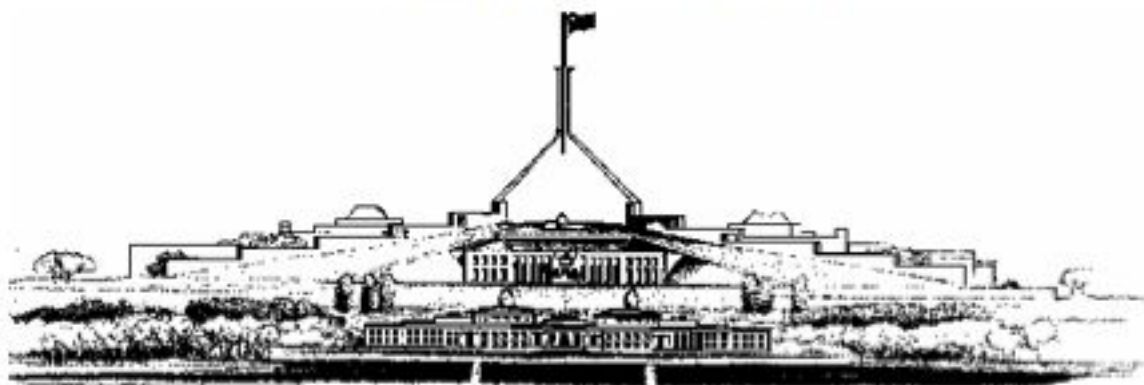




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**

**PROOF**

**BILLS**

**Education Services for Overseas Students  
Amendment (Streamlining Regulation)  
Bill 2015, Education Services for Overseas  
Students (Registration Charges) Amendment  
(Streamlining Regulation) Bill 2015**

**Second Reading**

**SPEECH**

**Monday, 30 November 2015**

BY AUTHORITY OF THE SENATE

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## SPEECH

<b>Date</b> Monday, 30 November 2015	<b>Source</b> Senate
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<b>Questioner</b>	<b>Responder</b>
<b>Speaker</b> Fawcett, Sen David	<b>Question No.</b>

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**Senator FAWCETT** (South Australia—Deputy Government Whip in the Senate) (13:27): I also rise to make a contribution on the Education Services for Overseas Students Amendment (Streamlining Regulation) Bill 2015. This is an important industry for Australia. The senators opposite are calling on us to be positive about this. We are very positive about this sector. It is in fact, as a number of reports show, probably one of our largest inbound industries in terms of capital. It is about third after iron ore or coal. Nationally there are over 420,000 students who choose to come and study in Australia, from over 193 different countries. Not only does that provide work for our educational institutions but, as someone who is involved in our foreign affairs, defence and trade committees and efforts, I believe it is an incredibly good expression of soft power and soft diplomacy, getting people to come here to experience Australia. Overwhelmingly, those people go home to their own countries with a positive experience of Australia.

In fact, a survey of students was done just recently by the University of Adelaide, in my own home state, and overwhelmingly the students said that South Australia was a great place to come because it felt safe, things were close, the people were friendly and the standard of education was good. So they went home with a very positive view of Australia. As we have seen from things like the original Colombo Plan and now the New Colombo Plan, which has been a particular initiative of the Minister for Foreign Affairs, Julie Bishop, those ties matter. Those long-term interactions with people of other countries, both the students and their families, and their employers in the future, matter because we actually build understanding between people who are going to be conducting business transactions and building relationships that will affect our economy as well as theirs.

To answer Senator Singh's comment, we are very positive about international students and education because it contributes a lot both now and into the future. In South Australia in particular it is an area that has been growing significantly. In the last year alone there has been about 8½ per cent growth in the sector. We have gone from just over 28,000 students studying in South Australia to now nearly 31,000 students in South Australia. In terms of the value to our economy, over \$1 billion a year is brought into the South Australian economy. Depending on which reports you read, the estimates are that over 7,000 jobs are directly or indirectly created as a result of international students choosing to study in South Australia. That is a very positive thing for us. It is not guaranteed though. We cannot always assume that that is going to occur.

If we look at cost, for example, in a recent survey that was done of over 5,000 students from 15 different nations, two key things were identified. The first was that Australia was not necessarily the cheapest place. In fact, for these 5,000 students who were surveyed across a range of courses we were one of the most expensive places. It was estimated that, on average, around \$42,000 was required by the time they paid fees and paid for their support—things like accommodation, transport or just living in South Australia. Given that people have consistently said that South Australia is a cheaper place to live compared to many other spots in the world then clearly a lot of that comes down to fees. In Singapore, for example, it was nearly \$3,000 a year cheaper than in Australia to live and study. In the USA it was some \$6,000 a year cheaper. This is an international market where students can choose, or parents can choose, with their children, where they entrust their children to go and study. If price is an issue—and it is certainly something that is reflected in the studies—the more expensive it is for our providers to provide education then the attractiveness of Australia as a place to be doing business is reduced.

The second key finding was that, for these 5,000 people who were surveyed, the perception was that Australia was no longer the highest in terms of quality. I think we are about No. 5 in terms of quality. Clearly, we should be seeking to help our providers in these sectors reduce their costs and focus on putting their effort into the quality of education as well as the experience for the student, so that the story that goes home to prospective students and families who may be looking to send their children here is that Australia is a safe and friendly place and that it offers quality education and affordable education.

Government policy does matter in terms of affecting those things and affecting demand. Deloitte Access Economics highlighted in one of their reports that between 2010 and 2012 there was about a 19 per cent decrease

in the value of the international student sector due to changes in Australia. They said in their report that those changes were due to a number of things. Three in particular came down to government policy, which was a tightening of skills requirements. In 2010, occupations like hairdressing and cooking were removed from the skills occupation list. The number of people who were applying for visas fell from over 31,000 in 2008-09 to 693 in 2010-11. Regarding the temporary stay requirement, in 2011, students were required to prove that they were temporary residents and had no intention to stay permanently. The impact of the genuine temporary entrant requirement resulted in the acceptance rate falling—in this case from India—from 90.8 per cent in 2007-08 to only 49.6 per cent in 2010-11. There was also a crackdown with new visa requirements that allowed students who studied at bachelor level to stay for up to four years after they graduated. But because this only applied to people at university, the demand for VET subsequently decreased.

Some of those measures are valid, although at the moment there is significant debate around visas and whether we should have further reform of visas, given that some of the people who are here studying as international students and who are keen to remain are studying in areas where there are recognised shortages and skills. If Australians are not choosing to do that study and get the qualifications and we have businesses suffering as a result because they cannot attract a skilled workforce then it appears logical that if someone has chosen to come and study in Australia and pay for their education and then wants to remain and work in that sector and contribute back to Australia's economy that is something we should be encouraging.

The point I make here is that government legislation does make a difference. That is why it is important that the changes we make in this sector value what this brings. Speaking as a South Australian, I am clearly keen to make sure that South Australia retains the value that it currently has and, in fact, grows. I think the state government has set a target of around 34,000 people by 2017 as something it would like to see. We need to make sure that legislation we bring forward does, in fact, help these providers to deliver a better quality of education at a lower cost.

The reforms that have been proposed in the Education Services for Overseas Students Amendment (Streamlining Regulation) Bill 2015 and the Education Services for Overseas Students (Registration Charges) Amendment (Streamlining Regulation) Bill 2015 are enablers to do just that. These reforms, as you would expect, have been developed with considerable consultation with the sectors and with overseas students, particularly their peak body, over the last couple of years. Their peak body has indeed made submissions to the Senate inquiry that was conducted into these bills.

The reforms in schedule 5 of the bill are going to deliver some \$76 million worth of savings to providers just through reducing red tape and duplication. As I highlighted, we are in a competitive environment, and parents have a choice as to where they encourage their children to go and study. As we have seen, Singapore and the US are both significantly cheaper on a per annum basis than Australia. So the net effect of being able to reduce the cost to providers, by some \$76 million each year, will go some way to helping them to make sure that Australia remains an attractive place for people to send their children. That also means that, rather than duplicating efforts and dealing with red tape, these providers can spend more time improving the quality of the education that they are delivering. The Council of International Students, who were one of the groups consulted, indicated in their submission to the Senate inquiry that they do not see that this bill in any way weakens student protections. In fact, they welcomed aspects of the bill, such as the flexibility in terms of being able to provide more than 50 per cent of their course fees up-front if they wish to.

I will go through some of the particulars of the bill, but I thought it was important to set that broad context first. It is important for Australia, and it is particularly important for South Australia. We value it and we recognise that it needs to be affordable and quality, and one of the ways to achieve that is to get rid of unnecessary duplication and red tape. That is the target of this bill, with some \$76 million of savings. It has not been done in isolation; it has been done in consultation both with the providers and, importantly, with the international student body, who are the people who are directly impacted by this. So, for those who wish to criticise the bill, it is important to recognise this does have broad support from the people who are impacted by it.

Schedule 1 of the bill goes to streamlining registration, monitoring and quality assurance processes for education providers to provide a more seamless system. This means that the providers under the ESOS Act will be aligned with their domestic registration. So, rather than having to register twice, there will be the one process that deals with both their domestic and international markets—which seems to a logical person just to make sense. The requests for information for providers will also be reduced, with external regulatory bodies being able to use

information collected for domestic registration in registering providers under ESOS. When I speak to small business in Australia, many sectors, including the education sector, tell me that one of the most frustrating things is having to provide the same information multiple times to different government departments or, in some cases, to the same government department but for a different purpose. Any legislation that we can provide that means that they only have to provide the information once is just good governance let alone a benefit to providers.

Schedule 2 looks at internal review of decisions. This saves time for providers by giving them access to an internal review process for decisions taken by the regulators. It provides the option to avoid lengthy appeals processes through the Administrative Appeals Tribunal when an internal review may in fact be a better way to resolve issues and to save time and resources. Importantly, in terms of consistency, the ESOS Act becomes consistent with domestic legislation for providers.

Schedule 3 looks at ministerial directions. It allows the minister to direct an agency to focus on a particular issue in the sector. Whether it is, for example, academic misconduct or cheating, they can direct the agency to look at that issue without having to actually identify a particular provider. That provides a good balance in being able to focus their effort without being seen to unfairly disadvantage any particular provider.

Schedule 4 looks to increase the powers of the Tuition Protection Service director to support quality assurance in international education. As I said in opening and setting the context, that survey of 5,000 students and their families found that quality was one of the determining factors that they take into account when choosing where to come for their study. The TPS director, who is someone who is often privy to information about the activity of providers, plays a vital role in making sure that the providers meet their obligations to students. If the TPS director sees issues that are not being rectified by providers, they can go to the regulators with recommendations that allow them to take quick action against the poor practices of particular providers. That is another way of making sure that we have a system in place that works with providers and, if need be, directly with the regulators in a targeted way to lift the quality of what is being provided. Schedule 5 goes to other amendments, which is where we see the \$75.9 million in savings for providers annually. As I said, this is going to be a significant boon in terms of making the sector cost competitive.

Some of the practical issues that have been raised and are now reflected in the bill go to things like removing student default reporting. Currently, providers have to report within five days if they think a student has defaulted. But some of the reports indicate that there is sometimes uncertainty as to whether it is a genuine default—that is, a student has in fact chosen not to turn up at all for a course—or whether there has been a problem with transport or getting into the country or establishing themselves and turning up on the day. Whilst information still has to be provided, the reporting time frame has been extended to 31 days to enable them to ascertain whether or not it is a genuine default as opposed to reaching a conclusion within the first five days. Both providers and students indicated that they felt that time frame of five days was too short. Examples provided included an illness that might have prevented a student from turning up. For students under 18, clearly the welfare of that student and the duty of care of the provider to have an interest in the welfare of the student is important. So a reporting requirement of 14 days remains where the student is under 18. That measure around the student default reporting and refining their system saves some \$16 million annually for the students.

One of the areas that the student peak body for international students particularly supported was allowing students to have more choice in how much of their fees they paid up-front. Currently, the bill restricts providers from collecting more than 50 per cent of student fees up-front. This bill allows students to pay more if they wish. What that means is that, if there are favourable exchange rate conditions or other reasons it suits the student or their family to pay up-front, then they have the option to do that. Short courses continue to be exempt from this requirement and the definition has increased up to 25 weeks which better reflects short-course enrolment patterns. Again even this small change to better reflect what actually occurs on the ground is a saving of \$1.2 million annually.

The last area in here that has a significant saving for the sector is the removal of the designated account. At the moment—unlike domestic providers who can use the fees that are paid to invest directly in the innovation and developing of their product, their facilities and the quality of the course—international students have to hold prepaid tuition fees in a designated account, which means that they cannot use it. Public providers, such as universities, TAFEs and government schools, do not have to do that. Having private providers able to invest this money into the quality of the course means that they can act in the same way as public providers do. There will still be the ongoing financial viability checks to make sure that they are a fit and proper person to run the course

and have the flexibility, but the estimates are that this will save some \$27.7 million annually making them more cost effective and increasing competition.

As I said at the start, this is an important sector for Australia—over 420,000 students for South Australia and more than 30,000 moving towards a target of 34,000 by 2017. It is worth more than a billion dollars to our economy. We need to get the settings right so that they remain cost competitive and they can focus on providing a quality education. I welcome this bill and we will be supporting it.