



Submission to the Productivity Commission's research project on international education services

The Australian Government welcomes genuine international students and is committed to supporting the growth of the international education sector while maintaining high levels of immigration integrity.

This submission provides an overview of Australia's student visa programme and discusses some of the key factors influencing demand for Australian education services by international students.

Summary

There was a period of rapid growth in the international education sector from 2007 to 2009, partly driven by the availability of a direct pathway to permanent skilled migration through the student visa programme. Increasing numbers of student visa applicants were applying with a primary goal of permanent residence in Australia, rather than a quality education.

This misuse of the student visa pathway led to unsustainable growth in student visas but also more broadly in the international education sector, and contributed to a multitude of adverse consequences, including a proliferation of unreliable education providers, reputational damage and exploitation of students in the workplace.¹

In the years following, the government has significantly reformed the student visa programme to support the sustainable growth of the international education sector while maintaining high levels of immigration integrity. Overall trends over the past 10 years indicate that there has been a steady increase in numbers in the student visa programme, and recent reforms have contributed to the current stable environment.²

Australia's international education industry is currently in a strong global position. However, there are a number of issues which influence international student demand for Australia's education services beyond the student visa programme. These include the cost of living in Australia, tuition fees, wellbeing of students, the quality and stability of education providers, and international competition.

Introduction to the student visa programme

The Australian student visa programme offers an opportunity for people who are not Australian citizens or permanent residents to study internationally recognised courses in a progressive, secure and culturally diverse learning environment. The visa programme delivers significant economic and social benefits to the nation.

¹ The Sydney Morning Herald (2009) *Foreign students exploited as slaves*.
<www.smh.com.au/national/foreign-students-exploited-as-slaves-20090714-dk52.html>

² See chart at [Appendix A](#)

The programme supports the international education sector, which is Australia's third largest export industry,³ generating over \$15 billion for the Australian economy in 2013-14.⁴ Faced with strong global competition, Australia remains the third most popular destination in the world for international students.⁵

There is no cap on the number of student visas granted. All applicants who meet the legislative criteria, including enrolment at an Australian institution, can be granted a student visa. For the large majority of applicants, obtaining a visa is not a barrier to their studies. The grant rates for student visas have remained high over the last four years, with 93.1 per cent of all student visa applications decided in 2013-14 being granted.

The student visa programme is experiencing strong growth in all sectors.⁶ Total student visa grants increased by 12.6 per cent in 2013–14 (292,060 grants) compared with the 2012–13 financial year, when 259,278 visas were granted. The increase in grants was primarily driven by an increase in grants of the Higher Education Sector visa (subclass 573). Grants for this visa subclass increased by 19.7 per cent in 2013–14 compared with the previous financial year.

The People's Republic of China is the largest source country for student visa grants, followed by India, the Republic of Korea, Vietnam and Brazil. Of all student visas granted in 2013-14, 45.2 per cent were granted to citizens of these five countries.

The student visa programme maintains robust integrity measures while facilitating efficient assessment of applications. The Assessment Level (AL) framework assists in managing risk within the student visa programme by aligning evidentiary requirements to immigration risk taking into account rates of visa refusal, cancellation and non-compliance. Each country, across each education sector, is assigned an AL based on the calculated immigration risk posed by students from that country studying in that sector. There are three ALs in the student visa programme: AL1 represents the lowest immigration risk and AL3 the highest. The higher the assessment level, the greater the evidentiary requirements.

Under Streamlined Visa Processing (SVP) arrangements, eligible students who are enrolled in a bachelor degree, masters programme, doctoral degree, advanced diploma or eligible exchange programme at an eligible provider are subject to lower evidentiary requirements (similar to the lowest AL).

Programme reform overview

In 2011 the Australian Government commissioned the *Strategic Review of the Student Visa Programme* (Knight Review)⁷ to examine the student visa framework and ensure its settings were positioned to respond to current and future challenges. As at 1 December 2014, 39 of the 41 recommendations from the Knight Review have been fully implemented or addressed. These reforms introduced significant changes to the student visa programme, including introduction of the Genuine Temporary Entrant criteria, expansion of post-study work rights and implementation of SVP arrangements.

³ Department of Foreign Affairs and Trade (2013) *Composition of Trade 2013*
<<https://www.dfat.gov.au/publications/stats-pubs/cot-cy-2013.pdf>>

⁴ Australian Bureau of Statistics (2014). *International Trade in Services by Country, by State and by Detailed Services Category, Financial Year, 2013-14* (5368.0.55.003)
<<http://www.abs.gov.au/ausstats/abs@.nsf/mf/5368.0.55.003>>

⁵ Australian Trade Commission (2012). *Why study in Australia?*
<<http://www.studyinaustralia.gov.au/global/why-australia>>

⁶ See [Appendix B](#)

⁷ See: www.immi.gov.au/students/_pdf/2011-knight-review.pdf

The Department of Immigration and Border Protection also conducted the *Review of the Student Visa Assessment Level Framework 2013*⁸ which has led to further simplification of the student visa programme.

The department is currently consulting with key stakeholders to inform a future directions strategy for SVP and the student visa programme as a whole. These consultations include an evaluation of the current SVP arrangements and will explore potential opportunities to further simplify the student visa programme while maintaining high levels of immigration integrity. The consultation process will consider a broad range of issues relating to SVP, including: benefits; market impacts; provider responsibilities and regulatory cost; the methodology used to determine immigration risk; and possible alternative models to streamline visa processing for low immigration risk students. Submissions from key stakeholders are due by 19 December 2014. Recommendations arising from the consultation process are expected to be put to government for consideration by the end of the 2014-15 programme year.

Degree of policy consistency over time and across different student visa subclasses

In the period 2007-2009, Australia's international education sector experienced rapid growth, peaking with 319,632 visas granted in 2008-09 and 442,023 student visa holders in Australia on 31 August 2009.

The availability of a direct pathway to permanent skilled migration through the Migration Occupations in Demand List was a factor contributing to the growth, with some non-genuine students applying for a student visa primarily to gain a 'back door' to a permanent residence outcome. In particular, there was a discernible pattern of students choosing courses in the Vocational Education and Training sector which provided the lowest entry point to a permanent visa, such as cookery and hairdressing courses.

This use of the student visa pathway to obtain permanent residency led to rapid and unsustainable growth in both the student and skilled migration programmes and contributed to a multitude of adverse consequences, including a proliferation of unreliable education providers, reputational damage and exploitation of students in the workplace.

In response to these concerns, the government introduced changes in 2010 to strengthen the integrity of the student visa programme and better align the skilled migration programme to meet labour market needs. Increased global competition, concerns over international student safety, publicity about education provider closures and the rising value of the Australian dollar also contributed to a decline in international student numbers in 2010-11.

Major student visa reforms

The government has implemented significant reforms since 2011 to enhance the quality, integrity and competitiveness of Australia's student visa programme. These reforms were supported by broader changes in the industry including the strengthening of an education provider regulatory system. Notable changes to the student visa programme include:

- The introduction of the **Genuine Temporary Entrant** (GTE) requirement in November 2011, as recommended by the Knight Review. The GTE criterion requires visa processing officers to consider all the circumstances of an applicant to determine if they genuinely intend to stay in Australia temporarily. The GTE requirement is a key integrity measure in the student visa programme. The GTE requirement has enabled the department to make other reforms designed to enhance the competitiveness of Australia's international education industry.
- **Streamlined visa processing** (SVP) arrangements were introduced on 24 March 2012 as recommended by the Knight Review. SVP arrangements were further expanded in 2014 to include Advanced Diploma level courses. Eligible applicants have lower evidentiary requirements.

⁸ See: www.immi.gov.au/students/_pdf/review-student-visa-assessment-level-framework-2013.pdf

- Expanded **post-study work arrangements** under the Temporary Graduate (Subclass 485) visa were implemented on 23 March 2013 in response to the Knight Review. Successful applicants with a higher education qualification are granted a visa of two to four years duration, depending on the highest qualification obtained by the applicant.
- On 22 March 2014, the **simplification of the Assessment Level (AL) Framework** from five to three ALs reduced the risk level for some countries. Further amendments to the financial requirements for AL3 applicants made student visa requirements less onerous for some students without compromising integrity.

Consistency across different visa subclasses

The student visa programme consists of seven visa subclasses which allow holders to study in Australia.⁹ The numbers of visas granted in each subclass does not directly correlate with the number of enrolled students in each sector. This is because the student visa programme allows students to study a number of courses across sectors on the one visa if they are prerequisites to the applicant's primary course.

Most student visa subclasses have the same key conditions and requirements. For example, all student visa applicants must be both a genuine temporary entrant, and a genuine student, to be granted a student visa. Most applicants must also meet requirements relating to English language ability, financial capacity and academic achievement. The degree of evidence applicants are required to provide to satisfy these requirements depends on their immigration risk, as determined by their AL or eligibility for SVP.

Where there is a compelling reason to do so, conditions and requirements are applied differently to different subclasses. As an example, students of standalone ELICOS are not required to provide evidence of English language ability, regardless of AL. This is an acknowledgement that their primary purpose of studying in Australia is to improve their English skills. Similarly, Post-graduate Research Sector (subclass 574) visa holders and Foreign Affairs and Defence Sponsored Sector (subclass 576) visa holders who are studying a masters or doctorate degree are not subject to the 40 hours per fortnight work limitation. This was a recommendation of the Knight Review and recognises the unique circumstances of this student cohort.

SVP arrangements are available to students who choose to study an eligible course at an eligible provider. SVP is not available to applicants for ELICOS Sector (subclass 570), Schools Sector (subclass 571) or Foreign Affairs or Defence Sponsored Sector (subclass 576) visa applicants.

All student visa subclasses experienced growth in visa grants in 2013-14 when compared to 2012-13.

Impact of changes to visa conditions and processing

As previously discussed, a number of reforms have contributed to stable growth in the student visa programme since 2011. Between 2011-12 and 2013-14, the overall number of student visa grants increased by 15.4 per cent to a total of 292,060, while offshore student visa grants increased by 43.2 per cent to 179,147. For many source countries, including China, Vietnam, Indonesia and the Philippines, the 2013-14 programme year represented the highest number of recorded student visa grants.

⁹ The student visa subclasses are: Independent ELICOS Sector (subclass 570), Schools Sector (subclass 571), Vocational Education and Training Sector (subclass 572), Higher Education Sector (subclass 573), Postgraduate Research Sector (subclass 574), Non-Award Sector (subclass 575), Foreign Affairs or Defence Sector (subclass 576) and Student Guardian (subclass 580).

Design and enforcement of student visa conditions

Conditions

Student visa holders are subject to a number of conditions. These conditions, defined in legislation, are designed to ensure that international students use the student visa programme to achieve an educational outcome and to protect the wellbeing of international students while in Australia.¹⁰ The below list describes the intent of some of these conditions:

- **Study** – All student visa holders are required to maintain enrolment in their course of study while in Australia. Most also have requirements to achieve satisfactory course attendance and progress. Any school-age dependants accompanying the international student in Australia must also attend school.
- **Work** – Most international students are restricted to a maximum of 40 hours work per fortnight while their course is in session and may work unlimited hours during scheduled course breaks. These conditions protect vulnerable students from the pressures of excessive work commitments which may otherwise be prejudicial to their studies.
- **Welfare** – Students under the age of 18 are required maintain adequate arrangements for their accommodation, support and general welfare for the duration of their stay in Australia. This is achieved by residing with a parent or legal custodian, an approved relative or under arrangements which have been approved by their education provider.
- **Health** – All students must maintain health insurance while they are residing in Australia. This ensures that students have access to health care when required.

Other conditions may also be applied to certain cohorts of student visa holders. Student Guardians, for example, are restricted from studying for longer than three months while they are in Australia. Foreign Affairs or Defence Sector (subclass 576) visa holders are subject to a condition which requires them to return to their home country after they have finished studying.

Enforcement

In order to be granted a student visa, the officer processing the application must be satisfied the applicant intends to comply with their visa conditions while in Australia. When a visa is granted, an international student is provided with information about their visa conditions.

The department has recently conducted a number of targeted information campaigns to ensure that students do not breach their conditions. Information on changing courses, work rights and health insurance has recently been distributed through the department's social media channels.¹¹ These campaigns have proven to be an effective tool in encouraging compliance with visa conditions, especially when combined with visa cancellations.

Prior to 2013, the Department of Immigration and Border Protection applied a mandatory and automatic cancellation framework. This meant that when an education provider notified that a student had not achieved satisfactory attendance or progress, their visa would automatically be cancelled if they did not report to a departmental office within 28 days of the notification. This approach proved to be inefficient and did not reflect the unique circumstances of some students. In response to the Knight Review, the department removed automatic cancellation and implemented a discretionary cancellation framework.

Through the discretionary cancellation framework, the department focuses attention and resources on breaches of conditions that pose a threat to the programme or to the wellbeing of a student. For example, under this framework, dealing with breaches of welfare arrangements for students under the age of 18 remains a high priority. It also allows officers sufficient flexibility to consider the circumstances that may have caused the breach before taking action.

¹⁰ See www.immi.gov.au/students/visa-conditions-students.htm for additional information on student visa conditions.

¹¹ See: <http://migrationblog.immi.gov.au/?s=students>

If an international student is found to have breached a visa condition in Australia, their visa may be cancelled. Most students are provided with a notice of intention to consider cancellation and invited to provide additional information or rectify the breach. This information is considered before the department makes a decision on whether to cancel the visa.

The department undertakes a number of targeted compliance activities against student visa holders in breach of their visa conditions. These operations may focus on particular workplaces or particular behaviours. As an example, in January 2014 the department launched a campaign to raise awareness about the potential consequences of 'course hopping'. This is where students arrive under the SVP arrangements and then transfer out of SVP or downgrade their course and subsequently breach their visa conditions. Following a successful social media information campaign, students who were in breach of their visa conditions were contacted directly and given the opportunity to resolve their status. Cancellation action is now being taken towards clients who have not resolved their status.

Link between student visa policies and the incentives created for education service providers particularly in relation to quality

Student visa policies do not have a direct effect on education provider quality however they may encourage education providers to more effectively recruit high quality genuine students. The quality of services delivered by education providers is regulated by the Tertiary Education Quality Standards Agency (TEQSA) and the Australian Skills Quality Authority (ASQA). As the student visa programme continues to grow due to increased demand for Australian international education, regulation of the quality of providers and delivery of education is essential.

The increase in demand for Australian education services that peaked in 2009 resulted in growth of a number of providers delivering low-quality education services to take financial advantage of this growth. During the following period, provider collapses left many students financially disadvantaged and damaged the reputation of Australia's international education sector for providing high-quality education. The Education for Overseas Students (ESOS) Act 2000 was reviewed to refine the regulatory framework and establish greater quality standards for education providers, along with a range of further measures to provide additional protections for overseas students.

Under the SVP arrangements, education providers take on greater responsibility for the immigration outcomes of their international students. Participating providers must continue to ensure their international student cohort meets low immigration risk benchmarks through effective targeting and recruitment of students. Eligibility for SVP is primarily focussed on an education provider's immigration risk outcomes however the provider's regulatory compliance, as advised by TEQSA and ASQA, is also considered as part of the SVP assessment process.

Other factors affecting demand for Australia's education services

Australia's migration settings are one of many factors that impact on the Australian international education industry.

Decline in 2010-11

From 2008-09 to 2010-11, the number of applications lodged for a student visa fell by 23 per cent (from 362,284 in 2008-09 to 279,092 in 2010-11). As discussed above, this decline coincided with changes by the government to enhance integrity within Australia's migration programmes to prevent the student visa programme being used as a default pathway to permanent residence. There were, however, a number of other significant factors which severely impacted Australia's position as a destination of choice for international students:

- **Economic/financial** – On 27 July 2011 the Australian dollar reached record highs. With the high value of the Australian dollar, the cost of studying in Australia increased in comparison to our key competitor countries, the United States (US) and the United Kingdom (UK). In addition, the ongoing effects of the Global Financial Crisis limited the ability of students overseas to pursue an education in a foreign country.

- **Violence against international students** – In 2009 there were widespread fears about the safety of international students in Australia following a small number of attacks on Indian students. These attacks gained international prominence, particularly in the Indian media.
- **Stability of education providers** – Over 50 providers closed from 2009 to 2010, displacing thousands of international students.¹² These closures created uncertainty for prospective students deciding on their study destination.
- **International competition** – There was increased global competition with our key competitors, such as the US and UK, attracting a high market share of internationally mobile students.¹³

All of these issues affected the reputation of Australia's international education industry and contributed to the downturn.

Current environment

Australia's international education industry is currently in a strong position. Based on current trends, forecasts indicate that the student visa programme will continue to grow in upcoming years. However, there are a number of emerging issues which may impact on demand for Australian education services.

- **Economic/financial** – Research conducted by HSBC found that Australia is the most expensive to country to study in the world for international students.¹⁴
- **International competition** – There is increased global competition from growing international education sectors in non-traditional competitor countries, improving domestic education options in key source countries, and a growing popularity of online study. In addition the increased practice of education provider 'outposts' in source countries may affect the attractiveness of Australia as a study destination.¹⁵
- **Provider reliability and educational quality** – Over 500 complaints were made by international students to the Overseas Students Ombudsman in 2013-14 about the conduct of education providers. The most common complaints were about refunds/fees disputes. In addition, only 20 per cent of registered providers audited by the Australian Skills Quality Authority were found to be fully compliant with guidelines.¹⁶
- **Living conditions** – In many Australian cities, there is a lack of affordable accommodation available for international students. This forces international students to seek cheap accommodation in more dangerous neighbourhoods and exposes them to higher instances of crime.¹⁷
- **Work concerns** – Workplace exploitation is a common issue raised by international students with many being pressured to work for less money, excessive hours or in dangerous conditions.¹⁸ For recent graduates, many face difficulties in obtaining employment in an industry relating to their qualifications.¹⁹

These factors have the potential to make Australia a less attractive study destination for international students. The government is aware of these concerns and is working to address them.

¹² Knight, Michael. *Strategic Review of the Student Visa Program 2011* (p12)

¹³ Koshy, Paul and Phillimore, John. (2010). *The Economic Implications of Fewer International Higher Education Students in Australia*. (p24)

¹⁴ See: www.hsbc.com/news-and-insight/2013/study-costs-most-in-australia

¹⁵ The Age (2014). *Challenges and competition in attracting international students*. <www.theage.com.au/national/education/challenges-and-competition-in-attracting-international-students-20141207-11xs4x.html>.

¹⁶ The Australian (2014). *Inquiry into private colleges imminent* <www.theaustralian.com.au/higher-education/inquiry-into-private-colleges-imminent/story-e6frgcjx-1227126125796>

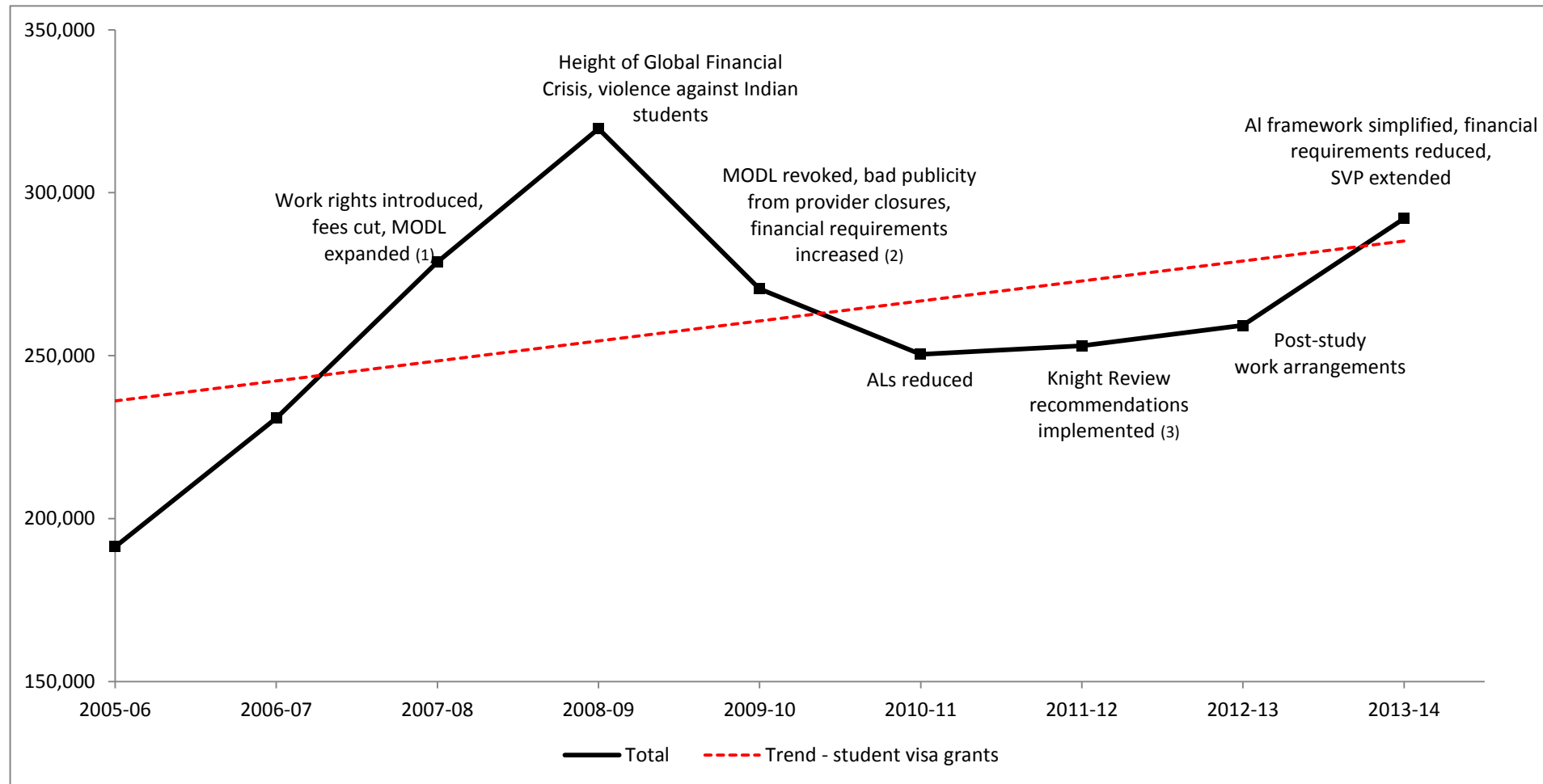
¹⁷ ABC News (2014) Calls to help Australia's international students with accommodation. <www.abc.net.au/news/2014-01-14/an-calls-to-help-international-students-with-accommodation/5198460> Accessed: 9 December 2014

¹⁸ Council of International Students Australia. (2014) *Submission to Minister Pyne*. <www.cisa.edu.au/submissions--reports.html>

¹⁹ Australian Financial Review (2014) *Market dire for graduates*. <www.afr.com/p/national/job_market_dire_for_foreign_students_MomYOM2L3aH9kSIGXfdWNL>

Appendix A

10 year overview of student visa programme trends



1. Migration Occupations in Demand List (MODL) expanded to include cooking, hospitality, managerial, professional, computing specialisations and trade occupations.

2. Living cost requirement increased from \$12,000 to \$18,000 per year.

3. GTE, removal of the English language test requirement for AL4 570 applicants. Visa extension for thesis marking (574). Pre-paid home stay fees subtracted in financial assessments. Cessation of Pre-Visa Assessment. Public Interest Criterion 4020. Reductions in financial requirements for applicants. Alt. English tests.

Appendix B

