



Australian Government
Department of Immigration and Citizenship

Strategic Review of the Student Visa Program
Integrity has a Value and a Price

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Australian International Education Conference (AIEC)
Adelaide Convention Centre
14 October 2011

Let me begin by acknowledging and paying my respects to the traditional owners of this land on which we meet today, the Kurna people, and thank them for their continuing contributions to the Adelaide community.

I also want to thank Mr Andrew Thompson, Chief Executive of IDP Education and Mr Stephen Connelly, President of the International Education Association of Australia for the invitation to speak here today.

Distinguished guests, ladies and gentlemen, this conference is being held at a critical moment in the history of Australia's engagement with overseas students.

Australia has been providing international education for many years. It is one of our largest exports and we are among the global leaders.

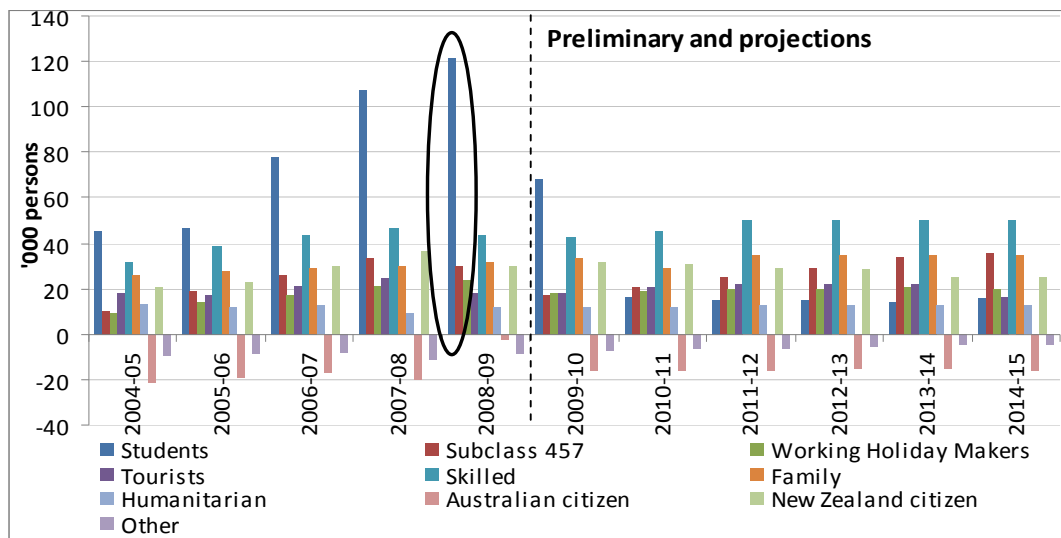
As a safe, English speaking destination with strong links to Asia, and as an early developer of international education services, we have some inherent historical advantages.

But complacency is not an option. The integrity and long-term viability of Australia's Student visa program is one of its most valuable assets, but it has a price.

In recent years, the Australian Government has had to take action to protect the integrity of our student visa and migration system and enhance the quality of Australia's education brand - the brand which has been compromised by unsustainable practices and directions that were driving accelerated growth of non-genuine students entering our education and immigration systems.

What happened is a stark warning that we should not take our advantages for granted.

Net Overseas Migration (NOM)



Source: Department of Immigration and Citizenship

The uncommonly high impact of the student visa intake on Net Overseas Migration (NOM) – the difference between inflows and outflows of long term residents – was perhaps the most significant indication that Australia’s Student visa policy settings required reform.

This chart shows the impact on NOM of the explosive expansion of overseas student numbers, particularly in the VET sector, that occurred in the years between 2005 and 2009.

Overseas student visa grants peaked in 2008-09 at 319 600.

VET Sector visa grants went up by over 50 per cent in one year – from 68 600 in 2007-08 to 103 800 in 2008-09. By comparison, Higher Education visas went up by a more modest 3 per cent in the same period.

As you can see, by far the biggest contribution to the growth of NOM and thus to population growth in recent years has come from international students. At the peak level in 2008-09, students accounted for 41 per cent of total NOM.

However, it was not the number of students coming to Australia that was a problem. Genuine international students have and will always be welcome to our country.

What is clear from this chart is that the majority of international students were opting to stay in Australia, with their NOM arrivals significantly outweighing their NOM departures. The differential between departures and arrivals for student visa holders reached a point where, at its peak in 2008-09 there were nearly four times as

many people arriving on these 'temporary' visas than there were departing.

This is not a picture of an education sector growing sustainably and with integrity – it is an illustration of unsustainable directions and practices.

This rapid acceleration of student visa grants to students – many of whom were aiming for the lowest entry point to permanent visa and who had no intention of returning home after studying – put a massive strain on the credibility of our international education sector. This, in turn, strained the ability of the department to maintain the integrity of the Student visa program and more broadly, our migration program. It has also put pressure on housing, infrastructure and tested community support to this economically important program.

As you can also see from this chart, what went up rapidly as a result of these non-education pull factors, came down almost as quickly as it got up – this time as a result of both external factors and necessary policy reforms.

External factors contributing to the decline in international students coming to Australia include:

- the global financial crisis
- the rapid growth in the value of the Australian dollar
- the perception that Australia was perhaps not as safe and welcoming as previously thought, especially when rapid

growth in numbers puts pressure on infrastructure and in some cases the level of community acceptance

- increased competition from established countries and new countries entering the international education market.

What also began to drive down the numbers of non-genuine overseas students were the measures taken to shore up the integrity of both the Student visa program and our permanent skilled entry program. This strategic response has taken place on a number of fronts.

De-coupling of an automatic link between study in Australia and permanent migration, through:

- abolishing the migration occupations in demand list which acted as a beacon to those students wishing to identify the easiest, fastest course to take in order to obtain the largest number of points for skilled migration; and
- introducing a new points test which focuses on human capital, not on a narrow range of occupations.

The points test recognises a range of attributes including better English, more extensive skilled work experience and higher level qualifications. It counters the previous practice of some students and providers, of manipulating their courses of study simply to target skilled migration.

The department will also introduce SkillSelect next year - which will mean that prospective skilled migrants will need to go through a two-step process. Under the current system, they can gain an

automatic right to a visa by accumulating a set number of points and merely lodging an application. Under SkillSelect, they will first have to lodge an expression of interest to migrate and then wait for an invitation before they can apply for the permanent migration program. If they do not receive an invitation, they will not be able to validly apply.

Tightening the regulation of education providers

- In the wake of the Baird Review new bodies have been established to regulate international education providers and require them to meet exacting standards to obtain and keep their CRICOS registration.

At the same time the government commissioned the Hon Michael Knight AO to conduct a strategic review of the Student Visa program.

I will address the government's response to Mr Knight's recommendations shortly.

These recent reforms have gone some way to restoring integrity in the system and also led to restoring balance between inflows and outflows of temporary entrants thereby reducing NOM and the impact that immigration was having on the population growth.

In the longer run, if policy settings are correct, we expect to see students having a broadly neutral impact on NOM and the population growth, as they complete their courses and go home. Some students may obtain short term temporary work rights. However, if they cannot achieve permanent residency or long term

employee sponsorship, eventually they will need to return to their home countries.

We have seen the international education pendulum swing sharply between rapid growth and deflation in the space of three years. Neither explosive growth nor subsequent deflation is good for the long term health and sustainability of our international education sector.

All stakeholders, including my department, now need to take stock of the measures we have in place, and can put in place, to support the delivery of high quality and sustainable education to overseas students. In particular, the department is now beginning the implementation of the recommendations of Michael Knight's strategic review of the Student visa program.

Michael Knight's strategic review of the Student visa program

Mr Knight's brief was straightforward:

- take a hard look at the way the Student visa program works
- talk to all key stakeholders and our competitors
- identify any impediments to quality, integrity and competition
- recommend what measures would put international education back on the pathway to sustainable growth.

In accepting the Knight review recommendations, albeit with some modifications and additions, the government has also accepted the principles that lie behind them. These include:

- The international education sector is a good thing for Australia.

- It generates substantial economic benefits
- It adds diversity to our student population
- International students form enduring links between Australia and their home countries.
- Australia's brand depends on quality.
 - Quality exists in all sectors, but in recent years quality fell in some parts of some sectors
 - Our reputation for quality is intrinsic to building a sustainable international education sector.
- While growth is generally a positive, it must be sustainable.
 - Growth should not be an end in itself
 - Poor quality growth is ultimately self-defeating
 - Too much growth too quickly can put pressure on infrastructure, housing, community services and in some cases community acceptance.
- The best way of reducing migration risk is to refuse the initial applications of people seeking to exploit the system.
 - A dollar spent on dealing appropriately with high risk applicants in their own country at the time of their application could save the Australian taxpayer many times that amount in detection and appeal processes should such an applicant get to Australia.

- In order to maintain the integrity of our migration processes, the rules and procedures cannot be static.

As this last principle suggests, the government's response to the Knight review is not a static, one-off response. The Knight review is a starting point for reform – not the final destination.

Fundamentally, our post-Knight reforms have two chief objectives:

- To enhance the integrity of Australia's Student visa program
- To strengthen the competitiveness of our international education sector.

These two objectives lend themselves to some powerful synergies that we have built them into our post-Knight policy strategy.

Visa Program Integrity

The current method of assessing whether a Student visa applicant is genuine is by looking at proxies of genuineness, for example:

- Does the student have sufficient funds to support themselves and pay their fees?
- Is the applicant's English commensurate with the course they intend to take?
- Is the applicant's previous study commensurate with their intended study in Australia?
- What is the level of migration risk associated with the country the applicant comes from and the sector in which they intend to study?

Now there is nothing inherently wrong with these criteria but they suffer from several weaknesses:

- Good providers should already be assessing the English and previous qualifications of applicants for their courses.
- While the Government has a strong interest in ensuring that students are able to support themselves while they are here, their ability to pay their course fees is mainly the responsibility of their provider and is not an inherent indicator of their genuine intentions.
- There are high risk and low risk applicants from all countries and in all sectors. Migration risk can vary enormously between applicants from the same country, depending on which region they are from and who they are.

Two conclusions flow from this:

- The department should explicitly address the question of whether an applicant is a genuine temporary entrant rather than rely on the use of proxies to ascertain this, and
- The department should begin to place more emphasis on the ability of providers to choose financially viable and appropriately qualified students.

This translates into two key measures recommended by Knight:

- The Genuine Temporary Entrant criterion
- Streamlined processing based on the integrity of providers.

The Genuine Temporary Entrant (GTE) criterion

The new GTE criterion will be the first to be considered in the assessment of all Student visa applications.

Instead of relying solely on proxies for genuineness, assessors will have the ability to pose the question: “are you a genuine temporary entrant” – that is:

- Do the individual circumstances of the applicant indicate that their main aim is for a temporary stay in Australia to study and then return home?

In order to obtain the answer to this question, the GTE provides the ability to consider a range of relevant issues, for example:

- What are the circumstances in the applicant’s home country and their potential circumstances in Australia?
- Will the applicant’s proposed course of study enhance their career prospects in their home country or globally, or add in a sensible way to their general education?
- If a similar course is already available in their home country, does the applicant have good reasons for coming to study in Australia?

Assessors will also be guided by background intelligence on migration fraud and immigration compliance.

The GTE criterion was described by Michael Knight as the “foundation stone” and it will certainly provide a more direct way of

identifying non-genuine applicants than simply relying on the proxy measures I have already described.

Once in place, it will enable the department to reform assessment processes to increase the competitiveness of our providers.

Streamlined visa processing

When the department has laid the foundation stone of the GTE, it can then examine the viability of giving streamlined visa assessment to applicants with low risk providers.

This process will begin, as recommended by Knight, with streamlined processing for Student visa applicants with a Certificate of Enrolment (CoE) from an Australian university at Bachelor or higher degree level for all universities who wish to take part in this process.

These visa applicants will be assessed as though they were Assessment Level 1 even if they are from AL2 – AL4 countries.

Applicants will need to declare they have the required levels of funding and English to study and live here rather than having to present evidence.

This will simplify the visa application process for these students, making it significantly easier and quicker.

These advantages will make our universities more competitive in international markets.

There are some caveats, for example:.

ALL applicants will be subject to the GTE. This should weed out those whose primary purpose is to achieve an immigration outcome rather than strengthen their career prospects through quality education; and...

PARTICIPATING universities will need to have an acceptable plan that will be agreed between the universities, DIAC and DEEWR. The plans could include information on matters such as:

- Number of international students the university intends to recruit.
- Integrity of recruitment practices, including control of agents.
- Strategies to ensure that students have appropriate levels of English at the commencement of their courses.
- Strategies to ensure that students have sufficient funds to support their studies in Australia.
- Identification of partner institutions (with which visa applicants may package courses and still be eligible for streamlined arrangements).

The department will also monitor the compliance of students entering under these arrangements, with the terms of their visas. If there are any issues of concern, the department will liaise directly with the university involved. If a university, after consultation and advice, has a persistently high level of student non-compliance, they will no longer have access to streamlined processing.

The department is also looking to introduce this streamlining measure to give faster easier visa access for prospective university students in time for second semester 2012.

I should note that universities will also, for the first time, be provided with comprehensive feedback on the compliance record of their overseas students. This will include information on:

- Refusal rates
- Cancellations
- Overstay rates.

This will give these providers a much better sense than they currently have of the integrity of the students they recruit.

Reducing the financial requirements for AL3 and AL4 applicants

The GTE will enable the financial requirements of AL3 and AL4 applicants to be relaxed across all student visas.

Many submissions to the Knight review made the point that the financial requirements for the higher Assessment Levels are more onerous than in competing countries. Some claimed that even well funded genuine students often find it hard to meet them without subterfuge.

As the GTE provides the assurance of identifying non-genuine students more reliably than before, the financial requirements on applicants are able to be reduced. Namely, the financial

requirement will be reduced by up to \$36 000 for an AL4 applicant and up to \$18 000 for an AL3 applicant.

The department estimates that this will reduce the eligibility criteria significantly for around 62 700 applicants (not including streamlined AL3 and AL4 applicants) — a very significant benefit to the competitiveness of our education providers across all sectors.

This measure will particularly assist a significant number of VET and private education providers.

A fundamental review of the Assessment Level Framework

Michael Knight recommended streamlined processing for universities as a starting point because:

- The universities are the spearhead of Australia's international reputation for education
- Quality is high right across the university sector
- It is very difficult to become a university; and quality can be preserved because the number of universities is small
- Australian taxpayers have a huge financial stake in universities
- University students are a low migration risk group.

These are all good reasons to start with the universities, but this initiative does beg the question — could streamlining be applied to low risk, high quality providers in other sectors?

Unfortunately, the department cannot begin to answer this question until it has established and evaluated streamlining with the initial group of universities, and conducted a root and branch examination of the rationale behind the current system of determining ALs.

The government has therefore announced a fundamental AL review that will report in mid-2012.

The fundamental AL Review will be conducted with a view to either abolishing the system entirely or modifying the framework to make it relevant to current and future challenges facing the Student visa program.

Without pre-empting the review, issues to be considered could include:

- collapsing ALs into categories such as high, medium and low risk
- folding student risk assessment into the department's risk tiering framework currently under development
- the suitability of including English language proficiency, financial capacity and educational qualifications as threshold requirements for ALs
- whether the differences between ALs are achieving their goal — for example, is the difference between AL1 and AL2 worth preserving
- the appropriateness of distinguishing between education sectors and not individual education providers and

distinguishing between countries and not differences within countries.

The review will have an external reference group that will draw on a breadth of experience across the Australian education sector.

The review is timed to conclude well after the establishment of streamlined processing for university applicants. The experience of processing under the new system will be taken into consideration when assessing whether it has proved to be a concept that might usefully be extended to high quality, low risk providers in other sectors.

Other key measures

Other Knight recommendations will also be taken up by the department to provide assistance to quality providers and students to help grow the university sector in a sustainable manner. These include:

Enhanced work rights

A post study work visa will be introduced for graduates from Australian universities. The period of the visa will initially be set at two years for a Bachelor or Masters by Coursework degree, three years for a Masters by Research degree, and four years for a PhD.

Entry to the visa will be dependent on successfully completing a degree course of specified length and English ability initially set at IELTS 6 or equivalent.

Higher degree by research students will also be given unlimited work rights and extensions to their visas of up to six months after submission of their thesis to cover the interactive marking period.

These measures recognise that high quality human capital is essential to Australia's ability to innovate and that the brightest students and researchers are highly prized in many countries.

The Education Visa Consultative Committee

The Department is working towards the establishment of an Education Visa Consultative Committee, whose membership will include representatives of all key stakeholders. This will provide a much better forum in which to share information and discuss policy matters relating to student visas.

Other integrity measures

To further reinforce the integrity of the student visa program the department's Student visa compliance officers will have greater flexibility to target high risk student cohorts and providers by removing the current mechanical and ineffective way in which we respond to information coming to us from providers and DEEWR.

Currently, a great deal of time is tied up responding to notifications of student non-compliance via the Provider Registration and International Student Management System (PRISMS). In many cases these notifications are low risk but high in terms of work load.

Together with this more strategic approach, the department and DEEWR will instigate improvements to PRISMS itself, such as

giving each student a unique identifier and including the names of all agents involved in applications on the PRISMS system.

Conclusion

In conclusion, I would like to reiterate that although the Australian international education sector has suffered a number of setbacks recently, it still retains many inherent strengths.

I note that the recent AEI report entitled ***Studying in Australia: views from six countries*** found that Australia is still perceived to be a provider of quality education by a majority of students from around the world.

I also note that students ranked Australia as taking the shortest time to process a visa and that the cost of a visa was among the least important factors influencing their decisions about where to study.

What I have outlined today is intended to build on these strengths. We don't want to live on our reputation – we need to learn from the events of the past three years and make sure we do not repeat them.

As I have already stated, protecting the integrity and long-term sustainability of Australia's Student visa program has both a value and a price. We should not think only in terms of increasing short term financial gain and disregard other issues, pressures and cost that matter to our broader community and that are intrinsic to our ability to maintain and improve our competitive advantage in this sector in the long term. The integrity of Australia's immigration program has a value for our education brand and should not be for sale.

No man can purchase his virtue too dear, for it is the only thing whose value must ever increase with the price it has cost us. Our integrity is never worth so much as when we have parted with our all to keep it.

Charles Caleb Colton

The lessons we must learn are:

- International education must be a product and an end in itself, not the by-production of an immigration outcome conveyor belt.
- Australia's international education sector must be built on quality.
- The Student visa assessment process is the front line defence of the integrity of the Student visa program.
- There needs to be far better cooperation between the department and key stakeholders such as DEEWR and Australian international education providers.
- We need to improve the quality of the information we give providers and providers need integrity and vigour around which students receive their CoEs.

As Charles Caleb Colton once said:

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The lessons we must learn are:

- International education must be a product and an end in itself, not the 'by-product' of an immigration outcome conveyor belt.
- Australia's international education sector must be built on quality.
- The Student visa assessment process is the front line defence of the integrity of the Student visa program.

- There needs to be far better cooperation between the department and key stakeholders such as DEEWR and Australian international education providers.
- The department needs to improve the quality of the information we give providers, and providers need integrity and rigour around which students receive their Certificates of Enrolment.

If we do these things, together we can continue to build a viable, responsive and highly trustworthy system that will serve us well into the future when demand from newly industrialised Asian countries is only likely to increase.

The measures I have outlined today will help us achieve these goals.

Thank you.