

14 December 2022

The Regional Universities Network (RUN) welcomes the opportunity to comment on the Terms of Reference for the Commonwealth's review of Australia's migration system. RUN is a national collaborative group of seven regional Australian universities: Charles Sturt University, CQUniversity Australia, Federation University Australia, Southern Cross University, University of New England, University of Southern Queensland, and the University of the Sunshine Coast. RUN member universities may also make their own submissions to address in detail any specific issues they wish to explore.

This submission reflects the positions of RUN institutions, and in doing so, also aims to represent the views of the communities which RUN universities serve; the one-third of Australians who live outside of metropolitan centres in Regional, Rural and Remote (RRR) locations. Specifically, RUN has sought to provide general comment to the Terms of Reference in relation to the role migration plays in complimenting Australia's education and training systems and the skills of Australians, international students, and addressing the specific needs of regional Australia.

What challenges and opportunities does Australia face in the coming decades?

RUN believes that our national capacity to maintain and adapt our ongoing prosperity within an increasingly unpredictable global environment is one that will remain burdened by the many entrenched educational and workforce disparities that exist between regional and metropolitan Australia, some of which are the focus of discussion in this submission. Overcoming these entrenched disparities – and thereby enabling regional Australia to achieve educational and economic parity with our major cities – will require effective 'regional differentials' in policy across multiple fronts, not least of all being national migration policy settings.

Regional Australia has a lower share of working age population compared to that of our capital cities resulting in a dependency ratio of 60 dependents per 100 working-age persons in regional Australia, compared to 50 in the major capitals¹. The effect of regional Australia's stretched workforce demographics are compounded by poorer educational attainment rates. The one-third of Australians that do not live in metropolitan Australia needlessly occupy a lower tier of educational opportunity and attainment, with 49.4 per cent of people living in capital cities (aged 25-34 years) holding a bachelor's degree or above, compared to just 25.6 per cent in inner regional Australia, 29.4 per cent in outer regional, and 29.7 per cent in remote and very remote Australia². This educational disparity is not limited to higher education. There remains a persistent gap between metropolitan and regional year 12 or equivalent attainment rates with a difference of up to 21 percentage points between metropolitan and remote and very remote Australians aged between 15 and 74³. A natural consequence of regional Australia's educational disparity and stretched workforce demographics is, unsurprisingly, a more acute prevalence of critical skills shortages across many key industries, as compared to metropolitan Australia. A simple example (as it relates to the health sector, and subsequently health outcomes); 2020 Health Workforce data reveals there were 531 full time equivalent (FTE) allied health clinicians per 100,000 people in our major cities, while just 469 FTE allied health clinicians per 100,000 people in inner regional locations and

¹ Regional Australia Institute, Rebalance the Nation, September 2022, accessed at <https://www.regionalaustralia.org.au/Web/Research-Policy/Regionalisation-Framework.aspx> on 17 October 2022

² Australian Bureau of Statistics, Education and Work, Table 34 Australia, May 2022, accessed at <https://www.abs.gov.au/statistics/people/education/education-and-work-australia/may-2022#data-download> on 14 November 2022

³ Australian Bureau of Statistics, Education and Work, Table 18 Australia, May 2021, accessed at <https://www.abs.gov.au/statistics/people/education/education-and-work-australia/may-2022#data-download> on 14 November 2022

414 FTE allied health clinicians per 100,000 people in outer regional locations⁴. This disparity in educational attainment and skills shortages manifests disproportionately across other industries that are key to regional Australia's continued prosperity. In its *Overcoming Australia's Labour and Skills Shortages* policy paper, the Australian Chamber of Commerce and Industry recognises that employers in the regions continue to report difficulty recruiting with regional employers filling a lower proportion of their vacancies and attracting a smaller number of applicants⁵. Unfortunately, there are poor prospects that the regional phenomenon of lower education/training attainment alongside higher skills shortages will improve under a 'business as usual' approach. In fact, it may continue to worsen; the gap between metropolitan and non-metropolitan bachelor degree attainment rates, for instance, continued to widen consistently during the period 2013 – 2021⁶, further entrenching regional skills disparity. This represents a considerable burden to regional Australia as our economies and workforce profiles evolve. Analysis from the National Skills Commission anticipates that nine out of every 10 Australian jobs created over the next five years will require post-secondary education⁷.

While this persistent education/skills gap represents a current major challenge for regional Australia, it also presents enormous untapped national opportunity. The Regional Australia Institute estimates that if people in the regions had the same share of Bachelor level qualifications as in metropolitan areas, there would be over 461,000 *more* graduates living and working in regional Australia, collectively earning about \$26 billion each year based on the average salary for a graduate⁸, which represents a boost in GDP worth an additional \$16.5 billion annually⁹. Moving forward, regional universities will play an increasingly crucial role in unlocking this stored economic potential with 70 per cent of the students who graduate from a RUN university remaining in RRR Australia after graduation. Unfortunately, we also know the reverse is true: 74 per cent of RRR students who relocate to study at a metropolitan campus never return to the regions to live and work after graduation¹⁰. It is therefore incumbent for all regional universities to remain accessible, high-quality options for teaching and research, but also as quality providers of international education. Regional Australia plays host to many world-class universities, and we know that regionally based international education leading to permanent migrant settlement in the regions, can play a vital role in helping our communities achieve parity with our major cities in terms of education attainment, workforce development and economic opportunity. The policy framework that sets national migration objectives, however, must take account of the unique needs of non-metropolitan Australia, and provide effective policy differentials that incentivise long-term regional migration (including the regional study and post-graduation settlement amongst international students).

⁴ Australian Institute of Health and Welfare, Health Workforce, July 2022, accessed at: <https://www.aihw.gov.au/reports/workforce/health-workforce> on 26 October 2022

⁵ Australian Chamber of Commerce and Industry, *Overcoming Australia's Labour and Skills Shortages*, March 2022, accessed at <https://www.australianchamber.com.au/wp-content/uploads/2022/03/ACCI-Overcoming-Australias-Labour-Shortages-24-March-2022-Final.pdf> on 17 October 2022

⁶ Parliament of Australia, *Regional and remote higher education: a quick guide*, April 2022, accessed at: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp2122/Quick_Guides/RegionalRemoteHigherEducation on 3 November 2022.

⁷ National Skills Commission, *Projecting Employment to 2026*, March 2022, accessed at: <https://www.nationalskillscommission.gov.au/insights/projecting-employment-2026> on 4 November 2022

⁸ Regional Australia Institute, *Rebalance the Nation*, September 2022, accessed at <https://www.regionalaustralia.org.au/Web/Research-Policy/Regionalisation-Framework.aspx> on 17 October 2022

⁹ Deloitte Access Economics, *The importance of universities to Australia's prosperity*, 2020, accessed at: <https://www.universitiesaustralia.edu.au/wp-content/uploads/2022/04/Report-The-importance-of-universities-to-Australias-prosperity.pdf> on 26 October 2022

¹⁰ Hillman, K. and Rothman, S. (2007). "Movement of non-metropolitan youth towards the cities", *Longitudinal Study of Australian Youth Research Reports*. Australian Council for Educational Research, Melbourne.

How can migration contribute to these challenges and opportunities?

Regional Australia has benefited greatly from the social, cultural, and economic contributions made by our valued migrant communities. Our regions are made more vibrant, inclusive, and prosperous by the welcoming of migrants from all cultures. Migrants who settle in regional communities play an important role in addressing key skill shortages, and in suppressing the skills divide with metropolitan Australia. Regional Australia would value and benefit from any opportunity to welcome more skilled migrants, including international students who subsequently graduate into regional workforces. Furthermore, RUN universities benefit tremendously from skilled migrants who occupy significant portions of our highly specialised academic, research and professional staffing ranks. Our social impact is enriched by the skillsets, experiences and global perspectives of our migrant colleagues, and their contributions complement Australia's own domestic education and training systems enormously. Similarly, regional Australia has benefited greatly from the social, cultural, and economic contributions made by our international students. Our regions are made more vibrant, inclusive, and prosperous by the welcoming of students from all cultures. International students who choose to study in, and are able and willing to subsequently settle within regional communities post-graduation, play an important role in addressing key regional skill shortages, and in suppressing regional Australia's education divide with metropolitan Australia. International students attending regional campuses absorb Australian values, engage with our culture and our communities, learn from our systems of Government, and are welcomed enthusiastically by regional employers and communities alike. Aside from the tremendous cultural and skillset assets that international students bring to regional Australia, the economic contribution made by this cohort is also significant. International students studying at the University of New England in Armidale, for instance, were estimated to have contributed \$33 million to the local economy and supported 243 full time equivalent (FTE) jobs in 2014-15, equivalent to 2.5 per cent of gross regional product¹¹. RUN believes that regional Australia would realise significant social, cultural and economic dividends from renewed migration policy settings featuring incentivised differentials that seek to attract more skilled migrants and international students into regional communities and their workforces.

What are the current and potential barriers in allowing migration to play these roles?

Skilled regional migration (including international students who subsequently graduate into regional workforces) will need to play a heightened role in suppressing the aforementioned regional imbalances in education attainment, workforce development and skills shortages. Currently however, metropolitan Australia enjoys a gross maldistribution of the social, cultural and economic benefits stemming from Australia's quantum of international students and skilled migration settlement. Of Australia's total (pre-pandemic) overseas arrivals, less than 20 per cent settle in regional Australia annually¹², despite our regions hosting one-third of the national population. Even more concerning is the fact that regional Australia hosted just three per cent of onshore international students in 2018¹³, despite our regions offering many world-class universities, unique student experiences, and stronger graduate employment outcomes¹⁴. Of this disproportionate share of international students who were welcomed by regional Australia during their studies, only

¹¹ Deloitte Access Economics, The value of international education to Australia, 2015, accessed at: <https://internationaleducation.gov.au/research/research-papers/Documents/ValueInternationalEd.pdf> on 2 November 2022

¹² Regional Australia Institute, Rebalance the Nation, September 2022, accessed at <https://www.regionalaustralia.org.au/Web/Research-Policy/Regionalisation-Framework.aspx> on 17 October 2022

¹³ Australian Government Department of Education and Training, International students studying in regional areas, February 2019, accessed at: <https://internationaleducation.gov.au/research/Research-Snapshots/Documents/Location%20of%20International%20Students%20in%202018.pdf> on 2 November 2022

¹⁴ Quality Indicators for Learning and Teaching, Graduate Outcomes Survey, 2021, accessed at: [https://www.qilt.edu.au/surveys/graduate-outcomes-survey-\(gos\)#anchor-1](https://www.qilt.edu.au/surveys/graduate-outcomes-survey-(gos)#anchor-1) on 26 October 2022

a fraction remain following graduation via a transition to permanent residency. Nationally, the number of international students who transitioned to a permanent residency is just 16 per cent¹⁵. Recently, an issue compounding the already limited flow of international students to regional areas has been the experience of many RUN members in seeing a significant, sudden spike in rejections of traditionally routine student visa applications from certain countries. This has occurred at a critical time of international cohort reactivation following border closures. Such abrupt, high rejection rates (without explanation) risk causing reputational damage for Australia as a viable international market and could potentially impact on an institution's desire to recruit from these markets. These rejections also impact upon an institution's "Visa Evidence Level" creating significant institutional risk, especially where strict Genuine Temporary Entrant requirements have not changed. A strengthened relationship and greater transparency/dialogue between the Department of Home Affairs (DHA) and education providers will help to mitigate process inconsistencies while ensuring greater system integrity. Another policy barrier currently preventing the optimisation of international student interest in Australia as a study destination post border closures is the lack of clear, assured pathways from study to skilled migration (and potentially permanent residency) with carefully considered grandfathering as appropriate. International students often undertake tremendous sacrifice and significant investment in their commitment to study in Australia, and therefore must be afforded a greater level of security against sudden, non-grandfathered changes to skilled migration pathways that occur during their studies upon Government whim. This phenomenon has a corrosive effect on Australia's reputation as a secure, trustworthy destination. Regional Australia and RUN values any opportunity to welcome more international students, including those who eventually graduate from regional university campuses into regional workforces as permanent residents. The temporary nature of work rights post graduation also erodes the confidence in employers to hire international graduates who wish to remain in the regions. To encourage this, RUN advocates for Commonwealth and State Government support in promoting the unique socio-cultural benefits of studying in regional Australia to international markets, complimented by positive regional differentiation in visa policy settings.

What reforms are needed to ensure the migration system can meet the challenges and opportunities that lie ahead?

Previous Government policy recognised the need for greater numbers of skilled migrants and international students into regional Australia, and set differential regional migration incentives accordingly. While RUN welcomes the Government's desire to increase the 16 per cent of international students who remain in Australia to work post-graduation, it is imperative that the positive regional differential in international post-study work rights policy is maintained. Without incentives that are attractive to international students, we will undoubtedly see a reduction of international students choosing to study in regional Australia. RUN strongly believes the removal of a regional visa differential will have an erosive effect on regional Australia's already limited and disproportionate share of the international student market, at a time when our communities can least afford it. RUN therefore recommends maintaining the positive regional differential in international student post-study work rights policy at a minimum, and preferably exploring more attractive options than simply offering extra time for students who study at a regional university. To this end, RUN recommends the Government consider the following practical measures to rebuild a sustainable international student sector while incentivising a more balanced distribution of international students/graduates in regional locations:

¹⁵ Parliament of Australia, Overseas students in Australian Higher Education: a quick guide, April 2022, accessed at: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp2021/Quick_Guides/OverseasStudents on 22 November 2022

1. Commonwealth support in promoting the unique socio-cultural benefits of studying in regional Australia to international markets, complimented by positive regional differentiation in visa policy settings;
2. providing onshore international students with clear, assured pathways from study-to-skilled migration, and as migration policy evolves, grandfathering these assurances as to not disadvantage international students who have already commenced affected study-to-migration pathways;
3. more timely and transparent updates and advice from DHA around visa processing of international students as it affects rejection rates and provider visa evidence levels;
4. RUN to have input into any formal policy development that seeks a coordinated, measured, national approach to Australia's offshore higher education opportunities;
5. a nuanced approach to post-study work rights where students in metropolitan areas need to study a course and subsequently work in a field that relates to the national skills shortage and areas of importance, compared to far less strenuous criteria for regional universities;
6. additional points towards skilled visa applications if the student has studied in regional Australia. An extension of this scheme could provide extra points if the applicant proceeds to remain in regional Australia;
7. a simplified and dedicated pathway to residency for students who study in, and then subsequently work in regional Australia;
8. maintaining the current one and two-year differential respectively between Category 2 and Category 3 regional locations, and metropolitan universities, noting that a collective increase across the sector proportionally disadvantages regional universities;
9. Commonwealth support to facilitate equitable regional work placement opportunities that sees international students have similar access to regional industries during their studies as that enjoyed by domestic students; and,
10. More employer education, potentially via Jobs and Skills Australia, around taking on international students both during and after graduation i.e. demystifying and reassuring them about visa options and support available.

Conclusion

Regional universities are critically important to addressing many of the challenges and opportunities as highlighted in the Terms of Reference for the Commonwealth Government's review of Australia's migration system. RUN would welcome the opportunity to make further contributions to the review process to ensure the perspectives of regional Australia are properly considered.

Please do not hesitate to contact the RUN Secretariat on 0408 482 736 or via e-mail at execdir@run.edu.au to discuss any elements of the submission further.