

30 August 2024

Senator The Hon Sarah Henderson
Shadow Minister for Education
Parliament House
CANBERRA ACT 2600

Dear Shadow 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 to update you on Federation University Australia’s (**Federation**) proposed ISP under the ESOS Bill.

As you are aware, Federation’s indicative ISP is below its post-pandemic 2023 level. This means Federation, as Victoria’s principal regional and outer metropolitan university, severely impacted by the pandemic and an uneven pattern of student return, would not be permitted to return to the pre-pandemic levels it had already achieved in 2023 before Ministerial Direction 107 came into effect in its present form. This has two 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 fully utilise its Co-Operative Education Model to connect international students in fields of study where domestic student growth has not yet occurred, despite high demand for our students to go on placements due to domestic skills shortages. This represents a missed opportunity to boost 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.

I would be grateful if you could consider the attached information on the ESOS Bill’s impact and whether the House Amendments to date are sufficient to protect the sustainability of regional universities still recovering from the pandemic.

I have also formally requested that the Minister for Education consider a specific transition arrangement to provide a clear and rapid path to recovery in 2025 to 2026, allowing us to return to our pre-COVID-19 levels, but it may be the case that Parliament may need to ensure the ESOS Bill has clearer policy objectives to support a fair and sustainable international education system for regional Victoria.

The Department of Education has indicated that the ESOS Bill will permit flexibility for adjustments as levels are met in the future and that a new methodology will be established in 2026. However, Federation’s proposed allocation is less than 1% of the overall pool of proposed places, and its international student concentration is below 35% of its total student body.

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 and communities facing domestic skills shortages.

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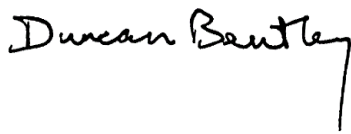
Federation is well positioned to grow both its domestic and international student levels, and its range of programs, into 2025 to deliver for our communities and become sustainable in 2026.

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.

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 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. How could these risks be minimised?

- Review the adequacy of the House Amendments Parliament has already accepted to the ESOS Bill: Ensure they minimise the inadvertent impacts on smaller universities, particularly those like Federation that have not yet recovered from the COVID-19 pandemic, given a mandatory review in 2025 may not be sufficient to stop the clear and immediate financial loss in the 2025 academic year for a major regional university under the indicative proposals, and in any event sets a false base and reference point for future growth – i.e., recovery takes two to three years because the recruitment cycle is two years minimum in international markets.

For example:

- Ensure the policy objectives of the Bill are fit for purpose.
- Introduce a requirement that to set international enrolment where the majority of a public university's campuses are located in a designated regional area for the purposes of the *Migration Act 1958*, the Minister must have regard to:

- the financial sustainability of that university, and
- the skills need of the designated regional area.
- Introduce a requirement for the Minister to consult with a public university and its establishing State Government before setting an international student enrolment level that negatively impacts the financial sustainability of that university.
- **Consider whether a Regional Priority Student Skills Visa is needed:** This visa would help regional universities attract the international students necessary to meet local skills shortages and support sustainable regional development.
- **Highlight the benefits of a well-supported Victorian regional university in the Commonwealth Parliament:** Federation's transformation into Australia's first Co-operative Education Model university will, by 2026, deliver nearly 20 industry-relevant courses and training programs designed with regional industries, creating a connected pool of 18,000 students for local job markets and contributing to the long-term sustainability of our regions.

D. 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.

E. 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