



Australian Institute of Professional Education:

Submission to the Productivity Commission's study into barriers to growth in Australian services exports (including international education)

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Background

The Australian Institute of Professional Education (AIPE) is a relatively new education and training provider, established initially as a vocational education and training (VET) and English language (ELICOS) provider offering courses mostly to international students in early to mid-2008.

In less than seven years we have grown to be a fully integrated ELICOS, VET and higher education provider (HEP) with a good mix of domestic and international students.

Our rigorous academic standards are the reason that AIPE was the first private provider to be accredited as a higher education provider by the Tertiary Education Quality Standards Agency (TEQSA). AIPE's strong track record of delivery to international students (and high levels of student visa compliance) meant that we were also in the first group of 20 non-university providers offered Streamlined Visa Processing arrangements by the Department of Immigration and Border Protection. We have been pleased to be recognised by ASQA as a quality provider at the time of our re-registration and the only private provider to have been accredited for over 3500 students on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) at our brand new, state of the art, campus in Sussex Street, Sydney.

Today we offer 40 plus accredited courses to hundreds of local and international students, predominantly in business, IT, tourism and hospitality, and events and project management.

AIPE is a very highly regarded provider both in Australia and overseas – as the awards and recognition we have achieved attest. They include:

2010 – Winner – Premier's NSW Export Awards – Education and Training

2011 – Winner – Premier's NSW Export Awards – Young Exporter of the Year (CEO, Amjad Khanche)

2012 – Winner – Premier's NSW Export Awards – Education and Training

2012 – STM¹ – Star Vocational College

2014 – STM – Star Vocational College

2014 – Winner of Highly Recommended Premier's NSW Export Awards – Education and Training category.

¹ Study Travel Magazine is the flagship business publication for the study abroad sector of the travel industry. Its Star Awards are unique peer-voted awards in the international education industry. AIPE is also pleased to have twice been shortlisted as a finalist for the STM Star English Language School, Southern Hemisphere.



Our staff and academic board members also have significant academic and business experience.

Key appointments include Professor Robert Castle, Academic Advisor to the Board of AIPE (Professor Castle is a former Deputy Vice-Chancellor (Academic) of the University of Wollongong, Professor Castle has previously worked in senior management in the then NSW Department of Education and Training and is an Emeritus Professor of the University of Wollongong) and Emeritus Professor Christine Ewan AM, is AIPE's Dean of Studies, and offers advice and guidance on day to day academic matters of AIPE.

Our Academic Board is chaired by Emeritus Professor Tony Shannon AM. Dr Shannon has over 40 years' experience at various universities including: 10 years at UNSW; 27 years at UTS; and study leaves in Oxford, Harvard, Cambridge, Hong Kong, Pamplona and Sofia. His substantive position for the last ten years has been Master of Warrane College at the University of New South Wales.

AIPE commenced operations at the same time that the international VET sector in Australia entered a serious decline. Unlike other long-established VET providers, with resources to draw on and 'ride out' the crisis, AIPE did not have this luxury. Instead we needed to ensure we could succeed even while the sector was in serious decline. Our success has been hard won but it is due to our commitment to our students, our investment in our staff, facilities and IT systems, and a focus on excellence.

This submission draws on our experience of what it takes to be a highly successful private VET, ELICOS and higher education provider, to assist the Productivity Commission with its research into barriers to growth in international education exports. At this stage of our operations AIPE delivers only in Australia and as such our comments are primarily focused on barriers affecting providers and students studying in Australia, rather than on the export of education via transnational education.

Our submission responds to both the research undertaken by the Commission as part of this study and to the questions posed in the Commission's issues paper.

Comments on the Productivity Commission's Research paper "International Education Services" (April 2015)

The benefits of international education

The Productivity Commission's analysis of trends in international education, current student visa arrangements, and the changing education quality regulatory framework is welcomed and provides a valuable addition to research on the sector. Disappointingly though the report contained almost no analysis of the substantial economic and social benefits that accrue to Australia from our role as a leading international education destination.

The benefits to the students themselves are well documented and include personal growth, intercultural development, and education and career development. Equally pleasingly the research shows these benefits are long-lasting.² There are also obvious benefits to Australian students in being able to learn alongside a cohort of some of the best and brightest students from around the region and across the globe.

² Dwyer, M. M., & Peters, C. K. (2004). The benefits of study abroad. *Transitions abroad*, 37(5), 56-58.



In addition, as the Commission notes, the economic benefits of international education for the Australian community are worth more than \$16.7 billion per annum, in terms of the total export income generated by all international students studying in Australia (comprising study and living costs and spending on other fees, goods and services)³.

AIPE would have welcomed more detail in the Commission's report on the jobs created and other benefits for Australia by a strong and sustainable international education sector. This work has been done previously by Deloitte Access Economics but is now somewhat out of date, and as the Chaney Review correctly noted, "the opportunity to engage with domestic students and local communities is fundamental to the Australian study experience. Providing international students with a welcoming and integrated experience while they are studying in Australia will become increasingly important to our capacity to attract international students – and Australia's ability to forge the important, long lasting people-to-people links with Asian nations and the global community" (p.47).

Myths that international student take jobs, housing and university places from local students permeate the broader community's understanding of the sector. Greater community acceptance and understanding of international students is critically important, and research by the Commission (as part of this study into barriers to export services) will be vital in combatting these prevailing myths.

The impact of regulatory change

Turning to specific areas of focus in the Commission's research report AIPE is pleased with the recognition of how crucial government regulation is to the tertiary education sector. However, even as the regulators (ASQA and TEQSA) move to a more risk based regulatory approach, the sector is still disproportionately over-regulated with significant burdens placed on proven low-risk providers. This submission provides further details on the unnecessary regulatory burden being placed on good providers, (see below in section 2 of our submission, responding to questions raised in the Commission's issues paper).

Government policy and regulatory settings (in terms of both educational quality and student visas) are crucial to business viability in the international education sector. As the Commission's own research shows just in relation to student visa changes, previous governments have made far too many changes too frequently to visa settings (Table 3.1, p 65-66). The Commission has not documented the substantial changes to educational quality regulation that have occurred over the same period but which in combination have served to significantly hamper the ability of providers to operate effectively. As a result, regrettably many good businesses have closed their doors as a result of this government heavy handedness.

'One-size fits all' approaches to regulating the sector have been particularly damaging. In the time since AIPE commenced operations the sector has shifted from state-based CRICOS regulation that was far too lax and which allowed poor providers to flourish, followed by a significant overreaction and unnecessary 'over-tightening' of visa settings by the Commonwealth government which in turn seriously compromised the business viability of good quality providers.

3 AEI Research Snapshot (November 2014) Export Income to Australia from international education activity in 2013-14 <https://internationaleducation.gov.au/research/Research-Snapshots/Documents/Export%20Income%20FY2013-14.pdf> (accessed 12 May 2015)



The following three factors are crucial to maintaining a sustainable, thriving international education sector in Australia:

1. a sensible student visa policy framework which is backed up by targeted and effective enforcement,
2. an educational quality framework that recognises and rewards low risk providers and weeds out high risk, non-compliant providers, and
3. a commitment from both sides of government to work with the sector to build stability and confidence and only make changes to policy and regulatory settings after extensive consultation with the sector.

Streamlined Visa Processing

AIPE agrees with the Productivity Commission that, without other data being publicly available on education provider performance, SVP has been misinterpreted as a 'quality stamp'. Despite this there is clearly merit in being able to identify and reward providers with high rates of student visa compliance, and in turn to make it easier for students to study with providers with a strong visa compliance track record. What is needed from the review of SVP that the Department of Immigration and Border Protection (DIBP) is undertaking – is a means to reward highly compliant providers with easier and not more onerous student visa arrangements. While SVP makes life easier for students in theory, the additional burden placed on providers is almost unsustainable for many providers (only universities, TAFEs and the largest private providers have the size and scale to easily accommodate the additional work and staffing required to maintain SVP status).

AIPE agrees with the Productivity Commission that the way in which the current SVP arrangements work, have the potential to be 'gamed' by agents, students and providers specifically through "course or provider hopping". To combat this DIBP needs to work in partnership with providers who are doing the right thing and who report student breaches of their visas (presently providers are concerned that DIBP appears to do little or nothing when student breaches are reported). If there are no consequences for students who engage in this behaviour then non-genuine students will look to exploit this weakness in the system. Given the lack of enforcement of student breaches, there are a number of providers (public and private) that have been loathe to report students for visa breaches because, while little action is taken against the student, the penalties for the provider can be serious. Reporting students for visa breaches can potentially trigger a downgrade in a provider's risk rating, making it harder for them to maintain SVP status. If DIBP does not have the resources to investigate and address all reported student visa breaches, then it is highly recommended that the government should reintroduce the requirement that students must wait 12 months to seek a release from the provider delivering their principal course, rather than the current six month period. This is a serious loop hole in the system and very often manipulated by onshore agencies and students which not only discourages providers to go hard with teaching and learning objectives for students but also allows the genuine students to lose track of their career objectives. This is a serious issue for the future and quality of international student experience in Australia and must be reinforced so that we can continue to attract only genuine students to destination Australia.

While AIPE strongly supports the need for providers to be held accountable for sustaining a low risk rating in order to maintain SVP status, there is a need for DIBP to exercise discretion as providers transition from the standard 'Assessment Level' framework visa arrangement approach to new SVP arrangements. Transitioning to new arrangements can take a short period of adjustment, even for providers like AIPE with longstanding and sustainable relationships with their in-country education agents. A transitional issue that has impacted some providers includes where the Department's PRISMS system has not adequately responded to a provider's



decision to cancel some COEs (Confirmation of Enrolment) issued under the previous AL arrangements before they were approved for SVP. This lack of action by the Department on activity which occurred prior to a provider being granted SVP can exacerbate a provider's risk rating under SVP arrangements, because the Department treats the cancellations as a visa refusal rather than recognising and supporting the pro-active decision of the provider. Correspondence with DIBP has effectively served to discourage a proactive approach on quality issues by providers.

Educational quality

AIPE agrees with the Productivity Commission that there is merit in the government recognising both a provider's quality and visa risk when determining how easy it should be for students to study with different providers. Both ASQA and TEQSA have introduced risk assessments as part of their regulatory frameworks and these should be a factor in determining a provider's risk profile as it relates to their ability to successfully educate international students. As the Commission recognises "it makes little sense for TEQSA or ASQA to be disciplining a provider while DIBP is rewarding the same provider with a streamlined visa process under an immigration risk framework" (page 17).

Critical in introducing changes to the current arrangements is for DIBP to recognise the regulatory decisions taken by ASQA and TEQSA and not to introduce their own additional educational quality measures. In addition the new framework should be developed in a manner whereby a low risk rating for educational quality (ie providers assessed as delivering high quality educational programs) can mitigate against any modest increase in immigration risk (which can impact even high quality providers if they need to recruit new staff to overseas posts, etc). Put simply, low risk providers should find it easier to have international (and domestic) students study with them - as long as they maintain their high compliance, low risk status.

Further, as the Productivity Commission notes (p.86) regulatory burden is a very real issue for cross-sectoral providers educating both local and international students. Streamlined Provider Arrangements are desperately needed, in addition to further improvements to Streamlined (Student) Visa Processing.

AIPE notes that the Productivity Commission's research recommends merging the two educational quality regulators into one agency. It does so with very little evidence that improvements and efficiencies would result from the merger and without recognising that the regulators (higher education and VET) regulate against very different educational quality standards.

As a dual sector provider AIPE would only support such a change if significant additional funding was made available by government to allow the merged regulator to introduce a case management approach to all providers (at present TEQSA operates a case management approach and ASQA does not due to the volume of providers it regulates). As it stands now AIPE considers it likely that any merger would result in all higher education providers losing the current TEQSA case management approach). The current collaborative approach which ASQA and TEQSA use to regulate dual sector providers works sufficiently well that, without adequate additional funding, we do not support a merger at this stage.

AIPE does however support the Commission's suggestion that educational quality across the sector will be lifted if both regulators shift their focus from an inputs-based approach to one with a stronger focus on learning outcomes. While the reporting of comparable data on student completion rates and satisfaction are important components of such a shift (and are being introduced in both sectors through the My Skills website for VET and QUILT for higher education), quality in the sector could also be improved through:



- introducing phone surveys of a 10% sample of all learners as part of a provider's re-registration audits (and more frequently for high risk providers) to determine their views on their education experience
- ASQA and TEQSA undertaking proactive audits as an immediate follow-up when phone surveys with students identify potential educational quality issues, and
- encouraging provider benchmarking and publishing the best results as a benchmark for other providers to aspire to.

AIPE was surprised that the Commission's report did not make mention of the My Skills website as a source of information on the performance of VET providers. Currently the data on the site relates mostly to government-funded VET activity but by late 2015 data on all VET provision (Total VET Activity) in 2014 will be available on the site at the individual provider level. In the higher education sector the Quality Indicators for Learning and Teaching site will shortly offer similar provider level activity. Both of these initiatives are welcomed by AIPE and will assist students, both local and international, to select the best provider to help them achieve their study and future career aspirations. Strong promotion of the sites by government will assist in ensuring students have access to the information they need to understand the level of quality being achieved by different providers.

Use of education agents

Viewed solely through the prism of the integrity of Australia's international education sector AIPE agrees that there are some additional risks as a result of the extensive role education agents play in assisting students to choose the best provider and course for their circumstances and future aspirations. Viewed from the student's and their parents' perspectives, the role of education agents is an important one that makes eminent good sense.

The use of migration agents to assist with skilled migration applications is a given for professionals looking to move to a new country to take up new job opportunities. Many people looking to immigrate to Australia outside of the skilled migration stream will also use a migration agent to assist in submitting their application and understanding what can be a complex process for the end user. It is unsurprising that many parents seek the same assistance and advice in choosing the best educational options for their children when looking to study overseas.

Research conducted globally by i-Graduate via its International Student Barometer allows providers to benchmark themselves (based on independently collected student feedback) against other providers with similar characteristics in both their country of operation and around the globe. The survey has now been operating for a decade and has been completed by more than 2 million students. The survey results consistently demonstrate how helpful students have found education agents in choosing the right course and provider, and in the information provided to them prior to enrolment.

Research on the influences on more than 800 Thai students studying in Australia⁴, found the following in relation to the role of education agents:

- "Most of the respondents stated that information from agents did not encourage them to study abroad. The plan to do so was established prior to approaching agents for information. Instead, information from education agents was important in the choices of country, institution and academic course."

4 Pimpa, N. (2003). The influence of family on Thai students' choices of international education. *International Journal of Educational Management*, 17(5), 211-219.



- "Agents provided students with beneficial information when choosing an academic course and university. The most sought after information was course outlines, subject details, and comparative course structures. Students agreed that more than half of the information they received, regarding academic courses, came from education agents because they were the most up-to-date and reliable source. Agents effectively encouraged the choice of international education because they were perceived as one of the most knowledgeable sources of institutional information."
- "Persuasion from agents was perceived as less powerful than that from other sources, due to the commercial image of recruitment agents.... Due to agents' vested interest in recommending institutions offering higher commission, some students were afraid of being cheated. This reflects agents' negative commercial image."

Students wanting to study overseas have thousands of institutions and hundreds of thousands of courses to compare. It is naïve to expect, even in today's digital world, that they can easily compare and contrast the options available to them. In addition, in deciding where to study students and their parents also need advice on complex factors such as the status of the institution, costs of study and living in different countries and cities, course outcomes and structures.

Encouraging and rewarding providers who actively manage their education agents, and continuing with student visa arrangements that reward low immigration risk providers, are a proportionate way to manage the risks involved in the use of education agents by international students.

AIPE supports more proactive training and professional development for international education agents. To that end we are very supportive of the work being led by the International Education Association of Australia (IEAA) to scope the potential for a quality framework for Australia's international education agents. We understand that the project is supported by the Department of Education and Training and will include an assessment of global best practice.

AIPE has a network of student recruitment agents who assist our international students with information about AIPE and our courses. In addition we have our own in-house marketing, recruitment and student engagement teams. In 2013/14 AIPE recruited students from over 72 different countries in various programs. This is by a considerable margin, one of the largest student nationality mixes in the private sector, which is clearly evident on our CRICOS report. AIPE has received a lot of recognition in the process from NSW Premier's office for this effort.

As an experienced and successful CRICOS provider, AIPE knows that it takes a significant effort to ensure our international student recruitment agents act ethically and appropriately on our behalf. To confirm that they do, senior AIPE staff travel extensively throughout the year to meet regularly with our international student recruitment agents, we also provide training to them, we use only PIER5 approved agents and use organisations such as ICEF6 which are approved by most international peak bodies to screen and recruit new agents.

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- 5 PIER (professional International Educational Resources) is an internationally recognised Australian organisation which offers formal training to education agents which allows them in turn to be recognised as Qualified Education Agent Counsellors: <http://www.pieronline.org/qeac/>
- 6 International Consultants for Education and Fairs – the world's leading student recruitment and marketing organisation



Response to the Productivity Commission's issues paper into barriers to growth in Australian services exports (April 2015)

Throughout its issues paper the Commission asks a range of questions related to the barriers facing Australian exporters. Following are responses to the questions that AIPE believes are significant to the business models of Australia's international education providers.

Section 5 (page 9):

What domestic barriers apply to education exports from Australia?

- Education exports (both on and offshore) are hampered by the lack of maturity in Australia's educational quality arrangements. While the move to national regulation at both the VET and higher education levels is welcome, at present there are still far too few benefits for low risk, high quality providers and too much compliance driven paperwork for all providers.
- In addition, as outlined above, while the rationale for SVP makes sense (making it easier and simpler for students to study at low immigration risk providers); implementation has proven to add significant additional compliance burdens on providers. Improvements have been suggested above in the first section of this submission.

What barriers are the highest priorities for reform, and who should be responsible for driving the reform process?

- Improvements to Australia's student visa framework are crucial, specifically low risk education quality providers should benefit from easier student visa arrangements and similarly SVP needs the following changes:
 - a. Reinforcing 12 months of minimum commitment for principal course of study with severe penalties (including visa cancellation) for defaulting this condition
 - b. Proactive approach with regular agency training at the Department of Immigration's overseas posts with a focus on key/large student markets
 - c. Articulated information on trends and types of non-genuine student visa applications
 - d. Regular newsletter/information website with logins for all SVP providers with details on risks factors in different international markets
 - e. Reward based approach for students finishing their original qualifications (recognition in the form of a letter from the Minister or similar and/or modest but crucial benefits for students reapplying or extending their original visas onshore which will effectively consider these students as risk free)
 - f. Applying a similar risk-based approach for non-SVP providers to maintain their own self-risks assessments with results to be submitted to DIBP as an annual or bi-annual report. This will inspire non-SVP providers to move up to SVP status and introduce overall best practice in the industry. This data is clearly evident on every provider's PRISM's report but at present there is no practice or 'habit' in getting providers to do a self-assessment on their own data. To encourage such a practice will increase awareness and introduce responsible behaviour amongst all non SVP providers.



- Whilst AIPE outlines the priorities for reform as above, it also understands that providers will have to play an active role in driving best practices which includes both public and private sector providers. Implementation of equitable reforms must be the core essence for all providers and must be driven by DIBP in the best interest of destination brand "Education Australia".

What are the costs and benefits of removing any barriers to services exports, including any flow on effects to other industries or the domestic services market?

- As stated in the first part of this submission, the benefits of expanding Australia's international education sector have not yet been well quantified by the Productivity Commission.
- AIPE believes that research of the calibre of the Commission's would significantly add to the community and government's understanding of, and commitment to, international education.
- There are minimal costs involved in removing the regulatory burden on low immigration risk, high education quality providers. The government has committed additional funding to ASQA to enable it to meet an expanded regulatory workload; further freeing up low risk providers would benefit providers and allow ASQA to focus its regulatory activities on high risk and newly established providers.
- Specific initiatives ASQA and TEQSA should introduce for low risk providers include longer registration periods and desk-based re-registration audits. A shift to outcomes based regulation (as outlined above in part one of this submission) would allow active monitoring of providers and enable the regulator to step in to a more active regulatory approach only where there was evidence that this was deemed necessary.
- These regulatory changes would also benefit domestic only education providers.
- Changes to reduce the complexity of the current SVP arrangements are set out earlier in this submission, specifically better transition arrangements for providers adapting to the new arrangements, and improvements to SVP to also recognise providers with a high educational quality track record should be used to significantly reduce the compliance burden on good providers.

How are Australia's domestic policy and regulatory frameworks for facilitating services exports compare to other countries?

- Australia's international education policy and regulatory arrangements have been highly fragmented and unstable in the past decade.
- The sector has been through ongoing change to higher education, VET and CRICOS regulation, as well as major changes to student visa settings.
- Our competitors have benefitted each time we have introduced reactive short-term measures which have served to make Australia a less attractive study destination.
- Our relatively high costs for study and living, the growing focus on attracting international students by countries in our region (Singapore, Malaysia, China, etc), and the efforts of our traditional competitors (the USA, UK, Canada and New Zealand) mean Australia needs to be continually focussed on remaining an attractive student destination while at the same time continuing to deliver an education which is founded on quality and integrity.



Section 5 (page 10):

Are there any domestic regulatory arrangements that limit the ability of the Australian services industry to export?

- The duplication of CRICOS regulation, on top of the educational quality frameworks for VET and higher education, reduces the competitiveness of international education providers.
- Currently both regulators require site visits to verify student classrooms and facilities before allowing low risk providers to enrol students in new premises or offer new courses at additional delivery sites. These activities should be relative to the behaviour of the low risk provider in the recent past.
- Strong oversight for new providers (which are yet to establish a compliance track record) and those with a poor track record, is where both TEQSA and ASQA should be focussing their attention. Approvals for new premises and new courses should not require additional audit visits for low risk providers.

What possible reforms could be made to domestic regulatory arrangements, and the costs and benefits of these reforms?

- Our submission outlines above in Part 1, the changes which should be made to move to an outcomes based regulatory model for VET and higher education.

Do any aspects of Australia's taxation policy creates a distortionary environment for services exports, for example:

- o *to what extent have taxation issues, such as Australia's withholding taxes and system of franking credits, affected the competitiveness of services exporters, and*
- o *in relation to these issues, what would be the best mechanism to achieve reform (such as tax treaties or reform to domestic tax policy) and what would be the costs and benefits of these reforms?*
- Constant exchange rates fluctuations and a consistently overpriced dollar have made operations in the export services industry very difficult. Australia's withholding tax arrangements make it very hard on the export services industry to leverage off the fluctuating dollar.
- Tax reform in favour of small to mid-size export companies (as measured in terms of export revenue turnover) and similar to the recent budget announcements for small business will greatly help export services providers to battle difficult economic times and face the international competition.

To what extent have the recommendations of previous reviews examining the regulation of services exports, such as the Chaney Review of international education, been adopted, and do any high priority reforms remain outstanding?

- The release of the draft National Strategy for International Education by Minister Pyne last month outlines the government's response to the Chaney Review. While it would have been preferable for the government to have responded earlier, it is pleasing to see the strategy out for consultation with the sector. AIPE intends making a submission as part of the draft National Strategy consultation process.



- Austrade is to be commended for their recent consultations on an International Marketing Strategy for the sector which were well attended and appeared to reflect a genuine attempt by that Department to engage with the sector on the promotion of Australia's international education sector (on and offshore).

Section 5 (page 11)

Does Australia's visitor visa program impose a barrier to education exports, taking into account:

- o *the overall objectives of the visa program*
 - o *current Australian Government reforms to simplify visa arrangements*
 - o *whether visa programs have affected people's decisions on whether to study in visit, or work in Australia*
 - o *how Australia's current visa arrangements compare to competitor countries what are the reform priorities to improve visa processing arrangements*
- While AIPE has a mature relationship with DIBP staff at the operational level, at a more strategic level there is a feeling in the sector that the Department of Immigration's activities are designed to act against the efforts of both Austrade and the Department of Education and Training.
 - A clear government statement (in the final National Strategy for International Education) will be needed if all three arms of government (and its regulators) are to work coherently and collaboratively for the good of the sector.
 - In relation to the work DIBP is undertaking to reform the current student visa arrangements – more transparency and consultation with the sector (not just through the Education Visa Consultative Committee) is required if the new arrangements are to properly balance (a) the integrity of the visa arrangements with (b) a reduced provider compliance burden, and (c) include measures which continue to attract international students to study in Australia.
 - As the Commission notes in its papers not only will policy design be crucial in any changes being made to SVP; implementation will also be crucial and extensive consultation will be needed to get the details right.
 - Both the Knight and Chaney reviews have identified how the changes made at the end of the last decade to our student visa arrangements led to a major downturn in the number of students studying in Australia. The downturn was significant and some providers have still not got over the damage caused by those ill thought through changes. Our competitors in the international education arena are growing and we must be committed to building stability into our student visa arrangements.

Section 5 (page 12)

Have skills and labour shortages limited the ability of businesses across the services industry to export, and the possible reasons for these shortages?

- AIPE is unaware of the nature of labour challenges beyond its own operations. However as a multi-sector provider it is incredibly difficult for us to find capable staff who understand and exhibit



knowledge and experience in the current complex regulatory framework affecting multi-sector, export oriented, tertiary education providers. It is also exhaustingly challenging for senior staff to keep pace with the constant regulatory changes across sectors and maintain the currency of their knowledge across all aspects of our complex operations. Skills shortages in the private education sector are a serious issue. Not only is it difficult to recruit and retain academics (especially since Commonwealth Supported HECS places were uncapped in the university sector) but also because education specific administration staff are really difficult to acquire. Most of the administration related work in private providers are closely related to compliance and it is extremely difficult for any new person to even familiarise with the acronyms in use in the sector, let alone being able to readily understand the highly regulated policy environment they are now working in. Whilst we understand that as private providers we have to compete with other public and private providers, the reality of the pay and conditions available in the public university sector (funded by the taxpayer) make it impossible to compete effectively given the current lack of a level playing field.

- While we appreciated the inequities inherent in the sector before we commenced operations, the lack of recognition from a variety of government agencies on the expertise and strengths of hard working, low risk private providers, make it extremely difficult (and at times highly dispiriting) to progress "business as usual". The visa settings put in place by the previous government were extremely harsh to private providers and served to indirectly discourage private providers from making a full contribution to the sector.
- AIPE strongly supports the commitment of the current government to treat public and private providers fairly and equally.
- It is important that private and publicly funded education providers are offered an even playing field and an opportunity to lift quality and standards across the board. This could be supported through increased funding being made available via existing programs such as the Export Market Development Grants and through introducing new programs that will support private providers to offer higher level academic opportunities to their academic staff.

What are the priority areas for government reforms to address any skills or labour shortages, and the likely costs and benefits of these reforms?

- As discussed above the key areas of staffing concerns are in the academia and academic administration.
- In the higher education sector it would be beneficial if senior university academics were encouraged to involve themselves in the private education sector. For example universities should encourage their senior academics to work with private education providers in the capacity of academic board members, as members of various course committees, and in mentoring arrangements; at least to begin with. This will allow best practice to spread across the industry and provide opportunities for smaller private higher education providers to learn from their university counterparts.
- In our experience we have noticed that in some universities this opportunity has been ruled out for senior practicing academics (a right they previously had) and this is adversely affecting the work force shortages private education providers are experiencing.
- The overall treatment of private tertiary education providers must change and this change can only be delivered through a whole of government focus on reform.



Section 6 (page 14):

What are the:

- o *barriers to the export of services by mode of supply and country, for each of the services sectors considered in this study*
- o *which barriers (by country) are the highest priority for reform and who should be responsible for driving the reform process*
- o *whether the barrier applies equally to Australian and domestic firms in the relevant country or whether the barrier discriminates against (or is more burdensome for) Australian firms*
- o *standards and technical regulations, including qualifications and licensing requirements, that are not based on objective and transparent criteria, and are more burdensome for Australian services exporters than is necessary to ensure quality and/or safety*
- o *whether there are any concerns about possible reputational risks for services exporters flowing from standards and technical regulations that are less stringent than they are in Australia, and/or from bribery and corruption concerns in key overseas markets*

Is there anything the Australian Government can and should do to help mitigate these risks?

- Although in Australia our education standards and regulatory arrangements explicitly recognise both public and private providers (and ostensibly treat them the same), this is not the case in other countries and acts against the private sector's ability to recruit students. For example in Turkey, an important source country for students, they do not recognise qualifications from private Australian higher education providers – making it impossible to attract students.
- Private providers would be assisted if the Australian government published a list of low risks providers, which can be shared by our overseas posts, to achieve recognition in various source countries. Government needs to actively promote the outcomes achieved by private providers and their equal treatment and recognition under our regulatory and quality arrangements. This would lift the recognition of low risk private education in Australia, so that "brand Australia" can be lifted and extended, making us more competitive and strengthening our ability to compete internationally.
- AIPE appreciates the fact that the FTA with China is due to be finalised this year, and we hope that the inclusion of Australian private higher education providers on the list of overseas study institutions approved by the Chinese government (the JSJ list) occurs promptly after the FTA is finalised. This initiative will greatly benefit low risk private education providers and allow them to be recognised and competitive with private providers in competitor countries which are already included on the list.

To what extent have the rules and regulations governing the international trade of services kept pace with technological change, such as growing use of information technology as a means of exporting services, and to what extent restrictions on cross-border data flows have increased costs for services exporters?



- Flexibility and online delivery in Australia have not kept pace (if indeed they were historically comparable) with developments in the USA and most Western European countries.
- Increased research and development grants, including again a low risk treatment of low risk private providers, will allow all Australian providers but particularly private providers to expand their level of online engagement with international visa bound students, and look at more creative options for increased online delivery.

Section 6 (page 17):

What is the role of government in providing assistance to services exporters, including in relation to the provision of:

- o *insurance services and financial assistance for exporters*
 - o *information and advice to exporters (accessed in Australia or overseas)*
 - o *funding for destination marketing and major events*
 - o *whether current export assistance programs best meet the needs of services exporters or whether they could be improved, and if so, how*
 - o *whether there are any (perverse or positive) consequences associated with cost recovery of some export support?*
- Except for the EMDG grants, there is no serious support and/or funding available for private education providers. Support for private providers to improved insurance services and an extension of the financial assistance available to exporters would be a welcome change and make a significant difference to private education providers.
 - AIPE is pleased with the support it receives from Austrade in their overseas posts to assist our efforts to attract new students and open up new markets. Currently there is a cap on the amount of 'free' support Austrade can provide to an exporter, this cap must be lifted to more than 10 hours in developing markets. In addition, reinstating an exporter's access to the EMDG grants when they are entering new markets would greatly assist Australian education providers to diversify their international student profile.
 - We have also been pleased with the commitment Austrade has made to attend international student recruitment fairs around the world to promote Australia as a preferred destination for international students. Despite their efforts though it is clear that Australia's level of investment in promotion is much less than other governments of our competitor countries. For example, the British Council receives approximately £160 million per annum from the UK Foreign and Commonwealth Office, as well as funding of more than £3 million per annum from a range of other sources (predominantly UK government agencies).
 - Given the substantial economic benefits which accrue to Australia from international education it is disappointing that the budget provided by government for its promotion is so much lower than for the Tourism industry for example. Consideration of this disparity by the Productivity Commission as part of this review would be welcomed.