

Universities Australia Submission to the Productivity Commission Study into Barriers to Growth in Australian Services Exports

Friday 15 May 2015

Universities Australia welcomes the opportunity to provide comment to the Productivity Commission's Study.

Education services are Australia's largest services export. While international education services were addressed in the recent Productivity Commission Report, there remain barriers to growth not addressed within the paper, especially those related to the research agenda and the recruitment of overseas academic talent.

Universities Australia supports the objectives of the study. There is substantial potential for regulatory reform, as well as promoting greater coordination between areas of policy, to improve Australia's capacity to increase services exports in areas of relative strength, and in doing so enable greater system efficiencies to be delivered domestically.

This submission identifies some of the key areas for attention from Universities Australia's perspective. It is not exhaustive, and Universities Australia would like to remain involved as work on the study proceeds.

International Education Services – the operating environment

Services exports for the university sector is a complex environment with many factors contributing to the environment necessary to support a successful education export industry.

Growth in onshore enrolment of international students is a clear sign of our successful export industry. What is less obvious but nonetheless important are the necessary factors that support our success. These include;

- a strong and successful research programme which delivers high standings in university rankings;
- a strong quality assurance scheme supported by government policy and legislation (Education Services for Overseas Students (ESOS) framework and the Tertiary Education Quality Standards Agency (TEQSA));
- a high quality education offering appropriately funded by government and supported through the Office of Teaching and Learning (at present, but noting announced changes in the 2015-16 Budget) and similar programmes;
- supportive state government policies for transport, accommodation and safety;
- coordinated government promotion of Australia's education and research offering through Austrade and state government trade and investment programmes;

- well-connected government to government policy, led by the Australian government Department of Education and Training's counsellor network offshore; and
- a supportive visa system to enable students, researchers and academics to easily choose Australian universities for their education and employment.
- contemporary global political and economic conditions mean we must shed any sense of complacency about our status as a favoured destination for skilled migrants. Global competition for skills is fierce and developments have materially impacted the comparative advantage Australia has to date offered potential employees. The factors impacting global skilled migration decisions are complex and fluid and need to be understood and responded to accordingly.
- for example, the recent depreciation of the Australian dollar will inevitably factor into migration decisions and Australia's relative attractiveness as a destination. This may improve the affordability of study for international students in Australia, but may equally deter some skilled migrants from coming here in favour of destinations where currency values provide greater financial benefit. This example illustrates the need for Australia to have a policy framework that is well informed and adaptable to contemporary developments. Government policy needs to support our services exports and not serve as a barrier to greater success.

This submission is made against the backdrop of an increasingly competitive and internationalised higher education market. Global talent is now mobile and this means that Australian universities are competing with other institutions globally to attract and retain the best academic and professional talent. In the face of this stiff competition, the university sector needs a visa framework regime that is supportive of our objective to recruit international staff and students in a seamless, efficient and cost-effective manner.

Visa Settings

The Department of Immigration and Border protection (DIBP) is currently reviewing the skilled migration and temporary activity visa programmes and the student visa programme. Discussion papers from both reviews indicate DIBP is conscious of the impact visa settings have on universities abilities to recruit the best students, the best researchers and the best academics in a competitive environment.

Visa restrictions can create significant difficulties in the employment of staff in universities. Specific visa settings can adversely affect postdoctoral fellows in respect of health insurance costs and access to schooling for their children – a major disincentive to them coming to Australia and a barrier to our services exports due to the alignment of reputations for research excellence with the student recruitment success.

The changes proposed to the Training and Specialist Research Visa will positively affect universities' ability to recruit and retain academic talent to support our internationalisation agenda and should be supported by government as a means to grow services exports.

The flip side to visa settings are those that apply to our students and academics seeking to study and work offshore. Transnational education is promoted as an opportunity for Australia to grow

its exports in education services without the need to bring many more thousands of students to Australia for an Australian education.

Australian universities engage in international education to a substantial degree, educating almost a third of our international students transnationally in 2014 variously through their own offshore campuses, partnerships or online. Where education is delivered offshore face-to-face there is often the need to move academics to students. Barriers to this type of services export emerge because of difficulties in obtaining appropriate visas for academics delivering education services this way. Trade negotiations often make progress in freeing up restrictions on the movement of people that improves prospects for education services.

Qualifications Recognition

The failure of foreign governments to recognise Australian qualifications for further study or for employment in government is a barrier to growth in services exports for Australia. Restrictions, for example, on Australian accounting graduates practicing in certain countries in our region reduce the appeal of Australian accounting degrees among those countries' nationals and Australians or third country nationals with an ambition to work in that country.

Trade negotiations can go some way to increasing qualifications recognition, but securing qualifications recognition for work and further study remains the ongoing work of the Department of Education and Training, professional associations and universities.

For example the major education gain in the recent FTA with China is promoted as the inclusion of private providers on the JSJ List (or white list) of education providers the Chinese government considers suitable for Chinese students. This will likely see an increase in Chinese students choosing Australian private education providers for study in Australia.

What would be far more beneficial to our industry and Australia generally is progress in recognising the professional qualifications of Australian trained architects, accountants, engineers and others which would enable greater services exports for both education providers and their graduates into the future.

Areas of Potential Opportunity

The Study may benefit from including a selection of case studies especially focussed on areas of known strength that will be in high demand across the Asia-Pacific. Case studies could help to illustrate where domestic constraints restrict the prospects that Australians will be able to benefit from these opportunities. Importantly, the study could look into the way policy and regulation are managed as well as the explicit detail of regulation. For instance, inadequate coordination and coherence between traditional policy sectors can inhibit system-wide efficiencies from being applied. It also means that Australia is not well positioned to act quickly to exploit opportunities of national interest, often hindered by specific sectoral interest and practices.

- A case in point is the lack of coordination between the health and education sectors in developing the health workforce. These issues are touched on variously in the Reform of the Federation White Paper: *Roles and Responsibilities in Health* (December 2014, pages 15-17); and the Productivity Commission's Research Paper *Efficiency in Health* (April 2015).

- The Treasurer among others has pointed to the opportunities for Australia that come from the services demands of a growing and affluent Asia Pacific; Australia's world class health service, quality education and research capability; the shifting disease burden and global population demand (e.g. tropical disease threats, diabetes and other areas where Australia is well placed).
- Australia's opportunity to exploit our potential internationally is inhibited by the same factors that prevent us from addressing key systemic pressure points domestically: such as workforce distribution and remote practice; increasing clinical education costs; etc. Clarifying health (and related education) responsibilities through the reform of the Federation process will be important, as will other current governmental processes, such as the review of the National Registration and Accreditation Scheme (NRAS) for health professions, currently being considered by Health Ministers nationally. An explicit objective of the NRAS was to facilitate workforce innovation and reform. However, there is little evidence that this objective has been progressed or that any concerted effort has been made to enable this to happen, notwithstanding the considerable efforts of a number of the discipline-specific accreditation bodies.
- A strategic focus on these issues from a services export perspective may unlock economic and strategic diplomatic benefits for the nation, while identifying reforms that address domestic health service, quality and fiscal imperatives.

Recommendations

Universities Australia recommends that the Productivity Commission take into account the changing competitive global environment for talent; and

- (i) consider both the skilled migration and student visa programme reviews in drafting its report;
- (ii) that specific consideration be given to the recommended changes to the Training and Research visa to enable greater flexibility for visiting researchers;
- (iii) that trade negotiations prioritise qualifications recognition and movement of natural persons; and
- (iv) that case studies be developed on known Australian strengths wherein domestic barriers to trade inhibit potential export success.

Universities Australia welcomes the opportunity for ongoing engagement with the Productivity Commission's study. If you have comments or queries on any aspect of this submission, please contact Ainslie Moore