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HOUSE OF REPRESENTATIVES

PROOF

**EDUCATION SERVICES FOR OVERSEAS
STUDENTS AMENDMENT (RE-
REGISTRATION OF PROVIDERS
AND OTHER MEASURES) BILL 2009**

Second Reading

SPEECH

Monday, 19 October 2009

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Thomson, Kelvin, MP

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Mr KELVIN THOMSON (Wills) (4.54 pm)—Let me say at the outset that I utterly deplore the acts of violence which have taken place against overseas students. There can be no room for racial hatred or racially motivated violence in this country. The Deputy Prime Minister was absolutely on the money when she described the international education industry as an industry that has grown too fast, too soon, and that it was ‘growing so rapidly, with insufficient checks and balances, unfortunately attracting a small number of unscrupulous operators for whom the provision of quality education is not their motivation’.

She was spot on. According to Australian Education International’s monthly summary of international student enrolment data, enrolments by full-fee international students in Australia on student visas have more than doubled in just seven years, rising from over 204,000 in June 2002 to over 467,000 in June 2009. The numbers have more than doubled in just seven years.

The university sector originally accounted for most of the enrolments and most of the growth but since 2005—in the last four years—the vocational education and training sector has increased rapidly. The June 2009 figures show that the vocational education and training sector now ranks first, both by volume of enrolments and by volume of commencements. Over the past 12 months the VET sector has grown by a whopping 39 per cent. The private education is a significant player in the international student industry—and in the VET sector, in particular. Seven hundred of the Australian Council for Private Education and Training’s 1,200 members provide educational services to international students. Australian Education International notes that the growth in VET student numbers has been mainly taken up by non-government VET providers. In 2008, the majority of all VET enrolments were with the 437 non-government providers. The non-government provider share has grown from 73 per cent in 2002 to 84 per cent in 2008.

Just why has the international education industry grown so rapidly? The explanation is simple: in 2001 the Howard government changed the rules to allow overseas students who had completed post-school credentials at an Australian university or vocational education and training college to apply for skilled permanent residence visas from within Australia, in

designated skilled occupations, as long as they did so within six months of completing their courses. Not only that: unlike prospective skilled migrants applying from overseas, those applying on-shore did not have to have relevant job experience in their nominated occupations. And there was more! They received extra points on account of their Australian credentials.

The international education industry has since expanded rapidly. It has been driven by the lure of permanent residence based on these changes. Agents overseas have had a field day telling students that all they have to do is to sign up for these courses in Australia, pay the big fees, and they will be guaranteed permanent residence here in Australia.

I support the Education Services for Overseas Students Amendment (Re-registration of Providers and Other Measures) Bill 2009—I have no difficulty whatsoever in supporting it—but I do wonder whether the regulatory framework is adequate, even after these changes, to deal with the problems we have in the provision of international education. I believe that both the facts of the matter—international students being bashed and exploited, and dodgy colleges ripping them off and going bankrupt—and the logic of the statements by ministers Gillard and Crean, that this industry has grown too fast and too soon and that ‘the quality of our education is what we are promoting, not the visa attached to it’, lead inexorably to the conclusion that we need to decouple the link with permanent residence and revisit the changes that were made in 2001.

We should remove the capacity of international students to apply, on-shore, for permanent residence. We should require them to return to their country of origin before they can apply for permanent residence. The review which the government has established into the act that governs international education, the ESOS Act, being carried out by former federal Liberal MP Bruce Baird, should examine whether there should be a cooling-off period—for example, for two years—before overseas students can apply for permanent residence once they have completed their courses. I believe that instituting such a cooling-off period would clean up this industry overnight. The Deputy Prime Minister has said that it needs to be cleaned up, and she is right. To be candid, I do not have a lot of confidence that the present regulatory arrangements

will do the trick. The arrangements certainly have not worked so far. They certainly have not protected overseas students; they have failed them.

Such a cooling-off period is not without precedent. At present, a student who comes to Australia as the beneficiary of government scholarship—either our government or theirs—is required as a condition of their visa, the subclass 576 visa, to return to their home country when their studies are complete. Once they return to their country, they cannot apply to return to Australia for a period of two years. If we decouple the link with permanent residence, then students themselves will clean up the industry. They will not pay large sums of money for courses of little or dubious value. They will continue to pay for courses that do represent value for money, but not for those which do not. Could this lead to a drop in the number of overseas students coming to Australia? It well might. It depends on how good the courses which universities and VET providers offer actually are.

I know some people will complain if there is a drop in the numbers, but I do not think their concerns are valid. The first concern we are likely to hear is that these student visa holders are a needed part of our workforce to meet the needs of an ageing population. I do not agree. According to the National Secretary of the Construction, Forestry, Mining and Energy Union, John Sutton, last year 100,000 young Australians aged between 15 and 24 dropped out of the workforce. Surely this is not acceptable. Surely we want those 100,000 young Australians back in the workforce. We also want more of our mature aged workers back in the workforce. There are many people aged between 45 and 65 who are not in the workforce who are capable of working and who would enter the workforce should work become available.

The second concern we are likely to hear is that a reduction in the number of overseas students will be bad for universities and post-secondary education providers. Again, I do not subscribe to this theory. Eighteen and a half thousand eligible applicants missed out on a university place this year, up from 12,600 last year. Professor Bob Birrell says that the real number of students missing out may be much larger. He says eligible applications amount to 227,000 compared with actual acceptances of 161,000—a difference of more than 66,000. Yes, there is the question of funding of universities, TAFE and the vocational education and training sector. The previous government slashed funding for universities and vocational education and training and basically told universities and TAFEs to go out and make a living by bringing in fee-paying overseas students. So we will need to lift our funding for universities and VET. But, in my view, this is a far better use of taxpayers' money than the billions

of dollars we are now spending on infrastructure to accommodate burgeoning populations.

It was recently reported that it will cost \$11 billion of taxpayers' money to provide infrastructure to meet Melbourne's rapidly expanding population. One of the reasons Melbourne's population is booming is the skyrocketing of temporary entry permits. The consequences of this for Melbourne's quality of life are serious—extra demand on stretched water supplies; loss of available land; loss of open space; declining bird, animal and plant life; traffic congestion; urban sprawl; and overcrowding. I have said previously that it is time to stabilise Melbourne's population. Some people say, 'You can't stop people coming to Melbourne,' and that is true, but you certainly can stop, and should stop, luring young people to Melbourne and other cities around Australia under false pretences—providing courses of dubious value and exposing young people to the prospect of exploitation and even the risk of violence, doing late-night jobs and travelling on public transport—in situations of real risk necessitated by having to support themselves and pay excessive fees.

The *Age* writer Sushi Das has done a first-class investigative reporting job in uncovering the scams surrounding Australia's overseas student industry. She has done this against considerable odds—a climate of fear and silence which she described in July as follows:

... I will be frustrated and stonewalled by all those who don't want such stories to see the light of day ... the teachers who fear losing their jobs if they are identified, and the students who remain silent because they are either complicit in scams or terrified they will be deported for blowing the whistle.

... ..

I have spoken to countless students and teachers who tell me they are reluctant to talk for fear of retribution from college operators who they say will go to great lengths to protect their visa factories that rake in millions of dollars a year from permanent-residency-seeking students.

I can confirm this climate because I have also been contacted by students who have been exploited and ripped off but who have been unwilling to go public or put their name to anything for fear of recrimination. But, notwithstanding these hurdles, Sushi Das has reported on a Pandora's box of serious abuses and scams in the overseas student industry. She has described 'scams, bogus courses and bribery in the permanent residency driven training sector'. She obtained a report on a Melbourne private college that showed (1) it was providing the equivalent of a three-year apprenticeship in commercial cookery in just nine months, (2) course units were being taught back to front, (3) student records were not properly kept, (4) teachers' qualifications had no certification verifying

their authenticity, (5) the format of some teachers' resumes was identical, (6) the college operator could not explain why he was using letterheads and copyright information belonging to another college, (7) a student had been charged a \$29,000 fee for accommodation and (8) the college failed 54 of 85 audit criteria.

There has been reported a growing pattern of suicides among international students in Australia. While the causes of death were not identified, 51 overseas students died in the 12 months up to November last year. In some cases, students who committed suicide in Australia had pre-existing issues, but some appeared to be due to problems encountered while in Australia. A Melbourne student welfare worker has described overseas students whom he has counselled for depression as:

... feeling hopeless and trapped with debt ... they didn't know what to do. They were talking to me about getting into a car, driving into a tree or walking into the sea ... (they) were planning to die.

A Melbourne international student activist, Daya Jot Singh, has described depression as a serious problem among overseas students. He said:

Many were battling loneliness and homesickness while trying to manage the pressures of finding affordable accommodation, study and employment.

Student discontent with their courses and circumstances is so great that thousands of them have marched in Sydney and Melbourne demanding federal and state action to better protect them from violence and from unscrupulous operators in the higher education sector. The executive director of the Lowy Institute, Michael Wesley, has said that Australia risks a generation of foreign students returning home with poisoned impressions, damaging some of Australia's most important diplomatic relationships.

Then there are the students using bogus documents to support permanent residency applications. In the last financial year, Trades Recognition Australia received over 34,000 applications for skills assessment, about 10,000 of which were from foreign students. The organisation initially accepted the documents as genuine, but the federal government received information suggesting the paperwork could be bogus. The students were suspected of using fake references from employers which purported to show they had the required 900 hours of work experience in a job related to their area of study. Some students pay up to \$20,000 to rogue college operators or shonky middlemen, such as unscrupulous migration agents or education agents, to obtain black-market paperwork. More than 60 students whose documents were initially accepted as genuine by the government will be forced

to leave Australia if they cannot prove their documents are authentic.

I should add that the requirement for 900 hours of work experience in a job related to a student's area of study is being rorted by some private training colleges. Their owners set up private companies, which are allegedly manufacturing something or other, which offer work experience to their students, but, instead of the normal commercial arrangements where students are paid for their labour, the students pay the college company for the privilege of working for them. This is not genuine work experience in a commercial environment; this is a scam. We do not know whether these companies make or sell anything of any consequence; that is not their reason for being. Their reason for being is to extract more money from students by getting around the requirement to have 900 hours of work experience with an employer.

Many overseas students coming to Australia have been lied to before their arrival and ripped off and exploited after their arrival. Overseas Students Support Network Australia says it has received 1,500 complaints from students relating to rip-offs by colleges and threats that they will have their visa revoked if they do not pay fees up-front. One overseas student told the ABC program *PM*:

"Even though I was attending classes, I was being marked absent by staff, so I then asked for a letter of release, but they refused to give me one unless I paid an advance semester fee of \$4,200 ...

"I spoke to a student adviser and paid two amounts but the receipts do not contain full details of what the payments were for.

"The accountant told me I must pay more. I was told that I was being reported to immigration."

The head of Overseas Students Support Network Australia, Robert Palmer, said:

"We've had a student come who was supposed to be enrolled in a nursing course, turned up at the college, said 'I'm here for my course', the next day they said 'yes, you're in hairdressing.

Not nursing; hairdressing—incredible. He said:

"We've had another student that came in and they were going to do motor mechanics and they found out they were enrolled in a business marketing course."

Not motor mechanics; business marketing—again, incredible.

Last year, two former staff of the Malka Group in Box Hill lodged a complaint with the Victorian Registration and Qualifications Authority claiming the standard of English language required for courses

in aged care and child care was lowered to pass students who would otherwise have failed. According to the complaint, teachers were told to dumb down the assessment so that students could pass it. According to the complaint, the resulting lack of language skills meant students risked committing potentially fatal errors once they found jobs, particularly in fields that involved caring for sick people, the elderly and children.

I fear that this is not an isolated example. I fear that a focus on bringing in the dollars, rather than on ensuring that students have the necessary English language skills, is in fact quite widespread. I believe that in years gone by it was immigration authorities who were responsible for applying English language tests but that in more recent years it has been the universities and colleges who have administered the tests. Given that the universities and private colleges are collecting fees from the students, they have a clear conflict of interest in this matter. I have had people with years of experience working in this field tell me that English language standards have been lowered and that the department of immigration's role in deciding who comes to Australia has been compromised.

In the last three months, we have seen at least three training colleges go bankrupt, leaving students who paid fees in advance just as badly ripped off as when a travel agency goes broke after taking customers' money for an overseas holiday that is never delivered. Melbourne International College has gone broke, Sterling College in Sydney has gone broke and, in late August, Totally Indigo hairdressing and beauty college in Dandenong filed for bankruptcy. The latter had enrolled more than double the number of international students it was registered to handle. These three college collapses affected more than 850 international students.

I mentioned earlier that, back in August, the Minister for Education announced a review into international education in Australia, to be headed by former Liberal MP Bruce Baird. Mr Baird will review the Education Services for Overseas Students Act and, in particular, four areas of its legal framework: supporting the interests of students, delivering quality as the cornerstone of Australian education, effective regulation, and sustainability of the international education sector. I understand that that review is expected to conclude in early 2010. Written submissions will be invited in response to an issues paper, and there will also be a targeted consultation process.

I welcome the review and I encourage those with an interest in these issues to make a submission. I hope that the review will introduce measures to crack down on the scams and rorts which have plagued

and discredited this industry. It is sorely in need of a clean-up. I hope the review examines decoupling the link between education and permanent residency which has led to these scams flourishing and examines introducing a cooling-off period whereby students return to their home countries after completing their courses here. I hope the review acts to address the decline in English language standards. I support the actions which have been taken by the government and I commend this bill to the House.