

## **SUBMISSION FOR THE SENATE INQUIRY INTO THE WELFARE OF INTERNATIONAL STUDENTS**

For the past 14 years I have travelled to India at least three times a year to recruit students for Australian universities. In the last week of June, three weeks after the first media reports of Indian students being bashed in Melbourne, the Indian print and electronic media continued to make the issue of safety of its sons and daughters in Australia a lead item. During that week I was in Hyderabad, a major central Indian city that is an important source of students for Australian education institutions. Each morning the Times of India ran front page stories on the matter, often accompanied by dramatic pictures of bruised and bloodied young people. Other significant publications, including the Hindustan Times and the Deccan Herald also kept the story on the boil on their inside pages.

To many people this has all been a disaster for Australian education. Suddenly, a significant part of one of the largest Australian export industries – reputed to be worth more than 15 billion dollars annually - has come under threat. However, it could be argued that a shake-up of the industry is long overdue, and that recent events present the Australian international education sector with an opportunity to take a long, hard look at itself.

I do not pretend to be an 'Indian expert': understanding the history, culture and politics of such a huge and diverse country would take a life time of study – but I *have* been privileged to witness a transformation on a scale that was previously unthinkable: the creation and establishment of what commentators proudly refer to as "India Inc".

One by-product of this transformation has been the rapid growth of the Indian middle class and the subsequent opening up of opportunities for international study to a large section of the population for whom overseas education was once unimaginable.

For a country that was for decades inward-looking and suspicious of the West, the chance for its young people to go abroad to western countries in larger numbers than ever before promised that this was an opportunity that would not only be of great benefit to the individuals lucky enough to take advantage of it, but to the country as a whole.

But has Australia been genuinely fulfilling that promise?

The transformation of India over the past two decades coincided with the rapid expansion of the international education sector in Australia and the increasing importance of the ideology of free market capitalism in the provision of education.

The idea that the 'market is all' and that competition is inherently good was applied with enthusiasm in the Australian international education sector – and, as a colleague recently put it to me: "like it or not, it's still all about competition." During the 1990's, the first period of growth in terms of Indian student numbers, the competition was primarily between Australian universities. However, until the middle of that decade it could be argued that the competition was tempered by the role played by IDP Education Australia, the organization that was then wholly owned by the 37 Australian Government-funded universities. In those days IDP presented itself as a 'not-for-profit' organization which, in India at least, successfully promoted the 'Australian Education' brand.

In 1996 IDP ran its first major education road show in India. As participants, those of us who were involved felt as if we were part of something important, and about which Australia could genuinely be proud. IDP functioned, as it did in other countries, initially as a 'shop front' for Australian education and it presented Australia as a quality study destination in a highly professional manner. The university sector, by and large, approved – especially when the student numbers from India began to increase dramatically.

The Australian government, through its Australian Education International (AEI) and Austrade representatives in India assisted the development and establishment of the brand.

However, IDP's initial role gradually changed, and while for a number of years it continued to tout itself as a 'not-for-profit' organization, it changed into a 'recruiter', which like the growing army of private education agents employed by Australian education institutions in India, charged commission for the students it 'recruited'. And in 2006 it moved even further away from its original role by relinquishing its not-for-profit status and selling half of itself to a private company, Seek Ltd, an online employment and training company.

While all this was happening, the Howard Government kept tinkering with the international education sector in an effort to address various 'skill shortages' that had arisen during the 90's and the early years of the new century. This included awarding students who studied courses where there were genuine skill shortages extra advantage if they wanted to seek Permanent Residency status in Australia.

In the university sector the first major impact of such policies was experienced in IT faculties. Within a few years around the turn of the century, IT Schools in all universities were bloated with full-fee paying international students. But following the global collapse of the IT sector, international student interest in studying IT degrees in Australia evaporated almost overnight. Since then there have been other boom and bust cycles in universities, including more recently in Accountancy and Nursing Faculties.

One view is that there is nothing wrong with this at all. As a multicultural country with a relatively small, and predominantly older population we need skilled migrants and this is a sound method of attracting them. However, what is also true is that these boom and bust, skills-driven cycles have severely affected universities.

Emphasis on degree programs that attract full-fee paying international students intent on Permanent Residence invariably means numbers for other courses, especially postgraduate programs that do not lead inexorably to Permanent Residence – fall. The result: degree programs are scrapped leaving a dangerous dependence on a very few courses for sustaining what has become a crucial part of the annual income of many universities. And, courses that were once regarded as intrinsic to a well-rounded education, such as many in the Arts and Humanities, but that don't attract full-fee paying students, are marginalized. Furthermore, because skills shortages change faculties can experience unpredictable fluctuations in international student income which result in course and staff cuts with inevitable ripple effects on other areas of operation.

It's all about the market after all.

But the most dramatic result of the success of the international education industry has been in the Private Education sector. Federal Government policy, under both the Howard and Rudd Governments, has encouraged the rapid expansion of that sector. Private colleges have sprung up in all the capital cities. According to a recent report in the Sydney Morning Herald, there have been 4,200 private colleges registered in Australia since 2001.

While ostensibly providing courses designed to address various national skills shortages, there is evidence of much more cynical motives. Known in the industry as 'visa factories' or 'PR factories' they are ostensibly 'legitimate' operations – their courses are registered with the relevant government authorities – and they conform to the minimum standards required in terms of facilities, services and standards. But these 'Private Providers', assisted by hundreds of largely unqualified 'education agents' on generous commissions in India and other countries, know full well that for the most part the thousands of students – many of whom are already university educated - flocking to their courses to study Hairdressing,

Commercial Cookery and Community Welfare, for example, are not genuine students at all. They are only enrolling in these programs to obtain Permanent Residence.

The rapid rise in the number of Indian students studying in Australia over the past five years, (according to Australian Education International: 97,035 enrolments in 2008 out of which the Higher Education share was only 27,000), has primarily been in the Vocational Education and Training (VET) sector which, with the exception of the TAFE system, is predominantly private. But it is not only the lure of cheap, fast routes to Permanent Residence which they provide that has resulted in a much slower growth in numbers in the university sector. That fact may also be significantly attributed to policies relating to the provision of international student visas.

All students intent on studying courses of more than three months duration in Australia must apply for student visas. For visa purposes the Department of Immigration and Citizenship has established a means of categorizing education sectors (Schools, Vocational Education and Training (VET), Higher Education etc) and countries according to perceived risk. The higher the perceived risk of non-compliance, the more stringent the requirements that must be met before an applicant can qualify for a student visa. These requirements include English language ability, academic qualifications, current health status and, most importantly, the ability to finance study and living expenses in Australia.

Currently, for both the VET and Higher Education sector, India is classed as 'Assessment Level 4'. This means while students must meet specific English language and health requirements (and the academic entry requirements of the institutions at which they intend to study) they must also provide evidence of enough money to cover tuition fees and living expenses for a minimum of three years of study, or for the duration of their course if that was shorter. This money must not only be in a bank account for six months prior to application for a student visa, but may only be provided by 'immediate' family members: ie Grandparents, father, mother, brother, sister – or Aunt and Uncle if they are eligible for Permanent Residence or Citizenship in Australia or New Zealand. (In a country such as India where the extended family is central and where traditionally it has often been the collective responsibility of the extended family to educate young people this is particularly difficult – and to many, culturally insensitive.)

To put it in another perspective, an Indian student applying for a two year Master of Accounting degree at a mid-range Australian University must provide evidence of a minimum of AUD 65,000 in a bank account for six months prior to applying for their student visa. Could you or I do that? And remember, we're talking about this kind of requirement being imposed upon students from India, Bangladesh, Pakistan, Sri Lanka – and other countries including China, all of which are either regarded as 'emerging' or 'third world' countries.

There are two immediate effects of this policy. The first is that students who may, in other circumstances, have chosen more expensive university courses, opt for the 'cheaper, faster' less academically stringent alternatives. While education remains a purely market-driven game this also means that Australian education institutions ruthlessly compete with one another for students. Many Education Agents and Private Education Providers use the entire range of business tactics and strategies – including aggressive and questionable practices - available to them without any thought that their behaviour is not only confusing in the marketplace, but reflects poorly on the reputation of Australian education as a whole.

And the second is that there is ample anecdotal evidence from students and education Agents that these requirements compel many of those who do want to study university level programs, for instance those such as Nursing, Accounting and Engineering which enhance their prospects of Permanent Residency to 'cheat' on their financial statements. The families who do this do not have the liquid funds even though they may be asset rich, and so they turn to any number of 'middle men' who are willing to shift money

around – at a price – in order to satisfy the requirements. The end result is that a significant percentage of Indian students head off to Australia with their tuition fees paid for their first semester of study and enough money to support themselves for a few months – but after that they are on their own.

Young students arrive here carrying the full weight of their family's expectations. They are expected to immediately adjust to a different cultural environment, and a different teaching and learning environment, to succeed in whatever course they have chosen and often to work to cover all their tuition and living expenses after their first semester. (Student visas allow them to work up to 20 hours per week during semester time). If they can secure part-time work, something that is becoming increasingly difficult in Melbourne and Sydney with so many students competing for a limited number of jobs, they usually find themselves working in occupations that nobody else wants, and often doing so until late at night. Given the financial pressures on them it is little wonder that they seek the cheapest suburbs in which to live and by doing so increase the personal danger to themselves when they are forced to travel home late at night on public transport.

This situation is further compounded by the competitive challenges to Australian education from the wider international market place. Australian education institutions are not only competing against their fellow institutions in Australia, but they are also competing against a number of foreign countries. The most significant of these is the United Kingdom.

A major overhaul of visa regulations that commenced in November 2008 has meant that the UK is now a more attractive destination for Indian students than Australia. This has largely been as a result of radical changes to the financial requirements for students seeking student visas, and an extension of the right of most students to remain in the UK for two years with full work rights following completion of their courses. As a result, in April and May, education agents from all over India reported to me that inquiries about Australia were significantly down on previous years in favour of the UK. By the middle of June, when news of the 'racist' attacks began to be widely reported throughout the subcontinent, they claimed that inquiries about Australian education had been reduced to 'a trickle'.

What then are the solutions?

The 'international education industry' must be viable for the long term because the budgets of many universities – and most private education providers – now rely substantially on income from international students. It is therefore of crucial importance that the sector *as a whole* takes steps towards ensuring that it has a future.

One thing that will make this difficult is the fact that the international education sector is a competitive free market. In practice what this means is that individual Australian institutions vigorously compete against one another in overseas markets. It is not only university against university, but the Group of Eight versus the Rest, the VET sector against Higher Education, Private Providers against Public, TAFE against Private Colleges - with all of them claiming to be offering the best deal. This messy situation is stirred along by some education agents who play institutions off against one another in order to get the highest commission and best commercial advantage for themselves. A free market heaven? Perhaps, but the reputation of 'Australia' as a brand is tarnished in the process. In many markets Australians are seen as the 'carpetbaggers' of the education world, flashing into town with loud promises of 'quality' and equality, culture and multiculturalism and flashing out again with pockets full of money – without, with rare exceptions\*, giving anything back. And the attitude that underpins all this and sustains it back in Australia: while the money keeps rolling in who would *dare* rock the boat.

It seems to me that education has become, in this context a commodity like any other - it is marketed and sold internationally as if it is no more or less significant or important than a can of beans or a lump of iron ore. But I believe education, like human health and the environment are fundamental to the common good and must therefore be the collective responsibility of those whom we entrust to look after our common interests as a society. Shouldn't it therefore be more protected from the vagaries and whims of a 'market' which is more likely – as we have recently seen with the Global Financial Crisis – to serve the interests of the individual than society as a whole?

If we do not act decisively our 'boat' will definitely be rocked. If not by strong and sustained competition from all the other countries, that have watched, envied – and learned from us, then from our own foolish in-fighting and greed, or from left-field events such as international financial crises or the occasional explosion of intolerance from our own citizens.

There must first be an acknowledgement by the federal government that there is a problem and that it is the government's responsibility to initiate the changes that should follow. The recent release of the 'Bradley Report' into Higher Education has signaled an awareness of some of the problems in the international education sector, including issues of quality and regulation, but there is a danger that these will get lost in the major changes proposed for the Higher Education sector generally. Among other things, a discussion must be had as to whether the free (for all) international education market that currently exists is in Australia's best interests – or whether a more careful and coordinated strategy for the promotion of Australian education in international markets – without the unedifying picture of Australian institutions squabbling over the spoils – should be implemented. There must also be a comprehensive review of the process that oversees the establishment of private education providers. The apparent abuse of this system suggests that such a review is long overdue.

A serious discussion must also take place about the current Student Visa Assessment Level process. A system which for the vast majority of applicants is patently impossible to comply with (ie India's Assessment Level 4 designation) and that in effect causes people to cheat must be scrapped. Any process whose starting premise is suspicion is never going to be workable – or gain the respect of the citizens in the countries where it is applied. The British have recently made changes to the way they assess student visa applicants in India, including the speed in which they process applications, that makes Australia seem boorish, suspicious and cumbersome. It's time we too came to the party, otherwise the market will disappear.

Over the past 15 years a relatively small, but influential number of India-based private education agencies have, along with IDP India, become companies with turnovers in the millions. They have, for the most part had Australia's interests at heart and have in fact developed long-term business strategies linked to Australian education. However, their success has been copied by many others whose interests are not necessarily long-term, and who are in business only for profit. To them the 'product' they are selling may as well be anything. To further compound this unsatisfactory situation, there is no regulation of education agents in India, either by Indian or Australian authorities and the only 'training course' available to agents is a purely voluntary one. Anybody can set themselves up as an Agent. The prevailing attitude of Australian authorities to this has always been that they are not at liberty to interfere with business practices in foreign countries where they have no jurisdiction – and that after all it is a free market. Perhaps, but the moment these people start representing students who are applying for Australian student visas, which they all do, that situation changes, surely? The regulation of international education agents must therefore be part of any changes to the international education industry.

In India, IDP, for so long a nominally 'not-for-profit' company, is arguably the most commercially successful of the agents. However, because 50% of it is now owned by a private company, for whom

Australian education is not necessarily a priority – at least ahead of the bottom line - does not add the value it once did to Australian education. It is my belief that the Australian Government should seriously consider 'buying back the farm' – in other words buying Seek Ltd out and, in conjunction with the other share holder, Australian universities, use the well-established and professionally presented IDP global office network to promote the brand of Australian Education, and Australia generally, in the way that it once did – free from the taint of commercialism, just like the British Council so successfully does on behalf of British Education. It could still operate as a commercial agency, but that would not be its prime role, but an incidental one. However, it may already be too late for that. It is rumoured that the company that was originally established to promote the Australian Education brand globally is about to officially announce that it will now be also recruiting students for American universities.

It's all about the market.

Education providers themselves, whether they are public or privately funded must also look seriously at their claims of providing quality education and services, and whether they give value for money. Do International Students get value for money? My experience is that many may not. They are treated poorly by some academic staff and are ill-prepared for the transition to what is a new and challenging teaching and learning style. Many courses – including those in the university sector - are taught by casual staff who have little or no loyalty to the ethos or mission of a particular institution ,and certainly not to the students.

And the specific services to international students that all institutions must provide under the Education Services for Overseas Students (ESOS) Act vary widely in quality from institution to institution, and often exist in name only. The university sector can at least point to the AUQA process, the five yearly quality audit that each institution undergoes, as a measure of its ability to deliver on its claims of quality – but there does not seem to be anything similar in relation to the private education providers. To remain internationally competitive this anomaly must be addressed.

On my most recent trip to India three different education agents asked me why Australian universities increased their tuition fees each year. As the usual cost of living or inflation adjustments are obviously only part of the reason, it was a difficult question to answer. They also asked if these annual increases therefore meant that students could expect more value for their money. And why, they continued, do international students pay so much more in tuition fees than Australian students and get none of the benefits such as travel concessions? Why indeed? Several years ago when a member of the New South Wales Government was approached about this particular anomaly he said his party would not support a move to subsidize international student travel because there were no votes in it.

Finally, it is widely acknowledged that over the next few decades the centre of global geopolitical and economic power will shift to Asia – and in particular to China and India. There are therefore many political, cultural and social reasons to insist that all the stake holders in the international education industry take these matters seriously. If we do not do this but instead return to 'business as usual' when the media attention moves elsewhere, then the next time a crisis arises, as it inevitably will, it may be too late.