

# **Deregulation of the student visa programme and future directions for streamlined visa processing**

**Final Assessment Regulation Impact Statement**

**(OBPR ID: 18083)**

**Department of Immigration and Border Protection**

**10 February 2016**

# 1. Australia's Student Visa Programme

## 1.1 Overview

International education is one of Australia's five pillars of economic growth, contributing \$18.2 billion in export income to the economy in 2014–15. The Department of Immigration and Border Protection plays an important role in supporting the sustainability and competitiveness of Australia's international education sector by facilitating the movement of genuine international students wishing to study in Australia, while maintaining strong levels of integrity at Australia's border.

During the 2014–15 programme year, 332,778 student visa applications were lodged by international students seeking to study in Australia. Visas for international students are processed by the Department of Immigration and Border Protection, either under the Assessment Level (AL) framework or streamlined visa processing (SVP) arrangements.

With the current policy guidelines underpinning SVP due to expire in mid-2016, the Department considered it timely to evaluate the arrangements and to explore possible opportunities for enhancement.

## 1.2 Current regulatory framework

The student visa framework comprises eight visa subclasses (representing eight different education sectors), two external immigration risk frameworks (SVP and the AL framework), as well as a myriad of other regulatory provisions.

Student visa applications are processed either under the SVP arrangements (based on the immigration risk of students associated with a particular education provider) or the AL framework (based on the immigration risk applicable to the student's country of citizenship studying in a particular education sector).

Under SVP, student visa applicants enrolled in an advanced diploma, bachelor, masters or doctoral degree or eligible exchange programme at a participating education provider are generally subject to lower evidentiary requirements, similar to those that apply under AL1, regardless of their country of citizenship. In practice, SVP eligible students generally provide less information to the Department and receive simpler and faster visa processing.

The AL framework was introduced in July 2001 and last reviewed in 2013, with a number of reforms implemented from 22 March 2014. Every country across each education sector is assigned an AL based on the calculated immigration risk posed by students from that country studying in that education sector. There are three assessment levels in the student visa programme: AL1 represents the lowest immigration risk and AL3 the highest. The higher the assessment level, the greater the evidentiary requirements that an applicant must meet to be granted a student visa, including financial capacity, English language skills and academic background.

## 1.3 Intention of Streamlined Visa Processing (SVP)

SVP was first introduced for Australian universities in March 2012 to support the sustainable growth of the international education sector. The SVP arrangements were extended in March 2014 to eligible non-university higher education providers and in November 2014 to eligible education providers, including those offering advanced diploma courses.

The primary objective of the SVP arrangements is to provide eligible students of education providers that meet low immigration risk benchmarks with access to simpler and faster visa processing, while maintaining immigration integrity. In return for these arrangements, participating education providers take on greater responsibility for the immigration outcomes of their students.

Under SVP, participating providers must have strategies in place to manage risks associated with the enrolment of international students, including ensuring students have appropriate levels of English language and sufficient funds to support themselves (and their dependents) while in Australia. Participating SVP providers must continue to meet low immigration risk benchmarks in order to maintain their eligibility.

To be eligible for SVP, education providers must:

- be registered to deliver advanced diploma, bachelor, masters or doctoral degree level courses to international students.
- achieve an AL1 or AL2 immigration risk rating in relation to the immigration outcomes of their prospective and existing international students.
- have at least 100 primary active student visas.
- meet the requirements set out in the guidelines for education provider participation in SVP arrangements (guidelines can be viewed at: <http://www.border.gov.au/Busi/Educ/Stre/Guidelines-for-education-provider-participation-in-streamlined-visa-processing-arrangements>).

The methodology used to determine an education provider's immigration risk rating is based on the approach used in the AL framework and considers a number of factors relating to the visa and immigration compliance outcome of the provider's international students.

## 1.4 Review of streamlined visa processing arrangements

On 18 November 2014, the Department of Immigration and Border Protection circulated a discussion paper titled *Future directions for streamlined visa processing* to key stakeholders in the international education sector.

Formal submissions were invited in response to a broad range of questions posed in the paper relating to the current SVP arrangements and their future direction. The paper and associated consultation with stakeholders considered possible opportunities for enhancing the SVP arrangements and opportunities to deregulate the current student visa framework. Thirty-two submissions were received.

In December 2014, the Department of Immigration and Border Protection also conducted a survey of SVP providers seeking feedback on what providers saw as the benefits of participating in the arrangements, what additional resourcing was required and how providers managed their responsibilities under the arrangements.

On 16 June 2015, the Australian Government released the *Future directions for streamlined visa processing* report and announced the introduction of a simplified international student visa framework (SSVF) to support Australia's education services sector.

## 1.5 Status of Regulatory Impact Statements at key decision points

An early assessment RIS informed the Australian Government's decision to adopt the eight recommendations of the *Future directions for streamlined visa processing* report.

## 2. The Policy Problem

### 2.1 Description of the Problem

The current student visa framework is complex, comprising eight visa subclasses, two immigration risk frameworks (SVP and the AL framework) and a myriad of other regulatory provisions. This imposes a significant and costly regulatory burden on education providers, students and government.

In 2014–15, 299,540 student visas were granted, with approximately 50 per cent assessed and granted under SVP. The remainder were assessed and granted under the AL framework.

As at November 2015, of the 1080 CRICOS registered providers, 153 are SVP providers (including 42 universities) and 927 education providers receive regular student visa processing under the AL framework.

#### Market impacts

A statistical evaluation of the SVP arrangements undertaken by the Department in 2015 found that SVP has benefited some providers over others. The key findings were:

- The higher education sector, which has the most access to SVP, has experienced significant growth since SVP was introduced in 2012, which has not been replicated in other education sectors.
- Student visa processing times are significantly lower for SVP students than for those processed under the AL framework.

A detailed overview of the findings can be found on pages 15–16 of the *Future directions for streamlined visa processing* report on the Department's website at: [www.border.gov.au/ReportsandPublications/Documents/reviews-and-inquiries/future-directions.pdf](http://www.border.gov.au/ReportsandPublications/Documents/reviews-and-inquiries/future-directions.pdf)

#### Integrity outcomes

The Department's statistical evaluation found evidence of some emerging integrity concerns under SVP. The key findings were:

- Some SVP providers reported that they have found it challenging to effectively meet their responsibilities under the arrangements, due in part to targeting by non-genuine applicants and agents.
- The Department's detection of fraud increased for certain SVP students in 2012–14, which could be indicative of non-genuine students purposely targeting certain SVP providers.
- Course hopping has increased under SVP. Course hopping is where students arrive under SVP and then change to a non-SVP course (typically at a lower qualification level) shortly after arrival in Australia. It is of concern as it may be indicative of students providing misleading information to the Department of Immigration and Border Protection and their education provider in order to circumvent the intentions of the SVP arrangements.

A detailed overview of the findings can be found on pages 12–14 of the *Future directions for streamlined visa processing* report on the Department’s website at: [www.border.gov.au/ReportsandPublications/Documents/reviews-and-inquiries/future-directions.pdf](http://www.border.gov.au/ReportsandPublications/Documents/reviews-and-inquiries/future-directions.pdf)

### **Cost of arrangements to industry**

SVP providers have invested significant resources to access and remain eligible for the SVP arrangements. The December 2014 survey indicated that SVP providers have employed (on average) five additional staff to manage their SVP arrangements and based on the survey responses, the annual cost to providers of administering the SVP arrangements is estimated to be approximately \$249,300 per provider.

Survey results also showed that a majority of SVP providers interview more than 75 per cent of their prospective students from higher immigration risk AL3 countries to establish that their students genuinely wish to study in Australia, have the funds to do so and intend to return home after finishing their studies. Many providers also request and assess evidence of a student’s funds, English language ability and academic record, with these documents often verified by the provider.

When calculating the regulatory burden to business, the Department of Immigration and Border Protection considered business activities required by education providers to access and remain eligible in the SVP arrangements. These included: preparing an ‘opt-in’ application package; assessing international student applications; managing education agents; managing educational business partners; monitoring risk outcomes; and managing SVP students following arrival in Australia. These activities attracted higher costs when calculating the ongoing cost and regulatory burden to business and were identified by SVP providers as the most time-consuming activities.

In stakeholder submissions responding to the *Future directions for streamlined visa processing* discussion paper, many stakeholders viewed the additional resources required to administer the arrangements and manage immigration risk as a fair ‘trade-off’ for the advantages gained under SVP, while others considered these responsibilities as onerous and needing reform.

A detailed overview of the findings can be found on pages 14–15 of the *Future directions for streamlined visa processing* report on the Department’s website at: [www.border.gov.au/ReportsandPublications/Documents/reviews-and-inquiries/future-directions.pdf](http://www.border.gov.au/ReportsandPublications/Documents/reviews-and-inquiries/future-directions.pdf)

### **Conclusion**

There was general consensus among international education stakeholders that a new framework that provides streamlining opportunities to all types of education providers, while maintaining high levels of integrity, is required. This was a common theme in stakeholder submissions responding to the *Future directions for streamlined visa processing* discussion paper.

While SVP has brought benefits, stakeholder feedback, together with an evaluation of the arrangements, indicated that SVP is not sustainable in its current form in the long term. This is primarily due to concerns relating to the market impacts and regulatory cost of the arrangements, as well as the challenges faced by education providers in effectively managing their responsibilities under SVP.

## 3. Why is Government Action Needed?

### 3.1 Impact of streamlined visa processing

There is a strong case for modifying the current SVP model, based on the results of a statistical evaluation of the arrangements, together with feedback provided by stakeholders in submissions responding to the *Future directions for streamlined visa processing* discussion paper and in response to a survey of SVP providers.

In their submissions, there was general agreement among stakeholders that, despite its benefits, SVP has created market distortion and inequalities due to the reputational and operational advantages gained by SVP providers. Some stakeholders believe that SVP has divided the sector into 'SVP' and 'non-SVP' providers, creating an inaccurate market perception that courses offered by SVP providers are of superior quality. Stakeholders also advised that among some students and education agents, there appears to be an inaccurate perception that SVP represents Australian Government approval of a course or provider.

In addition, there was the view that the current student visa programme, which comprises eight different visa subclasses and two immigration risk assessment frameworks, was confusing for students and added unnecessary complexity.

Currently, the SVP arrangements cater for certain specified courses (advanced diploma, bachelor, masters, doctoral degree or eligible exchange programme) and around 15 per cent of all Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) registered education providers are eligible to participate in the arrangements.

The number of student visa applications processed under the SVP arrangements has been steadily increasing each year and in 2014–15, approximately 50 per cent of student visa applications were processed under SVP.

While SVP has played a role in attracting high quality students, the Department of Immigration and Border Protection has noted that a number of SVP providers have also been targeted by non-genuine students, particularly from higher immigration risk markets, seeking to avoid the greater scrutiny their student visa application would receive under the AL framework. This trend was also evidenced in responses to the education provider survey.

Some SVP providers have found it challenging to meet their SVP responsibilities. The Department is conscious that the removal of providers from SVP would likely have reputational impacts for the providers concerned but also for Australian international education more broadly.

### 3.2 Impact of no change on industry

Key international education stakeholders have indicated that they do not consider the SVP arrangements to be sustainable in their current form due to issues relating to market distortion, red tape and immigration integrity management. A number of stakeholders also indicated significant concern if the SVP arrangements were to be extended further.

The international education sector has applied significant pressure to address these issues through either changes to the operation of SVP or to devise an appropriate alternative solution. Failure to act in relation to these matters would most likely jeopardise the future health of Australia's international education sector.

While current SVP arrangements contribute to the efficient processing of student visas, this efficiency would potentially be compromised should further providers enter the arrangements. If not addressed, this could increase visa processing times and compromise integrity outcomes within the student visa programme.

### **3.3 Key objectives of government action**

The intended changes to the student visa programme reflect the Government's commitment to ensuring that visa arrangements continue to support the productivity, competitiveness and sustainability of Australia's international education sector while reducing red tape and advancing the Government's deregulation agenda.

Specifically, the changes seek to address emerging integrity trends in the student visa programme by providing a more targeted approach to and improving immigration integrity management. The improved regulatory arrangements are intended to avoid placing unnecessary burden or cost on education providers. The replacement of SVP with a broader, simpler and fairer framework is designed to reduce market distortion and make the visa application process easier to navigate for genuine students. The Department considers that it is vitally important that any policy change to the student visa programme effectively builds upon and enhances the benefits realised to date.

It is essential that any policy change:

- enhances the competitiveness of our visa system and supports the sustainable growth of Australia's international education sector.
- supports the integrity of Australia's visa programmes and border.
- facilitates the efficient and timely processing of student visa applications.
- reduces red tape for student visa applicants and the international education sector.
- is able to be easily understood by all involved. This includes prospective international students, education providers, agents and departmental officers making decisions on visa applications.

## **4. The Policy Options**

On 16 June 2015, the Government announced the introduction of the simplified student visa framework (SSVF), based on the recommendations contained in the *Future directions for streamlined visa processing* report and on an early assessment Regulation Impact Statement. As part of the process, the Department considered a range of options which are outlined below.

### **4.1 Retain streamlined visa processing arrangements – status quo option**

This option would maintain existing arrangements for the international education industry, making small changes to its operation and at the discretion of Government, may include the further extension of SVP to additional providers and education sectors.

### **4.2 A simplified student visa framework (SSVF)**

This option, agreed by Government in June 2015, involves implementing changes to the number of student visa subclasses and the risk framework applied to the student visa programme.

Currently, there are eight student visa subclasses which represent seven different education sectors and a separate visa product for Student Guardians. This option collapses the seven student sector subclasses into one student visa subclass and retains the Student Guardian (subclass 580) visa. Through a single student visa subclass with core requirements, education providers and prospective student visa applicants will be provided with simplified processing arrangements.

This option also combines the AL framework and SVP arrangements into one framework that will apply to all students. A combined country and provider risk framework will consider the immigration risk associated with both the applicant's education provider and country of citizenship to guide visa evidentiary requirements. This option acknowledges that it is through the inclusion of country risk in the framework that streamlined-type processing could be extended to a greater number of education providers. This model addresses many of the concerns noted by stakeholders and will enable a more nuanced and targeted approach to immigration risk.

Based on the combined risk calculation, a student visa applicant would either generally be able to provide evidence of their English language and financial capacity by declaration or be required to formally provide this evidence to the Department. In practice, students associated with lower immigration risk will generally have lower evidentiary requirements, similar to the current AL1 or SVP arrangements. It is intended that provider and country immigration risk outcomes are reviewed on a six monthly basis with provider and country risk ratings being able to move between levels.

The Genuine Temporary Entrant (GTE) requirement will continue to be the primary integrity safeguard and will apply to all student visa applications. Under the SSVF, decision makers will also maintain discretion to request evidence of financial and English capacity for streamlined-type cases in circumstances where more detailed internal risk analytics indicate that this is appropriate.

This option provides a strong incentive for all education providers to recruit genuine international students and simplifies the student visa framework by establishing a single visa processing model that will apply to all students across all sectors.

Under this option, small business is expected to benefit considerably when compared to the existing model. The SSVF will create a more level playing field for all education providers, including smaller providers who will have greater access to streamlined-type processing. All education providers will also have a legitimate choice as to the degree to which they wish to engage with matters relating to immigration risk.

### Possible combined provider and country risk matrix

	Education provider immigration risk rating	Country immigration risk rating	Possible evidentiary requirements
<b>Lower Evidentiary Requirements</b>	One	One, two or three	Generally these students would not be required to provide evidence of their English language or financial capacity to the Department (similar to current SVP and AL1 arrangements)
	Two	One or two	
	Three	One	
<b>Higher Evidentiary Requirements</b>	Two	Three	Generally these students would be required to provide evidence of their English language and financial capacity to Department
	Three	Two or three	
<b>Genuine Temporary Entrant requirement applies</b>			

Streamlined-type processing	Regular processing
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The two key risks in the student visa programme include:

- the student visa framework failing to support the sustainable growth of Australia’s international education sector.
- the risk of immigration integrity being compromised by the grant of visas to non-genuine students.

The simplified student visa framework (SSVF) has been designed to address and mitigate these risks.

The deregulation of the student visa programme, with its key aims of reducing the regulatory burden and market distortion, will occur within a strengthened immigration integrity framework. Under the SSVF, the Department of Immigration and Border Protection will have primary responsibility for managing immigration risk and is best placed to do so.

The combined immigration risk outcomes of the student’s education provider and country of citizenship will be used to guide the level of documentation relating to financial capacity and English language proficiency that the student provides with their visa application.

Where a combination of the student’s education provider and country of citizenship indicates lower immigration risk the student will have ‘streamlined evidentiary requirements’ and will not generally be required to provide evidence of financial and English language capacity with their visa application.

An enhanced internal risk framework, including internal risk tiering and analytics will assist in identifying applications that may need additional scrutiny or rigour in checking of genuineness, financial documentation or document verification. Higher risk applicants will be identified and targeted more quickly.

Greater rigour will be added to the immigration risk methodology by including more immigration risk indicators, such as the rate of protection visa lodgements. In addition, the Department will review and update the immigration risk ratings of education providers and countries based on statistical evidence, every six months.

The Genuine Temporary Entrant (GTE) requirement will continue to be the primary integrity safeguard enabling refusal of non-genuine visa applications. The GTE is a subjective test requiring

decision makers to consider whether an applicant's individual circumstances support a genuine intention to enter Australia temporarily.

In terms of competition, the SSVF will create a more level playing field for education providers, allowing them to compete on a more equal basis in the international education market. The competition impacts for students will be neutral. Students will benefit from a student visa framework that is easier to understand and navigate.

### **4.3 Use an Education Provider Risk Framework**

This option considers education provider immigration risk exclusively and simplifies the student visa system by replacing the current two-track model (SVP and Assessment Levels) with a single approach. As immigration outcomes can vary by education sector and provider for the same country, a student's country of citizenship is not considered in the framework.

Under this option, education providers would be allocated a rating of low, medium or high, based on their individual immigration outcomes for the previous 12 months. The option would reward each education provider that has recruited genuine students and support them to successfully complete their studies while complying with all their visa requirements, irrespective of the students' country of citizenship or the education sector of the provider.

The higher the risk rating, the greater the scrutiny and evidentiary documents required. For example, an education provider rating of low would be treated similarly to the current SVP or AL1 arrangements, and a rating of high would generally be required to provide a higher level of evidence for English language proficiency and financial capacity. Under this model, only low risk or AL1 education providers would have access to streamlined-type processing.

A provider's status would be reviewed on a six-monthly or on an annual basis with providers moving between levels based on their performance over the previous 12 months.

This option considers that there are genuine students from all countries and education providers are able to implement measures to ensure positive immigration outcomes for their entire student cohort.

This option would increase risk as only a certain group of providers would have access to streamlined evidentiary requirements for their students, potentially creating further market distortion and immigration integrity issues, as non-genuine students would target these providers. Lower immigration risk cases would be unnecessarily scrutinised.

The incorporation of country risk would strengthen immigration integrity by ensuring that only students enrolled in the lowest immigration risk providers in higher risk markets were able to apply for their visa with lower financial and English language evidentiary requirements.

## Possible education provider risk framework<sup>1</sup>

Education Provider Visa Risk Ratings (Based on student cohort immigration risk)		DIBP Visa Assessment Requirements (Determined by DIBP)	
Low	Education provider's student cohort from previous 12 months achieved an immigration risk rating score equal to an AL1	Level 1	Must satisfy provider's English language, academic requirements and test of financial status
Medium	Education provider's student cohort from previous 12 months achieved an immigration risk rating score equal to an AL2	Level 2	Must satisfy provider's English language requirements, formal evidence required on academic status as well as 12 months' financial evidence
High	Education provider's student cohort from previous 12 months achieved an immigration risk rating score equal to an AL3	Level 3	Formal evidence required on English language and academic status as well as 12 months' financial evidence
Genuine Temporary Entrant requirement applies			

### 4.4. Use the International Education Risk Framework proposed by the International Education Association of Australia

This option considers the International Education Risk Framework (IERF) proposed by the International Education Association of Australia (IEAA) to Government in early 2014.

This option sought to integrate immigration risk (calculated by the Department of Immigration and Border Protection), provider risk (calculated by the regulators) and consumer protection of students (calculated by the Tuition Protection Service) into one integrated risk model (the IERF).

Based on the combined risk score, the IERF assigns a risk rating to each individual international education provider of low (1), medium (2) or high (3) and provides a default provision for the school sector and newly registered providers. Risk ratings would be initially reviewed every six months and then annually.

Under this option, low risk providers would probably be afforded faster, more efficient visa processing outcomes that require less administrative burden. Medium risk providers are afforded moderate visa processing time and efficiency. High risk providers are scrutinised more closely with the highest levels of administration to visa processing. This option considers that country and sector risk (namely the current AL framework settings) could be incorporated after the IERF rating is applied.

This option requires close collaboration of a number of bodies including the Department of Immigration and Border Protection, the Department of Education and Training, the Tuition Protection Service and national and state regulators.

### Proposed International Education Risk Framework<sup>2</sup>

International Education Risk Framework		Immigration Risk		Consumer Protection		Provider Risk	
Level	Score	DIBP	Score	TPS	Score	ASQA, TEQSA, Schools	Score
1	4	AL1	1	0 – 1.9	1	Low	1
2	5 - 7	AL2	2	2.0 – 3.9	2	Med.	2
3	>7	AL3	6	4.0 +	3	High	3

<sup>1</sup> Source: Submission: Future Directions for Streamlined Visa Processing, Australian Trade Commission (AUSTRADE), December 2014.

<sup>2</sup> Source: International Education Risk Framework: Proposal for a new student visa processing regime, International Education Association of Australia, April 2014.

### Projected Outcomes

- IERF 1:** AL1 (low immigration risk) + low consumer and provider  
AL1 (low immigration risk) + low consumer + medium provider risk (or vice-versa)  
AL2 (medium immigration risk) + low consumer and provider risk
- IERF 2:** AL1 (low immigration risk) + medium/high consumer and provider risk  
AL2 (medium immigration risk) + low/medium consumer and provider risk
- IERF 3:** AL2 (medium immigration risk) + high consumer and provider risk  
AL3 (high immigration risk) + high consumer and provider risk

## 5. Likely Benefits of Each Option

### 5.1 Retain streamlined visa processing arrangements – status quo option

Maintaining the status quo would assist stakeholders who understand and are familiar with the processes currently in place. With no change to current arrangements, there would be no need to inform the education industry and train internal and external stakeholders in any new arrangements.

However maintaining the status quo would maintain existing issues such as market distortion and red tape. It is also possible that integrity challenges would increase which would place additional strain on education providers and the education industry, and may impact on the reputation of Australia as a destination of choice for high quality international education.

The 2014 Department of Immigration and Border Protection survey results of SVP providers have been used to inform the calculation of the annual cost to providers of administering the SVP arrangements. Based on the response to the survey, the annual cost is estimated to be approximately \$249,300 per provider, or \$38.14 million in total for the 153 providers currently participating in the SVP arrangements (as at 1 November 2015).

### 5.2 A simplified student visa framework (SSVF)

Under the current structure, a student is granted one of seven different visa classes. The intention to reduce to a single subclass with core visa requirements would remove unnecessary complexity and provide greater flexibility. A less complex visa regime would help Australia to remain an internationally competitive market for international students.

A combined country and provider immigration risk framework was largely endorsed by stakeholders as a preferred alternative model, as it would extend the benefits of streamlined processing to all CRICOS registered providers and all courses across all education sectors, including smaller providers. This would significantly address some of the current market distortion issues faced by small education providers and enhance their competitiveness.

Other possible benefits of this model cited by stakeholders include faster visa processing for a potentially greater number of students; reduced regulation and complexity; and rewarding providers for recruiting genuine students.

This option would in effect combine SVP and the AL framework into one combined country/provider risk framework. Under this framework, all providers would have access to streamlined-type processing, however depending on their risk rating they may only have this for certain countries.

This option would significantly address market distortion (by removing the concept of a 'SVP provider' and the 'haves' and 'have nots') while still providing benefits to providers that recruit genuine students. Under this option, the concept of a 'SVP provider' would not exist, and the

Department would expect targeting of providers by non-genuine students to decrease, therefore reducing some of the burdens on education providers.

For many education providers, an additional investment would not be needed in order for them to be able to maintain a low immigration risk rating. On the other hand, there would be some education providers that would need to put in place additional strategies, for example, interviewing prospective students, if they wished to achieve or maintain a low immigration risk rating.

Certain time-consuming responsibilities required by business would be removed under this option with education providers no longer needing to formally submit an application to participate in SVP and removal of the requirement to formally nominate and manage educational business partners. All providers would be included under the model and would have access to streamlined-type processing for at least some markets without the need to opt in or out, or nominate educational business partners to access SVP arrangements for packaged courses.

This option would benefit business across the board, including small education providers. It is envisaged that reduced administrative, evidentiary and reporting requirements proposed under this option would significantly reduce the burden and cost for business. In calculating the regulatory burden and cost to business under this option, it was considered that certain activities undertaken by SVP providers would no longer be required, for example, the opt-in application process and updates to educational business partners.

It is envisaged that other business activities, for example, increased scrutiny of prospective student visa applicants and managing agents and business partners would continue to be undertaken by education providers, however at a reduced rate due to factors such as decreased targeting of certain providers by non-genuine students.

This option is also likely to reduce the burden for prospective student visa applicants with (based on internal modelling) up to 15 per cent more<sup>3</sup> prospective student visa applicants being able to access streamlined-type processing arrangements, reducing the time taken to prepare a student visa application and providing these prospective students with quicker and simpler visa processing arrangements.

In calculating the reduced burden for prospective students, the Department has estimated a one-hour saving in preparing a visa application with reduced evidentiary requirements. However, some education providers would continue to request a higher level of evidentiary documentation to ensure they continue to enrol genuine students. The total regulatory saving to individuals is estimated to be \$0.33m.

Implementation of this option would assist Australia's reputation as a destination of choice for international study, ensure that Australia remains competitive in the international education market and provide a level playing field for all education providers.

All regulation costings have been approved by the Office of Best Practice Regulation.

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<sup>3</sup> Based on a comparison against students that are currently assessed under either SVP or AL1 provisions (2013-14 data).

**Regulatory Burden and Cost Offset (RBCO) Estimate Table – Simplification of student visa subclasses and combined provider/country risk framework**

Average annual regulatory costs (from Business as usual)				
Change in costs (\$m)	Business	Community Organisations	Individuals	Total change in costs
Total, by Sector	-\$23.801	\$0	-\$0.334	-\$24.135
Cost offset (\$m)	Business	Community Organisations	Individuals	Total, by source
Agency	\$	\$	\$	\$
Within portfolio	\$	\$	\$	\$
Outside portfolio	\$	\$	\$	\$
Total by Sector	\$	\$	\$	\$
Are all new costs offset?				
<input type="checkbox"/> Yes, costs are offset <input type="checkbox"/> No, costs are not offset <input checked="" type="checkbox"/> Deregulatory—no offsets required				
Total (Change in costs – Cost offset) (\$ million) = -\$24.135				

### 5.3 Use an Education Provider Risk Framework

This option proposed to simplify the student visa system by replacing the current two-track model with a single approach that would establish a single set of rules that would contribute to a more efficient and understandable student visa system.

This option encourages greater responsibility for immigration outcomes by rewarding education providers that achieve consistently positive outcomes with access to streamlined-type processing arrangements through reduced evidentiary requirements. This option also proposes a mechanism to apply stricter requirements to non-performing providers or those too small for the Department of Immigration and Border Protection to apply statistical analysis with certainty (for example, small providers with less than 100 students).

Through consideration of education provider immigration risk exclusively, this option provides a framework which extends streamlined-type processing to all education providers able to achieve an AL1 immigration risk rating. All other providers (including small providers) would be considered under AL framework-type arrangements where additional evidence would be required.

The Department of Immigration and Border Protection acknowledges that it is through the inclusion of country risk in the framework that streamlined-type processing could be extended to a greater number of education providers. Under the education provider risk framework, (based on internal modelling) approximately 15 per cent less<sup>4</sup> prospective students would be able to access streamlined-type processing when compared to the status quo.

<sup>4</sup> Based on a comparison against students that are currently assessed under either SVP or AL1 provisions.

Education provider immigration risk data for 2014 indicates that many current participating SVP providers (including providers who recruit significant numbers of international students) would not be eligible to access streamlined-type processing arrangements under this option as they did not meet the immigration benchmark of AL1.

In calculating the regulatory burden to business, the Department considered that this option would also remove the administrative burden for providers eligible to participate in the SVP arrangements while some providers would continue the same business activities as outlined in part 5.2.

It is estimated that under this option, these activities would also reduce, however at a lower rate than at Option 2 as it is expected that certain education providers would be heavily targeted by non-genuine students. The total regulatory saving to business is estimated to be \$12.17 million.

In calculating the reduced burden for prospective students, the Department has estimated a one-hour saving in preparing a visa application with reduced evidentiary requirements. Some education providers, however, would continue to request a higher level of evidentiary documentation to ensure they continue to enrol genuine students. The total regulatory saving to individuals is estimated to be \$0.07 million.

#### Regulatory Burden and Cost Offset (RBCO) Estimate Table – Education Provider Risk Framework

Average annual regulatory costs (from Business as usual)				
Change in costs (\$m)	Business	Community Organisations	Individuals	Total change in costs
Total, by Sector	-\$12.17	\$0	-\$0.07	-\$12.24
Cost offset (\$m)	Business	Community Organisations	Individuals	Total, by source
Agency	\$	\$	\$	\$
Within portfolio	\$	\$	\$	\$
Outside portfolio	\$	\$	\$	\$
Total by Sector	\$	\$	\$	\$
Are all new costs offset?				
<input type="checkbox"/> Yes, costs are offset <input type="checkbox"/> No, costs are not offset <input checked="" type="checkbox"/> Deregulatory—no offsets required				
Total (Change in costs – Cost offset) (\$ million) = -\$12.24				

### 5.4 Use the International Education Risk Framework (IERF) proposed by the International Education Association of Australia

Some stakeholders have indicated they would prefer to see educational quality and consumer protection risk indicators included alongside immigration risk, as outlined in this option.

The option looks beyond immigration risk only and proposes to reward providers who present low risk to the education industry. Education providers with higher risk ratings would be encouraged to improve their recruitment processes or be faced with their prospective students having to provide greater evidentiary requirements, subject to closer scrutiny and slower processing timeframes.

The Department of Immigration and Border Protection recognises that within Australia’s overarching international education framework there are already mechanisms in place that consider an education provider’s business risk (the Tuition Protection Scheme), the delivery of education (regulation by the Australian Skills Quality Authority (ASQA) and the Tertiary Education Quality Standards Agency (TEQSA)) and immigration risk (the student visa programme).

For the framework to operate effectively, each of these components must be focused on the individual and specific risks that they are seeking to address. On this basis, it is the view of the Department of Immigration and Border Protection that the student visa programme must be focused on immigration risk.

The Department considers that if the regulator has deemed a provider to be of sufficient quality to offer education to international students then it is not the role of the Department to second guess or impose additional quality related regulation for visa purposes, particularly when it does not directly correlate to immigration risk and the Department has no legal basis to do so.

This option required consideration of a combination of frameworks, each with differing risk rating systems which focus on different aspects of international education – provider operations, academic standards and immigration outcomes.

The Department of Immigration and Border Protection is unable to reliably estimate the regulatory burden for this option due to the complexity of accurately predicting how the combination risk framework would impact on business and individuals. The Department has considered that the change in costs would be similar to the Education Provider Risk Framework outlined in part 5.3, however notes there is potential for the regulatory burden to significantly increase for this option as it is likely that education providers would be required to put in place additional resources in relation to education quality and business risk. For this reason, and as shown in the table below, regulatory savings are likely to be less than for options 2 and 3.

**Regulatory Burden and Cost Offset (RBCO) Estimate Table – International Education Risk Framework**

Average annual regulatory costs (from Business as usual)				
Change in costs (\$m)	Business	Community Organisations	Individuals	Total change in costs
Total, by Sector	-\$11.52	\$0	-\$0.07	-\$11.59
Cost offset (\$m)	Business	Community Organisations	Individuals	Total, by source
Agency	\$	\$	\$	\$
Within portfolio	\$	\$	\$	\$
Outside portfolio	\$	\$	\$	\$
Total by Sector	\$	\$	\$	\$
Are all new costs offset?				
<input type="checkbox"/> Yes, costs are offset <input type="checkbox"/> No, costs are not offset <input checked="" type="checkbox"/> Deregulatory—no offsets required				
Total (Change in costs – Cost offset) (\$ million) = -\$11.59				

## 6. Consultation

### 6.1 History of Consultations

On 18 November 2014, a discussion paper titled *Future directions for streamlined visa processing* was circulated to Education Visa Consultative Committee (EVCC) members, education peak bodies, education regulators, state and territory governments and relevant Commonwealth agencies. Formal submissions were invited in response to a broad range of questions posed in the paper concerning the current SVP arrangements and their future direction. Thirty-two submissions were received.

On 12 December 2014, issues raised in the discussion paper were discussed at the EVCC meeting. In addition, several EVCC member organisations met with the Department of Immigration and Border Protection individually during the initial consultation period.

In December 2014, the Department of Immigration and Border Protection conducted a survey of SVP providers seeking feedback on what providers saw as the benefits of participating in the arrangements, what additional resourcing was required and how providers managed their responsibilities under the arrangements.

A workshop for internal stakeholders on the future directions for SVP and the student visa programme was held on 18 September 2014, with a series of subsequent meetings held in late 2014 and early 2015.

### 6.2 Stakeholder views

Stakeholder views are outlined in detail in the *Future directions for streamlined visa processing report* at: [www.border.gov.au/ReportsandPublications/Documents/reviews-and-inquiries/future-directions.pdf](http://www.border.gov.au/ReportsandPublications/Documents/reviews-and-inquiries/future-directions.pdf)

Stakeholders were consulted through the EVCC and included international education peak bodies, state and territory governments, relevant Commonwealth government agencies, industry regulators such as ASQA and TEQSA and some education providers.

In their feedback, stakeholders recognised that SVP has played an important role in stimulating growth in the number of international students seeking to study in Australia and has contributed to reduced visa processing times. Stakeholders also noted improvements in student progression rates and indicated that SVP was a catalyst for providers to take effective action to mitigate immigration risk and ensure their commencing students were genuine. However, most stakeholders identified that SVP is not sustainable in the long term, due to:

- Unintended market impacts through the division of the international education sector into SVP 'haves' and 'have nots'. This has resulted in a perception in some foreign countries that non-SVP providers are of inferior educational quality and in some students seeking enrolment with an education provider solely because of their SVP status.
- High levels of red tape and regulatory costs involved in being a SVP provider.
- Challenges faced in effectively managing immigration risk, with approximately 60 per cent of universities indicating that they had been more heavily targeted by non-genuine students as a result of perceptions that SVP is an easier visa pathway.
- Stakeholders also indicated that the current student visa programme, where providers have different application requirements, was confusing for students and added unnecessary complexity to the visa application process.

The Department considered this feedback and together with the results of an evaluation of the SVP arrangements, developed the eight recommendations contained in the *Future directions for streamlined visa processing* report, including the combined country and provider immigration risk model.

Option 3 (Education Provider Risk Framework) and Option 4 (International Education Risk Framework) were put forward by stakeholders as part the stakeholder consultations and were considered as part of the policy development process. However, the SSVF is considered to be the superior option as it more adequately and effectively addresses the deficiencies of SVP raised by stakeholders in the consultation process (for a more detailed explanation, see 'What is the Best Option' in section 7).

Following the Government's announcement of the SSVF on 16 June 2015, several international education peak bodies issued media releases welcoming the announcement as a positive step for the international education sector in Australia.

For example, in a media release dated 17 June 2015, the International Education Association of Australia (IEAA) stated: "Any new visa framework that removes the complexity of our current system is welcome. While SVP has been beneficial, it is unsustainable in the long term. It has created a dichotomy between the 'haves and have not' providers and has a high administration cost."

Similar sentiments were echoed in media releases issued by Universities Australia, English Australia and the Australian Council of Private Education and Training.

Policy settings for the SSVF were agreed by a working group comprising representatives of the EVCC, including peak international education industry bodies and relevant commonwealth and state and territory government agencies.

Costings and regulatory savings for policy options were generally discussed as part of the stakeholder consultations. As regulatory savings for the SSVF are almost double those of options 3 and 4, no objections from stakeholders were received.

### 6.3 Further Consultations

The Department of Immigration and Border Protection has undertaken further consultation on intended changes within the student visa programme with key industry and Government stakeholders, following the announcement of a simplified student visa framework by Government on 16 June 2015.

The Department established a working group in mid-2015, comprising peak bodies and relevant Commonwealth and state government agencies drawn from the EVCC. The group met three times in July and August 2015 and played a key role in developing policy settings to support implementation of the recommendations of the *Future directions for streamlined visa processing* report, which include introduction of a simplified student visa framework and a reduction in the number of student visa subclasses from eight to two.

To support education providers, the Department intends to conduct briefing sessions on a regular basis on a range of issues, including emerging trends in key overseas markets, managing immigration risk and the impact and timings of any changes to the student visa processing arrangements.

The Department conducted a series of roadshows in key Australian capital cities during July 2015 which focused on Government announced changes to the student visa programme. The Department intends to conduct a second series of roadshows during 2016 within Australia and key overseas student processing locations to focus on intended legislative and processing changes from mid-2016.

The Department intends to continue to consult with stakeholders through the EVCC.

## **7. What is the Best Option**

### **7.1 Best Option**

The Department considered four possible options as part of the consultation process. These included retaining the status quo; a combined country and provider immigration risk model; the education provider risk framework; and the IERF.

The Department considers that retaining the status quo (option 1) is not a feasible option, as stakeholder feedback and the Department's evaluation of the SVP arrangements indicate that SVP is not sustainable in the long-term. This is due to concerns relating to market impacts and the regulatory costs of the arrangements, as well as the challenges faced by education providers in effectively managing their responsibilities under SVP.

Option 3 (the Education Provider Risk Framework) is not considered to be the best option, as under this model, only providers with an AL1 risk rating would be able to gain access to streamlined-type processing, potentially creating further market distortion. Consequently, a lower proportion of the student visa caseload would be eligible for streamlined-type processing. Option 3 would result in less regulatory savings, due to the higher administration costs involved in implementing it and would consequently not achieve a net benefit.

Similarly, Option 4 (the IERF) is not considered to be the best option due to its potential to significantly increase market distortion by creating a group of providers with superior market power compared to other providers. The proposed incorporation of risks related to the delivery of education and business risk into the visa framework would result in a highly complex regulatory framework, double regulation of these factors, potential legal implications and a likely dilution of the effectiveness of the visa programme. Option 4 would result in less regulatory savings, due to the higher administration costs involved in implementing it and would consequently not achieve a net benefit.

In light of considerations in Section 5 and stakeholder feedback, Option 2: a simplified student visa framework (SSVF) is the best option. Option 2 is also the best option based on the Department's analysis of costs and benefits associated with each option.

This option advocates gradually expanding and modifying the current streamlined-type arrangements in a way that does not compromise immigration integrity or increase the regulatory burden on business. It requires changes to the current operation of the SVP arrangements and a more nuanced approach to risk, for example, by considering country immigration risk in addition to an education provider's immigration risk.

This option will create genuine streamlining opportunities for all education providers across all education sectors and meet Government objectives by reducing red tape, creating a level playing field for all providers and better conditions for small business.

The SSVF will support better management of immigration risk through a more flexible use of internal risk analytics, enabling the Department to more quickly identify which applications need further scrutiny.

The Productivity Commission, in its November 2015 research report titled, *Barriers to Service Exports*, stated that “In the Commission’s view, the broad design of the SSVF – a single risk framework applied across all education providers, with DIBP having primary responsibility for managing immigration risk – is a major improvement on current student visa arrangements and should be progressed” as it “is more consistent with good regulatory practice than the current SVP...” (page 208).

Option 2 was accepted and announced by Government on 16 June 2015.

## **8. Implementation and Evaluation**

The Department has a detailed implementation plan, including risk management strategies, and a communications plan in place to assist in delivering Option 2.

The Department will continue to work closely with internal and external stakeholders in the lead up to implementation in mid-2016. A SES level internal steering committee has been established to monitor the effective implementation of the new framework.