

30 August 2024

The Hon Jason Clare MP
Minister for Education
Parliament House
CANBERRA ACT 2600

Dear Minister

**Education Services for Overseas Students Amendment (Quality and Integrity) Bill 2024
(ESOS Bill) – Federation University Australia's Indicative International Student Profile (ISP)**

I am writing regarding Federation University Australia's (**Federation**) proposed ISP under the ESOS Bill.

I appreciate the open and collaborative approach your office and the department have had with Federation throughout this process. As outlined in Federation's submissions, I remain very supportive of the Managed Growth Funding and Needs-Based Funding proposals.

However, as you are aware, the initial [REDACTED] offered to Federation is less than half of our 2023 post-COVID-19 pandemic international student level. This essentially embeds the impact of Ministerial Direction 107 into the formulation of Federation's 2025 ISP, preventing the growth needed to address the gaps created by the pandemic and the direction.

This is because Federation, working closely with the Department of Home Affairs to improve its successful international student enrolments under Ministerial Direction 107, intentionally reduced its international enrolments in 2024 while it worked to reset its program and improve under the direction.

I would be grateful if you could consider whether Federation can have certainty from a transition arrangement supplement to rebase Federation's ISP, if the ESOS Bill is passed. This would set a secure trajectory across 2025 to 2026, allowing us to return to the post-COVID-19 levels we had already achieved.

Without this transition arrangement, Federation, as Victoria's principal regional and outer metropolitan university, will not be permitted to return to the pre-COVID-19 levels it had already achieved in 2023 before Ministerial Direction 107 came into effect in its present form. This has two significant impacts:

- It means Federation's plans, developed in early 2024 before these changes were announced, to become sustainable after making the difficult decision to remove 163 regional roles from our structure are further frustrated by an immediate revenue shortfall in 2025.
- It also means Federation cannot use its Co-Operative Education Model to connect international students in fields of study where domestic student growth has not yet occurred, hindering regional growth.

The compounding uncertainty this creates for 2026, and the message it sends to aspiring overseas students about regional Victoria, poses significant challenges for Federation and its work in the Wimmera Southern-Mallee, Central Highlands, Greater South-East Metropolitan, and Gippsland regions.

Your department has indicated that the ESOS Bill will permit flexibility for adjustments in April 2025 as unused spaces are reallocated and a new methodology is established in 2026 with place-based goals.

In the interim, a transition arrangement will give Federation target bands in April and September 2025, allowing us to ramp up to our intended 2023 level. This would assist us in planning and securing our broader sustainability as we continue to build on the work undertaken under Ministerial Direction 107, and give our industry partners and communities the assurance that we are sustainable. These target bands could be modelled to specific campuses to align with industry needs and their role in the regional communities we serve.

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In addition to this, Federation's transformation into Australia's first Co-Operative Education Model post-secondary institution means the international students it attracts will be seeking the benefits of practical paid industry placements with regional employers. This will ensure Federation's international students will make a genuine contribution to regional employers facing domestic skills shortages.


Under the ESOS Bill, Federation will work to attract the right types of international students to not only ensure the sustainability of our campuses, particularly in Gippsland and Berwick, but also to address the critical skill shortages in teaching, education, health, and engineering across our regions.

This will demonstrate that Federation can achieve the international enrolment levels it reached as the COVID-19 pandemic ended, benefiting the communities it serves, and that the campuses where we have international students are making significant contributions to industries that are vital for these regions to grow.

The additional information I have attached also outlines the work Federation is undertaking to highlight the clear opportunities and risks under the ESOS Bill.

Jaime de Ano, Executive Director, Government Relations and Public Policy, is my office's contact on this matter (m: 0428 435 096, e: j.deano@federation.edu.au).

Yours sincerely,



Professor Duncan Bentley
Vice-Chancellor and President

Additional Information – Impact of the proposed ESOS Bill on Federation University Australia

A. Why is Federation's growth and long-term financial viability critical to regional and outer-metropolitan Victoria?

- Federation University Australia (Federation) has seven campuses across the Wimmera Southern Mallee, Central Highlands, Greater South East Metropolitan and Gippsland regions with:
 - **50%** of domestic students from regional and remote areas.
 - **36.5%** of domestic students from first-generation university students.
 - **22%** of domestic students from low socio-economic backgrounds.

Federation consistently ranks No.1 in social equity, "first in a generation" university attendance, and employment outcomes—underscoring our profound impact on the communities we serve.

Federation is also deeply embedded in the regions we work in, with over 100 industry partners across Victoria, transforming our university into a Co-Operative Education Model with earn as you learn embedded into the curriculum, that aligns education with real industry needs in critical sectors like healthcare, education, and new energy.

B. What are the risks for our regional communities and outer metropolitan communities with reduced international student revenue increasing barriers to our campuses?

- **Increasing the barriers to accessible post-secondary education:** Creating more barriers for student from Maryborough or Melton who may hesitate to travel to Melbourne, a mature-age student in Ballarat or Gippsland balancing work and caring responsibilities who wants an accessible opportunity to expand their horizons, or a student in Dandenong who wants a diverse and close to home Berwick Campus to feel welcomed in.
- **Destabilising vocational education and skills outcomes:** Including from Federation Ballarat, and pathways through our TAFE partnerships, reducing access to tertiary education who need it most to meet the skills gaps targeted by the Victorian Government and the Commonwealth Government.
- **Increasing the costs of regional development and cost of living:** Regional industries will pay more to attract essential professionals like nurses, teachers, and engineers, with flow on impacts to housing, production and goods and services costs.
- **Limiting the growth of Federation's Co-operative Education Model:** This is central to our mission and could suffer as declining enrolments undermine our partnerships with regional industries that offer paid placements to students, crucial for sustainable growth across Victoria.
- **Weakening strategic initiatives like the Asia Pacific Renewable Energy Training Centre:** These are vital for training the workforce of the future, which will also face greater challenges without sufficient support and resources to expand in regions without direct funding or international students (i.e., from revenue from domestic students etc).

C. What are the benefits of Federation's Co-operative Education model?

- Federation's Co-Operative Education Model is an initiative to boost aspiration, address local skills shortages and enhance regional development in the Wimmera Southern Mallee, Central Highlands, Greater South-East Metropolitan, and Gippsland regions.
- The model integrates paid industry placements into every higher education and vocational education program leading to a job outcome, and where such payments are permitted, thereby aligning student outcomes with local workforce needs.
- Through implementing this model, ultimately at least 1,100 students a year at current enrolment levels will be taking paid employments with local employers, directly contributing to critical sectors such as healthcare, education, renewable energy, and advanced manufacturing.

- The sustainability of this model is dependent on maintaining and growing Federation's international student cohort given it underpins financial stability and capacity to invest in these regional partnerships, in the absence of any other reforms.

D. What other approaches to higher education reform can support Federation?

- **Alignment with Regional and Outer Metropolitan Community Needs:** Future reforms should ensure that the allocation of domestic Commonwealth Supported Places (CSPs) reflects the needs of regional and outer metropolitan universities and communities, aligning closely with school zones and Jobs and Skills Taskforce areas.
- **Support for Regional Equity Students:** Equity students from regional and outer metropolitan areas who meet entry requirements should have a "back stop" option at their local university, rather than being forced to travel to a metropolitan university for a CSP place.
- **Protection of Regional University Sustainability:** Regional and outer metropolitan universities that have over-enrolled should not be permitted to expand into Local Student Catchments where similar programs are already offered.
- **Stable Funding to Support Equity Students:** A stable, modelled block funding system is needed to attract, support, and retain large cohorts of students from needs-based backgrounds in regional and outer metropolitan areas, rather than a complex system of retrospective or 'real-time' funding.
- **Strategic Communications for Regional Students:** A "Post-Secondary Education for All Australians" campaign should ensure regional and outer metropolitan communities understand the benefits of these reforms and the opportunities available to them.