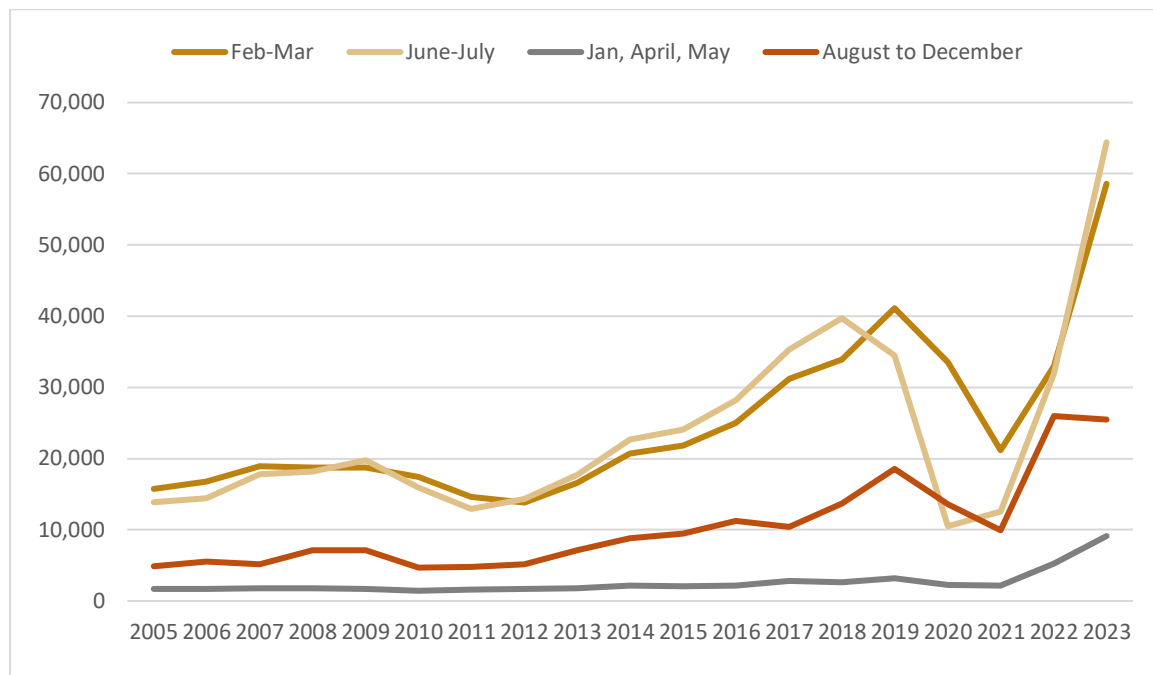
Counting enrolments

On the ESOS amendment bill’s current wording the provider or course cap will be based on a cumulative total of unique overseas students who are enrolled during the year. For education providers this will have a larger negative impact than a capping system based on student counts on different dates during the year.

The number of overseas students enrolled on a given date is driven by annual cycles of students arriving to start courses and students departing as they complete or drop out of courses. As Figure 7 shows, similar numbers of commencing new higher education international students start their courses in first semester (February and March) and second semester (June and July). While course completions by time of year are not published, the visa requirement for full-time study sets students starting in second semester up to complete at the end of first semester two or three years later.

With a capping system based on set dates during the year, a student who departed at the end of first semester would create space for a new student to commence in second semester. Under the capping system as proposed, the first semester student would use up the provider’s quota for the entire year, blocking students who want to commence in second semester.

Figure 7: Commencing higher education enrolments by time of year, students who have not previously held a student visa, 2005-2023



Source: Department of Education, International student data – full year data.

Capping cumulative annual enrolments creates a strong incentive for education providers to start students in first semester. That lets them maximise their annual fee revenue per international student. But a first semester start system, based on Figure 7, is not what over half of international students want. Second semester starts align with academic years in international student source countries. First semester starts require international students to fill in time between when their home-country school or university course finishes, typically in the middle of the year, and Australia’s first semester early in the year.

A cumulative rather than a set-date capping system goes beyond the policy goal of controlling Australia’s population. For that objective, what matters is how many student visa holders are in or have a right to enter Australia. Students whose visas expire in the middle of the year are not relevant to population control in the second half of the year. The cumulative count of overseas students creates an unnecessary conflict between the interests of education providers in earning fee revenue throughout the year, and the interests of international students in not wasting time between finishing school or university in their home country and coming to Australia to further their education.

Additional administrative issues apply for 2025, the planned first year of capping for new students. The minister has until 31 December 2024 to set caps for 2025 new students, but the enrolment process for 2025 starts many months earlier (in later years, the minister must set the cap by 1 September). This raises the possibility that the 2025 new student cap will permit fewer students than have already been accepted. The bill recognises that cancelling student enrolments could give rise to claims, under the Constitution, of acquisition of property other than on just terms. In these cases, education providers can claim compensation from the government.

Capping the number of students by course

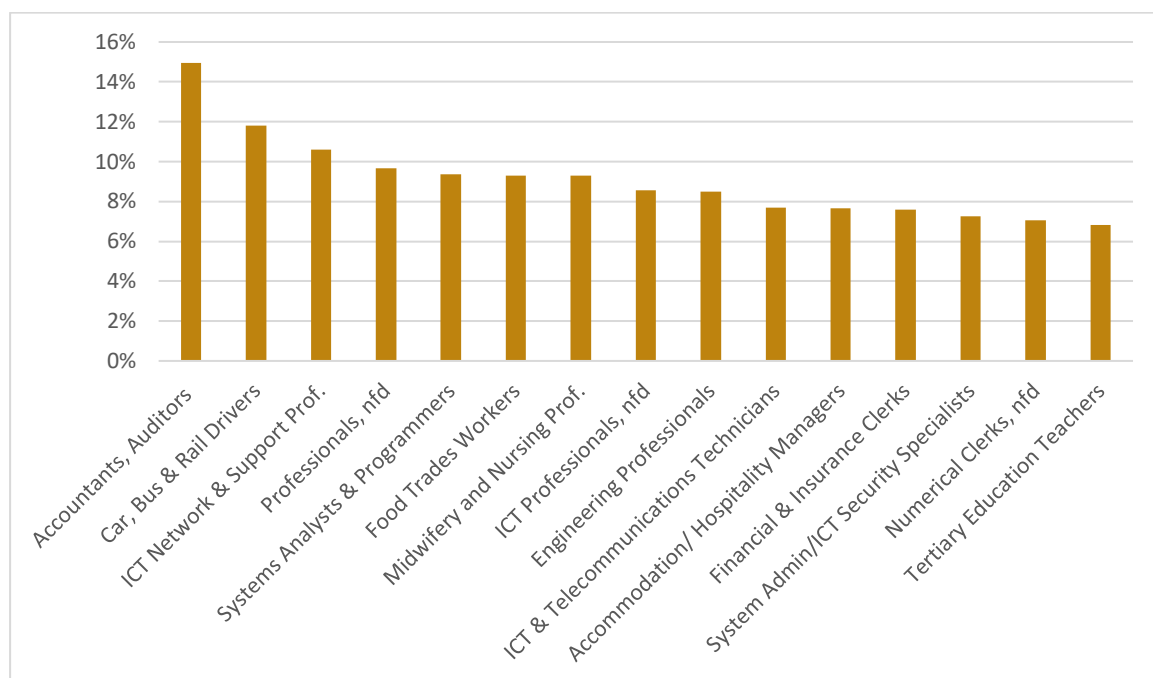
The ESOS amendment bill also contains provisions to cap international student enrolments by course. The powers to cap courses are broad – the minister can cap enrolments in a specified course, a specified class of courses, or a class of courses specified by reference to any matter. With 25,500 courses currently on offer to international

students, including courses with the same names taught by different education providers, capping by course is a major administrative task (DofE, 2024b).

Since the bill was introduced, the education minister has said that course caps are a ‘reserve power’, with the focus on education provider caps (Clare & Clennell, 2024). But that was not the impression given by the policy paper the government released a few days before the ESOS amendment bill was introduced in Parliament. From the title onwards – *Australia’s International Education and Skills Strategic Framework* – it repeatedly refers to the role of international students in meeting Australia’s skills needs (Australian Government, 2024a, pp. 3, 5, 6, 7, 8, 10, 12, 15, 16, 17, 18, 22, 27, 37).

The government recognises that some occupations rely on migrant workers, including international students. In 2021, 4% of the Australian workforce were former international students with permanent residence or citizenship. Figure 8 shows occupations with relatively high reliance on former international students. This dependence is why the bill allows the minister to exempt some courses from institution level caps. Enrolments in all other courses must fit within the cap.

Figure 8: Former international students with permanent residence or citizenship, share of occupational workforce 2021



Source: ABS, *Australian Census and Migrants 2021*, TableBuilder

The bill, however, goes much further than protecting courses linked to Australia’s skills needs. Its explanatory memorandum says that ‘it is also necessary to prevent high volumes of overseas students from completing courses that do not provide the essential skills that typically lead to good employment outcomes in Australia and do not address Australia’s skills and training needs’ (pp. 4-5). The policy paper identifies the large proportion of students studying business and management as excessive and implies that more international students should take health or education courses (Australian Government, 2024a, p. 18). The bill also gives the minister power to cancel the registration of courses for international students entirely if they provide ‘limited value to Australia’s current, emerging and skills and future training needs and priorities’ (section 96B).

Linking course caps or cancellations to Australia’s skills needs is hard to explain. Although many international students express interest in migration, most depart Australia without permanent residence. Rates of permanent residence are below 20% for cohorts who arrived in the 2010s (Coates, Wiltshire, & Reysenbach, 2022, p. 38). All other things being equal, fewer international enrolments in future years will give the remaining students a better

chance of permanent residence. But most will return home, because they never intended to stay, or because the permanent migration program cannot accommodate them. It follows that international students should take courses that interest them and provide employment opportunities in their home countries. Australia’s skills needs are irrelevant to their career choices.

The consequences of policy changes for international student numbers

Over the last year the Albanese government has radically reversed its initial support for international education. In addition to the policy changes discussed in this report, the government has also removed some corrupt education providers from the industry. The ESOS amendment bill includes further provisions making it more difficult for education providers to enter the international student market (Australian Government, 2024a; O'Neil, 2024b). The timeline in Table 2 summarises major announcements, events and policy start dates up to July 2024.

Table 2: Sequence of changes affecting international education, 2022-2024

Time	Announcement/Change
Mid-2022	Offshore vocational visa grant rates start tracking well below historical levels
September to November 2022	Offshore higher education visa grant rates dip well below historical levels
February 2023 to May 2024	Sustained reduction in higher education visa grant rates compared to historical levels
July 2023	Work hours cap reintroduced
October 2023	Increased savings required before student visa issued
October 2023	Increased regulatory action in vocational education
December 2023	Migration policy announcement foreshadows higher English language requirements, shorter temporary graduate visas, age restrictions on temporary graduate visas and unfavourable changes to permanent residence points used by international students
December 2023	Visa processing priority policy based on education provider immigration risk rating announced, long delays for many applicants
February 2024	Immigration risk ratings downgrades for some universities and other education providers
February 2024	Reports of universities cancelling enrolments due to high visa rejection rates and the effect on their risk rating
March 2024	Genuine student test replaces genuine temporary entrant test Minimum English language requirement increased Increased scrutiny of student visa applications from onshore visitor and temporary graduate visa holders Requirement for subsequent student visas to show logical course progression Increased use of 'no further stay' condition on student visas
April 2024	Points-tested visa discussion paper foreshadows removing points for regional study and professional years

May 2024	Government announces that international student enrolments will be capped by institution and course from 2025
May 2024	Government announces changes that will make it harder for new education providers to enter the market
May 2024	Savings required before student visa issued increased again
May 2024	Increased compliance activities in vocational sector to remove providers engaged in malpractice
June 2024	Government announces that onshore visitor visa and temporary graduate visa holders will not be able to apply for a student visa without returning home first
July 2024	Student visa application fee increases from \$710 to \$1,600
July 2024	New rules on onshore applications come into effect
July 2024	New temporary graduate visa rules come into effect

Assessing the medium and long-term consequences of so many changes is not easy. Some are yet to be implemented and others are too recent to show in the latest available visa application and grant data, for June 2024. There is ‘noise’ in the applications data, reflecting a rush to submit applications before announced changes came into effect. It is however possible to draw some initial conclusions. The detail of this analysis is in Appendix B, with a summary below.

Vocational education

For vocational education, offshore visa applications remained strong until late December 2023 and then declined significantly, especially in the months from April to June 2024, when they reached the lowest levels recorded since 2005, other than during the COVID years. Onshore visa applications, however, continued at high levels. March and June 2024 applications were the two highest monthly figures since 2005, triggered by applicants rushing in before the genuine student test started on 23 March and the ban on onshore temporary graduate and visitor visa applications took effect on 1 July. As shown in Figure 5 above, forbidding visitor visa applications will affect demand for international vocational education. Some of these blocked applicants, however, may return to their home countries and make offshore applications.

Visa applications measure student demand, but visa grants are affected by delays in processing visas and high application rejection rates (Figure 3). In the early months of 2024 the number of visas granted for vocational education fell to record lows before picking up in May and June 2024. Moderately good months may continue for a little longer, as onshore applications made prior to policy change dates work their way through the system.

After processing of the rushed-in onshore applications is complete, however, things look bad for international vocational education. Offshore demand was weak before the visa application fee was doubled, a change likely to affect price-sensitive vocational education applicants more than their higher education peers. For many vocational education providers the caps may not make much difference. Due to migration policy, they will not be able to fill their student places anyway.

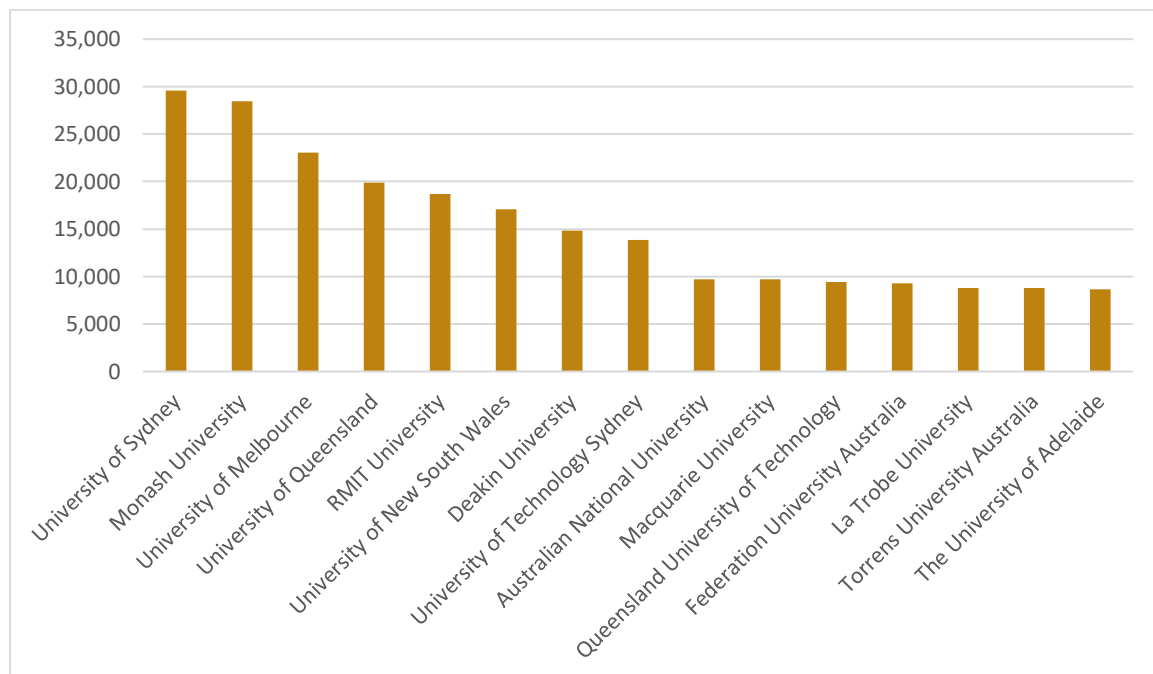
Higher education

Higher education, by contrast, was resilient in the aggregate. Up to January 2024 offshore applications were very strong, and remained above pre-COVID levels for the rest of the financial year. Onshore applications were similar to the pre-COVID years, except for a June 2024 spike from applicants getting in before the 1 July restrictions on onshore applications. Total higher education applications for 2023-24 were only a few thousand lower than the record number in 2022-23.

Increased visa rejection rates and delayed processing, however, affected visas granted. For 2023-24, these were down 23% on 2022-23 to 201,907. Although below the 2023-24 peak level, this was still the second-highest number ever. This high total conceals institutions already badly affected by migration policy changes. Federation University’s international enrolments fell by more than half, with staff redundancies announced (Hare, 2024a). If enrolments are declining in some institutions the high overall student visa grants suggest that universities without visa processing problems are doing well. The government may have concluded that some universities could not be sufficiently constrained by migration changes alone.

Only the national higher education statistics publicly report enrolments by education provider on a consistent basis. Unfortunately, these statistics are not released on a timely basis. The latest available, from 2022, are a misleading guide to onshore enrolments due to restricted travel for Chinese students. Figure 9 reports 2019 data instead. Ten of the 15 largest universities for onshore international students are based in the cities the government will most likely target during the capping process, and another three have a substantial presence in those cities.

Figure 9: Largest 15 universities by onshore enrolments, 2019



Source: Department of Education, Selected student statistics, table 7.5

The student pipeline

For the first year of caps, 2025, they will apply to new students only. The government is likely to set those caps below 2023 or 2024 numbers, which caused total enrolments to grow beyond politically acceptable levels.

For higher education, and to a lesser extent vocational education, the full effects of the caps will not be instant. This is because of the pipeline effect – that students who commenced in 2023 and 2024 are not capped and will mostly still be enrolled in 2025. In dwindling numbers, pre-2025 students will still be enrolled in 2026 and 2027. They will provide a temporary buffer against the financial consequences of falling new enrolments in 2025.

Provider collapse

Perhaps surprisingly, the 2020-21 border closure did not result in unusually high numbers of education and training providers going out of business (ASIC, 2024). Painful as it was for their finances, government assistance, onshore visa applicants, Chinese students being willing to study online when they could not travel, and a strong domestic

market all softened the blow.¹⁴ This time around, there will be a commencing cohort arriving from overseas, albeit a smaller one than previously, but none of these COVID-era offsetting factors will help to any significant extent. The knowledge that the border closure was temporary may have encouraged education providers to remain open despite losing money.

Now there is no end date for international student migration restrictions or unpredictable annual allocations of international student places. Planning for the future is very difficult. The Australian Skills Quality Authority, in its submission to the bill's Senate inquiry, warns of vocational education provider collapses and highlights the implications for students (ASQA, 2024). It notes that while government tuition protection schemes will compensate international students and domestic students with government loans, other domestic students have no such protection. They would be unable to finish their courses and could lose any fees paid in advance.

Conclusion

This paper brings together recent policy changes affecting international education, provides some background to the decisions the government has made, and offers some initial analysis of their implications. It does not discuss the many intersecting public policy issues, such as the role of migration including international students in housing shortages, the best ways to manage skills shortages in the Australian economy, or the composition and scale of the permanent migration program. Within the education system itself, the paper does not consider whether high numbers of international students negatively affect the experience of domestic students, the risks to education providers of enrolling a large proportion of their international students from single source countries, or what will happen to university research and infrastructure without profits on international education.

This paper, therefore, does not answer the question of whether there is an optimal number of international students, or if so what it is. But without answering this question there are reasons for significant concern about the government's policy direction.

Over the last year the government has implemented nine significant migration policy changes to reduce the number of current and former international students in Australia: visa processing priorities, increased English language levels, increased savings prior to coming to Australia, greater use of 'no further stay' conditions on student visas, a requirement to show 'logical course progression' if applying for another student visa, no onshore student visa applications for visitor visa holders, no onshore student visa applications for temporary graduate visa holders, shorter temporary graduate visas and more than doubling the student visa application fee. A tenth migration policy change, abolishing points commonly used by former international students in points-tested permanent residence visas, has been foreshadowed.

Some of these changes, while likely to reduce student demand, should help with widely acknowledged issues in international education, such as student poverty and insufficient English language ability. Restrictions on applying for subsequent visas and shortening the temporary graduate visa will reduce Australia's long-term temporary population, a goal that I and others outside the government support in principle (Mares, 2016; Norton, 2022).

Other migration policy changes are hard to defend. Repurposing the visa risk rating classifications of education providers further disadvantages them and their students. From the government's own policy perspective, the visa processing priorities have inconsistently given a further competitive advantage to the big city universities, which it otherwise believes have too many international students and need to be capped. As student visa applications fall to more manageable levels there is no justification for retaining the provider processing priorities.

More than doubling the student visa application fee to \$1,600, while stating that the additional revenue will be spent on domestic students rather than on improving the speed of visa processing (O'Neil et al., 2024), reinforces

¹⁴ Education and training entities received \$3.3 billion in JobKeeper payments: (ATO, 2022), table jk2. Public universities did not receive JobKeeper but were guaranteed their previously allocated funding for domestic students even when some of it would normally be recovered due to too few enrolments and received \$1.5 billion in other support payments in 2021: (Norton, 2021).

the perception that international students are 'cash cows' for Australia. Visa application fees should reflect the reasonable costs of visa processing rather than being used as a deterrent.

With nine migration changes already implemented and a tenth to follow, the government has probably done enough to achieve population moderation. Even without policy change, 2025 should be a more 'normal' year in international education. Post-COVID pent up demand should have largely cleared between 2022 and 2024. By 2025, course completions by the commencing cohorts of preceding years should increase, producing more international student departures to offset arrivals, a process that restrictions on applying for further visas will accelerate.

Instead of pausing to see whether it had found the right balance between its overall migration goals and maintaining an industry the education minister still says is an 'incredibly important national asset' (O'Neil et al., 2024), the government introduced a bill to cap international students by education provider and course from 2025.

The ESOS amendment bill appears to have been rushed. Capping through a cumulative annual total of international students goes beyond the policy objective of managing student populations through the year. Set dates during the year would have been better. Managing the caps needs real-time data on enrolled student visa holders that is not currently available.

Consultation with other government agencies was so unsatisfactory that the vocational education regulator, the higher education regulator, and the department responsible for issuing student visas have all, via their Senate inquiry submissions, gone public with their concerns.

Caps will be very difficult for education providers to administer without risking either under-enrolling relative to their cap or cancelling offers and confirmations of enrolment. Both will damage the providers and the students who want to study at these providers.

Course-level caps make little sense. The government plans to obstruct international student course choices if they don't align with Australia's skills. Yet it has also abolished the incentive of the 2-year extension of the temporary graduate visa for courses linked to Australia's skills needs and restricted other options for former international students to remain in Australia and use their skills at work. Most former international students will not be long-term participants in Australia's labour market. Despite all this, the government claims they should study courses related to Australia's skills needs. International students with a strong interest in migration should pay attention to skills-based migration opportunities. But the idea that international students will pay high fees to study courses focused on Australia's skills needs, rather their own career interests, is unrealistic. International education is a global market from which the students, and not just Australia and its education providers, must benefit.

On its current trajectory, the government will cause much more damage than is necessary to achieve its policy goals. Its mistreatment of people hoping to study in Australia will harm the country's reputation. Some education providers will close and others will shrink. Thousands of people working in the education sector will lose their jobs. Other industries relying on international students as workers and customers will go into decline. International education policy needs a period of pause and reflection, not the current poorly thought through plan to cap international student numbers.

Appendix A – Issues in defining enrolments and administering international student caps

Defining enrolment

‘Enrolment’ is not defined in the ESOS amendment bill, but the definition is critical to its effects. Statements by the Department of Education, made in a submission to a Senate inquiry into the ESOS amendment bill, suggest that it will be enforced using the ‘confirmation of enrolment’ that prospective international students supply as part of their student visa application (DofE, 2024c, p. 10). International students get a confirmation of enrolment from their education provider after they complete their enrolment and pay the required fees. Once an education provider’s cap is reached, it ‘will not be able to issue any further confirmations of enrolment’ for the rest of the calendar year.

Based on the wording of the bill, however, the caps themselves cannot be expressed in confirmations of enrolment. The bill refers to the ‘number of overseas students that may be enrolled with a registered provider ... in respect of one or more specified years’ (section 26B, parallel course provision section 26E). The term ‘overseas student’ is defined in the existing ESOS legislation as a person with a student visa. A person whose student visa application is rejected does, for a time, have a confirmation of enrolment but does not become an overseas student. Unsuccessful student visa applicants cannot be counted towards the cap. A student visa holder with two confirmations of enrolment in a 12-month period, for example by enrolling in a new course, can only be counted once.

The bill creates further complexity in its distinction between ‘new’ and ‘ongoing’ overseas students, with caps in 2025 only applying to new students. ‘New’ could mean a new person who has not previously held a student visa (how ‘new’ is defined in Department of Education international student statistics), a student visa holder who is new to the education provider but not necessarily to Australian international education (the most likely meaning of section 26B), or a student visa holder who is new only to a specific course (the most likely meaning of section 26E). If caps are set for both new and ongoing students, a person transferring to a different course at the same provider will be counted as ongoing for the provider cap but as new for the course cap.

Administering the caps

Administering the caps on overseas students will be difficult for the government and education providers. They both need to keep track of a number – enrolled overseas students – that can fluctuate daily as visas are granted, visas are cancelled, enrolments end and visas reach their expiry dates. If the government uses its regulatory powers to set caps by provider, location and course it would result in many thousands of caps to monitor and control.

If education providers exceed a cap, they are automatically suspended from recruiting or enrolling any more students in the capped category for that calendar year (they can still recruit for later years). But to use their cap(s) in full, education providers must issue more confirmations of enrolment than they expect as enrolled students on the first day of semester. While statistical models can help education providers predict enrolments, the visa process is uncertain and students change their minds. Enrolment outcomes for 2025 are especially hard to predict, as the multiple visa policy changes introduced in 2024 have invalidated models based on historical experience.

To hit a precise target, education providers require real-time data from the Department of Home Affairs on student visa grants for each capped category. If student visas numbers are near or at the relevant cap, the provider must stop issuing confirmations of enrolment and withdraw offers or cancel enrolments of any prospective students still in the system. Such poor treatment of prospective students risks reputational harm for the education provider concerned and Australian international education more broadly.

Automatic suspension for exceeding a number of enrolments they cannot fully control is a harsh penalty for education providers. The ESOS amendment bill recognises the problem but has an inadequate response. It gives the Secretary of the Department of Education the power to lift the automatic suspension. An example given in the bill’s

explanatory memorandum (p. 72) is students who have not commenced their studies (such as when their visa application has been rejected).

But the enrolment ban may not be lifted in a timely way; the suspension from enrolling students is automatic but its lifting is not. The education provider can request an internal departmental review of the decision not to end the ban on new enrolments, but the department has 90 days to make its decision. Further appeals to the Administrative Appeals Tribunal would create further delays. By the time review processes are complete the opportunity to enrol more students will be lost.

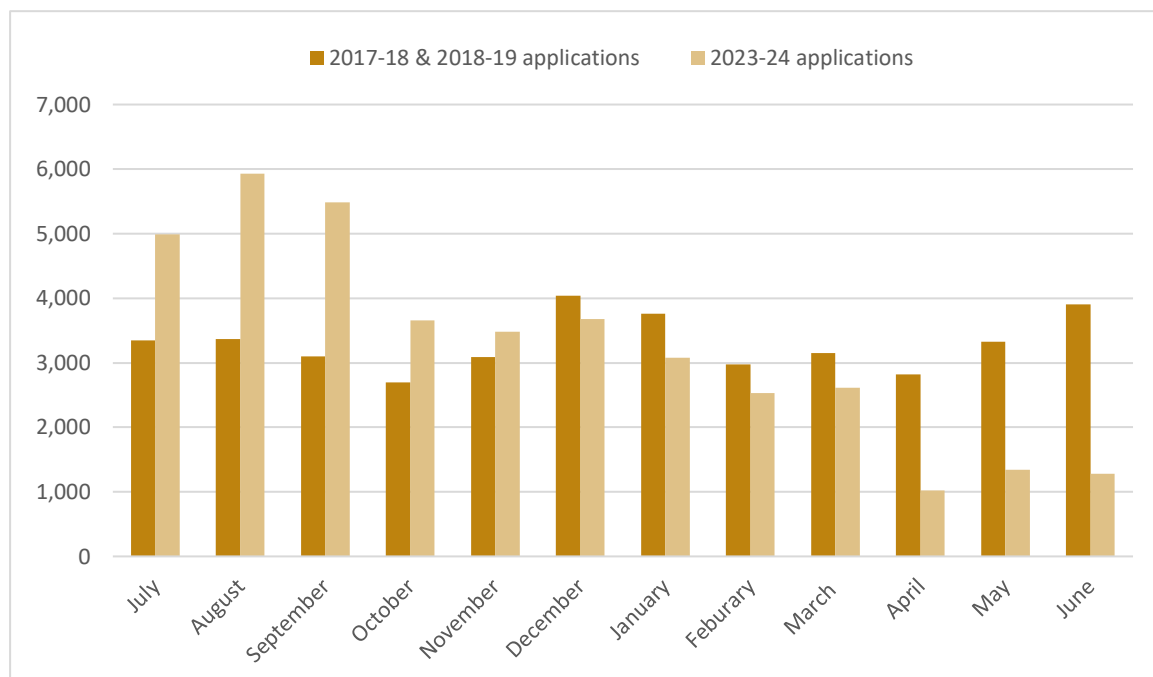
Appendix B – Effects of visa policy changes

Measuring the scale of possible changes in student demand and visa grants requires a comparison point. Closed borders in 2020 and 2021 make offshore visa application and grant numbers in these years artificially low. In 2022 and 2023 numbers were abnormally high, as pent-up demand from the COVID years flowed in on top of the normal demand for course starts in those years. Use of 2023-24 data cannot be avoided, but pent-up demand should be a declining factor in 2024. For the charts below, 2023-24 is compared with an average of 2017-18 and 2018-19. The charts use months, to capture the timing of policy changes and normal annual cycles.

Migration policy change effects to date – vocational education

Figure 10 looks at monthly offshore vocational education visa applications lodged. For July to September 2023 applications remained well above the comparison years. In this period the only policy change likely to reduce demand was the reinstated cap on working hours. In October 2023 the amount of savings required increased. Vocational courses are shorter and typically cheaper than higher education courses, and so attract less wealthy students. The increased savings requirement may have had an effect, as applicant numbers began falling back to more normal levels. From April to June 2024, with news of visa processing issues and the new genuine student test introduced in late March, offshore applications fell to low levels. Other than the two COVID-affected years, 2020 and 2021, these are the lowest monthly figures in a time series going back to 2005-06. The government’s policies have successfully reduced offshore demand for vocational education to low levels.

Figure 10: Offshore vocational visa applications lodged by month



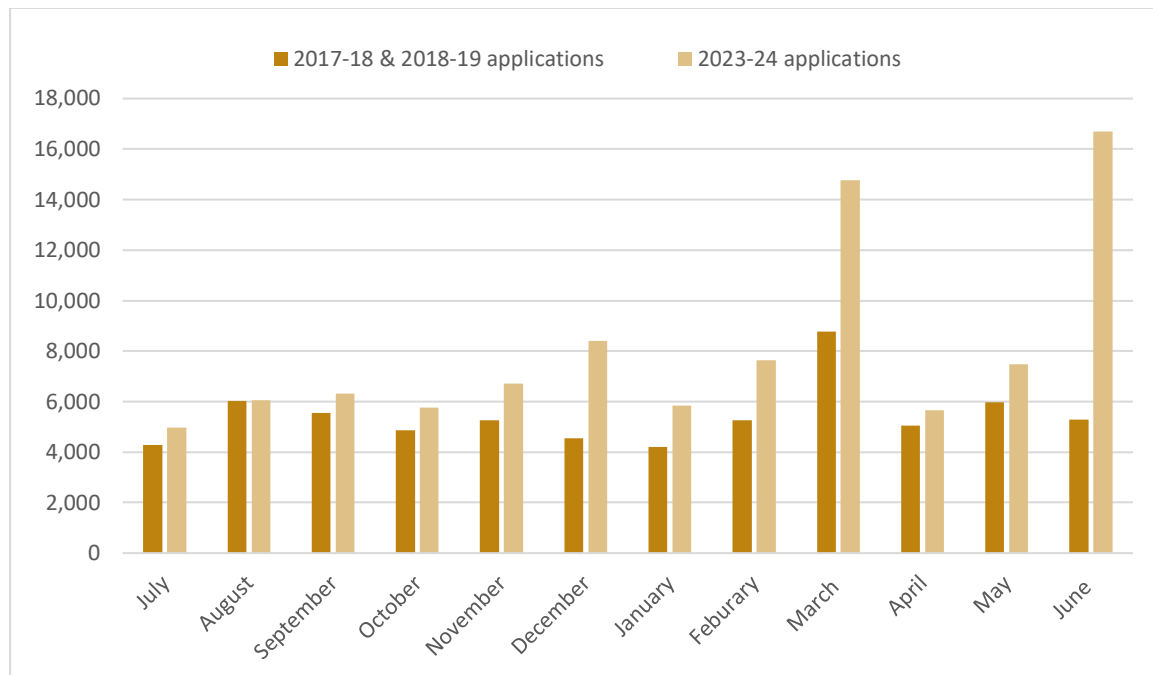
Source: Department of Home Affairs, Student visas lodged

Note: Primary applicants only.

For onshore vocational visa applicants the months of July to November 2023 are generally higher than for the corresponding months in the comparator years, but not significantly so. For the next six months they exceed the comparator years, especially in December 2023, March 2024 and June 2024. Probably not coincidentally, major policy events occurred in these months. The migration paper released on 11 December 2023 foreshadowed tightening of ‘visa hopping’ – that is, applications from people already in Australia. On 15 March 2024 the government told international education stakeholders that 23 March 2024 was the implementation date for the genuine student test,

including greater scrutiny of applications from visitor or temporary visa holders, and more evidence of course progression from people wanting another student visa (Down, 2024). With applications lodged prior to 23 March assessed on the old rules there was a strong incentive to get applications in before then. June saw another spike, as on 12 June the government announced that no applications from onshore visitor or temporary graduate visa holders would be accepted from 1 July 2024. From July 2024, onshore student visa applications should be well below the comparator year number.

Figure 11: Onshore vocational visa applications lodged by month

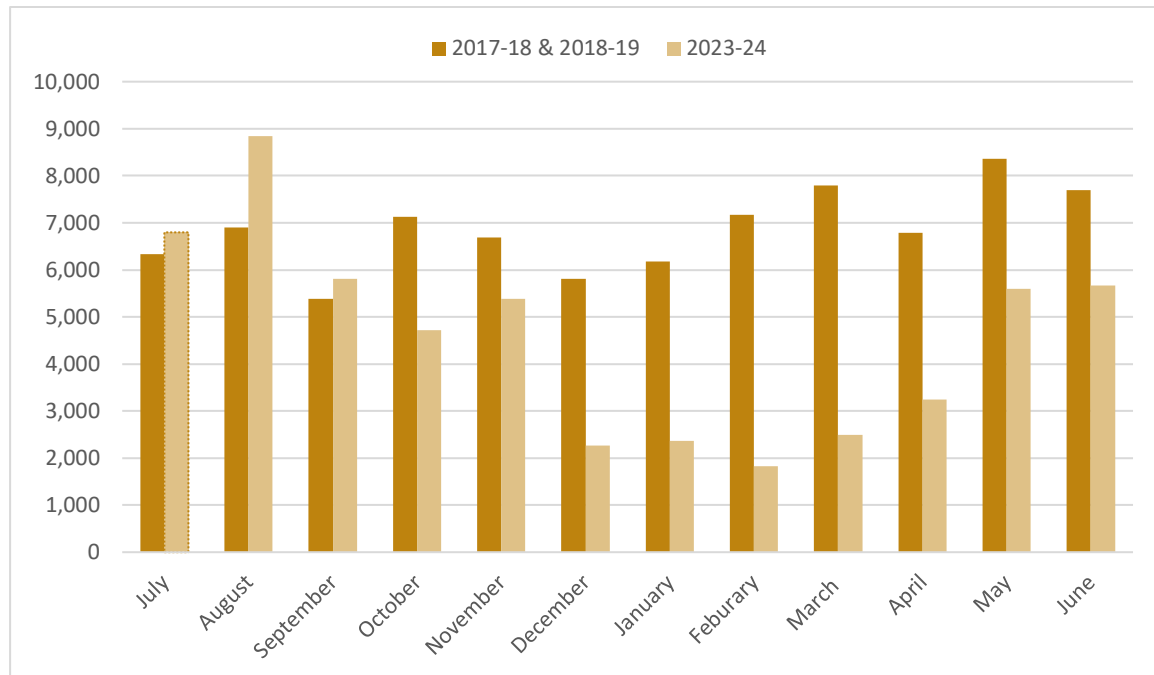


Source: Department of Home Affairs, Student visas lodged

Note: Primary applicants only.

During 2023-24 vocational visa application grant rates fell significantly for offshore applicants, as seen in Figure 3 earlier in the report. Grant rates also fell, to a lesser extent, for onshore applicants (DHA, 2024f). The surge in onshore applications from late 2023 was, however, sufficient to push up total vocational education visas granted from its February 2024 low point of 1,828, the lowest monthly total since October 2005, to 5,670 in June 2024 (Figure 12). For 2023-24 total vocational visa grants for primary onshore and offshore applicants were 35,496 – significantly lower than 68,287 in 2022-23 but comparable to figures in the late 2010s (DHA, 2024g).

Figure 12: Vocational education visas granted



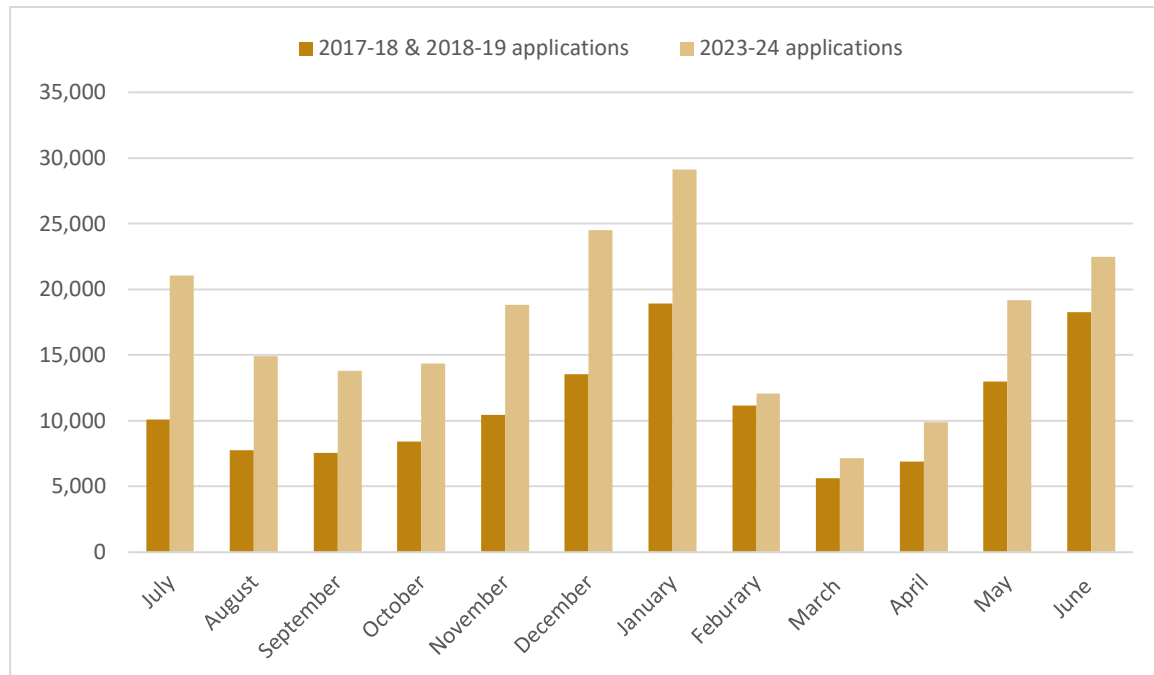
Source: Department of Home Affairs, Student visas granted

Note: Primary applicants only.

Migration policy change effects to date – higher education

In higher education we do not observe vocational education’s decline in monthly offshore visa applications, compared to the comparator period that averages 2017-18 and 2018-19 numbers. Offshore January 2024 applications achieved the second highest monthly total to date, surpassed only by June 2023, just outside of Figure 13’s dates. Onshore applications for 2023-24 are similar to the comparator years except for a large spike in June 2024 (Figure 14). As in vocational education, foreshadowed migration changes encouraged some prospective students to move quickly, before the rules changed. But whatever way we look at higher education application numbers they appear, up to June 2024, to be resilient.

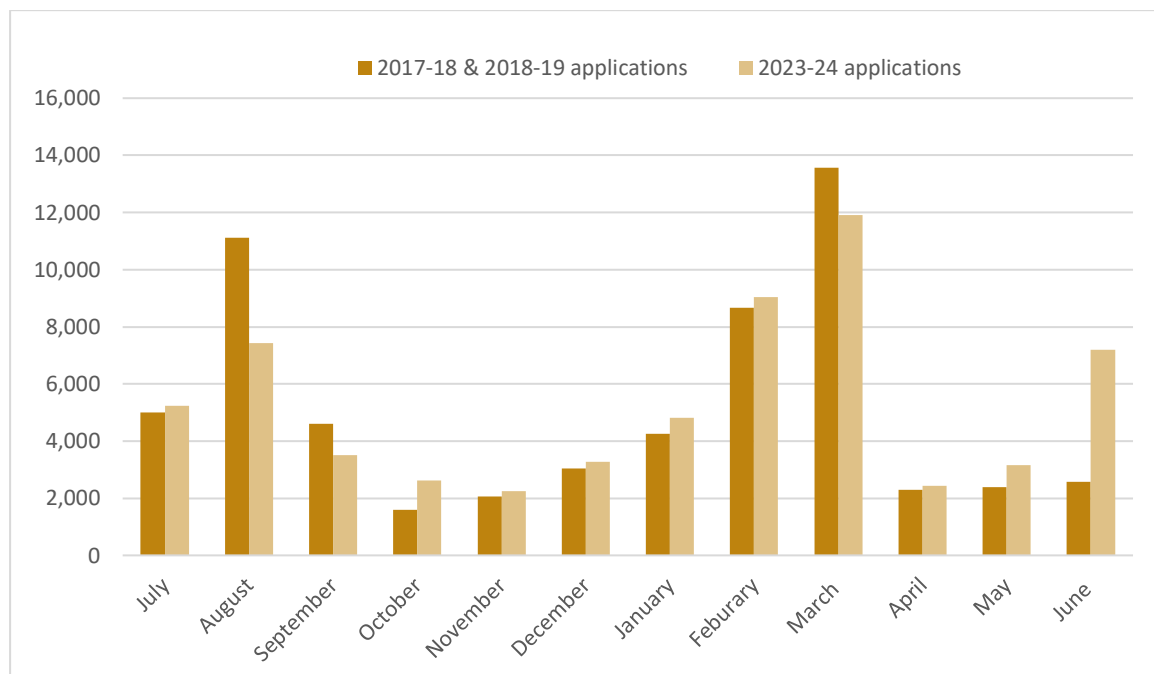
Figure 13: Higher education offshore visa applications lodged



Source: Department of Home Affairs, Student visas lodged

Notes: Primary applicants only. These numbers do not include students sponsored by the Department of Defence or the Department of Foreign Affairs or postgraduate research students.

Figure 14: Higher education onshore visa applications lodged

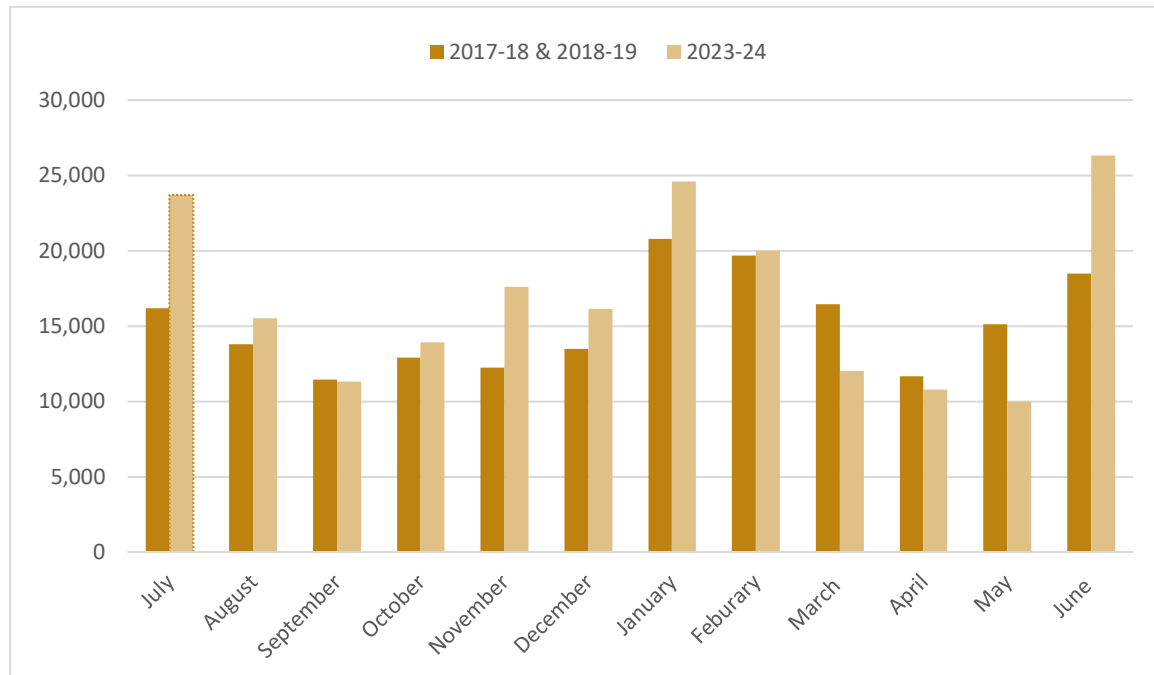


Source: Department of Home Affairs, Student visas lodged

Note: Primary applicants only.

Despite higher education visa application rejections, rates of which were above long-term averages through most of 2023-24 (Figure 3), the large number of offshore applications meant that the monthly number of visas granted exceeded the comparator years in every month but one from July 2023 to February 2024. From March to May 2024 visas granted fell below previous levels, although April and May are typically quiet months, before jumping again in June. While 2023-24 had some soft months, total visa grants of 201,907 are the second highest since 2005-06, after 2022-23.

Figure 15: Higher education visas granted



Source: Department of Home Affairs, Student visas granted

Note: Primary applicants only.

References

- AAT, (2024). *Migration and Refugee Division caseload summary by sub-class*. Administrative Appeals Tribunal.
- ABS, (2023a). *Australian Census and Temporary Entrants 2021 TableBuilder*. Australian Bureau of Statistics.
- ABS, (2023b). *Personal income in Australia: Migrant income by arrival group, 2017-18 to 2020-21*. Australian Bureau of Statistics.
- ABS, (2024a). *Education and Work, TableBuilder*. Australian Bureau of Statistics.
- ABS, (2024b). *International trade: supplementary information, calendar year 2023*. Australian Bureau of Statistics.
- ABS, (2024c). *Overseas migration*. Australian Bureau of Statistics.
- Albanese, A., (2022, 2 September). 'Closing remarks: Jobs and Skills Summit', *Prime Minister of Australia: Media*.
- ASIC, (2024). *Australian insolvency statistics*. Australian Securities and Investment Commission.
- ASQA, (2024). *Submission on the Inquiry into the Education Services for Overseas Students (Quality and Integrity) Bill 2024*. Australian Skills Quality Authority.
- ATO, (2022). *Taxation statistics 2019-20*. Australian Taxation Office.
- Australian Government, (2011). *Strategic review of the student visa program 2011 (Knight review)*. Australian Government.
- Australian Government, (2023a). *2023 population statement* Centre for Population/Treasury.
- Australian Government, (2023b). *Migration strategy: Getting migration working for the nation*. Department of Home Affairs
- Australian Government, (2024a). *Australia's international education and skills strategic framework (Draft for consultation)*. Department of Education.
- Australian Government, (2024b). *Review of the points test: Discussion paper - April 2024*. Department of Home Affairs.
- Cassidy, C., (2024, 5 May). 'It's very unfair': Australia's visa crackdown is disrupting international students and hitting university finances', *The Guardian Australia*.
- Cassidy, C., & Rachwani, M., (2023, 2 July). 'International student working hours in Australia are now capped again. Will it end 'horrifying' cases of exploitation?', *The Guardian Australia*.
- Clare, J., & Clennell, A., (2024, 9 June). 'Interview - Sky News Sunday Agenda', *Minister's media centre: Department of Education*.
- Clare, J., O'Connor, B., & O'Neil, C., (2023, 26 August). 'Action to end rorts in international education', *Ministers' media centre: Department of Education*.
- Clare, J., & O'Neil, C., (2022, 2 September). 'Post-study work rights for international students to boost skills', *Ministers' media centre: Department of Education*.
- Coates, B., Wiltshire, T., & Resenbach, T., (2023). *Graduates in limbo: International student visa pathways after graduation* Grattan Institute.
- Coates, B., Wiltshire, T., & Reysenbach, T., (2022). *Australia's migration opportunity: how rethinking skilled migration can solve some of our biggest problems*. Grattan Institute.
- DHA, (2022, 4 February). 'Temporary relaxation of working hours for student visa holders', *Department of Home Affairs Website*.
- DHA, (2023a). *Methodology for calculating evidence levels (education provider report)*. Department of Home Affairs.
- DHA, (2023b, 24 February). 'Work restrictions for student visaholders', *Department of Home Affairs*.
- DHA, (2024a). *Changes to the Temporary Graduate visa program – from 1 July 2024*. Department of Home Affairs.

- DHA, (2024b). *Department of Home Affairs submission on the Inquiry into the Education Services for Overseas Students (Quality and Integrity) Bill 2024*, Senate Education and Employment Legislation Committee. Department of Home Affairs.
- DHA, (2024c, 10 May). 'Increase to the financial capacity requirement for student and student guardian visas', *Department of Home Affairs News*.
- DHA, (2024d). *Student visa and temporary graduate visa program report*. Department of Home Affairs.
- DHA, (2024e). *Student visa and temporary graduate visa program report at at 31 December 2023*. Department of Home Affairs.
- DHA, (2024f). *Student visas grant rates (pivot table)*. Department of Home Affairs/data.gov.au.
- DHA, (2024g). *Student visas granted (pivot table)*. Department of Home Affairs/data.gov.au.
- DHA, (2024h). *Subclass 485 Temporary graduate visas lodged pivot table*. Department of Home Affairs/data.gov.au.
- DHA, (2024i). *Temporary entrants visa holders pivot table*. Department of Home Affairs/data.gov.au.
- DHA, (2024j). *Visa processing times*. Department of Home Affairs.
- Dodd, T., (2024, 9 April). 'Would Canberra try this with any other export industry?', *The Australian*.
- DofE, (2023). *CRICOS courses eligible for extended post-study work rights*. Department of Education.
- DofE, (2024a). *Award course completions pivot table 2022*. Department of Education.
- DofE, (2024b). *CRICOS providers, courses and location*. Department of Education/data.gov.au.
- DofE, (2024c). *Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024: Submission to the Senate Standing Committee on Education and Employment Legislation*. Department of Education.
- Down, R., (2024, 18 March). 'Foreign students to face 'targeted questions' under genuine student test', *The Weekend Australian*.
- Dutton, P., (2024, 16 May). 'Leader of the Opposition's Budget address in reply', *House of Representatives Hansard*.
- Farbenblum, B., & Berg, L., (2020). *International students and wage theft in Australia*. Migrant Worker Justice Initiative/UNSW Law/UTS.
- Gagen, T., & Faez, F. (2024). The predictive validity of IELTS scores: a meta-analysis. *Higher Education Research & Development*, 43(4), 873-888.
- Gamlen, A., (2024, 24 May). 'Explaining the 2024 net overseas migration surge', *ANU: Policy Brief*
- Hare, J., (2024a, 26 April). 'Mass lay-offs at regional uni as international enrolments slump 90pc', *Australian Financial Review*.
- Hare, J., (2024b, 9 February). 'Unis cancelling full-fee international students', *Australian Financial Review*.
- Hoang, S., & Hurley, P., (2024, 1 July). 'As student visa fees jump to \$1,600, Australia is refusing more applications than ever', *The Conversation*.
- IELTS, (2015). *Guide for educational institutions, governments, professional bodies and commercial organisations*. International English Language Testing System.
- Love, S., (2024). *Budget 2024-25 resources: Immigration*. Parliamentary Library, Parliament of Australia.
- Mares, P., (2016). *Not quite Australian: how temporary migration is changing the nation*. Text Publishing.
- Meadows, E., (2011). 'From aid to industry: A history of international education in Australia'. In D. Davis & B. Mackintosh (Eds.), *Making a difference: Australian international education* UNSW Press.
- Megarrity, L. (2007). A highly regulated 'free market': Commonwealth policies on private overseas students from 1974 to 2005. *Australian Journal of Education*, 51(1), 39-59.

- Morris, A., Wilson, S., Ramia, G., Hastings, C., Mitchell, E., & Overgard, C., (2020). *The experience of international students before during COVID-19: Housing, work, student and well-being*. UTS.
- Mulder, D., (2023, 29 November). 'Sector reports visa inconsistencies (again)', *The Koala international education news*.
- Müller, A. (2015). The differences in error rate and type between IELTS writing bands and their impact on academic workload. *Higher Education Research & Development*, 34(6), 1207-1219.
- Norton, A., (2020, 21 May). 'How reliant is Australian university research on profits from international students?', *Andrew Norton: Higher education commentary from Carlton*.
- Norton, A., (2021, 5 July). 'How defensible were the government's JobKeeper decisions for public universities?', *Andrew Norton: Higher education commentary from Carlton (blog)*.
- Norton, A., (2022, 6 September). 'Extending the 485 visa by two years will exacerbate the problems of Australia's temporary migration program', *Andrew Norton: Higher education commentary from Carlton (blog)*.
- Norton, A., (2023). *Mapping Australian higher education 2023*. ANU Centre for Social Research and Methods.
- Norton, A., (2024a, 14 June). 'How much difference will stopping student visa applications from people on visitor visas make?', *Andrew Norton: Higher education commentary from Carlton (blog)*.
- Norton, A., (2024b, forthcoming). 'International students and the Australian labour market', *Andrew Norton: Higher education commentary from Carlton (blog)*.
- Norton, A., (2024c, 20 May). 'The legal details of the government's plan to cap international student numbers', *Andrew Norton: Higher education commentary from Carlton (blog)*.
- O'Neil, C., (2024a, 12 June). 'End 'visa hopping' in the migration system', *Minister for Home Affairs media hub*.
- O'Neil, C., (2024b, 8 May). 'Last call for dodgy providers international education', *Minister for Home Affairs media hub*.
- O'Neil, C., Clare, J., O'Connor, B., & Giles, A., (2024, 26 August). 'Fee increases for international students part of July 1 migration reforms', *Ministers' media centre: Department of Education*.
- Ross, J., (2024, 5 June). 'International student u-turn risks '4,500 university jobs'', *Times Higher Education*.
- SRC, (2023). *2022 Student Experience Survey: the international student experience*. Social Research Centre/Department of Education.
- TEQSA, (2024). *TEQSA submission on the Inquiry into the Education Services for Overseas Students (Quality and Integrity) Bill 2024*. Tertiary Education Quality and Standards Agency.