



Australian Government

Australian Education International

International students—returning their investment

Australia's reform program for international  
education

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## 1. INTRODUCTION

Over the last three decades Australia has developed into one of the world's leading international study destinations, alongside the United States and the United Kingdom.

A recent survey by the Australian Government shows international students in Australia rate their education experience highly. The research, released in December 2010, revealed that the majority of international students are satisfied with their living and study experiences in Australia. An overwhelming majority placed a high value on their educational outcomes and feel safe in Australia.

The increased number of international students in Australia in recent years has created some significant challenges for students and education providers. These challenges are not unique to Australia, and other countries also seek ways to respond to them. In this paper I will describe a major program of reform to international education underway in Australia, seeking to improve the return on investment made by international students in Australia. The reforms focus on improving student experiences and aim to raise the standards of education providers and agents, who for many students are the first point of contact outside their home country.

These initiatives include the International Students Strategy for Australia, announced by the Minister for Tertiary Education on 29 October 2010, and significant enhancements to the regulation of education providers following a comprehensive review conducted by the former government minister, the Hon Bruce Baird AM.

Young people travelling overseas for study are especially vulnerable. They may be travelling far from home to a country they have never seen before, which has unfamiliar customs and laws. Students are dependent on websites or information from education agents or consultants whose interests lie primarily with the education provider. Upon arriving in their study destination, students rely on fair treatment and the protection afforded by local legal systems.

The vulnerability of overseas students has long been recognised in Australian law. The *Education Services for Overseas Students Act 2000* (the ESOS Act) was first introduced in 1991. It protects the interests of overseas students by setting minimum standards, providing tuition and financial assurance and protecting Australia's reputation for delivering quality education services. The ESOS Act and associated legislation has been widely acknowledged for its major contribution to the protection of international students in Australia.

However, any legislative framework needs to keep up with the times. The number of international students studying in Australia has grown significantly since the ESOS Act was first introduced—from fewer than 50 000 international students in 1991 to almost 500 000 in 2010.

The Australian university system remains world class—attracting students from more than 150 countries worldwide. The proportion of students studying at vocational education training colleges has increased. In some instances these colleges do not have the extensive student facilities and support services offered by Australia's major universities. Furthermore, increased student numbers place further demand on public resources such as accommodation and transport.

Under such circumstances it is not surprising that issues have arisen. In particular, the rapid expansion of the number of international students, and the associated growth in host colleges, led to concerns that not all colleges have provided education services to required standards and that some sought to provide students with a migration pathway rather than a genuine education experience. I know from reading world media that Australia is not alone in experiencing these concerns.

In response, the Australian Government moved to enhance the protections offered in the ESOS Act. Legislation introduced in March 2010 required all Australian providers of international education to re-register against strict criteria by 31 December 2010.

A risk management approach was undertaken with providers categorised into various tiers of risk, based on their individual circumstances. Providers representing higher levels of risk, as well as new providers, were subject to a more extensive assessment process.

Further legislation introduced into the Australian Parliament in early 2011 will strengthen the powers of regulators to impose sanctions against non-compliant education providers. Further reforms will make explicit our requirements for managing risk within the system and will build on our strong arrangements for guaranteeing students an alternative place or their money back in the event of provider closure.

A good student experience depends on many interactions with a host country. As we say in Australia, international students expect a 'fair go' in the country they have chosen for their studies. Their entitlements and expectations need to be understood and respected.

The Australian Government has responded to concerns about student welfare and international students' experiences by working with state and territory governments to develop the International Students Strategy for Australia (ISSA). Under the ISSA, government assume responsibility for aspects of the international student experience. The strategy reflects international students' aspirations for a positive and rewarding experience. It also recognises that high quality student experiences underpin every student's learning achievements.

This paper outlines Australia's reform program for the international education sector.

## 2. BACKGROUND

During the past 25 years international education has delivered a wide range of benefits to international students and to the countries where they study. Benefits include increased business, cultural, diplomatic, and research links. Educational exchanges and collaborations pave the way for productive economic relationships that bring long-term rewards. Graduates from international education institutions now play a major role in the political and economic life of many countries, especially in the Asia-Pacific region.

International education also plays an important role in the development of domestic education systems. Study abroad programs and the internationalisation of educational programs give domestic students a broader international perspective. International education brings valuable overseas earnings and high international academic standards. It internationalises our cities and towns in an age of globalisation and forges person-to-person ties that will provide benefits for decades to come.

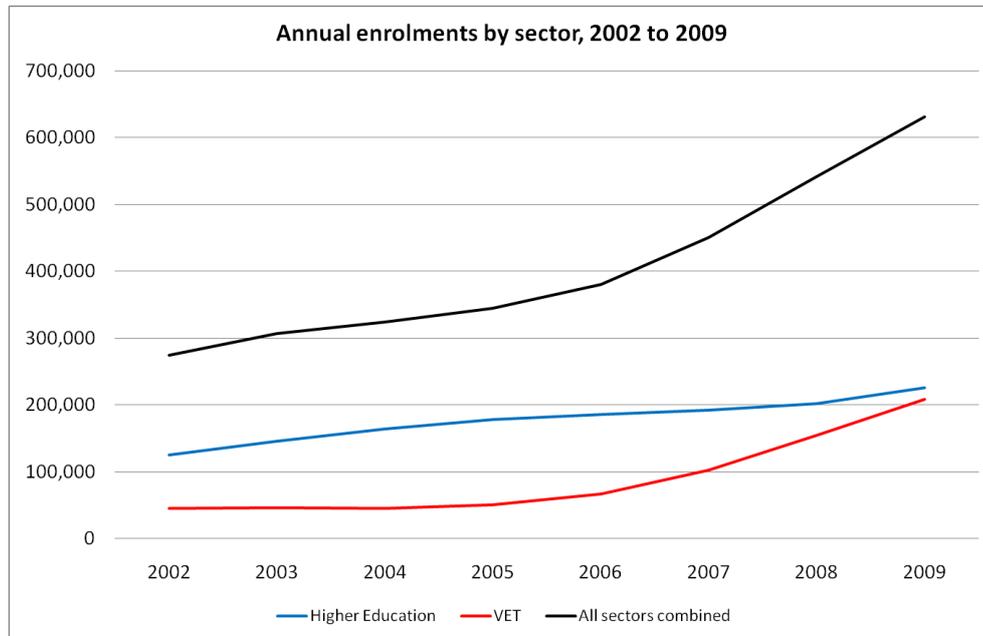
### **International education in Australia**

Australia was one of the first countries to develop an extensive international education program. Early achievements in education engagement between Australia and the Asia-Pacific came from the post-World War II Colombo Plan. The Colombo Plan marked the formal entry of the Australian Government into the direct sponsorship of overseas students for study in Australian institutions.<sup>1</sup> The scheme ran for more than 30 years and benefited more than 40 000 young people from across the Asia-Pacific region.

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<sup>1</sup> Back K, Davis D and Olsen A, *Internationalisation and Higher Education: Goals and Strategies*, Australian Government Publishing Service, Canberra, ACT, 1996.

Many of the Australian-educated Colombo Plan alumni have become prominent leaders in their home countries. For example, there are currently three Cabinet-level ministers in Singapore who were educated in Australia under the plan: Mah Bow Tan, Minister for National Development; Khaw Boon Wan, Minister for Health; and Raymond Lim Siang Keat, Minister for Transport and Second Minister for Foreign Affairs. Other Australian alumni in the region include Dr Boediono, the current Vice-President of Indonesia and Dato' Sri Mustapa Bin Mohamed, the Minister for International Trade and Industry of Malaysia.



**Table 1: Annual international student enrolments in Australia 2002–2009**

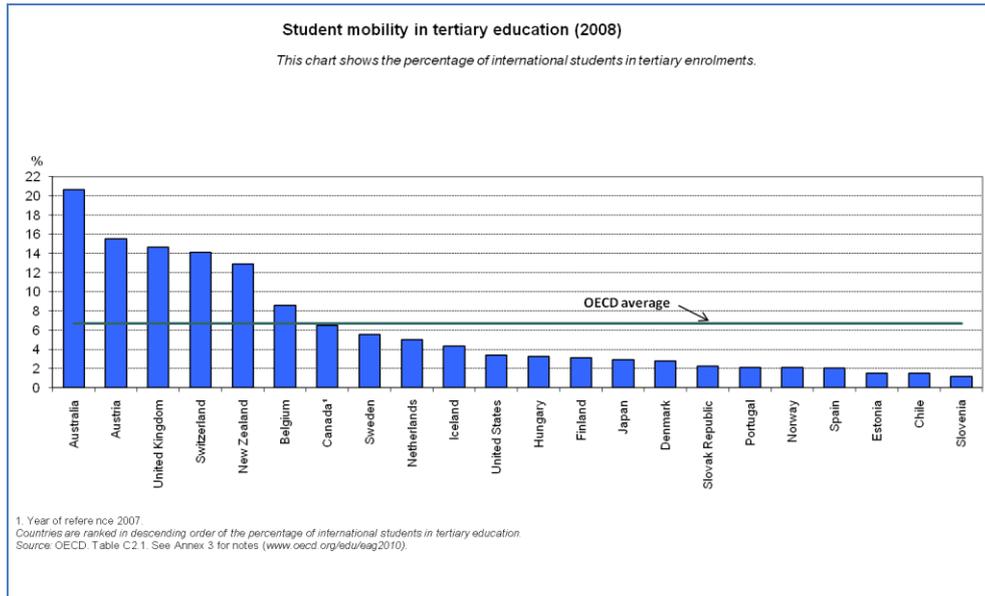
Before 1984 international students were generally admitted to Australia only if they held a scholarship. A new overseas student policy was introduced in 1985, allowing overseas students to enrol at Australian institutions if they met the entry requirements and paid the full cost of their course.<sup>2</sup> The new policy environment saw enrolments by full-fee paying overseas students rise quickly from around 2000 students in 1986, to 40 000 in 1990, and to almost 70 000 in 1994.

Growth was steady for more than a decade, but in the last few years enrolment numbers have increased dramatically. Between 2007 and 2009 international student enrolments increased by 40 per cent, with an annual growth rate of 18 per cent. By 2009, there were 630 663 international student enrolments in Australia.

This unprecedented growth was primarily driven by the expansion of the private Vocational Education and Training (VET) sector. The sector experienced an annual rate of growth exceeding 45 per cent in both 2007 and 2008. While Australia has an excellent VET sector, with many international students coming to Australia to learn advanced practical skills, some providers encouraged students to enrol in vocational courses in order to apply for Australian permanent residency.

The latest Organisation for Economic Co-operation and Development (OECD) data available (for 2008) positioned Australia as the fifth-largest destination for international tertiary students. Australia also has the most internationalised tertiary sector worldwide, with international students making up more than 20 per cent of enrolments.

<sup>2</sup> Strategy Policy and Research in Education Limited, *The Nature of International Education in Australian Universities and its Benefits*, Universities Australia, Australia 2009.



**Table 2: Student mobility in tertiary education (2008)**  
**Source: *Education at a Glance 2010: OECD Indicators***

The rapid growth in the international education sector is not just an Australian phenomenon, but is mirrored around the world. The OECD estimates that students educated outside their home country grew from 1.1 million in 1980 to 3.3 million in 2008. This is forecast to rise to eight million by 2025.<sup>3</sup>

A number of factors, including the depreciation of many currencies against the Australian dollar, caused international student enrolments to settle in 2010. At the end of December 2010 total enrolments were tracking at 98 per cent of the peak 2009 level, while higher education enrolments were around 108 per cent of the corresponding 2009 level—this represents an all-time high.

### 3. THE CONSEQUENCES OF RAPID GROWTH

The rapid growth over the last few years gave rise to some significant issues. The near doubling of student numbers every four to five years was not sustainable. Pressures on social infrastructure such as accommodation and transport started to appear. International students articulated their concerns and a roundtable was convened by then Deputy Prime Minister, the Hon Julia Gillard MP (now Australia's Prime Minister) in September 2009. This discussion provided valuable input for the Government's reform program.

One driver for exponential growth in student numbers in the VET sector was, as mentioned above, migration policy settings that encouraged international students to use qualifications as a migration pathway. In 2009 the Australian Government decided to decouple the skilled migration and student visa arrangements by focusing skilled migration on the skills most in demand in Australia's expanding economy. In addition, visa integrity measures needed to be strengthened to prevent abuse of the system by people seeking to exploit the student visa pathway. Changes were introduced to protect Australia's reputation as a quality education destination and to ensure the integrity of the student visa program.

<sup>3</sup>Böhm A, Meares D, Pearce D, Follari M, Hewett A, *Global Student Mobility 2025*, IDP Education Australia Limited 2003. Download at [http://www.aiec.idp.com/PDF/Bohm\\_2025Media\\_p.pdf](http://www.aiec.idp.com/PDF/Bohm_2025Media_p.pdf)

## Improving the student experience

The Australian Government responded quickly to these concerns working in close cooperation with the Australian state and territory governments to ensure a sustainable and high-quality international education sector.

The regulatory and quality frameworks of Australian education are currently being strengthened. This includes the establishment of the Tertiary Education Quality and Standards Agency and the Australian Skills Quality Authority, the new national regulator for the Vocational Education and Training (VET) sector. These independent bodies will regulate university and non-university education providers, monitor quality and set standards.

The Australian Government also moved the review of the *Education Services for Overseas Students Act 2000* due to take place in 2012 forward to 2010. With increasing numbers of international students arriving, Australia had developed specific legislation to protect international students—the Education Services for Overseas Students (ESOS) Framework.

The ESOS Framework, first introduced in 1991, was a pioneering development. It regulates the education and training sector's involvement with overseas students studying in Australia on student visas. It protects Australia's reputation for delivering quality education services and it safeguards the interests of overseas students by mandating a nationally consistent approach to registering education providers. It is further strengthened by its interface with immigration law.

The framework served its original purpose well. However, the rise in student numbers since its inception tested the architecture of an arrangement originally devised to serve the interests of a small number of overseas students. In August 2009, the Australian Government therefore commissioned the Hon Bruce Baird AM to conduct a review (the 'Baird Review') of the ESOS Act to ensure that Australia offers an appropriate regulatory and legislative framework.

The review, completed in February 2010, considered the need for enhancements to the ESOS Act's legal framework in four key areas:

- supporting the interests of students
- delivering quality as the cornerstone of Australian education
- effective regulation
- the sustainability of the international education sector.

The final report of the Baird review, *Stronger, Simpler, Smarter ESOS: Supporting International Students*<sup>4</sup> sets out issues facing the sector and makes recommendations along two central themes:

- Ensuring that students are better supported through improved information, management of education agents, stronger consumer protection mechanisms and enhanced support to study and live in Australia, including having somewhere to go when problems arise.
- Improving the regulation of Australia's international education sector and ways to make the ESOS Act stronger, simpler and smarter to ensure Australia maintains its reputation as a high-quality study destination.

The Government responded to the review immediately by implementing some of the recommendations and staging the implementation for the remaining initiatives in two phases.

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<sup>4</sup> Download at: [http://www.aei.gov.au/AEI/GovernmentActivities/InternationalStudentsTaskforce/ESOS\\_REview\\_Final\\_Report\\_Feb\\_2010\\_pdf.pdf](http://www.aei.gov.au/AEI/GovernmentActivities/InternationalStudentsTaskforce/ESOS_REview_Final_Report_Feb_2010_pdf.pdf)

## Reforms to the ESOS Act

*The Education Services for Overseas Students Amendment (Re-registration of Providers and Other Measures) Act 2010* came into effect on 3 March 2010. Under the legislation, all education providers on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) on that date were required to re-register by 31 December 2010. Providers were required to demonstrate they had a principal purpose of providing education and the capacity to deliver education to the required standard.

The primary aim of the re-registration process was to lift the quality of education delivered to international students. It was completed by 31 December and all Australian international education providers that meet the new, tougher criteria have now been re-registered.

The next phase of the Government's response to the Baird Review commenced with the introduction of the Education Services for Overseas Students (ESOS) Legislation Amendment Bill into Parliament in late 2010.

The Bill, passed on 21 March 2011:

- further strengthens the registration requirements of education providers that deliver education services to overseas students, with a specific focus on business sustainability
- introduces a consistent risk management approach to the regulation of international education
- limits the period of registration afforded to a provider and placing conditions on a provider's registration according to risk
- extends the range of non-compliant behaviour that could attract financial penalties
- publishes targets and regularly reports on all regulatory activities undertaken, and
- expands the role of the Commonwealth Ombudsman to enable students to access an independent and expert complaints-handling mechanism should the provider's response not satisfy them.

The introduction of two separate pieces of legislation in the one year is clear evidence of Australia's commitment to address issues arising from the rapid growth in international education.

Phase two of the Government's response to the Baird review commenced on 7 December 2010 with the release of the discussion paper *Reforming ESOS: Consultations to build a stronger, simpler, smarter framework for international education in Australia*.<sup>5</sup>

The discussion paper sought feedback on:

- the risk assessment and management approach to the registration and ongoing monitoring of education providers delivering education services to overseas students
- strengthening the tuition protection framework
- a range of recommendations for making ESOS stronger, simpler and smarter
- strengthening the National Code, and
- the regulatory effect of these proposals and recommendations.

Over 50 submissions were received from peak bodies, providers and interest groups. The submissions are being analysed and will be used to inform the next phase of the Government's response to the review.

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<sup>5</sup> Download at: [http://www.aei.gov.au/AEI/GovernmentActivities/InternationalStudentsTaskforce/ReviewESOSAct/ReformingESOSreport\\_01\\_pdf](http://www.aei.gov.au/AEI/GovernmentActivities/InternationalStudentsTaskforce/ReviewESOSAct/ReformingESOSreport_01_pdf)

## **The International Students Strategy for Australia**

In response to concerns about student welfare and the student experience, the Australian Government and state and territory governments came together under the auspices of the Council of Australian Governments to develop the International Students Strategy for Australia (ISSA). The strategy was released by the Australian Minister for Tertiary Education on 29 October 2010.

Under the ISSA, all levels of government assume responsibility for aspects of the international student experience.

The strategy outlines twelve initiatives to address four key areas:

- the wellbeing of international students
- the quality of international education
- consumer protection
- the provision of better information for international students.

Continuous improvement of the student experience will be a critical factor in ensuring the sustainability of the international education sector.

## **2010 International Student Survey**

Australia's experience confirms that international students need a strong voice. It is important their experiences are known and shared with the countries they travel to.

The results from the 2010 International Student Survey showed the vast majority of international students have a positive experience while studying in Australia. The research also showed that the majority of international students are satisfied with their living and study experiences in Australia.

In particular, the research showed that 84 per cent of international students studying at Australian universities were satisfied with their study experience in Australia, and 86 per cent of those students were satisfied with their living experience. More than 85 per cent were satisfied with the level of support they received on arrival, confirming Australia's reputation as a country that welcomes international students.

The top four factors that influenced tertiary students' decisions to study in Australia were:

- the quality of teaching (94 per cent)
- the reputation of the qualification (93 per cent)
- personal safety (92 per cent), and
- the reputation of the institution (91 per cent).

The survey results mirrored international benchmarks as measured through the International Student Barometer.

## **International student employment outcomes**

Research was undertaken in 2010 into the employment outcomes of international students educated in Australia. It found that international students who remain in Australia have similar employment outcomes to Australian graduates. Among international students who had graduated from higher education, 73 per cent of those living in Australia were employed, compared with 81 per cent of those who had left Australia. In comparison, 81 per cent of Australian graduates were employed.

For Vocational Education and Training (VET) graduates, 70 per cent of graduates living in Australia were employed, compared with 70 per cent of those who had left Australia and 74 per cent of Australian graduates. The majority of students not employed were undertaking further study or seeking work.

Around 85 percent of international higher education graduates were working in a field either the same as, or related to, their qualification. This is similar to the outcome for Australian graduates at 87 per cent. Around 73 per cent of VET international graduates were working in the same, or a related, field, similar to Australian domestic VET graduates at 75 per cent.

Australia Education International (AEI) will be looking to undertake further research on the international student experience in 2011, starting with an International Education Research Symposium to be held in Melbourne in April.

## **4. FUTURE INITIATIVES AND PRIORITIES**

Australia is committed to working closely with international students to address issues of concerns to students, such as accommodation, safety, local community engagement and work experience.

In 2010 AEI supported the establishment of a peak international student representative body—the Council of International Students Australia (CISA). CISA is a non-politically aligned, not-for-profit organisation, representing the interests of international students. AEI has supported meetings of CISA delegates to establish working arrangements and advance implementation plans.

In 2011 AEI will host an International Student Roundtable, where international students will have the opportunity to directly address and engage with government, legislators and policy makers.

## **Review of the student visa program**

Australia's student visa program enables genuine international students to study in Australia. The program facilitates the continued strength and competitiveness of the international education sector, while ensuring appropriate integrity measures are maintained.

The integrity of the student visa program was challenged in recent years by the promotion of Australian education courses as a pathway to permanent migration. It is the clear message of the Australian Government that skilled migration should be driven by the skill needs of Australian industry and employers. International students should not come to Australia simply to gain access to Australia's labour market while they are studying or to gain permanent residency, but for quality education and a rewarding study experience.

The Government recently committed to review the framework underpinning the student visa program to ensure it is well positioned to respond to current and future challenges. The Government has appointed the Hon Michael Knight AO to undertake a strategic review of the student visa program.

The review aims to enhance the continued competitiveness of the international education sector and strengthen the integrity of the student visa program. It will make recommendations on a more effective partnership framework between key stakeholders and will review requirements for student visa applicants. It will report back in mid 2011.

## **International education integrity measures**

There are some issues arising in international education that may be best addressed at the international level. In addition to domestic initiatives, the Australian Government hopes to work with major international partners in international education. One area requiring early attention is the promotion of best practice for those engaged in the recruitment of international students.

The reputation of international education worldwide is often judged by claims made on behalf of universities and colleges by education agents and consultants. We have everything to gain by making sure we expect the highest standards from our agents.

In Australia, AEI has initiated consultation with the sector to work towards a common ethical charter for education agents. AEI has also met with government agencies and peak bodies to discuss the proposed charter and will seek to advance this idea in collaboration with international partners in coming months.

## **5. CONCLUSION**

The international education sector is strong and vibrant in Australia, as it is in many other countries. It will continue to develop and prosper at a sustainable rate despite short-term fluctuations. It is important the sector guards against those who seek to use international education as a device to circumvent migration and labour laws and to exploit vulnerable students.

As we move forward, the clear focus will be on supporting and attracting genuine international students and helping them develop to their full potential.

The Australian Government and the international education sector will work closely and cooperatively to ensure that international education remains focused on quality and sustainability. We will work with partners such as the British Council to ensure that the reputation and integrity of international education continues to be held in high regard.

Australia will actively seek partnerships with governments that wish to protect the interest of their students studying in Australia. These partnerships will be supported by Australian Government representatives operating out of embassies and consulates around the world, including through AEI's dedicated International Education Counsellors Network.

While media attention has focused on fierce competition in the international education market, we believe there is much to be gained from collaborative partnerships. Together we can raise the bar in international education quality standards and safeguard the interests and investments made by international students.

## **Further enquiries**

Further enquiries about this paper can be directed to [aei@deewr.gov.au](mailto:aei@deewr.gov.au).