

**SUBMISSION TO THE
SENATE INQUIRY INTO THE
WELFARE OF INTERNATIONAL STUDENTS**

**BY THE
DEPARTMENT OF EDUCATION SERVICES
WESTERN AUSTRALIA**

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Introduction

On-shore international education is a very large and important sector of the Australian education system and the Australian economy. More than 500,000 international students studied in Australia in 2008.¹ They constitute a sizeable proportion of students in Australian tertiary education. Over one in five undergraduate students in Australian higher education are international students.² The representation of international students amongst full time VET/TAFE students is likely to be of a similar magnitude.³

It is estimated that for every four international students one job is created in the Australian economy.⁴ The sector contributes approximately \$15 billion to the national economy; approximately \$5.6 billion in direct fees to education providers.⁵

International students also have a strategic importance as a source of skills for the Australian labour market. With the ageing of the population there is a demographic imperative which requires a substantial level of migration to maintain the net growth in Australia's labour supply.⁶

The current nexus between international education and skilled migration is problematic and has given rise to many of the current difficulties facing the international education sector.⁷ However this should not obscure the benefit to Australia of a sound nexus between international education and skilled migration. Skilled migrants from this source are near the start of their working lives and should have qualifications and experience which are congruent with the needs of the Australian labour market. While international education is not the sole, or necessarily the predominant, external source of skills it should have a significant place in the mix of sources that Australia maintains. With most advanced economies facing the same demographic imperative as Australia it is likely that the international competition to attract younger skilled people will intensify. In this context completely shutting down or neglecting the importance of international education as a source of skills is likely to be counter productive over the longer term.

¹ AEI Student Statistics Pivot Table. The Table updated to June 2009 showed 541,579 students in the calendar year 2008.

² Education at a Glance 2008. OECD Indicators. Table C3.1 p366. Foreign students are 23% of all tertiary enrolments in Tertiary-Type A programmes.

³ Only a small minority of domestic VET students are full time whereas international students are required to be full time.

⁴ The Australian education sector and the economic contribution of international students. Report by Access Economics Pty Ltd for the Australian Council for Private Education and Training. April 2009.

⁵ Australian Bureau of Statistics Cat. 5368055004 – International Trade in Services by Country, by State and by Detailed Services Category, Calendar Year, 2008. Table 12.1

⁶ See for example the paper provided by the Department of Immigration and Citizenship during the Minister's consultations with States in January 2009 : Demographic and Labour Supply Futures for Australia. Australian Demographic and Social Research Institute Australian National University. McDonald, Peter., and Temple, Jeromey. Canberra. December 2008.

⁷ B.Birrell and B.Perry, 'Immigration policy change and the international student industry', *People and Place*, Vol 17,no.2, June 2009.

The Problem

On Monday 1 June 2009 Indian students staged a protest in central Melbourne to draw attention to their concerns about attacks and robberies against Indian students. The protesters staged a sit in across the intersection outside the Flinders Street station. The protest and the resulting police action were widely televised. The issue spread to Sydney on 9 June. For three nights from that date there were protest gatherings of Indian students at Harris Park in Western Sydney reportedly prompted by incidents between the students and Lebanese youth. Again the protests were widely reported. These events were followed in the subsequent months by a series of media reports on a range of topics –

- the exploitation of international students in casual employment;
- education providers failing to provide sound education;
- Australian and overseas based education agents providing false or misleading information, particularly assurances regarding migration; and
- other migration related rorts by students and others.

The security issues for international students are real and need to be addressed in their own right.

It has also become apparent that the security issues are a flashpoint for other underlying issues which also need to be addressed. There are three key issues –

1. the creation of a dysfunctional nexus between international education and skilled migration which has resulted in a significant population of students and providers who have a greater focus on permanent residency than a respected Australian qualification;
2. the lack of social engagement between some international students and the Australian community; and
3. the risks and perverse incentives inherent in a commission based referral system for international student enrolments.

Nexus With Migration

In 2001 migration policy was changed to allow international students to apply on-shore for permanent residency. From this point a nexus developed between international education and skilled migration which became a powerful driver of the growth in Australian international education. A useful analysis of the evolution and outcomes of the nexus is provided by Bob Birrell in the paper 'Immigration policy change and the international student industry', *People and Place*, Vol 17, no.2, June 2009.⁸

International students rose to constitute around half of the general skilled migration program in 2006/07 and 2007/08.⁹ In the years of the resources boom the demand for skills and labour prompted policy settings which have driven the nexus between international education and migration in unintended, undesirable and unsustainable directions. While some of these perverse outcomes were known from 2006 the full extent has only become apparent after the economic slump caused by the global financial crisis.¹⁰

A key and unintended outcome of this policy change was the recruitment of a significant population of international students for whom permanent residency, or at least longer term access to the Australian labour market, was more important than gaining a respected Australian qualification and applying that qualification in a relevant occupation, either in Australia or another country. This has drawn providers into the market who may not have a strong track record in education and are focused on catering to students' migration aspirations. This is prejudicial to the quality and reputation of Australian international education and has created significant stresses for the regulation of international education.

This development brought with it a set of related issues. The student population focused predominantly on permanent residency is more likely to be 'sailing close to the wind' financially. They are more likely to be recruited by sub-standard providers catering to the migration market and exploited by those providers. Such students are also more likely to be complicit with sub-standard providers in the latter's failure to provide an adequate education because that is not the students' primary objective. This subverts the first line of defence in any consumer protection regime which is the consumer's capacity and willingness to complain and seek redress.

Another issue of concern is that under Standard 7 of the ESOS National Code, a student is required to complete six months in the principal course in

⁸ B.Birrell and B.Perry, 'Immigration policy change and the international student industry', *People and Place*, Vol 17, no.2, June 2009.

⁹ The number of principal grants in the GSM program in 2007/08 was 40,920 and the number of principal grants for former student applicants (880, 881 and 882 class visas) with Australian qualifications was 17,552 (43%). Advice from AEI is that in addition to these figures, a small proportion of non 880 visa holders also have Australian qualifications, taking the 2007/08 proportion of all GSM applicants with Australian qualifications up to 48%.

¹⁰ An example of the concerns which were known in 2006 can be found in: Evaluation of the General Skilled Migration Categories. Birrell, Bob., Hawthorne, L., Richardson, S. Department of Immigration and Multicultural and Indigenous Affairs. March 2006.

which he/she has enrolled before transferring to another course. Variations from this are allowed if there are exceptional circumstances or if an earlier transfer is determined to be in the interests of the student. In the Western Australian experience, there is an increasing number of requests for early transfer being granted by the Department of Immigration and Citizenship if a student produces an offer of a place from another provider; which may be a softer option for the student. In some cases, students are changing courses prior to commencement of the initial course. This may include students transferring from a higher education course to a VET course before commencement. This practice casts doubt on the seriousness of students involved to complete an appropriate qualification of an adequate standard.

Students in this category are also more likely to choose the cheapest accommodation in areas with a greater crime rate and to need to work in excess of the limit imposed by their visa, and are thus more open to exploitation in the workplace.

Notwithstanding these issues the greater part of the international education sector is composed of students seeking a respected Australian qualification and education institutions providing the education that leads to this goal. In the interests of these students and providers it is essential that poor and doubtful practices are identified and addressed. The intent and actions of Australian Governments, in particular the rapid audit program and the re-registration of providers, gives confidence that these actions will be taken.

The growth in Australian international education which is attributable to students who are more interested in permanent residency than a respected Australian qualification is not sustainable. The changes to migration settings implemented by the Australian Government from January 2009 will substantially reduce the prospects of international students gaining permanent residency. There is a clear need for changes to migration settings to address the problems referred to above. This is likely to occasion a 'correction' in the market for Australian international education, particularly in the VET sector. However it is important that the changes continue to provide for a route for bona fide skilled migration from international education.

The unsustainable nature of growth driven solely by migration aspirations is apparent when courses are considered from the perspective of the return on investment for students. The cost of studying and living in Australia represents a substantial financial investment, in the order of at least twenty thousand dollars a year, which needs to be recouped in terms of future earnings and prospects. For many students from BRIC (Brazil, Russia, India, China) nations or developing countries this investment is likely to represent a weighty mortgage of their family's future prospects making the issue of a return on investment a matter of considerable importance.

If the prospect of permanent residency or longer term access to the Australian labour market is removed it is not apparent that many students enrolled in MODL linked VET courses can secure a return on their investment if they return to their own country.

The Way Forward

The Australian international education sector and the public policy and regulation arms of government need to take stock. The way forward needs to be based on the following foundations.

1. There needs to be a re-affirmation that the sustainable future lies in recruiting students whose primary focus is on gaining a respected Australian qualification and providing those students with both a high quality education and an environment that fosters positive engagement with Australians and the Australian community. A key part of this reaffirmation is re-engineering the nexus between international education and skilled migration to remove the perverse incentive for the recruitment of students who are motivated by factors tangential to education. It is still important to maintain international education as a route for bona fide skilled migration so that it is part of the mix of skill sources that will assure Australia's future labour supply.
2. There needs to be a greater maturity in public policy on international education to give appropriate recognition to the quality and breadth of the student experience rather than the hitherto predominant focus on marketing. Until the recent problems, international education was considered in government largely in terms of export income. The public policy interest in the student experience was largely confined to a passive regulatory role of seeking to preclude abuses by education providers. There was little leadership or positive interest in providing an environment that fostered a positive student experience. The way forward lies in recognizing that while international education is an important sector of the economy its 'product', education, has a human dimension. Education cannot be wholly reduced to a tradeable commodity without damaging the reputation of Australia and Australian education and placing the future of Australian international education at risk. The COAG International Student Strategy with its focus on multiple facets that contribute to the student experience is an indication of this emerging maturity in public policy.

WA Department of Education Services

The WA Department of Education Services (DES) has regulated international education in Western Australia for many years. From July 2009 it is responsible for coordinating the broader State Government program of support for international education.

DES undertakes the regulation of all education sectors in Western Australia: non-self accrediting higher education institutions, VET, ELICOS, non-government schools and international education (this is similar to Victoria but unlike arrangements in other States).

Western Australia has a well regulated market for international education. As a result of close monitoring, WA has experienced no major collapse of

providers over the past 10 years. To maintain quality the registration of a number of providers in WA over the past few years has either been denied or cancelled. This is not to suggest that WA is immune from the risks inherent in migration driven growth in international education.

Unlike most other States, Western Australia has its own Act, the *Education Service Providers (Full Fee Overseas Students) Registration Act 1991* (ESPRA), to regulate the sector and protect students and quality providers. Key features of ESPRA are -

- provision for monitoring and regulating the financial viability of providers well beyond the provisions of the ESOS Act; and
- provision of an independent State Government complaints and conciliation service for students.

Specified Issues

The following comments address the issues specified for the Inquiry.

(i) Student Safety

Following the events in Melbourne and Sydney, the public safety of overseas students has rightly emerged as an important issue to be addressed by governments.

In Perth the considered advice of the WA Police is that attacks against international students are crimes of opportunity. There is no evidence of international students being targeted specifically, the attacks being racially motivated or the incidence of attacks being unusual. A recent WA Roundtable on Student Safety was told that attacks against international students may be under-reported due to students' reluctance to approach authority. Follow up by the WA Police has not supported this view.

There has been some discussion regarding the role of intermediary organizations, such as student associations and community groups, in helping international students who are victims of crime. Such organizations, working with the Police, may have a role in supporting victims to report crimes to the Police and in assisting victims of crimes to access the services they need to alleviate physical or psychological harm. However it is important that organizations do not hold themselves out, advertently or inadvertently, as an alternative to reporting crimes to the Police.

In consultations there have been some indications that there is a background level of concern within the international student population about personal security. The fact that attacks against international students are crimes of opportunity and do not occur with a frequency beyond the norm does not invalidate these concerns. This concern underlines the importance of students being engaged with Australians. Fears regarding personal security

may lead to social isolation where a student is not engaged with the wider community.

(ii) Adequate and Affordable Accommodation

It would appear from media reporting that the availability of suitable accommodation for international students is a significant issue in Sydney and Melbourne. This is consistent with the rapid growth in student numbers in those locations over recent years and the resulting pressure on the existing housing stock.

The International Student Survey (ISS) undertaken in 2006 by Australian Education International (AEI) provides a useful profile of accommodation arrangements. A key finding was that only a minority of international students shared accommodation with Australians. The table below outlines the frequency of different accommodation arrangements. Given the composition of the ISS sample this pattern is likely to largely reflect the situation in Sydney and Melbourne.

Table 1. Type of Accommodation Arrangements for International Students. 2006 International Student Survey (%)¹¹

	University	VET
House/apartment with overseas students only	38	32
House/apartment with yourself/your family	21	34
House/apartment with Australian & overseas students	14	12
Student hall/college	15	10
Homestay/Australian family not related to you	5	8
House/apartment with Australian students	3	2
Share with friends	2	2
Other	2	1
Share with partner/spouse	1	1

In 2006 a little less than two thirds of international university and VET students in the final year of their course were satisfied with the availability of suitable accommodation¹². This is toward the higher end of the levels of satisfaction recorded against a range of living factors. For example it was significantly higher than the level of satisfaction with the opportunities for finding part time work. However it suggests that a significant minority of students may have had adverse experiences in finding suitable accommodation. Given the continuing rapid growth in student numbers and the resulting pressure on accommodation stocks since 2006 the levels of satisfaction are likely to have decreased in the intervening period.

¹¹ 2006 International Student Survey. September 2007. Higher Education Summary Report. P29
VET Summary Report. P35

¹² 2006 International Student Survey. September 2007. Higher Education Summary Report. P26
VET Summary Report. P34

Around two thirds of international students were also satisfied with the information they received prior to their arrival on accommodation in Australia (60% of university students and 66% of VET students¹³). A significant minority of international students used accommodation support services provided by their university or college (41% of university students and 29% of VET students¹⁴). The vast majority of students who used these services found them useful or very useful (88% of university students and 91% of VET students¹⁵).

In consultations in Perth there were some indications that accommodation is an issue for international students. However the more modest growth in student numbers makes it less likely to be an issue than in Melbourne or Sydney.

There is a role for Government to monitor pressure on the housing stock and identify the implications for growth in international student enrolments. During the resources boom the strength of economic activity in WA was placing significant pressure on the housing stock and this would have impacted on international students. As the State economy strengthens this pattern is likely to be repeated. In turn this may create pressures on international students and constrain potential growth in international student numbers. For this reason the Department is giving consideration to commissioning a study on accommodation for international students.

(iii) Social Inclusion

Engagement by overseas students with the Australian community is an essential part of the overseas student's experience. This means engaging with Australian students at education providers and engaging with the wider community.

The 2006 International Student Survey commissioned by Australian Education International revealed that a significant minority of international students have little or no social engagement with Australians.

The ISS asks a range of questions regarding social engagement. These include –

- Students' living arrangements during their studies (ie. whether they share accommodation with Australians);
- Socialisation with Australian students, Australian community groups and people at work; and

¹³ 2006 International Student Survey. September 2007. Higher Education Summary Report. p15
VET Summary Report. p16

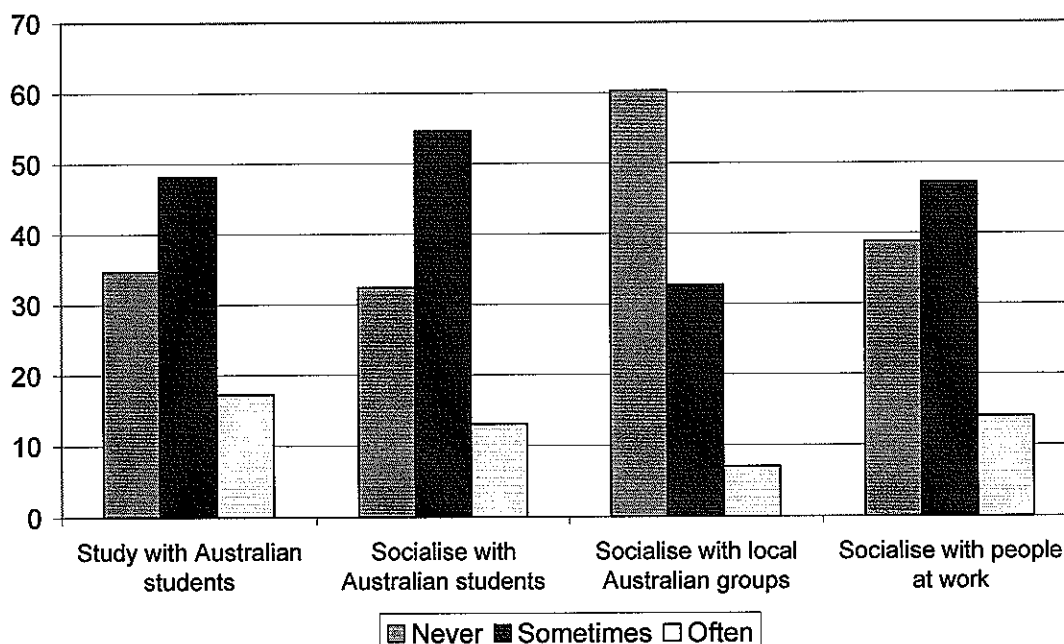
¹⁴ 2006 International Student Survey. September 2007. Higher Education Summary Report. P21
VET Summary Report. P28

¹⁵ 2006 International Student Survey. September 2007. Higher Education Summary Report. P22
VET Summary Report. P29

- Frequency of study with Australian students.

The frequency of social contact with Australians is shown in Figure 1 below.

Figure 1. Social Engagement Dimensions– International Higher Education Students

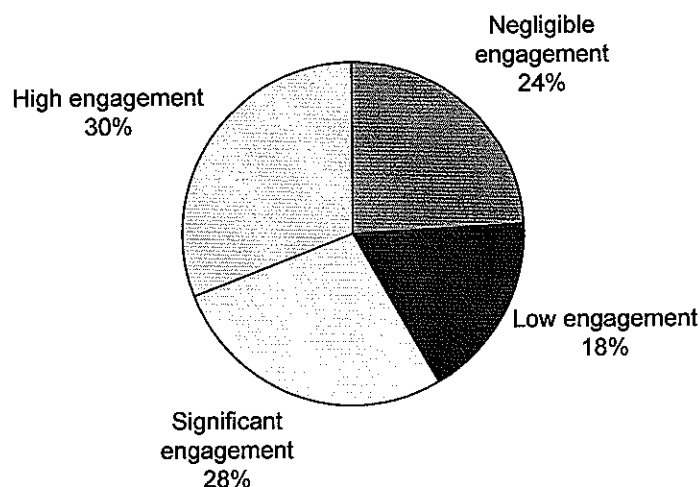


On each of the above dimensions there is a significant minority of students who have no contact with Australians. A key issue is whether these populations overlap or not? To answer this question a weighted score was constructed for each student across the four dimensions above. Using this score students were divided into 4 segments-

1. Those with no or negligible social engagement with Australians (answered 'never' across 3 or all of the four dimensions);
2. Those with low social engagement with Australians (answered 'sometimes' across 2 of the four dimensions and 'never' on the other two);
3. Those with significant social engagement with Australians (answered 'sometimes' across 3 of the four dimensions and did not answer 'often' on any dimension); and
4. Those with a high level of social engagement with Australians (answered 'often' on at least one dimension and 'sometimes' on at least one other dimension).

The relative size of these populations in higher education is shown in Figure 2 below.

Figure 2. Overall Social Engagement – International Higher Education Students



Nearly one in four international higher education students have negligible social engagement with Australians and a further one in five have a low level of engagement. Only one in three have what could be considered a high level of social engagement. The figures for VET are broadly similar. This underlines the present and growing risk of 'cultural enclosure' created by Australia's success in international education and the recruitment of large numbers of students from India and China.¹⁶

There appears to be considerable scope to improve the level of engagement between international students and Australians. Consideration needs to be given to requiring providers who enroll a wholly or largely overseas student population to provide opportunities for social engagement with the Australian community. While a substantial onus should rest with providers to facilitate engagement with Australians there is also a significant role for the community and government. There are opportunities for providers to work with community and student organizations to encourage greater social inclusion of overseas students.

¹⁶ Australia has the highest proportion of international students in its tertiary education system, 17.3% of all students. This compares with 13.9% for the UK and 3.4% for the US. Education at a Glance 2007: OECD Indicators. OECD. Table C3.1, p317. For a discussion of cultural enclosure see Evaluation of the General Skilled Migration Categories. Birrell, B., Hawthorne, L., Richardson, S. March 2006. DIAC p104ff

(iv) Student Visa Requirements

The primary purpose of overseas students in Australia should be to gain an appropriate qualification. The Department does not support any relaxation of limitations on work rights which would adversely impact on the integrity of this program. The purposes for each visa category should be followed and not used for something not intended.

There have been suggestions that some international students find themselves in financial difficulties in Australia and that the visa related processes for ensuring they have the financial resources necessary to support themselves are not effective.

Persons seeking student visas are required to provide evidence that they have maintained a minimum bank balance for a number of months prior to granting of the visa. The details differ according to country of origin. Once the visa is granted there is nothing at present to ensure that the student will continue to have access to that financial support. Students can thus arrive in Australia with very little financial support and rely on gaining employment in Australia.

Officers of the Department of Immigration and Citizenship (DIAC) have indicated that ongoing monitoring of students' financial resources after their visa has been granted is not practicable. However there is merit in reviewing the visa application processes for ensuring that students have adequate financial resources to support themselves during their stay in Australia.

(v) Adequate International Student Support and Advocacy

The recent difficulties have highlighted the following significant gaps in public policy –

- lack of adequate means of student input to the monitoring and development of policy;
- the need for more effective, accountable and transparent means of dealing with student complaints; and
- the need to map the services available to students and to monitor these services periodically to identify issues and gaps.

Student Input

One of the recognized means of ensuring the appropriateness and effectiveness of public policy is to provide for the input of service consumers into the monitoring and development of policy. While some of this input will come through the views of service providers it is necessary and legitimate for Governments to provide for input direct from service consumers, in this case

students. In response to the present difficulties Governments have adopted ad hoc means of addressing this deficit through roundtables and taskforces.

In July the Western Australian Government convened an International Student Safety Roundtable. The inaugural meeting was attended by representatives of universities, private education and training providers, international students, the Ethnic Communities Council, the Consulate of the Peoples Republic of China, the Honorary Consul for India, the Commonwealth Department of Immigration and Citizenship, the Western Australian Police and the State Departments of Premier and Cabinet, and Education Services.

It is important that standing forums be established at state and national levels for international students to input to formulating and monitoring of public policy.

Student Complaints

Effective mechanisms to address student complaints provide a systemic alert system and safety valve within the sector. The reporting of student grievances in the media this calendar year suggests that these mechanisms have not functioned effectively and this has allowed difficulties to grow and compound.

The major onus for addressing student complaints should continue to rest with the education provider. An onus needs to remain with students to raise complaints with their education provider and seek an appropriate solution. The provider is required under Standard 8 of the ESOS National Code to have an internal complaints procedure. The same Standard also requires the provider to have in place an "independent and external" complaints and appeals process if the issue has not been resolved internally. The Standard is not definitive about whom the external body should be, the authority of the body nor its required procedures. There is a need for this multiplicity of external processes to be replaced by a single recognized authority in each State which can be seen to be independent, ensure consistent handling of complaints and be aware of systemic risks.

It is also valuable for students to have access to a conciliator to whom students may go for advice about complaints or the complaints process. This function is provided in WA by the Department of Education Services under the State Education Service Providers (Full Fee Overseas Students) Registration Act 1991 (ESPRA).

Although the Western Australian conciliator is independent of education providers, this does not mean that there is a hands-off relationship between the provider and the conciliator. Under ESPRA Act, the provider must advise a complainant of the availability of the conciliator. It is not unusual for the provider to seek advice from the conciliator on how to deal with a student complaint internally.

The Department supports a review of Standard 8 of the National Code with a view to establishing a single external complaints procedure in each State.

Student Support

The very rapid growth in the number of international students, generally and with individual providers, carries a risk that the provision of support services, at provider or community level, has not kept pace. In turn this carries the risk that students may not receive the support necessary to ensure a positive experience of living and studying in Australia, putting the sustainability of the sector at risk.

Education providers have sole responsibility for the provision of academic support. They also have the principal responsibility for the provision of non-academic support services. There are many examples of good practice in the provision of non-academic services across the sector. There is also a role for government and community based organizations to address student support needs in areas such as social engagement with Australians.

The Department recommends that Government work with representatives of providers and students to establish a code of practice, which is more prescriptive than Standard 6 of the ESOS National Code, for the provision of non-academic student support and that this be monitored under the ESOS Act. The recent development of the codes for English language support and foundation programs are examples of the collaborative development of such codes. The provision and effectiveness of the services available should be periodically assessed across the whole of the international student population. This can occur through consultative forums and via a standing survey program.

(vi) Employment Rights and Protections from Exploitation

There have been suggestions that some international students may be working in excess of the limits prescribed by their visas and that some may be exploited by employers. There is likely to be a link between these two phenomena in that students working in breach of their visa conditions may be reluctant to insist on their rights and may be more open to exploitation. This situation is not likely to be brought to the attention of the relevant authorities as both the student and employer are complicit in breaches of law.

This problem is likely to be exacerbated with students whose prime interest is in securing permanent residency rather than gaining an Australian qualification. It is more likely that international students from this segment of the student population will have limited economic resources and may rely strongly on income derived from working in Australia.

This is borne out in a detailed analysis by the Department of Education Services of the International Student Survey of student intentions conducted by Australian Education International in 2006.¹⁷ The lowest proportions of

¹⁷ Segmenting the International Market for Australian Tertiary Education – Country Profiles Based on Student Intentions and Attributes. Report to the Joint Committee on International Education by the WA Department of Education Services. April 2009.

students seeking work applied to students from nations with advanced or maturing economies who also had the lowest interest in migration. Students from developing economies had the highest interest in migration and the highest proportion undertaking or seeking paid work.

This suggests there is a need for government agencies responsible for these matters, such as the Fair Work Ombudsman, to include in their compliance programs those industries where international students are likely to be working.

(vii) Appropriate Pathways to Permanency

Australia needs, and will continue to need, skilled migration and it is logical to attract skilled people from the pool of overseas students studying and working in Australia. There is an expectation that these students will have completed qualifications of a standard required in Australian industry, and their familiarity with the Australian workplace and culture will enable a largely seamless transition to participation in Australian society.

While there is a need for a skilled migration route for on-shore international students, the present nexus is not working and needs to be re-engineered. The actual migration outcomes from international education have been mixed despite the importance of migration in the recent growth of in overseas student enrolments.¹⁸

The mechanism which drives the nexus between international education and skilled migration is the Migrant Occupations in Demand List (MODL). This is a list of occupations in shortage in Australia. It allocates points towards permanent residency (PR) for each occupation. The most significant change was a broadening of the occupations on the MODL to include a range of trades occupations in shortage in the resources boom. Many of these trades received the top points allocation for PR. This change created an attractive route to permanent residency in that the relevant courses were of comparatively short duration (compared to a Bachelor degree) saving course fees and living costs and were more accessible as they did not have the academic prerequisites associated with higher education.

International students generally secure permanent residency via the 880 class visas which are specific to students. Migrants in this category have been concentrated in a handful of occupations, most of which are not critical to the resources boom or essential community services. The international education-skilled migration route does not appear to have been closely aligned to shortages of critical skills. In addition, the citation of occupations by these migrants has had a nominal character in that some do not intend, or are unable to secure, work in the occupation for which they have been educated once they have secured permanent residency. In short migrants from this

¹⁸ For a discussion of the mixed nature of the migration outcomes refer to B.Birrell and B.Perry, 'Immigration policy change and the international student industry', *People and Place*, Vol 17,no.2, June 2009.

source appear to have contributed more to the general labour supply rather than to alleviating skill shortages.

The review of MODL currently being conducted by DIAC and DEEWR is welcomed and supported. It is important that the review address not only which occupations are listed on the MODL but the nature of the MODL mechanism. One of the key problems to date has been the way students with an interest in migration concentrate in a limited number of courses which appear to represent the least demanding pathway to permanent residency. It is important that this pattern of behaviour is not repeated. To this end the impact of changes to the MODL needs to be monitored on a timely and regular basis.

Information and Transparency

The view that gaining an Australian qualification confers an automatic or even strong prospect of gaining permanent residency underlies many of the difficulties now coming to light in international education.

Even before the changes to migration settings in January 2009 the rapid growth in international student numbers had created a significant gap between students' aspirations for permanent residency and the proportion of students who realize that aspiration. In the 2007 calendar year in the order of 120,000 international students would have completed tertiary courses.¹⁹ In the 2007/08 financial year 17,550 principal applicants were granted permanent residency within the visa class (880/885) associated with international students. Thus only a small proportion, of the order of 15%, of recent international graduates become permanent residents.

It is possible that many of the current migration aspirations were created by conditions which existed several years ago. For example the Evaluation of General Skilled Migration Categories indicated that in 2005 66% of international students from India and 38% of international students from China converted to permanent residence.²⁰ These are much higher rates than those which now prevail. It is possible that the international market for Australian tertiary education is still responding to signals regarding migration outcomes which no longer apply to the same degree.

It is essential that clear and authoritative information on the actual migration outcomes associated with Australian international education is provided to prospective students. This should include the number of successful skilled migrants in each financial year who possess Australian qualifications alongside the number of international tertiary education graduates in the same

¹⁹ The figure of 120,000 international tertiary graduates is based on the following rough calculation. In 2007 there were 119,836 international VET enrolments and 174,577 international higher education enrolments in Australia (AEI 2008 December year to date pivot table). To get an approximate number of graduates VET enrolments were divided by 2 and higher education graduates by 3.

²⁰ Evaluation of the General Skilled Migration Categories. Birrell, B., Hawthorne, L., Richardson, S. March 2006. p101

period. This information should be published on an Australian Government website.

(b) The identification of quality benchmarks and controls for service, advice and support for international students studying at an Australian education institution

Australian Education International provides a very useful series of statistics on student enrolments and commencements which is updated monthly. The excellent information on students' enrolment behaviour has camouflaged the comparative lack of information on the factors driving that behaviour. In the rising market for Australian international education in recent years there has been no compelling reason to look beyond behaviour to understand student motivations. This is a poor foundation for a mature sector and exacerbates the risks for the sector associated with navigating shocks and emerging issues.

There are substantial gaps in the information needed to develop and monitor public policy on Australian international education. The three key gaps are lack of a focused and systemic effort –

- to understand the motives of international students and their families in seeking an Australian education and hence understand the drivers of demand and how demand will respond to issues and changes;
- to monitor issues across the breadth of the student experience of living and studying in Australia; and
- to analyse current and emerging trends and risks in on-shore Australian international education in real time by fully utilizing the capability in the existing PRISMS data base, which covers all applicants, students and providers.

The first two information requirements need to be addressed through a national information gathering and research program which includes a student survey conducted on a regular basis and supported by focus group studies. Regular national surveys are a feature of the domestic higher education and VET sectors and there is no sound reason why a sector of the size and importance of international education should not be similarly served. The International Student Survey conducted by Australian Education International in 2006 provides a model for gathering the required information. However it was conducted as a once-off with limited follow up analysis rather than as part of standing program. Focus group studies would provide for validation and exploration of issues identified in the survey.

The Provider Registration and International Students Management System (PRISMS) managed by the Department of Education, Employment and Workplace Relations provides complete capture of the entire applicant pipeline, including data on students and providers, in real time. This has great

strategic potential in terms of identifying emerging patterns and risks. The availability of this information would be the envy of many other areas of public policy but is significantly under-utilized. Analysis based on this information needs to be undertaken regularly to inform and further develop public policy and regulation in international education.

These information sources could inform the development and updating of best practice benchmarks.

(c) Any Other Related Matters.

Education Agents

It is understood that the majority of international students in tertiary institutions in Australia are referred by education agents and that these agents derive an important part of their income from commissions from institutions and students. This is likely to be a persistent element in international education. However any commission based industry is subject to perverse incentives which may produce behavior which is not consistent with the interests of consumers or the public good.

The Department fully supports the recent directions and changes to the ESOS Act to strengthen the accountability of Australian education providers for their arrangements with education agents.

Coordinated Regulation

There is a need for a strong integrated regulatory environment for the international sector. A good model is used in WA where the regulation of vocational education and training (excepting apprenticeship contracts), higher education and international education, as well as non-government schools is conducted by one Department, the Department of Education Services. This allows for consistent and coordinated accreditation and monitoring of international education providers.

Tuition Assurance Schemes

Many private providers in each state are members of a Tuition Assurance Scheme (TAS) in which members agree to take students if a member institution closes for any reason. Whereas this is workable where a small number of students may be involved, in a situation of multiple provider closures the TAS may not be able to provide the places required. The obligations upon providers to accept students from closed or failed colleges are currently not quantified to the level required to provide certainty.

The inability of students to continue their studies would do serious damage to Australia's, and a State's, reputation.

To provide an acceptable level of surety to students in such circumstances it is suggested that the current Review of the ESOS Act consider the full range of options to ensure students are protected against the closure of an education provider.