

Submission to the Australian Senate

Education Services for Overseas Students Amendment

(Re-registration of Providers and Other Measures) Bill 2009

**Australian Council for Private Education
and Training**

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Context

ACPET is the peak professional organisation representing private post compulsory education and training providers. Of 1200 members more than 600 are actively engaged in the delivery of international education to overseas students both onshore in Australia and offshore, especially in the Asia Pacific region, South America and Africa. For the purpose of this submission however, most of ACPET's comments will relate to onshore delivery.

ACPET members deliver education and training services to more than 170,000 international students; these services are underwritten by ACPET members thus providing international students with the single most comprehensive international education support service worldwide.

In the first half of 2009, ACPET generated new data and insights upon the business and market environment in which international education operates as well as its economic impact upon Australia; an individual analysis and economic impact upon all Australian States was also undertaken. In brief this analysis has identified that the international education industry generated an on shore benefit to the Australian economy of \$13.7 billion annually. Translated into employment of Australians, this industry is responsible for providing the livelihood of 128,000 Australians.

Given that the focus of the Bill and its amendments to the ESOS Act requiring the re-registration of international training providers targets the private sector, this submission details for the first time the economic impact of the Private International Education sector through ACPET's member Colleges active in the international field. ACPET urges the Senate to consider this data with care and requests the opportunity to develop this further in a subsequent hearing.

Over the second half of 2009 ACPET intends to release a comprehensive analysis of international students' education, learning support and living experience incorporating survey data and results from six international student roundtables conducted by ACPET in each state providing an authoritative quantitative and qualitative analysis of this most significant industry.

It is also ACPET's intention following the compilation of these findings to undertake an analysis of the regulatory impact upon the sector both in terms of effectiveness, assurance of quality, cost and service provision.

ACPET is therefore a leading expert and professional brand in international education and through its consistent monitoring of the business environment and generating specific economic and student data analysis is in a unique and authoritative position to respond to the Senate on the proposed Bill and to advocate and defend quality, diversity and choice in international education on behalf of its members.

On 20 August 2009 the Senate referred the Education Services for Overseas Students Amendment (Re-registration of Providers and Other Measures) Bill 2009 for inquiry and report.

The 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 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.

Summary of ACPET's Position on the proposed Bill

ACPET welcomes the opportunity to make a submission to the Senate on this Bill. The key message that ACPET presents to the Senate is that intervention by government at this critical time must assist the Australian international education industry to *focus, collaborate and thrive* if it is to meet the challenge of mounting international competition. Crisis reactions and indiscriminate responses by Government will imperil this export industry and waste government resources.

In presenting its position ACPET brings to the attention of the Senate the following data outlining for the first time a summary of the combined economic impact upon the Australian economy of its member international Colleges:

- Educational services for 170,000 international students from around the world, especially the Asian Pacific region and increasingly South America, resulting in
- Just over 40,000 full time jobs for Australians
- \$4.7 billion to the Australian economy

It is worth considering in view of this detail that ACPET's member international Colleges provide a combined export impact that is well in excess of beef and wool, and comparable with business services, aluminium, natural gas and ...wheat.

In brief, ACPET's view is as follows:

- International Education in Australia, is not a cottage industry but a vast, diverse and vital export industry bringing new capital into the every State economy significantly impacting upon each State's prosperity and therefore that of Australia.
- International education in Australia, is subject to considerable regulation and scrutiny by National and State authorities; these arrangements must be implemented effectively, efficiently and consistently.
- Policy adjustments in international education need to carefully consider and calculate the full potential impact of any recommended change.
- International education in Australia is well supported by initiatives which have promoted
 - a community of practice
 - independent analysis and research
 - policy initiatives broadening the market engagement of diverse providers

ACPET supports Government action to strengthen the international education industry and to support the continuing delivery of high quality educational, social and cultural outcomes for all international students. ACPET is on the public record calling for the more effective, efficient and consistent implementation of the existing regulatory framework. We consider this framework adequate in design but inadequate in its implementation.

ACPET does not support and actively mitigates against practices which contravene the regulations that govern training providers who deliver to international students. Indeed, in the last eighteen months ACPET has strengthened the management of its Tuition Assurance Scheme and routinely seeks additional assurances to protect student tuition fees for institutions operating in high risk areas. ACPET has initiated action to bring greater accountability to members found to be operating in breach of membership standards and the membership status of a number of institutions is currently under review and, furthermore, where warranted membership has been withdrawn. With membership a requirement for coverage under our Tuition Assurance Scheme, and with such coverage being mandatory under the current ESOS Act, withdrawal of membership effectively removes a provider from the industry.

In undertaking this action, ACPET's commitment is to protect the interests of the vast majority of providers who deliver quality education and who demonstrate a genuine commitment to the welfare of their students.

ACPET's response to provisions contained in the Bill

With respect to the proposed Bill to require the re-registration of providers, ACPET's position is as follows:

- Government action should be strategic and targeted in order that the vast majority of international education providers who operate ethically and provide high-quality education are not disadvantaged, put in jeopardy or placed under a higher burden of compliance because of the unscrupulous actions of a minority that do not.
- Appropriate risk management principles need to be incorporated into the Bill and its associated regulations and implementation to ensure that the operation of those institutions with a history of regulatory compliance are not disrupted or disadvantaged by additional regulatory and administrative burden.
- The welfare of international students who may experience displacement as a result of this current period of intensified regulatory activity, and especially the re-regulation of all providers is a serious concern to ACPET. This may be better understood in view of data provided earlier in this submission which indicated that ACPET members underwrite the educational services of 170,000 international students, more than one third of all international students across all sectors in Australia. The potential impact on consumer protection arrangements requires serious consideration for which we have sought to meet with the Government and do so now with the Senate.
- The impact of a full scale reaccreditation process at a time when an uncertain financial climate intersects with a potential fall in student demand from key markets requires a considered and strategic plan for supporting displaced students.
- Student protection cannot be left to chance nor can it be assumed that a successful system conceived in a more stable climate will be adequate in the context of blanket re-registration and a sudden increase in state and territory audit activity.

ACPET is currently undertaking modelling of the impact of increased audit activity on students, the capacity of the market to absorb displaced students and the possible financial obligations that will accrue to students. Preliminary results will be available shortly.

ACPET would be pleased to make a presentation to the Australian Senate of the unique data and evidence that we are generating upon Australia's international education industry.

ACPET's response to specific details of the Bill

Economic growth and a huge population base in an emerging Asia, is likely to prosper demand for international education growing threefold by 2025. Its rising investment in higher education to meet the demand will give Asia a comparative advantage in a talent-based, innovation-driven global economy. With the rising Asia-Pacific tide, our geographical location can be Australia's strategic advantage in optimising both the demand and supply sides of the international education market cycle given the right policy settings favourable to diversity, choice and quality.

We note that Amendment 9A articulates inter-government responsibilities, essentially those between State regulators, designated authorities, and the Secretary. We are puzzled by an Act's restatement of essentially existing protocol and conclude that a better approach to both Amendment 9A and Amendment 9A (4) would be to target government resources to the effective and consistent implementation of the existing pantheon of training regulation.

We note Amendment 9B and that its intent and therefore design of the re-registration requirement is focussed entirely on the Private Sector. We note too the seven provisions of Amendment 9B (2) concerning Fit and Proper providers and on this specific Amendment we reserve our position. Given that Amendment 9B targets the private international education and training sector, given the economic, educational and diplomatic significance of this sector, and given ACPET's role and successful track record in consumer protection of international education, we urge the Senate to consider a more targeted approach to assuring quality among providers and to assuring services to potentially dislocated students should the short term approach of re-registration of all providers, and the proposed provisions of 9B become mandatory by the end of 2010. On this matter of 9B, given its focus exclusively on private providers, ACPET would welcome a hearing with the Senate.

We note Amendment 83 (1B) and its emphasis upon principal purpose, capacity and provision to the Minister executive authority take action and that this has been a role undertaken previously by State Ministers under other educational regulations, notably vocational education and training through the Australian Quality Training Framework as enacted through various State and Territory legislation.

We also note Amendment at 21A with respect to agents. ACPET actively supports the strengthening of transparency and reporting arrangements concerning agents and providers. We have just developed a prototype of a register of agents based upon quality criteria, disclosure and commitment to principles of good practice and would be delighted to present this to the Senate. A live version of this register will be active within weeks.

ACPET's submission to the Australian Senate is informed by our view of the student experience, which commences with students' consideration of an opportunity to study in Australia and continues through recruitment, purchase, induction, residency, study, completion, and exit. This cycle of experience involves a considerable number of

stakeholders and service providers which cumulatively contribute to the building of the student experience. We note that COAG's considerations of international education are based upon this student experience cycle. The Australian Senate must consider all of the elements relevant to stages of this cycle of the student experience in its consideration of policy and legislative review. For this reason it is ACPET's considered opinion that a holistic view of the student educational and transaction experience should be taken in any legislative adjustment considered by the Australian Senate in terms of additional regulatory impost. This will enable a more targeted and clever intervention than that proposed by the Bill currently.

To assist the Australian Senate's consideration of the Bill, ACPET presents our synthesis of key data drawn from international surveys of more than 4,500 students from 120 countries:

- better quality of education is the main motivation for considering study overseas prompting quality rather than additional indiscriminate compliance to be the key focus of government intervention
- decision taking by prospective students is based on a specific course of study with less than 20% of students choosing their study destination first

This select data presents a picture that is at odds with elements of the Bill under consideration by the Senate and prompts consideration of alternative options to the indiscriminate re-registration proposed by the Bill and the potential dislocation of students.

In commercial business, best practices gained in one business unit spread quickly sponsoring innovation. For international educational and training providers, especially in small economies, this flow needs to be unimpeded in order to reap the benefits of being highly networked. We will otherwise fail to meet the challenge of increasing global competition especially in competitive, low input output ratio, high value add multiplier knowledge economy industries such as international education. Networked professional communities of practice such as represented by ACPET's private College membership are therefore in our opinion critical to realising the potential future of Australia's role as the educational hub of the Asia – Pacific region.

In ACPET's view, the Australian Senate must give voice to the significantly positive experience enjoyed by the majority of international students in Australia. Exceptions are in ACPET's experience isolated instances and do not indicate any sense of system failure or inadequacy. However, representing a professional community of practice, ACPET also cautions that this high rate of satisfaction should not lead to complacency, rather to be alert to risk given the goodwill capital generated and invested in 'brand Australia' by such high levels of satisfaction. Risk in this sense can be seen to be where the actions of a few may imperil the benefits earned by the many active in Australia's international student industry. Therefore a small rogue element on both the demand and supply sides sponsoring ill informed choice or worse exploiting vulnerable consumers are the significant risk and should therefore be the target for concerted action by all stakeholders including Government. Failure in this will

further imperil this significant export industry and perversely serve to drive poor practice by inappropriately diluting rather than focussing and targetting government effort, and misappropriating public resources.

Inadequately resourced and inconsistent regulation of education and training is in our view a risk to Australian international education and prompts ACPET's view that Australia's international reputation may be better served by better resourced and consistent implementation of national quality arrangements. A market orientation by which training and service providers can disaggregate themselves in a well developed and mature international education market as exists in Australia is in ACPET's view a preferable strategy and which if sponsored by Government would provide a much better return on investment by better delivering a range of approaches.

It is ACPET's daily experience that the economic impact of international education is not understood by politicians, government agencies, peak industry groups, or the community.

It our view based upon a survey of more than 4,000 people considering international education prior to their signing up that course quality is the primary determinant in a student's decision. Australia has a strong reputation for quality education and training which needs to be managed to ensure our competitive capability is not undermined by isolated poor practices and government responses such as the re-registration of al providers irrespective of their history of quality delivery that are both disproportionate and indiscriminate leading to increased costs and burden of compliance and potentially significant dislocation of students.

Quality is well provided for in existing regulatory arrangements. In ACPET's view the issue lies more with inconsistent approaches to regulatory arrangements within and between states and territories.

Conclusion

As stated throughout this submission, ACPET's proposition to the Australian Senate is that any consideration of adjustments to legislation, regulation and practice in the field of international education should:

1. acknowledge that international education in Australia is a successful and sophisticated industry where the vast majority of institutions provide a high quality education and rewarding social and cultural experience
2. adopt an approach which better manages demand and supply through developing effective informed consumers and by empowering diversity and choice by offering a range of quality education and training options
3. acknowledge the strength of the existing regulatory framework, use an evidence base to strengthen the framework and focus on effective, efficient and consistent implementation of effective regulation and target evident poor practice through preventive and selective interventions
4. Federal and state government representatives should come together with ACPET to form a taskforce focused on developing a response to the needs of displaced students. This high level group would combine data, knowledge and capability to evaluate the impact of proposed audit activity on international students and Australia's international education industry and develop proposals for supporting displaced students into alternative institutions.

ACPET would be pleased to make a presentation to the Australian Senate of the unique data and evidence that we are generating upon Australia's international education industry. ACPET would also be pleased to provide further details or explain aspects of this submission to the Senate; contact with ACPET for this purpose can be via:

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