

Productivity Commission

Inquiry into Barriers to Services Exports

Submission made by the



May 2015

1. Background

The International Student Experience Association (ISEA) has been established to identify and act on issues and opportunities that protect and enhance the international student experience.

In Australia, the international student market is diverse and complex and if fostered has the potential to drive economic and social innovation. Recent reviews have highlighted the need to address the “student experience” as the driving factor behind the growth in the International Education Services (IES) industry. A positive overall experience for the students is seen as providing a competitive edge over other countries.

Formed in 2014, the ISEA is a not for profit group of like-minded professionals in the field who are committed to ensuring quality servicing to international students attending Australian education providers. The ultimate aim of ISEA is to ensure positive growth of this industry through the introduction of qualitative measures, which are attributable to a positive student experience. Market feedback to our Association identifies Australia as a premium "safe" destination. Our goal is to ensure this status is not compromised.

Though the Commission is inquiring into the export of services in general, the focus of this submission is the International Education Services (IES) industry and issues and constraints to its future success. The IES industry is considered the major contributor to the international student experience which in turn can dramatically influence trade outcomes.

2. Industry Environment

The export of education services is an Australian success story, having grown in an unplanned way by trial and error. It receives far less attention than other sectors such as mining and agriculture, even though it is now Australia’s third largest export industry (number one in Victoria). Students not only contribute their educational fees, they also spend locally on accommodation, food, transport and entertainment. The economic activity they generate can be particularly important for regional areas, with some economies counting on growth to secure their futures. The IES industry also provides a vital pathway to permanent migration, along with a solid platform for tourism through family visitations. Much of the credit obtained to Australia through the export of education services often is passed on to the tourism industry however it should rightfully be acknowledged as an education services by-product.

In per capita terms, Australia has more international students than any other western nation. This prominence is just as much good fortune as it is good management. The competitive threat from nations like China, Canada, the United Kingdom, Japan, South Africa and South Korea is rising. Other countries are now alert to the economic, social and cultural significance of international education. If the United States, for example, improves its student experience (e.g. by allowing open part-time work for international students), it could attract far more of the international student market. It is imperative Australia capitalize on its first-mover advantage and the reform process begun after the market “bubble” of 2007-09.

In its recent report, the Commission (2015) noted a number of important factors in the decision to study in a particular destination, including:¹

- the quality of educational institutions, their reputations and course offerings;
- the language of instruction, with English the preferred language;
- student visa policy settings in prospective host countries;
- presence of support networks (mainly through the presence of local migrant communities);
- a range of costs, such as the cost of living in the destination country, tuition fees and visa fees;
- the ability of the student and their family to fund these costs, including whether they can be offset through the ability to exercise work rights (including by their partners) during and after completion of their course of study;
- distance from their home country; and
- their wellbeing and safety in the destination country.

While these are all relevant factors, ISEA believes that Australia, if it is to remain ahead of the chasing pack, should build deeper connections with international students based on the core idea that their experience should be what drives shared goals across industry, government and the community. Legislation, clarity, consistency, common messaging and controls are missing in many of the key elements of international education services whilst focus and attention is often ironically biased towards education where there are already effective legislative controls, and penalties in place.

3. Strategic Challenges

The key issue relating to the Australian export of education services is the ability and willingness of stakeholders to take a big picture approach that provides the vision necessary for customer-centric change and development. The interests of different parts of the IES industry should be protected and particular concerns addressed. But all this must be done in a collaborative, holistic fashion that recognises the qualitative aspects of the student experience. Specific strategic challenges include:

¹ Productivity Commission 2015, *International Education Services*, Commission Research Paper, Canberra, p.40

- **Single Cohort** – The demand for IES should be defined as broadly as possible to include secondary, Vocational Education and Training, English Language Intensive Courses for Overseas Students and tertiary education. While obviously concerned with different pursuits, international students should be seen as a single cohort, in need of a consistent and co-ordinated approach from the supply side of the industry and government. Those attending high school should not be neglected, especially as their experience can often contribute to streaming into higher education.²
- **Supply Chain Integration** – The industry needs to improve working relationships, and not just between different education institutions and agents. The student experience is much more than gaining formal qualifications. It includes supporting service providers involved in areas such as pre departure orientation, arrival greeting, technology, food, welcoming accommodation, on-shore orientation, long term accommodation, use of public transport and healthcare. All parties lose out if short-term interests ignore the global reality: if the Australian IES sector is to survive and prosper, its members need to understand this supply chain as a whole competes with other nations. Poor individual performance and controls, within industry or government, is to the detriment of all involved.
- **Government** – The federated model of government in Australia has many strengths, provided it can strike the right balance between centralised processes and a proper regard for state and local issues. Just as it does with commercial providers, the IES sector benefits from competitive tensions between jurisdictions. Legitimate differences and healthy competition, however, do not have to translate into bureaucratic fiefdoms and confused policy. A common problem with government is the compartmentalization of departmental processes, with at least five federal ministers having an involvement in international education. There is a lack of big picture thinking on how key decision might have flow-on effects. The recent changes to the purchase of real estate by non-nationals, something seen by many as a mere taxing opportunity, is a relevant example of how sectional interests can impact the IES sector.

Minimising confusion for international students can be achieved if the Commonwealth, states and territories have clear and complimentary roles and responsibilities, all designed to work together to grow the pie for all.

- **One Voice, One Brand** – The IES industry needs simple and consistent messaging for its marketing of Australia as a high-quality, clean, green and safe destination. Effective marketing demonstrates industry, government and community are on the same page.

Effective messaging can be subtle. In its recently-released Draft National Strategy for International Education, the Commonwealth makes reference to the need for “affordable” accommodation and transport. The inference of low-cost service is not

² Note the Commission’s research report on IES provides very little analysis of the high school and under 18s sector.

consistent with promoting Australia as a high-quality destination. ISEA believe such services should be promoted as “appropriate and value for money” and that is how the industry should respond. Terms like ‘affordable’ are subjective and vary greatly in interpretation by the end user and do not assist in supporting the key messages for success in this industry.

- Experience is Quantitative – While compliance with standards is crucial, it is also important to acknowledge the ultimate goal – a highly valued student experience – is not something that is readily measurable, as it is concerned with personal relationships. As the Commission states in its Research Report (p. 41), while “the role of attracting students appears highly relevant, the means by which students assess quality is less clear”. There is no way to effectively quantify the value of a genuine “G’day!” This is why word-of-mouth is often the most effective means of promoting the student experience. People may nominate one thing on a form or a questionnaire, but really think or feel something else. Students may not say to Australian officials or service providers what they will tell their friends upon return to their own country. The IES industry needs to avoid a box-ticking mentality to policy development and performance assessment.
- Policy and Regulatory Standards – To protect its reputation and deliver quality outcomes, the policy, regulation and standards applied to the IES industry must be “fit for purpose”. That is, they should use clear and agreed definitions, and be suitable for the prevailing circumstances. Minimum standards, if there are to achieve value for money, should be risk-based and evolve as things change. They should be enforced firmly in situations where the industry is not living up to expectations. As performance improves, it may be appropriate for more self-regulating, with governments taking a very strategic role. Currently, in Australia, despite numerous reviews and recommendations to the contrary, the development and application of standards has lagged in essential support services like health, transport and accommodation (discussed further below). This is despite these reviews consistently calling for controls and legislation in various areas of the IES sector. As discussed above, the approach should consider the supply chain as a whole.
- Equity – As a guiding principle, international students should, where ever possible, face the same treatment as their domestic student counterparts (see examples below). This will engender a sense of belonging and protect Australia’s hard-won reputation as a welcoming and friendly destination. It also highlights that we are a fair, multicultural and equitable country when dealing with international students and visitors.

3. Specific Issues

The Commission has asked for the identification of domestic barriers that apply to service exports, what are the highest priority for reform, who should be responsible for driving the reform process, and costs and benefits of removing these barriers.

In addition to the strategic challenges noted above, ISEA has identified following specific issues and possible initiatives to improve the IES sector.

Government Co-ordination

The Commonwealth government should take action in the International Education Services (IES) sector to (1) be more effective within its own administration and (2) take a greater leadership and co-ordination role amongst state and territory governments.

Some appropriate measures are discussed in the Draft National Strategy and ISEA support the Commonwealth government in “getting the fundamentals right”.

ISEA would like to see one focal point responsible for coordinating the federal government response to industry. Ideally, this would involve the establishment of a dedicated “Minister for International Education”, just as there is a Minister for Tourism and other major sectors. The Minister would coordinate policy on such matters as education, immigration, health, and public transport. The Minister would also address the bewildering array of regulations imposed upon the IES industry. As already discussed, this is not about abandoning regulation. It’s about ensuring it is fit for purpose, the minimum required for the desired outcome. We therefore strongly support streamlining regulation, while at the same time seeking to codify best practice expectations in the provision of services right across the supply chain. Consideration should also be given to ‘must have’ “template contract wording” for service providers in critical areas such as orientation, healthcare, welfare and accommodation.

The Commonwealth Government should also have more influence over the jurisdictions, ensuring they adopt consistent policies, messaging, standards and definitions. It should, possibly through the Council of Australian Governments, work to proactively prevent sectional interests hampering the growth of the IES industry.

Public Transport

The Commission should investigate the level of concessions available to international students for use of public transport.

Students on an Australian Student Visa should be able to receive the same subsidies as domestic students across all States without exemption.

Healthcare

As with public transport, ISEA believe international students should be provided healthcare on comparable terms as domestic students. The current situation is seen as discriminatory and provides a cost disadvantage to other study markets. Moreover, some state governments have adopted an attitude of viewing international student health expenses as a revenue “pot of gold”. As previously stated, this sectional, short-term thinking is not helpful to the overall

industry and will result in a reduced economic outcome over the medium to long term. At the very least state and territories should be encouraged to reign in their charges to international students and make long term commitments to avoiding increases that are out of step with other price movements. In essence they should be restrained and consistent.

Welfare Standards

ISEA recommends that all international students arriving for the first time to study and live in Australia use the services of a professional standards based “Welcoming Hosted Accommodation” provider who can also organise appropriate Airport Pick Up services to ensure a safe and happy arrival experience.

Other recommendations include:

- all international students (over 18 years) make quality choices around initial accommodation to set them up for longer term housing solutions;
- students under 18 years must follow the accommodation advice of their Education Provider; and
- all students under the age of 18 should have welfare/advocacy support independent of education and accommodation provider.

Additional details on proposed welfare standards are shown in Attachment A.

Homestay Standards

The term Homestay is defined as the provision of residential accommodation using the existing homes of Australian residents. Unfortunately, despite a Senate Inquiry (2009) and numerous reviews calling for standards, there is still no consistent standard, with the international students exposed to considerable vulnerability and variability in terms of situation and safety.

A critical element in the improvement of Homestay in Australia has been the introduction of published Homestay Standards, which were first deemed appropriate by the [Senate inquiry into the Welfare of International Students in 2009](#) (See sections 3.65 through to 3.71). Since then, The University of Sydney through its Centre for English Teaching has been instrumental in reviewing the [University’s Homestay standards](#) and for ensuring that standards for this very important part of the IES industry were validated.

The [NSW Parliamentary inquiry into international student accommodation \(2011\)](#) commended the University of Sydney standards for Homestay and recommended them for legislation. To

date, many of our major Education Providers have committed to the published Homestay Standards as detailed.³

ISEA has recommended these Homestay Standards apply across the country to ensure quality, student safety, consistency of services and positive consistent messaging to markets. There is a role for the Commonwealth government in making this a reality. As noted above, accommodation should be about appropriateness and value not 'affordability'.

Pre-departure Orientation

Orientation is often the first exposure a student will have to the Australian education system. Students who partake in thorough orientation programs prior to departure from their home country are more likely to integrate into their life in Australia more efficiently. An effective orientation program should be accessible to all international students and allow students to commence at different entry points, and cater for late arrivals. Such information should continue to be available students post arrival and for the duration of their visa. The ISEA believe these programs should include detailed information on the realities of life in Australia, addressing important environmental and local details as appropriate.

At a minimum, the topics covered in a quality pre-departure orientation program include: cost of living, work rights, accommodation options, transport, general visa conditions, health and safety, customs and quarantine information, Australian culture and key contacts, including an "after-hours" contact number.

The orientation program should be available in other languages as appropriate to assist with optimal understanding of the student and their family. Student understanding using audit checks as appropriate should be completed to provide further confidence to students, parents and education providers.

Furthermore, a quality control or auditing process needs to be in place to enable providers to effectively and accurately determine a student's participation and understanding or comprehension of set orientation information. Without this, there is no process for an education provider to prove it is effectively educating each of the students in an individualised and focused manner.

To make this happen, there should be reform to Education Services for Overseas Students Act so that the roles and responsibilities of education providers and agents are clearer and more specific in requirements.

4. Conclusion

Our submission makes the following key points:

³ See: <http://www.homestaynetwork.org/homestay-standards>

- International Education Services (IES) is a crucial industry sector with the supply chain as a whole competing with other nations. It should not be subject to the whim of sectional interests;
- the student experience should be seen as qualitative, holistic and interconnected especially by policy makers;
- current industry regulation is cumbersome and confused. A comprehensive standard of practice led by specific sectors should be put in place, while having regard for the qualitative aspects of performance;
- there are opportunities for the Commonwealth to give effect to immediate policy action that would send a strong signal overseas (e.g. equity on health care costs); and
- leadership at a national level in the form of a dedicated ministry would send a strong message and be effective in preventing sectional interests prejudicing the whole industry.

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Appendix A: PROPOSED WELFARE STANDARDS

ISEA firmly believes welfare arrangements for international students are paramount for a strong and robust industry. We believe that standards of care across the sector need to be transparent, accountable and consistent.

- “Unsatisfactory welfare arrangements” is one of the top five risks listed in the Knight Review (2011) – a strategic review of Australia’s student visa program.
- Standard 5 of the National Code of Practice (2007) is very broad and is left open to interpretation by each individual education provider. As a result there is a wide variance of standards in relation to care and welfare for international students.
- Students under the age of 18 are our most vulnerable group and need to be protected. Independent advocates (not employed by education provider or accommodation provider or student agent) need to be exactly that – independent – to ensure the student is represented without favour or bias.

We believe the following standards should be adopted as the National bench mark for care and welfare of international students.

Students under the age of 18

1. Access to an online portal, which allows education providers the ability to access, audit and monitor the following information:

- Full contact details of student, home stay address, host contact details, student mobile number, student e-mail
- Full contact details of the parents, home address, home, work and mobile contact numbers, home and work e-mail (critical incident response)
- Full guardian details, name, contact number, image of working with children check card, blue card or clearance letter issued by the relevant state authority
- Details of each contact between guardian and student, summarising type of contact (phone or in person), date and time.

2. Compulsory Insurance

- Guardian service to maintain national professional indemnity and public liability insurance to cover duty of care for company employees, agents and sub-contractors engaged by the guardian service to provide services to students
- Copies of certificates of currency to be provided to education provider
- Recommended minimum cover is \$5,000,000 public liability and \$10,000,000 professional indemnity

3. Confirmed Training

- Documented training
- Online portal with mechanism to monitoring performance of each guardian, sub-contractor or agent providing services to students

4. Legal and Binding Contracts

- Guardian service to ensure all employees, agents, sub-contractors have legally binding contracts ensuring they will abide by standards of service
- Guardian service to sign agreement with education provider confirming compliance to set standards and service delivery

5. Documented Approach

- Guardian service to provide parents with documentation outlining services provided, cost of service, refund policy and process
- Signed copy of parents agreement to be available online for education providers to view if required
- Online access for the education provider to reports, letters of permission, travel itineraries other documents relevant to student
- Online access recording all contacts with guardian, student, parents, education provider or other party relating to the student.

6. Independent Process

- Guardian to be independent (not employed by the education provider, not the homestay host or employed by homestay provider, not the education agent or employed by the education agent)

7. 24/7 Emergency support and critical incident response

- Provide access to a professional 24/7 emergency response line for critical incident management and response if required

8. Accountable and Transparent Payments

- Online access to all invoices, creating an environment that is accountable and transparent

All International Students

ISEA also believes all international students regardless of age should have access to an independent advocate to represent them if required. This service should be free to all international students, the cost of maintaining the service should be incorporated into the student's annual fees (Approximately \$6 per annum per international student). Services provided by independent advocate should include 24/7 independent representation and personal consultation in relation to:

- Critical Incidents
- Legal advice referral
- Cultural awareness and integration
- Counselling
- Work rights/Fair work
- Tenancy/accommodation and housing

- Transport
- Safety and Security
- Telecommunications (telephone/internet), pre-paid and contracts
- Visa and migration referral
- Health insurance
- Education providers
- Travel