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THE SENATE

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**AUSTRALIA'S INTERNATIONAL
EDUCATION INDUSTRY**

SPEECH

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Page 13581
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Senator STOTT DESPOJA (South Australia—Deputy Leader of the Australian Democrats) (4.50 pm)—I rise on behalf of the Democrats to contribute to the debate on Senator Carr's general business notice of motion. I would like to acknowledge that the Democrats are aware of the position paper to which Senator Tierney referred—and we did not need the web address from Senator Tierney. I will address that paper in due course, but one of the concerns that we have is that it has not really outlined a vision for the future in many respects. But I acknowledge, Senator Tierney, that it does aim to plug some of the loopholes that currently exist in the ESOS Act, and that is certainly a start.

Senator Abetz—Tell us the Democrat vision.

Senator McGauran—Here comes the vision.

The ACTING DEPUTY PRESIDENT (Senator Bartlett)—Order!

Senator STOTT DESPOJA—Thank you, Mr Acting Deputy President. I was actually acknowledging a point from Senator Tierney, but clearly the government do not believe that is worthwhile. I join with the ALP today in putting on board some of the concerns that people have about international education in Australia, but there are many reasons to acknowledge some of the good things that are happening in relation to export education as well.

We know that the number of international students studying in Australian educational institutions has risen from around 48,000 in 1991 to 158,000 in 1999, including, I believe, 27,000 offshore students. Australians all benefit from the students' contributions to teaching and research, from the exchange of international perspectives and the diversification of fields of study in response to international demand. Of course, we all know that the industry earns Australia more than \$3 billion per annum. It creates jobs, obviously, outside as well as inside the education sector. The Australian government supports this through a range of measures—bilateral and multilateral activities and targeted program assistance. But, unlike public providers, the industry's private providers are not subsidised by government. I would have thought that the growth of this industry would have been worth some commitment by the government, particularly as the private providers themselves have made great efforts to assist in the regulation of the sector.

In April 1998, the Australian Council for Private Education and Training appeared before the Senate committee's inquiry into the ESOS Act and stated that the act was fundamentally flawed and warned of imminent problems within the private education export sector if the proposal to extend the legislation for a further three years was enacted. At that time, the Democrats favoured only a one-year extension of the ESOS Act, pending proposed ACPET and government research. As the operator of Australia's largest tuition assurance scheme under the ESOS Act, obviously ACPET was well positioned to identify any flaws that happened to be in that act. ACPET informed the Senate inquiry that it would undertake research to look into more effective legislative control of Australia's private export education industry. However, only six months later, in October 1998, the government reenacted the ESOS Act for a further three years with the vote of the Labor opposition. So we now see a situation where what we considered an inadequate piece of legislation that had flaws was extended, which in many respects has permitted some of the degradation that has occurred in the export education field. This has also enabled the actions of a few dishonest private providers, who are operating under that act without prosecution, to throw doubts overseas upon the quality of Australia's universities.

Following the 1998 Senate inquiry, ACPET proceeded with the promised research by contracting Hall Chadwick Chartered Accountants and Business Advisors and Systems F1 Pty Ltd. This research actually cost ACPET in excess of \$80,000. That was with no government assistance, something ACPET members quite rightly regard as perplexing considering they are a growing export industry which contributes in excess of \$300 million annually to the wealth of Australia and that much again in overseas student expenditure while the students are in Australia, so there are obviously flow-on effects. The negative consequences of the ESOS Act began to emerge soon after this. A Victorian college, which offered a non-accredited masters degree in Vanuatu and dubious

courses in Melbourne—so in Australia as well—collapsed. A Sydney college collapsed. That was actually after ACPET had expelled it from its tuition assurance scheme on the basis of fraudulent marketing. It collapsed with some hundreds of students missing and apparently never having received tuition. Another Sydney college collapsed just before final examinations for those few students who had stayed in the course.

In all of these situations—and I believe in many more—the notified trust accounts were deficient. I believe that in one college more than \$700,000 was missing. To date, no prosecutions have occurred in relation to any of those situations. This demonstrates that either the ESOS Act is ineffective or the government has not had the will to pursue the law breakers—or both. In yet another college, an average of 200 students have defaulted—that is, gone missing—per annum for the past three years, so that is 600 students missing. You have to worry about that! The college charges around \$3,000 per student per annum, which is insufficient to pay award teaching rates, let alone costs for advertising, marketing and facilities. However, the college has collected about \$1.8 million for doing nothing over three years. But having reported the defaulting students to the Department of Immigration and Multicultural Affairs, DIMA, the college complies with the ESOS Act. So, despite the fact that these students are missing, it still complied with the legislation. That is really an absolute mockery of government.

ACPET estimates that there may be up to 20 colleges across Australia, mainly based in Sydney, operating this scam. One college reported some 2,000 defaulting students to DIMA in 12 months by sending 2,000 individually registered letters. The profit here was estimated to be around \$10 million without much, if any, tuition having been given. Is it surprising that this college has since collapsed, alleging that an overseas agent had absconded with the notified trust account funds? That is hardly surprising. How can a college with only a few classrooms obtain permission to enrol 2,000 per annum? And why do so many of these students come from non-gazetted countries when upright, honest providers can obtain visas for very few such students?

ACPET argued very strongly at the April 1998 Senate inquiry for a review of the ESOS Act, knowing that such situations occurred. For the majority of private providers who educate many overseas students honestly and therefore contribute to Australia's wealth and international reputation by doing so, the scams that were tolerated and are tolerated under the ESOS Act have been to the undeserved detriment of their reputation. Many have been unable to compete against the low cost, no tuition practices of the scammers and have therefore closed. Some have tried and will close unless there is immediate action to protect fair trade that does pay teachers a proper rate of pay, that does give tuition to the required standard to students and that does look after the welfare of those students. In some instances, students are too ashamed to return home to their parents or too scared to report their treatment to the authorities. They are of concern too. The fact that people are unwilling, unable, inhibited or intimidated in relation to reporting these scams is something we must consider. These students have been lured to Australia for low cost tuition and the promise of high wages to repay unscrupulous overseas agents with inflated interest for a study loan. There are extraordinary examples of people who are taking off with thousands of dollars, even millions, as a consequence of some of these loopholes.

In 1997 ACPET reported a number of examples of such rorts to the then director-general of the relevant NSW authority, who neither responded to the ACPET allegations, as far as we know, nor took any action. Subsequent reporting to the various state authorities has been met with responses such as 'That's a Commonwealth matter' and 'We don't have the resources to do DIMA's job.' So, even when there is reporting taking place, say, on a state level—as in this case in 1997—it is met with the belief that it is actually a Commonwealth responsibility. Herein lies another flaw in the ESOS Act: the dishonest private providers operate knowing that DEETYA is unlikely to prosecute; DIMA on the other hand is unlikely to investigate and the state registering authority is unlikely to deregister.

Essentially, then, the dishonest provider operates within the gaps of those loopholes in the ESOS Act, which are caused by the lack of a whole-of-government approach. Whole-of-government is a concept that this government likes to employ—it is terminology that we hear often in this place—but this is one example where it is quite lacking. ACPET has often deployed the financial resources of the ACPET Tuition Assurance Scheme beyond the requirements of the ESOS Act. Tuition Assurance membership requires a college with particular course provisions to accept students of a collapsed college with the same course so that the overseas students do not lose their tuition. There are many examples of where they have stepped in and utilised their own resources for the wellbeing and welfare of a student, not only to protect their educational opportunities but also to protect the reputation of Australia. However, in one college collapse in northern Queensland, students had paid for three months rental accommodation in advance. They then had insufficient money to be accommodated in Brisbane, where the matching college was located. They had moved from north Queensland to Brisbane, having paid for their original accommodation in advance, and then, of course, did not have enough money to cope with the

accommodation costs in Brisbane, to where they were moved. In this case, ACPET stepped in—and there are other examples of this—and paid for the students' accommodation, paid for bus transport so that the students could go the hundreds of kilometres required and ensured that the students' welfare was protected as a result. So, having the Tuition Assurance Scheme does not necessarily guarantee that overseas students can continue their education, because clearly there are examples where ACPET has had to step in despite the existence of the scheme. The ESOS Act falsely assumes that, by virtue of the scheme being in existence, students' welfare will be protected, especially in circumstances such as a college collapse or what have you.

We need a vision for Australia's export education which entails not just regulatory imposts but some kind of cooperative venture between industry and government to ensure the welfare of our students, to build Australia's export earnings and respect internationally and to introduce a standard of profession akin to those of other professions. Most professions require the attainment of an educational standard prior to practice and ongoing professional development to sustain membership. Unlike Australian doctors, lawyers, architects and other professions, Australia's private education exporters currently can have failed every primary school examination and yet they can still be eligible under state regulation and the ESOS Act to trade Australian education globally. There is currently no requirement for ongoing professional development, so is it any wonder that the current situation has developed to the detriment of Australia?

Given the work that has been undertaken over the past two years by ACPET to build a better education export industry, the DETYA position paper to which Senator Tierney referred, called *Strengthening the regulatory framework for the education/training export industry*, is actually quite disappointing. It sets out the government's proposals for amendments in 2000 to the Education Services for Overseas Students (Registration of Providers and Financial Regulation) Act 1991 and other measures designed to strengthen the regulatory framework. It seeks to plug some of those loopholes; Senator Tierney has made reference to that, and we support that aim. But, fundamentally, it lacks a vision. It is another quick fix which relies solely on regulation and does not envisage some kind of path for the continual improvement in quality of Australia's export education. It is disappointing that DETYA have had this amount of time and so many experiences from which to learn but have produced a position paper that simply plugs the holes in the unquestionably flawed ESOS Act. Admittedly, the position paper is an interim paper, but how much further must Australia's export education industry decline due to the inadequacies of the ESOS Act before we enact some kind of vision for reform? Given that it is an interim paper, you would hope to see some specific and long-lasting improvements, but I think we missed the opportunity to do that much earlier in this debate, when the Democrats suggested a one-year extension of the act but the other parties committed themselves to a three-year extension.

The ESOS Act allows a few dishonest private providers to degrade the reputation of Australia's otherwise excellent education provision. The DETYA position paper offers a piecemeal solution that is inappropriate for Australia's growth export education industry. It is quite appropriate that Senator Carr's motion be debated today:

That the Senate notes the Government's belated acknowledgment of the failure of its regulatory regime to safeguard the integrity and the quality of Australia's international education industry and, in particular, to:

- (a) prevent the abuse of student visas; and
- (b) act as gatekeeper for the quality of education provided to overseas students.

I am sorry that Senator Carr has not responded to the notion that we could have had a one-year extension of the act, as recommended by a number of groups, including ACPET, who are in a position to know. Why was there agreement to a three-year extension when some of these issues could have been fully examined, and hopefully acted upon, much earlier on in the piece? But now we have the opportunity to improve the act, which has been operating under at least two governments. It is an act that seeks to protect the interests of those students who are benefiting from our export education. The initial nature and the purpose of the act are good, and the Democrats have always supported that. But, clearly, there are deficiencies in this act which are enabling those things that Senator Carr referred to in his notice of motion to occur. For that reason, the Democrats will be supporting the motion before us today.