Chapter 1

Introduction and Background

Terms of reference

1.1 On 17 June 2009, the Senate referred the following matters to the Senate Standing Education, Employment and Workplace Relations (EEWR) References Committee for inquiry and report by 16 November 2009 (this was subsequently extended to 25 November 2009):

(a) the roles and responsibilities of education providers, migration and education agents, state and federal governments, and relevant departments and embassies, in ensuring the quality and adequacy in information, advice, service delivery and support, with particular reference to:

(i) student safety,

(ii) adequate and affordable accommodation,

(iii) social inclusion,

(iv) student visa requirements,

(v) adequate international student supports and advocacy,

(vi) employment rights and protections from exploitation, and

(vii) appropriate pathways to permanency;

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

(c) any other related matters.

Conduct of the inquiry

1.2 Notice of the inquiry was posted on the committee's website and advertised in *The Australian* newspaper, calling for submissions by 14 August 2009. The committee also directly contacted a number of interested parties, organisations and individuals to notify them of the inquiry and to invite submissions. 124 submissions were received as listed in Appendix 1.

1.3 The committee conducted public hearings in Melbourne on 1 September, Sydney on 2 September and Canberra on 18 September 2009. Witnesses who appeared before the committee are listed at Appendix 2.

1.4 Copies of the Hansard transcript from the hearings are tabled for the information of the Senate. They can be accessed on the internet at http://aph.gov.au/hansard. References in this report to the committee Hansard are to the proof Hansard; page numbers may vary between the proof and the official Hansard transcript.

1.5 The committee thanks all those who contributed to the inquiry, particularly the students who took the time to inform the committee's considerations with their own experiences.

Background to the inquiry

1.6 This inquiry was initiated following a series of attacks upon Indian students in Melbourne and Sydney (the incidents).

1.7 These incidents damaged Australia's reputation as a safe destination for overseas students. The reporting of the incidents made headlines in the Indian press and were met with a rapid response by relevant authorities in Australia.

1.8 Following these incidents, delegations from Australia went to India to assure prospective students and their families of the measures in place in Australia to ensure the safety of international students.

1.9 As the incidents were investigated, the focus broadened to consider the quality of education being marketed to foreign students. What emerged were frustrations experienced by foreign students in their dealings with the educational institutions in which they were enrolled.

Complementary inquiries

Education Services for Overseas Students Amendment (Re-registration of Providers and other Measures) Bill 2009

1.10 This inquiry into the welfare of international students overlapped in time and subject matter with the EEWR Legislation Committee's inquiry into the Education Services for Overseas Students Amendment (Re-registration of Providers and other Measures) Bill 2009 (the ESOS Bill).

1.11 On 20 August 2009, the Senate referred the ESOS Bill 2009 for inquiry and report. The ESOS Bill amends the *Education Services for Overseas Students Act 2000* to improve processes ensuring the accountability of international education and training services providers. This includes the re-registration of all institutions currently on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) by 31 December 2010. It also introduces provisions for two new registration criteria and requires the publication by providers of the names of education agents who represent them and promote their education services. The committee reported on 16 October 2009.[1]

The Baird review

1.12 The Hon Bruce Baird is conducting a review into international education in Australia. Mr Baird will review the *Education Services for Overseas Students (ESOS) Act* and report back to the government with changes designed to ensure Australia continues to offer world-class quality international education in this challenging and changing environment.

1.13 The Review will consider the need for enhancements to the ESOS legal framework in four key areas: supporting the interests of students; delivering quality as the cornerstone of Australian education; effective regulation; and sustainability of the international education sector. An interim report from the Review will be presented for consideration by the Council of Australian Governments (COAG) in November 2009, with a final report expected in early 2010.[2]

Complementary measures

1.14 The amendments to the ESOS Act and the review are but two of a series of measures to ensure that Australia continues to offer world-class quality international education. Complementary initiatives to enhance Australia’s ability to deliver quality education services to overseas students include the following:

- the establishment of the International Student Taskforce in the Department of Education, Employment and Workplace Relations (DEEWR) to develop strategies to support the wellbeing of students and provide secretariat services for the review of the ESOS Act;
- from 2010 the Tertiary Education Quality and Standards Agency (TEQSA) will be established which will oversee the new framework for quality assurance and regulation for universities and private providers of higher education;[3]
- COAG has agreed to develop further reforms to the VET sector including models for a national regulatory body for VET and a model could be TEQSA;
- the *Study in Australia 2010* initiatives to promote Australia's international education, such as on-line training of education agents overseas;

1 Senate Education, Employment and Workplace Relations Legislation Committee, *Education Services for Overseas Students Amendment (Re-registration of Providers and Other Measures) Bill 2009*, October 2009.

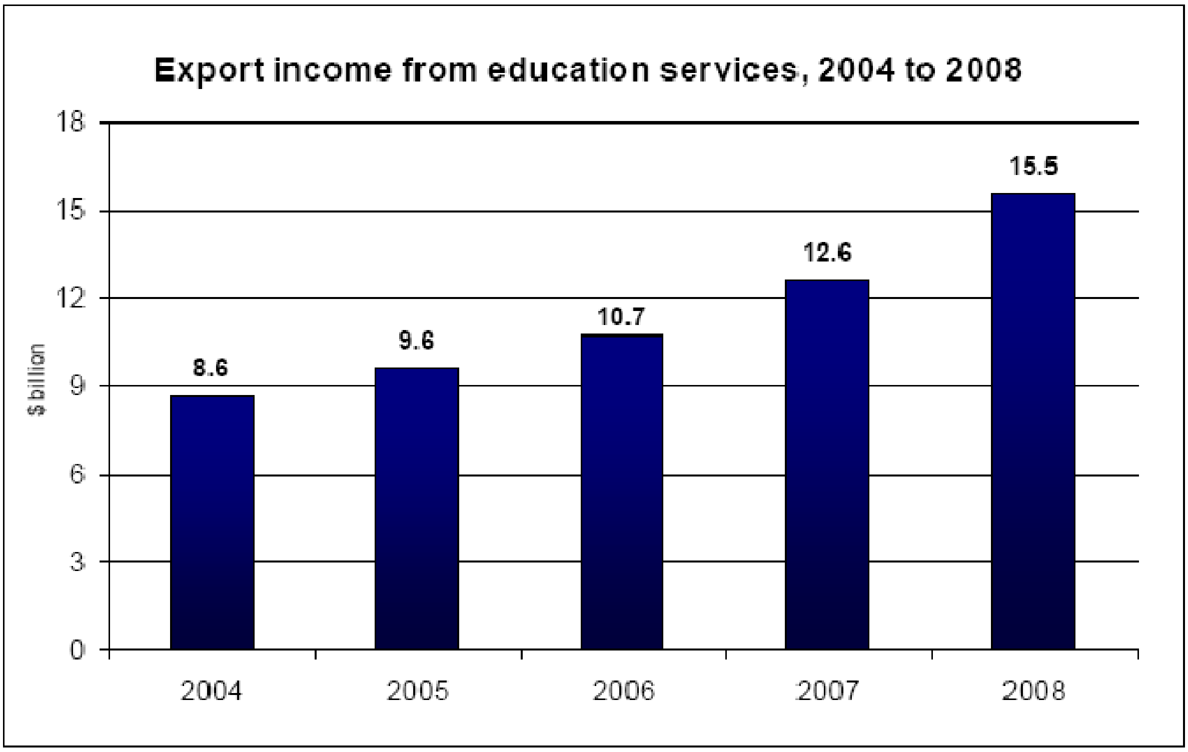
2 The Hon Julia Gillard MP, Minister for Education, 'Bruce Baird to head up international students review', *media release*, 8 August 2009.

3 The government has announced that it will establish a single agency to accredit providers, evaluate the performance of institutions and programs, encourage best practice, simplify regulatory arrangements and provide greater national consistency.

- establishment of a telephone hotline in DEEWR for students to raise their concerns anonymously;
- an international student roundtable was held in Canberra on 14-15 September 2009; and
- the development of the National International Student Strategy under COAG to improve the quality of education and student well-being for the 2010 academic year.[4]

The education sector and the economy

1.15 The number of foreign students studying in Australia has risen since the government deregulated the tertiary education sector in 1986.[5] In 2008, the international education sector was worth $15.5 billion, up 23.4 per cent from 2007. It remains the third largest export behind coal ($46.4 billion) and iron ore ($30.2 billion) and the largest services export industry as shown in the chart below.



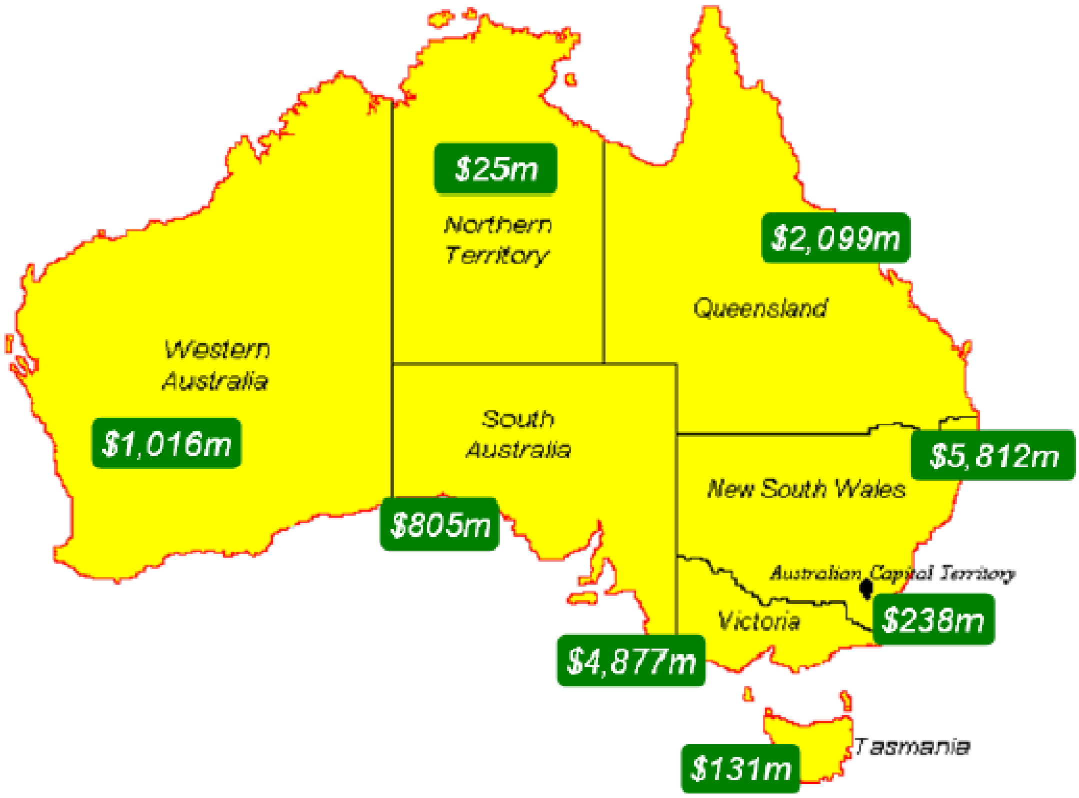
Source: Australian Education International, Research Snapshot, *Export Income to Australia from Education Services in 2008*, June 2009.

1.16 While all states have benefited from this growth, the income received is particularly significant for Victoria and New South Wales as shown in the map below.

4 DEEWR *Submission 13* (ESOS bill), pp 3-4.

5 Australian Bureau of Statistics, 'International Students in Australia', *4102.0- Australian Social Trends 2007*, p. 1; and The Group of Eight, *Group of Eight Backgrounder*, no. 1, 2007.

Export income by state and territory, 2008



Source: Australian Education International, Research Snapshot, *Export Income to Australia from Education Services in 2008*, June 2009.

Composition of the international education sector

1.17 The international education sector is comprised of:

- universities and private higher education providers;
- vocational education and training (VET) providers;
- English language intensive courses for overseas students (ELICOS); and
- secondary school programs.

1.18 Private providers offering VET courses include employer training organisations or industry associations as well as registered training organisations such as business colleges.

1.19 Public VET providers include government-funded technical and further education (TAFE) colleges, agricultural colleges and some higher education institutions.

Enrolments

1.20 There were more than 500 000 enrolments of international students in 2008-09.[6] However, there have been significant changes in the characteristics of enrolments over the past few years.

Higher education

1.21 International students in higher education have grown from 21, 000 in 1989 to over 250 000 in 2007. Australia has one-tenth of the world market for higher education, and is the third most popular English-speaking destination behind the United States and the UK.[7] Victoria and New South Wales have the highest numbers of international students in higher education as can be seen in the table below.

International and Domestic Higher Education Students by State and Course Level (Number and Proportion)

capa	PG	Domestic		Intl		All	Domestic		Intl	
	#	#	%	#	%	#	#	%	#	%
Victoria	76,071	48,685	64%	27,386	36%	266,842	179,946	67%	86,896	33%
Western Australia	22,930	15,734	69%	7,196	31%	106,167	74,465	70%	31,702	30%
South Australia	19,463	11,201	58%	8,262	42%	72,949	52,302	72%	20,647	28%
Queensland	48,460	27,521	57%	20,939	43%	192,262	144,134	75%	48,128	25%
Aust Capital Territory	9,160	6,273	68%	2,887	32%	26,138	20,442	78%	5,696	22%
Tasmania	3,447	2,566	74%	881	26%	19,531	15,087	77%	4,444	23%
New South Wales	92,428	64,047	69%	28,381	31%	321,574	249,556	78%	72,018	22%
Multi-State Providers	5,153	4,522	88%	631	12%	17,784	14,550	82%	3,234	18%
Northern Territory	1,145	1,012	88%	133	12%	6,599	6,265	95%	334	5%
Totals:	278,257	181,561	65%	96,696	35%	1,029,846	756,747	73%	273,099	27%

Compiled by the Council of Australian Postgraduate Associations (CAPA)
From *Students 2007: Selected Higher Education Statistics*. DEEWR (www.deewr.gov.au)

Source: CAPA, *Submission 53*, p. 10.

1.22 Research has shown that the demand for international higher education will continue,[8] although it is unclear to what extent the global financial crisis may affect such demand. The committee notes the availability of higher education in Asia is growing rapidly. This is a competitive alternative to studying in Australia because students are able to learn English while gaining a qualification for far less cost.[9]

1.23 While the figures reflect Australia's success in attracting international students, international student fees now comprise a significant proportion of overall

6 DEEWR, *Submission 112*, p. 8.

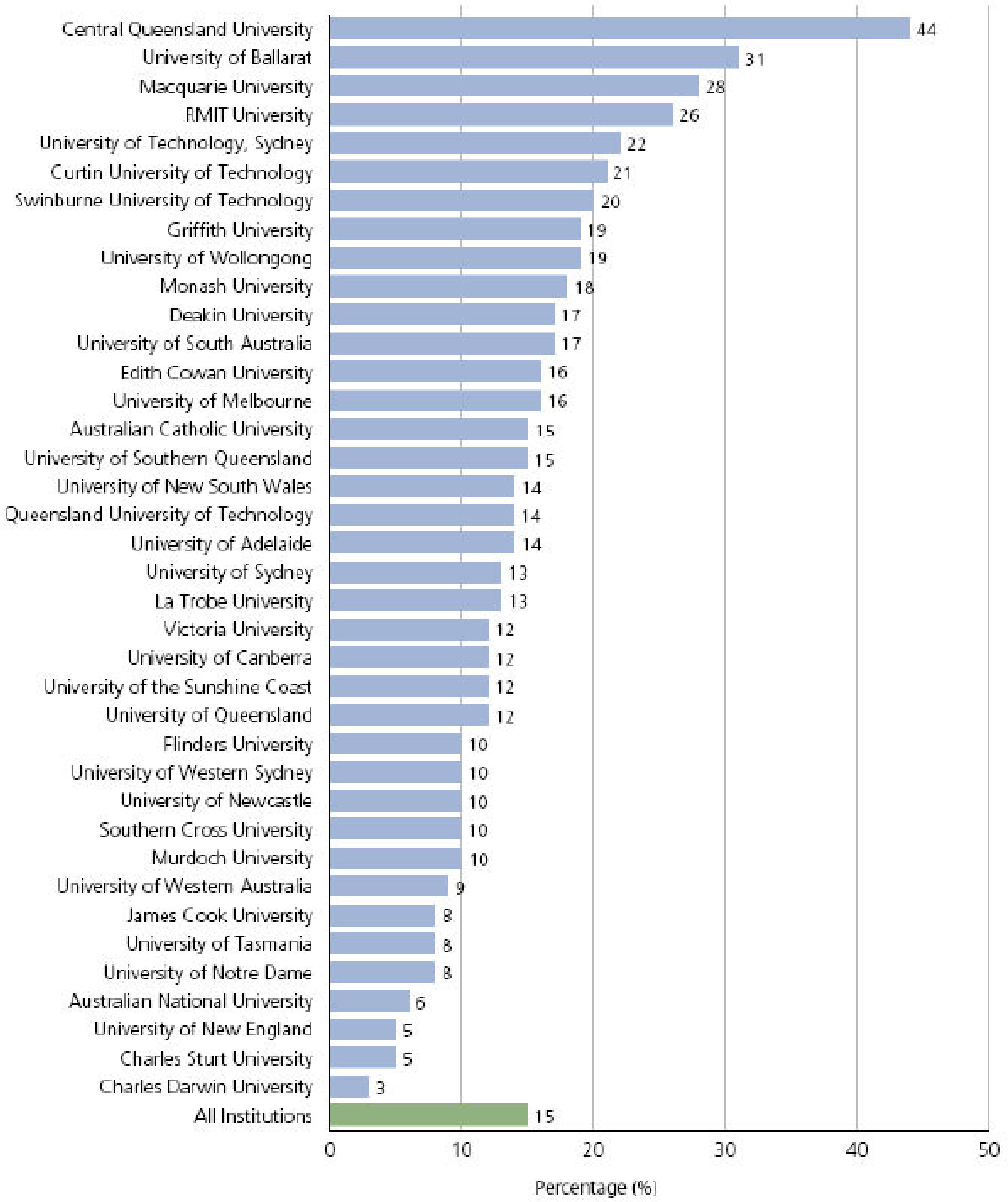
7 Bradley, D, Noonan, P, Nugent, H and Scales, B, *Review of Australian Higher Education: Final Report*, DEEWR, 2008, p. 89.

8 Melissa Banks, Olsen, A and Pearce, D, *'Global Student Mobility: An Australian Perspective Five Years on'*, IDP Education, 2007, p. 3.

9 Liz Gooch, 'Asian students look closer to home', *Australian Financial Review*, 12 October 2009, p. 28.

university income. Statistics show that the average proportion of total revenue in higher education derived from overseas student fees is 15 per cent. See table below.

Overseas student fee revenue of universities as a proportion of total revenues



DEEWR (Finance 2007 - Financial Reports of Higher Education Providers) in Review of Australian Higher Education: Final Report[13]

Source: CAPA, *Submission 53*, p. 15.

1.24 Dr Withers explained funding changes for universities and the growth in numbers of international students:

> …We have a regime that is not fully rational in that we do not fund domestic undergraduate full-fee students the full cost of their education through Commonwealth payment. It is about 80 per cent of the full cost of

> delivering services to domestic undergraduates through the Commonwealth payments. In one sense I can make that as a bipartisan statement because it was Paul Keating who began that problem and it continued under the coalition, mainly through inadequate indexation of Commonwealth payments for domestic undergraduates. The natural incentive for universities to do the right thing by their undergraduates is to find other sources of money when the Commonwealth is not adequately providing for them. So what we saw over the past 15 years was a massive growth of postgraduate coursework masters of both domestic and international students and international undergraduate students and, for a short period, domestic full-fee students. The universities play a funny pea-and-thimble trick with that and their research, because, as is also evidently clear, research costs of Commonwealth funded grants are not full cost. That is, if you receive an ARC or an NHMRC grant, it covers the costs of some associated costs, but the principal investigators cost, the laboratory costs and so on are covered in other ways. So universities go around trying to find areas where they can generate surpluses that will cross-subsidise the areas that are not fully funded. The growth of international students has to be seen as partly driven by that. That is by the university managers…at the university strategic level, yes, there is some revenue motivation—not profit motivation, since universities are not-for-profit institutions—to deal with inadequacies in some of the funding settings that universities have imposed upon them.[10]

1.25 Dr Withers also described the effect of voluntary student unionism:

> We feel it has cost the student experience substantially. The proposals for a student amenities fee, we feel, would help the student experience substantially, particularly in the core areas of health, sports, employment advice and accommodation advice. We know that those services are particularly used by students more away from existing living networks. Ones who are away from those networks draw on them more.[11]

Student cohort

1.26 Over 80 per cent of international students in higher education in 2007 were from Asia including 21 per cent from China. In this same year, over half of all international students studied in the management and commerce disciplines, with 67 per cent of the Chinese cohort of 58 588 students undertaking degrees in these subject areas. Additionally, 59 per cent of all international students were undergraduate students and a further 28 per cent were studying coursework masters degrees. Only 3.6 per cent were undertaking research higher degrees.[12]

10 Dr Glenn Withers, *Committee Hansard*, 18 September 2009, pp 25–26.

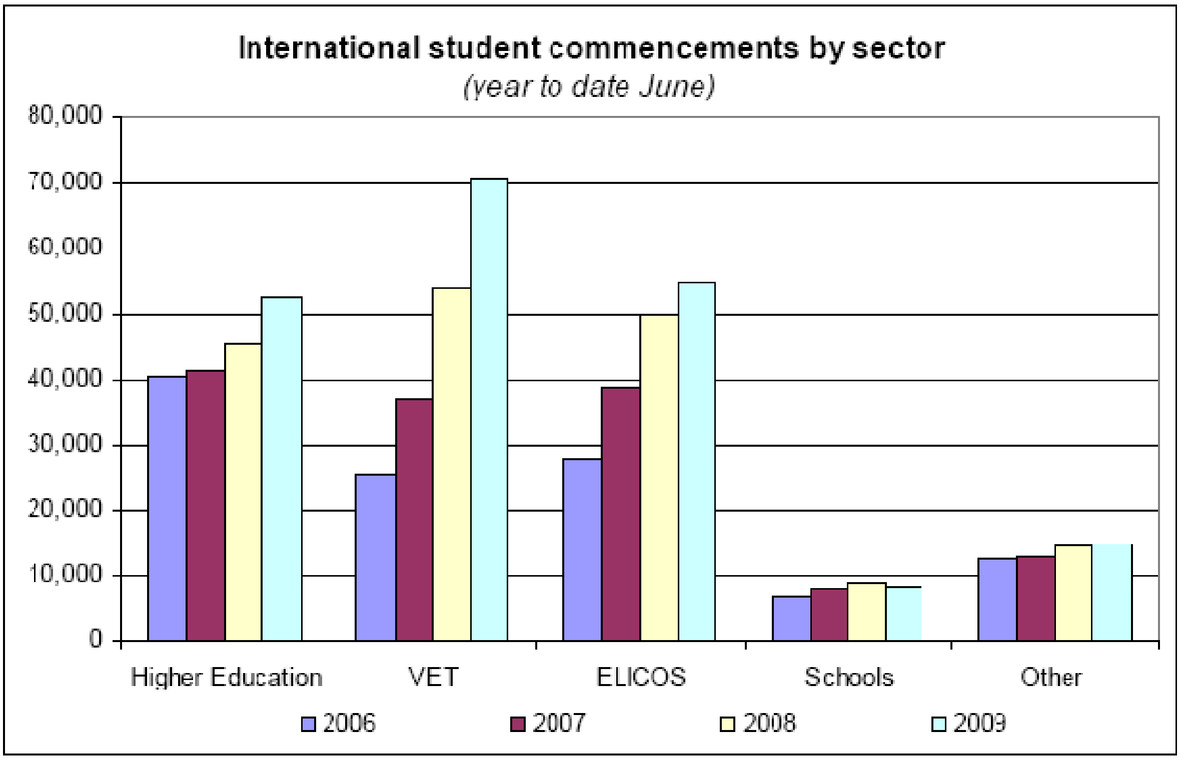
11 Dr Glenn Withers, *Committee Hansard*, 18 September 2009, p. 28.

12 Bradley, D, Noonan, P, Nugent, H and Scales, B, *Review of Australian Higher Education: Final report*, DEEWR, 2008, pp 92–93.

Vocational education and training sector

1.27 The committee heard evidence that the higher education sector led the VET sector in 2008, with more than eight billion dollars in export earnings compared to less than 3.5 billion dollars.[13] However, growth patterns and enrolment figures present a changing picture.

1.28 Most of the growth in international education has come from the VET sector. The number of VET enrolments has more than tripled since 2002. It now accounts for the largest proportion of total enrolments (37 per cent for the six-month period to June 2009 compared to 36 per cent for the higher education sector).[14] See table below.



Source: DEEWR, Monthly Summary of International Student Enrolment data – Australia – YTD June 2009.

1.29 International student enrolments in private VET colleges increased 60 per cent, from 5 911 in 2005 to 26 667 in 2008.[15]

1.30 The Australian Federation of International Students in its evidence to the committee indicated more substantial growth of almost 227 per cent between 2002 and 2008.[16]

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13 Australian Education Union, *Submission 92*, p. 2.

14 DEEWR, *Submission 112*, p. 8. See also DEEWR, 'Monthly Summary of International Student Enrolment data – Australia – YTD June 2009', *Monthly Summaries of International Student Enrolment Data*, Australian Education International, June 2009. Available at http://www.aei.gov.au/AEI/MIP/Statistics/StudentEnrolmentAndVisaStatistics/Default.htm.

15 TAFE Directors Australia, *Submission 71*, p. 3.

1.31 While growth in the number of international students entering the VET sector has been seen in all states, Victoria, New South Wales and Queensland have shown the highest rates of growth. However, at 92 per cent, New South Wales has the highest rate of enrolments by international students with private VET providers.[17]

1.32 The growth in enrolments has been accompanied by an increase in the number of private VET providers from 363 in 2004 to 464 in 2008.[18] DEEWR in its evidence said that:

> [o]verall, the number of providers changed only slightly from 1070 in 2004 to 1135 in 2008. Larger providers (those with more than 100 enrolments) increased in number from 260 in 2004 to 392 in 2008 while small providers (those with 99 or fewer enrolments) fell from 810 to 743 during this period. The number of private VET providers with fewer than 100 enrolments remained almost constant during this period, increasing from 283 to 287 while the number with 100 or more enrolments grew from 80 to 177.[19]

1.33 The most popular field of study in VET courses was management and commerce, followed by 'food, hospitality and personal services'. The Australian Education Union gave evidence to the committee that the three most popular fields of study represented 4 out of 5, or 80 per cent, of all international VET enrolments.[20]

1.34 Similar to the higher education sector, there is a concentration of students in particular course types within the VET sector. Such enrolment patterns may contribute to the isolation of international students, adversely affecting their educational, cultural and general experiences. Such isolation reduces the opportunities available to Australian students and communities for cross-cultural exchanges.

1.35 TAFE Directors Australia, in its evidence to the committee, said that this swell in numbers over the past five to ten years has largely resulted from linking permanent residency and study.[21]

1.36 When asked about the causes of the growth in the numbers of RTOs, DEEWR's evidence was:

> There are obviously a range of opinions on this subject. The immediate cause of having courses available and places for people to fill is that the states have registered more training organisations. Those training

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16 Australian Federation of International Students, *Submission 24*, p. 3.

17 Australian Education Union, *Submission 92*, p. 2.

18 DEEWR, *Submission 112*, p. 8.

19 DEEWR, *Submission 112*, p. 8.

20 Australian Education Union, *Submission 92*, p. 2.

21 TAFE Directors Australia, *Submission 71*, p. 3.

> organisations have filled more places and there have been students available to fill those places.[22]

Committee view

1.37 The committee notes the reluctance of DEEWR to comment on the performance of state agencies in their administration of registration functions. This is understandable in view of their need to work harmoniously with state agencies. The committee recognises that a key focus of this report is the allegations of exploitation of students in the VET sector.[23] This is discussed in more detail in later chapters.

Foreign students in schools

1.38 The enrolment of foreign students in schools presents no problems of the kind reported in the private VET sector. Schools are strictly regulated and offer only a limited number of places to foreign students.

1.39 The Independent Schools Council of Australia (ISCA) gave evidence to the committee that currently there are over 23 000 overseas students in Australian schools and, of these, around 60 percent are enrolled in non-government schools. The numbers have remained relatively steady for some years. There are overseas students enrolled at nearly 400 independent schools, representing less than half the total number of schools in the sector. Numbers vary from one to over 400 with a median number of 11 students. ISCA noted the duty of care towards students as they deal almost exclusively with children under the age of 18 and this includes approving the accommodation and welfare arrangements and the provision of support services.[24]

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22 Mr Colin Walters, *Committee Hansard*, 18 September 2009, p. 75.

23 Australian Education Union, *Submission 92*, p. 1.

24 ISCA, *Submission 72*, pp 3–4.