

**Council of Australian Postgraduate Associations (CAPA)**

**WHITE PAPER ON INTERNATIONAL  
STUDENTS**

**Prepared by:  
Arturo Bravo Nuevo,  
CAPA International Students Officer**

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### **1. CAPA Policy Recommendations**

**Recommendation 1:** That the Prime Minister issue a principle statement or memorandum acknowledging the importance of International students to the Australian economy, society and culture.

**Recommendation 2:** That the Federal Government recognises that keeping locally-gained knowledge in the country is in Australian national interest, and subsequently investigate, promote and act on the ways of ensuring international students have access to, flexible working arrangements for the period of not less than 18 months following graduation.

**Recommendation 3:** That the Federal Government ensure that Universities provide a mechanism for students to provide feed-back on the accuracy of information received by recruitment agents and consequently whether their expectations were met during the time they were studying in Australia.

**Recommendation 4:** That the Permit To Work should be granted with the Student Visa, without incurring any additional costs, while the Student Visa fees should be significantly reduced.

**Recommendation 5:** That international students and their dependents be provided access to Medicare.

**Recommendation 6:** That international students be provided free access to public education for their dependent children while studying in Australia.

**Recommendation 7:** That travel concessions should be granted Australia-wide for all international students irrespective of their race or nationality.

**Recommendation 8:** That working conditions for international students and their partners be made more flexible in order to relieve excessive financial and related stresses on students and their families.

## 2. Introduction

In the last 10 years, Federal Government funding to Australian Universities has been steadily decreasing. Concurrently, income from private sources has dramatically increased. Funding from fee-paying students has increased from 5 percent in 1992 to 12 percent in 1999 (AVCC, 2001) (Figure 1). As recently outlined by the Federal Minister for Education, Science and Training, Dr Brendan Nelson, in his Overview Paper, *Higher Education at the Crossroads*:

From the mid-1980s the Commonwealth encouraged Universities to find funds from other sources in order to ensure that the system, could continue to expand. Over the decade, income from fees and charges doubled mainly due to the conscious effort of Universities to attract more overseas students. The number of overseas students tripled. By 1999 revenue from fee-paying overseas students amounted to \$805 million or approximately 10 percent of the sector revenue (Nelson, 2002: 53).

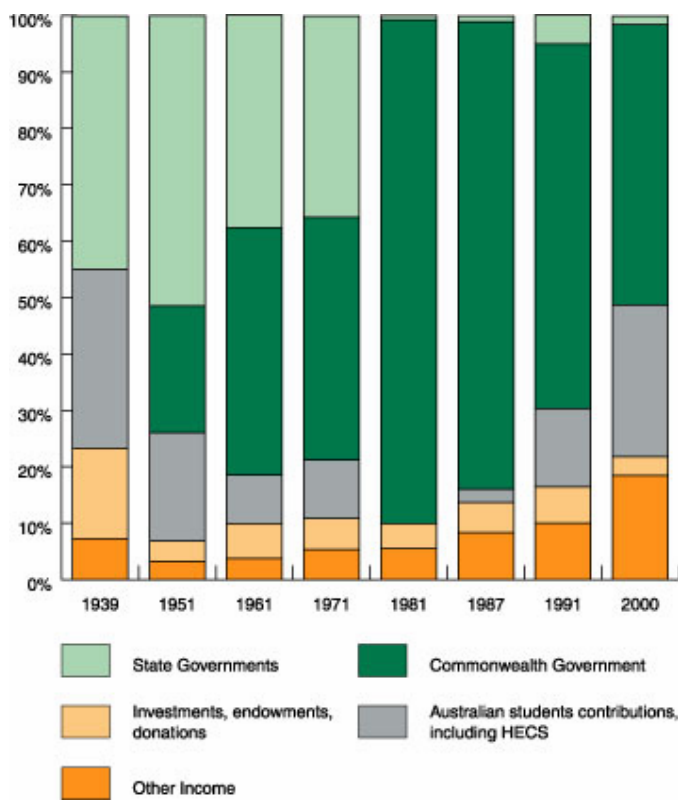


Figure 1: Private funding in Universities has been increasing since 1981. Source: Nelson, 2002: 53.

Education is the tenth major export industry in Australia. International students bring not only income but also multicultural and cosmopolitan influences into our country. The education market is harsh and competition always on the increase. International students are, importantly, considered ‘Australian Residents for taxation purposes’, and pay all taxes, both income tax (if they earn a salary or wage) and Goods and Services Tax, applicable to all other Australian citizens. Unfortunately, this obligation has not proven sufficient to entitle them to equitable access to many benefits that are financed with those taxes.

International students are squeezed dry inconsiderately and the government can afford to ignore their claims for equitable treatment. In contrast to other global competitors, Australia is withdrawing the benefits that International students used to have, and worsening economic pressure under which they live.

We believe that a major change is required. If Australia wants to lead the global education market of the future, CAPA recommends that the Federal Government give serious consideration to our proposed policies. The following pages provide the argument behind our proposals.

### 3. Importance of international students to Australia

In 2000, education was Australia's eighth largest export earner generating \$3.7 billion in export earnings (Table 1). While this value included expenditure by international students in the Australian economy, it failed to include earnings generated by the positive externalities of associated tourism. In 2000/2001, the export value of education in Australia had further increased to \$4.0 billion, including fees and living expenses (Nelson, 2002).

<b>Export</b>	<b>Value (\$b)</b>
Tourism	10.77
Petroleum	10.44
Coal (coking & steaming)	9.33
Transportation services	7.32
Gold	4.95
Iron ore	4.43
Aluminium	4.36
Alumina	4.13
Wheat	3.81
<b>EDUCATION</b>	<b>3.72</b>
Meat	3.57
Road vehicles	3.27
Wool	2.56
Natural gas	2.45
Cotton	1.53

Table 1: Australian Major Exports of Goods and Services 2000. Source: ABS, Selected education related services items and merchandise exports.

In 1996, a study by Baker et al, showed that International students generate 50,000 jobs annually. The number of International students studying in Australian universities has rapidly increased by one third since then suggesting this value could be even higher.

The number of international students in Australia has been progressively increasing over the last five years (Figure 2), bringing to this country, not only income but multicultural values, knowledge and international recognition which breaks geographical isolation.

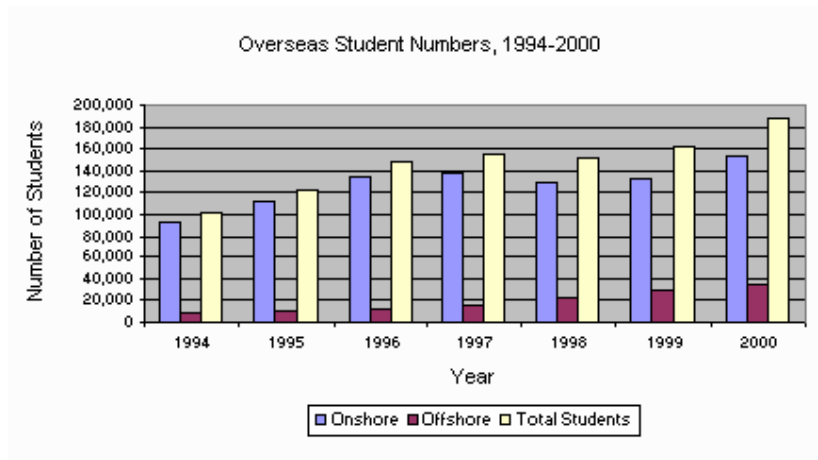


Figure 2: Number of International students per year in Australia. Source: AEI statistics-2000 final student numbers.

In 1996, 8.4 percent of all university students were international students. In 2001, this proportion had more than doubled to 15.5 percent. Increases in total international student numbers have been matched by increases in the number of these students undertaking postgraduate study. In 1996, the total number of international postgraduate students studying in Australia was 14,152 (or 11 percent of all postgraduate students), while by the year 2001 this number had more than doubled to 37,241 (or 24 percent of all postgraduate students). Most International postgraduate students in 2001 were enrolled in coursework degrees comprising 45 percent of all students enrolled in doctorate coursework and 38 percent in Masters coursework degrees. This was compared to 14 percent of students in doctorate research and 10 percent in Masters Research degrees.

An important reason underpinning the increase in international student numbers in Australia is the slow devaluation of the Australian dollar in comparison to the currencies of other competitors, making Australia a 'cheap' option. This economic context is subject to change and unless Australia does not respond to the changing global education market, it will lose the privileged status that it currently occupies.

Despite the increases in numbers of international students, the successive Australian governments have done very little to improve their living and working conditions. The Australian Government has, in demonstrating its opposition to expanded support services for students, acted in a discriminatory manner, by tightening visa eligibility requirements and placing economic and social pressure on international students and their families, generating a subclass of residents that have been milked to economic exhaustion. This new social class has few rights available to Australian residents, but shares many responsibilities and economic commitments. The fact that international students do not vote and therefore, have little voice in political debates that affect them, has allowed the government to consider these students as a source of economic revenue only, with very little or no concern about their social or living conditions.

However, international students bring more to Australia than just economic benefit. They contribute to the internationalisation of Australia and enhance the leading role that Australia plays in the world economy. The demand is great, in the knowledge-based global economy, for both generic and specialised skills gained in the course of a university-degree. There is an opportunity for Australia, to capitalise further on the current and future expansions of its tertiary education industry, and retain the locally-gained knowledge, and individuals bearing it, in the country. The educated workforce is enriched with the 'critical mass' of potential that can only advance Australia's image as a knowledge society. Internationalisation is but one aspect of this enrichment; maintaining our knowledge base could be also seen, for example, as one way of neutralising the alleged 'brain drain' of Australian nationals.

The wellbeing of our education industry relies to a great extent on promoting Australia as a welcoming nation with a developed appreciation of the benefits of education for the whole of society. Further, Australia's tourism potential, for example, can be advanced to the benefit of our major export economy, through exposing our national image in the

positive light. International students play a major role in this process. The image of Australia that they create in the course of their life and study in the country may return with them to their home countries. As the global education industry continues to expand, international students cast considerable influence on the opinion that is constructed of Australia, both in their countries of residence and the broader international community. We should not underestimate the effect of a favourable 'word of mouth' on the education industry, or any other branch of our economy, for that matter.

We therefore believe that the Federal Government should release a statement regarding the major importance of international students for Australia in a context much wider than just economic benefit.

<p><b>Recommendation 1:</b> That the Prime Minister issue a principle statement or memorandum acknowledging the importance of International students to the Australian economy, society and culture.</p>
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#### 4. Critical issues facing international student body

Sixty percent of all international students come from economic backgrounds that are regarded as placed below the Australian poverty line (NUSA, 1995). The vast majority of concerns and constraints related to their education are necessarily of a financial nature. An excessive and unnecessary economic pressure on international students and their families acts to prevent them from coming to study in Australian universities charging excessive fees, which are accompanied by the living and associated costs students would have to bear. Furthermore, if Australia wishes to keep its competitive edge on the international-student market, and invest in the future of a knowledge economy, it must endeavour to keep costs incurred by international students to a minimum, or at least equal or better the standards that prevail in competing countries.

The following outline presents critical areas of concern to international students. Federal and State governments' positive and constructive intervention in these issues will maximise the economic and social benefits of the expanding education export industry to the gain of Australia as a whole.

##### 4.1 Employment after graduation

Under the current visa conditions, once an individual ceases to be an enrolled student (that is, at completion of the degree), the student visa is automatically cancelled. This prevents an international student who has obtained their qualifications in Australia from contributing their skills, expertise and knowledge to the Australian knowledge economy. The only option to obtain work experience that is available to an international student is to apply for permanent residency. If the request is granted, it comes at a cost of around \$1600, non-refundable if it is rejected. By contrast, Canada, (University of Saskatchewan, 2001) one of Australia's major competitors, provides for international students to remain in the country for 12 months following graduation, to work in an area related to their degree.

**Recommendation 2:** That the Federal Government recognises that keeping locally-gained knowledge in the country is in Australian national interest, and subsequently investigate, promote and act on the ways of ensuring international students have access to, flexible working arrangements for the period of not less than 18 months following graduation.

#### **4.2 Accuracy of information by recruitment agents**

The National Code of practice for registration authorities and providers of education and training to overseas students (Commonwealth, 2001), with regards to the action of recruitment agents, states that the registered higher education provider must not accept an agent that 'engaged in false or misleading advertising and recruitment practices'. Unfortunately, the National Code of Practice has not lead to establishment of a system designed to assess the effectiveness and ethical work practice of student recruitment agents. Australian universities have no means of appraising that the agents provide correct and accurate information to the prospective international students. Currently the success of a particular agent is judged on the basis of numbers of students that they recruit. The government should set up mechanisms to enforce that certain standards are being met. Automatic feedback should be requested from the students in order to assess that their expectations have been fulfilled and that the information that they received was accurate.

**Recommendation 3:** That the Federal Government ensure that Universities provide a mechanism for students to provide feed-back on the accuracy of information received by recruitment agents and consequently whether their expectations were met during the time they were studying in Australia.

#### **4.3 Visa and Work Permit costs/fees**

The Australian Student Visa is one of the most expensive in the world, at A\$290, and is more than double the fee charged by the majority of Australia's major competitors: the student visa for New Zealand costs A\$80, A\$110 in the U.K, and A\$140 in Canada (AVCC, 2001).

Since December 1998, condition 8101, 'no work', has been mandatory to all 'initial' student visas, regardless of whether the visa is granted to student or family unit members, or whether the visa is granted onshore or offshore. The Permit To Work (PTW) can be granted only onshore and after the payment of A\$55, additionally to the student visa fee, following the necessary bureaucratic process. Income collected through the PTW has not been assigned directly to the benefit of the education system. The fee increases economic stress of international students.

**Recommendation 4:** That the Permit To Work should be granted with the Student Visa, without incurring any additional costs, while the Student Visa fees should be significantly reduced.

#### **4.4 Overseas Student Health Cover (OSHC)**

In Australia, Medicare system does not cover the majority of International students and their dependents. Overseas Student Health Cover (OSHC) was introduced in March 1989, to 'ensure that there was no, or minimal, cost to the Australian taxpayer for the provision of health services to overseas students (Commonwealth Government circular). Accordingly, international students are required to obtain and maintain OSHC from a small number of health insurance providers. Apart from the prohibitive annual cost of, on average \$300 per individual and \$600 per family, there are significant restrictions in the private health cover, such as limited rebate on prescription medications.

By comparison, New Zealand international students studying in the country for 2 years or more are eligible for the same public health care cover as all New Zealand residents (Student Visa procedure website). Since international students and their dependents fulfill their obligations under the Australian tax-system, and contribute overall to an important part of the Australian economy, they should be eligible for the Medicare cover available to all Australian residents.

**Recommendation 5:** That international students and their dependents be provided access to Medicare.

#### **4.5 School fees for dependent children**

Primary education is a basic right for children and it should be freely available, as prescribed by Article 26 of the Universal Declaration of Human Rights: ‘Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages.’

Currently, international students wishing to study in Australia are advised:

If you intend that a member of your family unit who is a school age dependent (one who has turned 5 but has not turned 18 years of age) will live with you in Australia for more than 3 months, the child be expected to attend school in Australia. School attendance will not be free of charge and you should check with the relevant state or territory education department or your education provider the actual cost that will be incurred by you to send your child to school. (Department of Immigration and Multicultural Affairs, 2002:27)

In Australia, International students must pay full fees for their children at any educational institution, public or private. The fees range from \$4,500 to \$5,500 per year depending on the child’s age, and the state of residence. The policy was initially introduced in NSW in May 2000, (<http://www.det.nsw.edu.au/papers>) and was later followed by all other Australian states. Prior to the change, there was no specific legislation or policy of such kind applicable to international students. International students used to pay the same costs for their children’s education like all other Australians.

<p><b>Recommendation 6:</b> That international students be provided free access to public education for their dependent children while studying in Australia.</p>
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#### 4.6 Public travel concessions

Currently in Australia, travel concession on public transport is an issue for the state governments to legislate. Usually, travel concessions are granted to students to encourage the use of public transport, and to alleviate financial pressures, in an understanding that students usually have only limited disposable incomes.

With the exception of Victoria and NSW, all states and territories provide international students with travel concessions. In Victoria, all postgraduate students (both domestic and international) are refused travel concession. In New South Wales, all domestic students are eligible for travel concession while international students are not. This right was withdrawn in 1988.

Under the NSW Anti Discrimination Act 1977, Section 19, it is stated that

It is unlawful for a person who provides (whether or not for payment) goods or services to discriminate against another person on the grounds of race:

- (a) by refusing to provide the person with those goods or services, or (b) in the terms on which the other person is provided with those goods or services.

Section 4 defines that 'race includes colour, **nationality**, descent and ethnic, ethno-religious or national origin'.

The refusal to allow international students access to public travel concession may constitute legal discrimination, but, certainly, acts to discriminate against a discrete group of students in Australia. Currently, the Minister for Transport decides the classes of persons eligible for travel concessions. We believe that the present denial of concessions to international students is discriminatory, xenophobic and racist.

We also believe that granting the concessions to NSW international students will not impose serious financial hardships on the Ministry. The relevant facilities have already been established; many international students live close to their student centres, and some of them own transport vehicles.

Australian students in the USA or the European Union are eligible for a discount when purchasing a public-transport ticket in any of these countries. There is an international ‘unwritten law’ that sympathises with the financial position of students. The status of travel concessions in NSW and Victoria stands in stark contrast to legitimate international practice.

**Recommendation 7:** That travel concessions should be granted Australia-wide for all international students irrespective of their race or nationality.

#### **4.7 Work-permit hours**

Excessive economic pressures faced by international students and their families may generate a social class of people working illegally or getting paid ‘under the table’ for their services, creating an unreasonable imbalance between their income and expenditure.

Partners of undergraduate international students coming to Australia are in most cases granted with a condition type 8104 in their visa, limiting allowed working hours to 20 per week, despite the fact that the partners usually are not engaged in study. International students also have limitations of 20 hours per week, but they can exceed this limit during university session breaks. This extension does not apply to their partners. This does not apply to partners of research Postgraduate Students (Masters and PhD), however, these are a minority of the IS studying in Australia.

This limitation has the consequence of increasing economic hardship of international students and their families, reducing the spectrum of jobs they can perform and their chances of finding appropriate employment, and creating a distinct economic substratum visible in the ‘sweatshop underground’. Further, it leads to employment of highly skilled people in areas where their abilities are not relevant to their work, contributing towards decreased competitiveness of Australia in the international education market, and a wastage of skills needed for a growing national knowledge base. By contrast, the US, Canada and the UK have acted to reduce limitations on work for international students and their partners in order to be more competitive (AVCC 2001; Blair T. 1999; Clinton W. 2000).

**Recommendation 8:** That working conditions for international students and their partners be made more flexible in order to relieve excessive financial and related stresses on students and their families.

## 5. Conclusion

The more extreme, deeper, social problems arise out of the circumstances in which international students find themselves, especially influenced by their working and living conditions and related specific issues tackled individually in this paper. Concern over these issues should lead towards a recognition of the benefits accruing from an employment of preventative measures, effective enough to prevent the continued inflammation of economic and social obstacles faced by this particular group of Australian tax-payers.

Just as the Federal Government should endeavour to improve the working and living conditions of international students and their families, to maximise the positive rather than negative aspects of globalisation of education economy through a range of social and economic measures, so it should invest in the future of the Australian education system to better its international competitiveness (if competitiveness is the ultimate goal) taking an example from its major competitors. CAPA believes that the Federal Government must take the opportunity to sharpen its edge in the international education market, and produce a sound economic policy, for the benefit not just of our higher education system, but the future of our knowledge economy.

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