



Abstract

Australia's considerable success in attracting substantial numbers of international students has come at a cost. A USD 27 billion industry has grown up, and it is inadequately regulated. Loopholes in the visa system allow corrupt agents to organize a student visa to a reputable university, while simultaneously planning to switch the student to a lower-quality training provider, who offers a higher commission. More regulation of education agents is urgently needed.

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Australia: Corruption Scandal and International Students

Anthony Welch

Australia has long been among favored destinations for international students. While a modest-sized system compared to many, its location close to Asia, its cultural diversity, well-ranked universities, and status as part of the Anglosphere has proved attractive to many, especially from Asia. At the system level, more than a quarter of total higher education enrollments are international; in many universities, the proportion is much higher, especially among the research-intensive Group of Eight institutions. At several universities, the proportion has reached almost half, and in one case even higher.

But this apparent success ignores the soft underbelly of what has grown into a USD 27 billion industry. Driven by longstanding underfunding of higher education, universities energetically sought to replace missing income by recruiting ever more international students, who pay much higher fees than domestic students. Internationally, Australia is widely seen as adopting a particularly entrepreneurial approach to international student recruitment. This includes the widespread use of education agents who, although responsible for recruiting around three quarters of all international higher education students, remain unregulated.

A Troubling Example

The problem was highlighted by the recent dramatic rise in enrollments from Nepal, a country with a GDP per capita of little more than USD 1,000, and a modest-sized middle class. The explosive growth of Nepalese tertiary enrollments, from little more than 10,000 in 2015 to over 65,000 in 2019, raised red flags that were ignored by previous education ministers, and the federal department of education, who were made aware of the problem. By 2022, Nepal had become the third largest source of international students, after China and India. The national tertiary education regulator (TEQSA) and universities also failed to address the issue. Sensing an opportunity, the number of agents in Nepal recruiting for Australian institutions leapt from a few hundred to over 3,000. A very high proportion of Nepalese students featured family members as secondary applicants, who were considered vulnerable to exploitative working conditions, and systemic underpayment, at times by their own countrymen, operating small businesses. A 2023 parliamentary inquiry was also told of instances of diasporic communities using social media to contact students abroad, before arrival, to take advantage of their vulnerability.

Overall, thousands of students gained a student visa to take courses at a reputable public university, but then quickly switched their enrollment to a cheaper vocational course with another provider, numbers of whom apparently facilitated the transfer of courses without the student having gained a proper release from the original university. In other cases, general practitioners and counsellors were recruited by corrupt agents to provide medical certificates that allowed an international student to switch to alternative low-quality private providers. The Australian system mandates that international students wishing to swap providers within six months of initial enrollment must be approved for release from their original institution, but illness or distressing events constitute possible grounds for change.

Financial Basis for Corruption

Why were corrupt agents engaged in facilitating the poaching of students from reputable public universities and steering them to low-quality private providers? Such institutions pay a higher commission but are much less concerned with appropriate course offerings. When agents can earn up to 40 percent of the course fee as a commission, financial rewards can easily trump course quality and relevance. International students may be lured with false promises of full-time employment and a path to permanent residency, while at the same time the corrupt agents receive large financial incentives from poor-quality private providers.

In many such cases, despite having already paid fees, students did not even pursue the vocational course, but simply blended into the workforce, where other evidence showed they were vulnerable to exploitation and underpayment, sometimes by their own countrymen. The decision to remove limits on the number of hours that international students were allowed to work during the COVID-19 pandemic likely contributed to such exploitation. From July 2023, working hours will be restricted to 48 hours per fortnight, but much more needs to be done to stop the rotting of the system. Evidence was produced of women with low English proficiency being brought to Australia on student visas, but ultimately being forced into the sex industry to pay off substantial debts incurred to their “controllers.” Over a dozen education providers were found to be corrupt and complicit in facilitating sex trafficking.

Poachers and Gamekeepers: Regulatory Failure

Such egregious lapses highlight an urgent need for closer regulation of the system. Too often, student visas are being misused as a path towards migration, rather than a basis for higher learning. Too often, too, unscrupulous agents are very willing to take advantage of gaps in the system and profit from the process. Too often, low-quality private providers are offering lucrative inducements to agents willing to steer students to their door. Some agents use system loopholes to procure an offer from a reputable institution (thus enabling a student visa), while simultaneously planning to shift them to a low-quality training provider.

The federal government is yet to release its commissioned *Nixon Report* that is already known to have revealed pervasive corruption in the visa system, and widespread exploitative working conditions and underpayment of international students. This is in significant part due to the failure to regulate education agents, the majority of whom act ethically, but some of whom are corrupt and are far less focused on education outcomes than on potential migration outcomes and the fees generated by switching institutions. The fact remains that, unlike migration agents, education agents are entirely unregulated. As one witness to a recent parliamentary inquiry observed, “my dog could be an agent.” The Australian experience can serve as a salutary lesson for other systems that rely on agents for recruitment, but which fail to regulate them adequately.

Adding to the problem of nonregulation of education agents is the inadequate resources deployed to monitor the visa system. The federal department of home affairs employs less than 20 staff to cover more than 5,000 registered training organizations.

What Needs to Be Done?

Clearly a cross-sectoral, whole-of-government approach is urgently needed, involving federal ministries of education, immigration, and home affairs. State governments and universities will also need to be involved, as will regulatory authorities such as the Tertiary Education Quality Standards Authority (TEQSA), and the Australian Skills Quality Authority (ASQA). More resources will need to be deployed to fix major delays in processing visas, reduce the more than 100 different visa categories, and ensure that student visas are used for the purpose for which they are intended. Money laundering legislation provisions need to be extended to include migration and education agents, as well as private education providers. The widespread rorting of student visas and the higher education system, as well as the failure to regulate education agents and rid the system of corrupt examples, must end. The exploitation of thousands of vulnerable international students, as well as the undermining of the reputation of the higher education system overall, cannot be allowed to continue. ▲

Anthony Welch is professor at the University of Sydney, Australia. E-mail: Anthony.Welch@sydney.edu.au.