



Deputy Secretary
Ben Rimmer

Mr Daniel Craig
A/g Executive Director
Office of Impact Analysis
Department of Prime Minister and Cabinet
1 National Circuit
BARTON ACT 2600

Email: helpdesk-OIA@pmc.gov.au

Dear Mr Craig

**Impact Analysis – Improving Integrity in the International Education Sector –
Second Pass Final Assessment**

I am writing in relation to the attached Impact Analysis (IA): Improving Integrity in the International Education Sector. The IA is required for the department's legislative changes to the *Education Services for Overseas Students Act 2000* (ESOS Act).

The *Review of the Migration System*, the *Rapid Review into the Exploitation of Australia's Visa System*, evidence submitted to the Joint Standing Committee of Foreign Affairs Defence and Trade Inquiry into International Education and Tourism and other stakeholder, and public channels have highlighted significant integrity issues within Australia's international education sector. Unscrupulous behaviour by some education providers and education agents are contributing to student exploitation and risks damage to Australia's international education reputation.

Government action to respond to this unscrupulous behaviour is needed to support the integrity and quality of the international education sector and combat student exploitation. It will support the sector to deliver a quality and safe overseas student experience and safeguard Australia's international education reputation.

I am satisfied that the Department of Education (the department) has addressed the concerns raised in your letter of 19 February 2024 following your First Pass Final Assessment.

The IA at second pass has been significantly redrafted and expanded. It addresses the three main issues you raised by:

- **Inclusion of a discussion of the costs and benefits of the options** through an independent, thorough Cost Benefit Analysis and detailed regulatory tables.
- **Providing evidence of the magnitude of the problems identified**, including a detailed analysis of the magnitude and severity of the problems, including data where available, with data gaps identified and assessed. Specific evidence provided includes:
 - the number of ‘permanently temporary’ students as identified by the Government’s Migration Strategy released in 2023,
 - the number of providers who only deliver courses to overseas students,
 - figures on the exploitation of temporary migrants reported by Operation Inglewood and,
 - additional information on the scale and severity of the issues on overseas students and providers.
- **Expanding implementation and evaluation plans for the recommended option** including detailed information on the proposed implementation and evaluation of the recommended option.

A comprehensive analysis was conducted to assess the costs and benefits of the recommended option’s package of legislative reforms, noting all values are calculated as present values (in 2024 dollars) using a seven per cent discount rate over 10 years.

The total cost is estimated at \$93.3 million over 10 years. This cost is a fraction of the annual value of the international education sector estimated at \$30.3 billion. Providers are estimated to face the largest costs at \$83.1 million over ten years.

The regulatory burden cost is estimated to be \$89.9 million (i.e. total costs excluding costs to government), as shown in the regulatory burden estimate table below.

Total regulatory costs - \$ million in present values over 10 years				
	Providers	Agents	Students	Total
Regulatory costs by stakeholder	\$83.1	\$0.9	\$5.9	\$89.9

The total quantified benefits are estimated to be \$86.1 million over three benefit streams. As the stakeholder group most exposed to quality and integrity issues, overseas students are recipients of the greatest benefits at \$48.6 million or 56.4 per cent of total quantified benefits. Analysis has also been conducted on the eight benefit streams unable to be quantified. The benefits from these unquantified streams could be substantial and larger than the total estimated costs.

In order to achieve an aggregate 'breakeven point' – where benefits are at least equivalent to costs – the additional value of the unquantified benefits would need to be at least \$7.2 million. This is equivalent to 0.002 per cent of the \$310.4 billion projected 10-year value of the sector (\$30.3 billion in 2022), or 0.018 per cent of an estimated \$41.2 billion in projected 10-year returns from student fees (\$4.1 billion in 2022).

Other matters listed in the attachment to your first pass response letter of 19 February 2024 have been systematically and fully addressed. The department worked in a close and iterative process with OIA to bring this IA to second pass stage.

Accordingly, I am satisfied that the IA is now consistent with the six principles for Australian Government policy makers as specified in the *Australian Government Guide to Policy Impact Analysis*.

I submit the IA to the Office of Impact Analysis for formal final assessment.

Yours sincerely

A handwritten signature in black ink that reads "Ben Rimmer". The signature is written in a cursive style with a long horizontal stroke at the end.

Ben Rimmer

7 March 2024