



Australian Education Union

Submission

to the

**Senate Inquiry into the Welfare
of International Students**

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Angelo Gavrielatos
Federal President

Susan Hopgood
Federal Secretary

Australian Education Union
Ground Floor
120 Clarendon Street
Southbank VIC 3006

Telephone: 61 3 9693 1800
Facsimile: 61 3 9693 1805
E-mail: aeu@aeufederal.org.au

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Introduction

The Australian Education Union (AEU) is a professional and industrial organisation representing 180,000 members across the public education and training sectors.

The AEU represents TAFE teachers across Australia, and is a key stakeholder in the VET system. As such we have a particular interest in the education and wellbeing of all students, including international students, in the VET sector. We welcome the opportunity to submit views to this timely Senate Inquiry.

Recent events with regard to international students in Australia's vocational education and training sector, particularly in Melbourne and Sydney, have been the focus of much attention. Media attention in the last several months has largely focussed on:

1. acts of violence committed against international students;
2. inadequacies in the provision of training and alleged rorting by private vocational education and training colleges; and
3. questionable practices on the part of a number of education and migration agents overseas and in Australia.¹

Even allowing for a degree of sensationalism in media coverage of the issue there is no question that media scrutiny has exposed an unacceptable level of exploitation and corruption, most notably in the private VET sector. It also brings into sharp focus a history of failure by governments and agencies in the education and immigration spheres to properly regulate the international student VET industry.

There has been a belated flurry of activity in response to this media attention. However analysis of recent announcements such as those by the Brumby Government in Victoria and the Federal Government, appear to indicate that these responses are aimed largely at limiting damage to Australia's fast growing international education market.

In response to the recent high profile given to this issue, Deputy Prime Minister Julia Gillard announced that the Federal Government would scrutinise education providers as Australia cannot afford to let ‘rogue colleges’ damage the reputation of the \$15 billion international education industry. She promised to establish a round table of international students from throughout the country to discuss issues in September:

*The outcome of this round table, along with other international education issues, will inform discussions with state and territory education ministers at the inaugural meeting of the Ministerial Council on Tertiary Education later this year, and we will agree on what more needs to be done to promote and protect Australia’s reputation as a safe destination for top-quality study and research. ... Australia cannot afford poor-quality provision of services damaging the international reputation of our education and training.*ⁱⁱ

Australia’s International Education Market

Australia has the highest proportion (19%) of international students of any OECD country, and international students are a rapidly growing component of VET student enrolments in Australia, especially in the private VET sector.

In the last five years the number of international full fee-paying students in VET has almost doubled and VET was the fastest growing sector for international students studying in Australia in 2008. Enrolments grew 46% to 175,461, the second largest by volume after the higher education sector.

Over 80% were from Asia, with India, China and Nepal the three largest VET markets. Enrolments increased in all states, with the strongest growth in Victoria and Queensland. From 2004 to 2008, overseas full-fee paying VET students in Victoria increased from 10,400 to 17,500; from 3,900 to 7,700 in Queensland and in New South Wales from 1,800 to 6,200. By 2008 about four in every five international student VET enrolments were in NSW and Victoria.ⁱⁱⁱ

In 2008 the majority of all international VET enrolments were with 437 non-government providers. The non-government provider share has grown from 73% in 2002 to 84% in 2008 and is more dominant in NSW than in any other state or territory – 92% of VET enrolments in the state are enrolled with a non-government provider.^{iv} As of September 2008, 77 per cent of international students enrolled at Victorian training colleges were taught in the private sector.^v

The top three fields of education accounted for four in five enrolments and commencements in the VET sector in 2008. ‘Management and Commerce’ dominated the broad field of education in VET with 55% of enrolments and 51% of commencements. ‘Food, Hospitality and Personal Services’ ranked second contributing 17% and 19%, followed by ‘Society and Culture’ with contributions of 10% and 11% respectively.^{vi}

International education activity contributed \$15.5 billion in export income to the Australian economy in 2008, up 23.4 per cent from the previous year. Education services remains Australia's 3rd largest export, behind coal and iron ore (\$46.4 billion and \$30.2 billion respectively), and the largest services export industry ahead of personal travel services (\$11.7 billion). In 2008, the higher education sector generated \$8.9 billion in export income (59.4% of total on-shore earnings). VET was the second largest, generating \$3.4 billion in earnings (22.7%).^{vii}

Lack of Adequate Scrutiny and Regulation

The response by governments to recent developments in the international education sector fails to adequately acknowledge that this is not a new phenomenon. As a June 2009 report by the National Union of Students identifies:

Despite many recent research reports, reviews, roundtables and taskforces that have investigated these issues either singularly or in different cities and states, the problems are becoming worse and affect many more students. Very few concrete solutions have been introduced across Australia that have improved the problems identified in research and government reviews and certainly a more coordinated approach into the experience of international students in Australia is required in order for improvement for all international students.^{viii}

The problem is neither new nor unidentified. The problem is not inadequate information; rather the lack of action to genuinely address the problems by either governments or some VET agencies and institutions.

There are some education providers, namely University of Queensland and Victoria University that have been extremely pro-active in addressing the safety needs of international students. The June 2009 Universities Australia provided a number of examples of other safety initiatives and programs, however, by its own admissions are there are still many universities and VET education providers that do not provide adequate information to students about life and safety in Australia. It is also apparent that providing information about how unsafe particular activities or practices in Australia are is avoided by marketing agents, as this may deter students from choosing Australia, a particular city or state or a particular education institution. However, this approach may backfire as the practice of continuing to deny students adequate information increased the number of international students who expose themselves unknowingly to risks and unsafe situations and the Australian education market is now at risk also.^{ix}

In Victoria, for example, *The Age* has been reporting on what it calls the unscrupulous side of the international student education industry since February 2007 when it revealed that the Australian Crime Commission had recommended an investigation into alleged exploitation of foreign students by a Melbourne private education provider and also identified inadequate policing measures for a burgeoning trade involving alleged criminal activity.^x

Under pressure, the Victorian Government established the Overseas Student Education Experience Taskforce in September 2008. The Taskforce report, which was released in late December, addressed key issues for international students in the areas of accommodation, student welfare and safety, employment, social inclusion, and the quality and coordination of information provision. Because of concerns raised about the practices of some education agents and the quality of course provision in some private training colleges the Taskforce's recommendations included:

- establishing a national registration framework for education agents; and
- the need for a “rapid audit of high-risk Victorian education providers to ensure that high quality post secondary education and training is being delivered and maintained”.^{xi}

In May of this year, following more negative publicity concerning international students in Melbourne the Victorian government finally announced that an audit of 17 Victorian private training colleges considered to pose a ‘high risk’ to international students would be undertaken by the Victorian Registration and Qualifications Authority (VRQA). Skills and Workforce Participation Minister Jacinta Allan said in a statement that “immediate action [would] be taken against providers shown to be operating outside of legislative requirements.”^{xii}

The Age's editorial concerning the announcement is apposite:

... this \$15 billion industry ... has long been a cause for worry as far as shady practices are concerned. ... The one positive aspect [of recent events] is that it is finally under investigation; the full extent will be known when the report is tabled in September. But the regulatory crackdown has all taken far too long. The Age has been reporting on this scandal since February 2007. In dozens of reports since then, The Age has uncovered alarming levels of criminal fraud and exploitation in the overseas education industry.^{xiii}

Whose Responsibility?

A close look at the Victorian Taskforce Report is instructive. One of the key issues it highlights is the question of just who has the responsibility for monitoring and regulating the international education sector. The Report claims that:

- students are supported by ‘a regulatory and quality assurance system which ensures overseas students in Victoria receive one of the highest standards of education in the world.
- in Australia the international education sector is highly regulated. The Commonwealth Government through DEEWR governs the provision of academic programs and support to overseas students undertaking study anywhere in Australia. The commonwealth government, through the Department of Immigration and Citizenship (DIAC) is the principal regulatory entity that determines visa standards and conditions that apply to overseas students studying in Australia.

- all providers who are approved to deliver courses to overseas students must adhere to the Education Services for Overseas Students Act (ESOS) and the National Code, the enforcement of which are the joint responsibility of DEEWR and the Victorian Registration & Qualifications Authority (VRQA).^{xiv}

Leaving aside the vexed question of how the problems have occurred in the face of such apparently high standards of regulation and quality assurance, the Taskforce's Chair, Marsha Thomson, Parliamentary Secretary for Industry and Trade, appears to think that responsibility for dealing with the problems lies largely with the Federal Government and with education providers.

The Report identifies several key issues and suggests actions that should be considered to address them. Some we believe can be implemented quickly while others may take some time. In many areas the Commonwealth Government will need to lead and education providers will need to take on greater responsibility.^{xv}

Regarding education agents, the Taskforce found evidence of a growing number of incidences of inadequate and/or misleading information being provided by education agents. Its recommendation? That the role of education agents be managed through the Victorian Government advocating that the Commonwealth Government investigate the feasibility of establishing a national registration framework for education agents in order to ensure that (1) the reputation of the Victorian international education sector is protected, (2) the quality of courses is maintained and (3) that providers deliver on their undertakings to students.^{xvi}

The Taskforce response to issues around the quality of provision in some private training courses was to stress the need for an effective and responsive quality control process. Within this context it recommended that the VRQA together with the Department of Immigration and Citizenship (DIAC), DEEWR and other relevant bodies conduct the audit referred to earlier of high risk Victorian education providers to ensure that high quality post secondary education and training is being delivered and maintained.

The work of academic experts in the area such as Bob Birrell from Monash University in this regard is instructive. In a recent analysis of training standards offered by private food and hospitality training providers catering to international students his research team found a widespread view that the training outcomes varied, often falling well short of those expected of Australian trainees.^{xvii}

Further investigation highlighted both the complexity and the inadequacy of the regulatory framework:

The function of ensuring that the RTOs are properly staffed and equipped to deliver a training package, and that students who complete the training courses have trade-level skills, has been delegated to state government education authorities. In Victoria the responsible organisation is the VRQA, which is a branch of the Victorian Education Department. In NSW it is the NSW Vocational Education and Training Accreditation Board which is within the NSW Department of Education and Training.... Once the RTO begins operation ... the task of assessing whether the trainees reach the required skill outcomes is left to the RTO itself. The only qualification to this statement is that the state regulatory authorities have an obligation to audit the performance of RTOs.

However, because of their limited staff such audits are a rarity other than at the beginning and end of the registration period. Otherwise, audits are undertaken on a 'risk management basis' during the five year period of registration. This means that an audit may occur if someone complains.

... to the extent that there is any externally validated quality assurance, it rests with the authority responsible for assessing trade qualifications for immigration purposes. This is Trades Recognition Australia (TRA). TRA is a branch of DEEWR which has been delegated by DIAC to decide if applicants for migration with trade credentials meet Australian standards in the trades. However, TRA is compromised in exercising its judgement. TRA is required, by legislation, to assume that students who have completed an Australian Certificate III level training package from a properly registered RTO, have reached trade level standards. [it cannot] investigate the quality of the training provided by the RTO in question.^{xviii}

Other bodies such as the Australian Council for Private Education and Training (ACPET), the national industry association for independent providers of post-compulsory education and training for Australian and international students, appear to be reluctant to accept any responsibility for deficiencies in the system.

Its mission statement makes it clear that it sees itself as playing a major role in the delivery of high quality education and training:

The ACPET mission is to enhance quality, choice, innovation and diversity in Australian education and training for individual, national and global development. Work pro-actively and co-operatively with government, education and training providers, industry and community organisations, in order to ensure that vocational and higher education and training services provide choice and diversity, and well-targeted, appropriately delivered courses which are widely accessible and of high quality.^{xix}

It actively proselytises the benefits of studying at an 'ACPET private college' as 'choice', 'experience', 'security', 'flexibility' and 'responsivity':

- *Choice: private providers offer accredited courses across a wide range of industries.*
- *Experience: private providers employ experienced, industry-aware teaching staff committed to promoting a culture of achievement.*
- *Security: tuition assurance schemes provide peace of mind – provides protection to student tuition where fees are paid in advance.*
- *Flexibility: as independent organisations, private college can readily adapt to the needs of industry and students.*
- *Responsive to industry needs – since many teaching staff at private colleges also works actively in the fields they teach, they are inherently aware of changes in market forces across all industries.*
- *Responsive to student needs – private providers care about their students.^{xx}*

However ACPET appears to have a history of avoiding responsibility when difficult issues are raised publicly. When *The Age* focused attention on the failure of government and agencies to adequately respond to claims that Chinese students at Melbourne's International Business and Hospitality Institute received substandard training, ACPET's National Executive Officer reportedly attributed blame for 'lax auditing' largely to Canberra.

(The office) is a bit player. The fundamental questions have to be asked of the Commonwealth Department of Education ...^{xxi}

He claimed that Canberra repeatedly ignored concerns about unethical colleges and continued to register private colleges accused of treating students poorly because it feared being sued.

We are extremely disappointed and frustrated that the Federal Government and Department of Education, Science and Training have shown no political will to assist the industry to regulate its own affairs ... On each occasion we raise concerns about a provider, (the department) will say to us they have no power to act, or worse, we receive no answer. Its lack of support of the industry can disadvantage us in the international education market.^{xxii}

For its part, the Commonwealth appeared to lay the blame with state governments. Then Education Minister Julie Bishop claimed that the Government had imposed a rigorous framework to protect the rights of overseas students. She said that State Governments had the power to deregister providers who did not meet state regulatory requirements.^{xxiii}

An April 2009 investigative report by *The Age* into complex networks linking unscrupulous private colleges, migration agents, education agents and businesses offering work experience cited examples of officials, speaking on the condition of anonymity, about individual government departments and agencies belatedly stepping up efforts to deal with the problem, but discovering that a unified response from the Commonwealth "was being hampered by a lack of co-ordination, confusion over jurisdictions, and a reluctance to upset a lucrative industry." The report also stated that a spokeswoman for Federal Education Minister Julia Gillard would not respond to specific allegations but defended the integrity of the system and urged people with information to come forward.^{xxiv}

These developments highlight significant problems in the complex interplay between the training provision and the immigration industry. Birrell and his Monash research team have examined the burgeoning number of entrepreneurs in the VET international training field and shown how this has the potential to undermine quality provision and TAFEs through the activities of less scrupulous private providers:

There is a network of immigration agents in Australia and overseas whose business depends on linking those aspiring for a better life and pathways to PR in Australia to training providers where they can obtain the necessary trade accreditation certification. This network is linked with training institutions in Australia. The relationship may be indirect, as in the case of some of the longer established private providers and TAFEs, or quite direct as in the case of some training providers who have close links with, or are owned by, immigration agents. ... There is also vigorous competition to attract and, if necessary, poach students from RTOs which are serious about standards and therefore have to charge relatively high fees.^{xxv}

Conclusion

Powerful forces within government and the vocational education and training industry have been advocating the application of market principles to VET for some time, and a number of state governments are pursuing further market reform of their VET systems and greater levels of privatisation.

The developments summarised in this submission highlights the consequences of encouraging and allowing private training provision to flourish without adequate scrutiny or regulation. It has done damage to many students and to Australia's reputation as a provider of high quality education and training.

It makes a mockery of the assumption advanced by governments over at least the last decade that privatisation, competition and the training 'market' will produce superior training outcomes.

The need for legislative and other changes to stop the exploitation of international students in the private VET sector highlights the need for a comprehensive and coordinated approach to regulation of the training sector by governments and relevant authorities and agencies.

Reliance on 'the market' to regulate itself, inadequate regulatory mechanisms whereby responsibility can be side-stepped, and inadequate resourcing of agencies which prevents comprehensive and effective scrutiny cannot be tolerated in a country which prides itself on high quality education and training provision.

State and federal governments must harden their approach to private training provision with proper regulatory scrutiny and enforcement powers to prevent further erosion of Australia's reputation as a high quality provider.

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