

About ABDC

The Australian Business Deans Council (ABDC) is the authoritative and collective voice of pro vice-chancellors, executive deans and heads of all university business faculties and schools in Australia. ABDC advances and promotes excellence in business education and research through engagement across universities, industry, government and the community.

In 2014, ABDC member schools graduated one-in-three university students in Australia (corresponding to over 100,000 graduates).¹ Australian university business schools also contribute significantly to the largest export service industry in Australia.² In 2013, Australian business schools graduated three-in-five international university students in Australia.³ These Australian business school students contribute an estimated \$5.3 billion in export earnings to the Australian economy per annum – equal to Australia's eleventh largest export and over a quarter of Australia's education exports.⁴

ABDC welcomes the opportunity to provide input into the Productivity Commission's Draft Paper on 'Barriers to Growth in Services Exports' and being involved in further consultation on this subject.

Introduction

ABDC commends the Federal Government on its commitment to look at policy to remove barriers to service exports. Enhancing service exports is of vital importance to Australia's competitiveness, productivity and long-term sustainability. In particular, ABDC wholly supports policies and initiatives that both recognise how important international education is to the Australian economy and that also support a sustainable, globally competitive and quality international education sector in Australia.

In an increasingly complex and global international education market, Australia needs to be even more competitive to sustainably grow our position as an attractive destination for international students. We also need to be even more strategic in the long-term to ensure we remove barriers to attracting the best international students and academics while maintaining a quality higher education sector.

Our Position

ABDC welcomes the proposed introduction of a new simplified streamlined visa processing system, the recommendations to extend concessional access to public transport to international students across all states and to examine ways of changing regulation to enable more flexible and innovative course delivery to international students onshore. However we are disappointed to see only one new recommendation in a three hundred page report in what is considered to be one of the key growth sectors for Australia up until 2025.

ABDC recommends a whole-of-government approach to consistent policy that supports Australia to sustainably grow and continue to be a global leader in quality international education. Australia

¹ Calculated from Department of Education and Training, 'Management & Commerce Completion Count', *Higher Education Statistics (uCube)* plus Economics data provided on request, 2014.

² Department of Foreign Affairs and Trade (DFAT), 'Australia's top 25 exports, goods and services, 2013-14.' In 2013-14 education-related travel services were Australia's fourth largest export at \$15.7 billion and included secondary, VET, ELICOS and pathways.

³ Department of Education and Training, 2013.

⁴ Calculated from Department of Education and Training, 'Management and Commerce International Student Load Count (EFTSL)', *Higher Education Statistics Data (uCube)* plus Economics EFTSL data provided on request, 2013; and Boston Consulting Group (BCG), 'Australia's International Education Industry - Analysis of Strategic Trends,' 2013, p. 14, (Each international higher education student contributes an estimated US\$44,000 per year to the Australian economy (including fees and living expenses) - exchange rate from xe.com 29 Aug 2013).

traditionally has been successful in attracting international students based on the perception that Australia as a study destination offers a good return on investment. This perceived return on investment is heavily influenced by the reputation of the higher education system, graduate employability, migration and industry-based learning opportunities as well as the cost of studying and living in Australia, amongst others. However at a time when we are seeing Australia becoming one of the more expensive study destinations and graduate employability is decreasing, international competition from other major source and new source markets is increasing.

Other key source countries are increasing their investment in higher education and research capability as well as introducing new policy measures to attract international students including introducing migration options. In Australia we are however seeing contradictions in proposed government policy in this area. For example, Austrade is proposing doubling the number of international students onshore by 2025 while the Department of Education and Training is proposing \$3.3 billion cuts to higher education research and education funding. Australia currently invests 0.7 per cent of GDP in tertiary education, compared with the OECD average of 1.1 per cent of GDP. Australia is ranked 33rd out of 34 OECD countries for public investment in tertiary education.⁵ A well-funded and well supported higher education system is a necessary element to maintaining our international reputation. Any erosion of this funding inhibits our ability to effectively support a significant and growing international student population.

Business is the preferred discipline that international students chose globally. Proportionately Australian business schools graduate significantly larger ratios of international students than our international counterparts. As ABDC member schools graduate two-thirds of international university students in Australia, our business schools already invest heavily in putting in place the necessary structures to support international students. The fees from international students however are often used to assist in covering necessary and costly research in other disciplines. Although currently one in five university business schools are ranked among the top 200 worldwide,⁶ as other countries invest significantly more in higher education research and education, we are at very high risk of damaging our international reputation – a key enabler of maintaining and growing international education.

ABDC Recommendations

To ensure further and sustainable growth in our international education sector, ABDC suggests including recommendations for consistent policies that:

- Support a quality higher education system that is attractive to international students and academics by investing in excellence in learning and teaching and research. This investment is particularly important in business - the key discipline of interest to international students globally and for three-fifths of international university graduates in Australia. For example, include business as a strategic national research priority to maintain credibility and the international reputation of business education in Australia.
- Provide funding certainty for a quality higher education system. This ensures fees from international business students are not seen as a replacement for funding from government or from anticipated sector deregulation. Australia has one of the highest concentrations of international students, with one-in-five students enrolled in higher education being from

⁵ OECD, 2014, *Education at a Glance*

⁶ Academic Ranking of World Universities (ARWU), 2014, *Economics and Business*.

overseas. It is important that investment continues into the additional support services required for international students to ensure high quality levels and good student outcomes.

- Encourage industry to provide relevant industry-based-learning for international university students during and after their study. Increasingly international students are choosing their course and study destination based on perceived return on investment and relevance. Lack of work experience opportunities and reluctance to hire international students are significant barriers for developing a sustainable international education market in Australia. Some examples of Government mechanisms that would assist include offering industry tax incentives and establishing an online portal to assist employers in understanding visa requirements and how to provide industry-based-learning opportunities.
- Ensure Australian business schools are included in further consultation on service export development strategy, policy or regulation. As ABDC members schools are a key contributor to the largest service export and alone represent Australia's eleventh largest export, we play a significant role in adding to Australia's cultural diversity and trading relationships. However gathering timely competitive intelligence and ensuring cultural diversity in student education is a difficult and expensive exercise. Government could assist in development of a more globally competitive international education sector by: including business schools in overseas trade missions; and providing not only relevant and timely data on the global international education market and international business student enrolments but also on graduate destinations.
- In trade negotiations, secure recognition of Australian qualifications for further study or employment, especially for international graduates who have ambitions to work in government in their home country or elsewhere. For business schools, restrictions on Australian accounting graduates practicing in certain countries in our region reduces the attractiveness of these degrees and is a barrier to further growth in certain countries.

Comments on draft recommendations:

Regarding the specific draft recommendations included in the report relating to education, we have the following comments:

7.1 Simplified visa framework: This recommendation effects all disciplines and we recommend following Universities Australia's advice including simplification of visa arrangements for academic staff movements.

ABDC does have some general comments that we would recommend be considered in relation to a visa framework and how applications are processed. To be simultaneously quality driven and export driven, we require government support agencies to operate in ways that uphold quality in a contemporary context. Two examples reported by ABDC member schools that suggest improvement is required are:

1. National Office of Overseas Skills Recognition (NOOSR) is often out of date (e.g. it still refers to the former Hong Kong education system phased out three years ago). It needs to be dynamic and up to date to provide our business schools with accurate information from which we can make decisions about entry standard and course credit.
2. The Department of Immigration and Border Patrol (DIBP) understandably does what it needs to do to ensure authenticity of student intentions. However there have been problems in relation to departmental staff being unaware of the requirements of professional conversion masters programs, such as the Master of Professional Accounting (MPA) or the Masters of Business

Administration (MBA), which do not require the student to have a related degree. As accountants are on the skilled occupations list, studying an MPA can provide a future option to apply for permanent residency should the student be successful and gain subsequent relevant experience. Although not required, students report to have been refused visas because they do not have a clearly related undergraduate degree. It is important that immigration staff have a clear understanding on the requirements for conversion masters and that the methodology the department employs is not an unintentional barrier to export.

7.2 Quality Indicators for Learning and Teaching (QILT) platform: More information for students and parents (whether online or otherwise) is a good thing and having government moderation of such a site gives it suitable gravitas. It is however that this exercise is not merely an objective data driven information source, but that it assists marketing Australian education and making it more attractive relative to competitors. The topic of this inquiry is barriers to export. On the face of it, the marketing effect of such a site that goes any further than providing evidence of quality is unlikely to be seen as reducing barriers. It could be argued that the nature of a barrier is dependent upon the structure of the market in which one is competing. In the primary markets for Australian education exports (and specifically for business schools) - Asia, Oceania, Africa and the Middle East - our largest and most successful competitor is the UK.

The UK's on and offline platform, the British Council has very effectively leveraged a quality and cultural influence. It is both an information source and a marketer by default. The massive growth in both onshore and offshore program enrolments for UK universities is testament to the effectiveness of this platform. The Australian platform needs to ensure that it can help Australian universities get over the "noise" in the market created by the dominance of the UK (and to a lesser extent, but also importantly the US), so that our brands and our voice can be heard. The ABDC disagrees with the comment that higher education institutions do not need government campaigns or support to build higher education exports. Australian universities and their business schools will continue to actively market themselves overseas but government plays a key role in both building the Australia study destination brand and at assisting in collating relevant and accurate market information. The external cultural dominance of the UK is a market barrier to us, against which Australia needs to be able to compete.

Australia has the Australian Qualifications Framework (AQF) and the UK does not. On the one hand, this is an advantage to Australian business schools as we can demonstrate a coherent framework which differentiates us to the market as a quality offering. On a different level however, Australian business schools are at an obvious disadvantage to our UK competitors in our key markets due to the structures required by the AQF. Two clear examples:

1. The default AQF business masters is two years in duration. The UK equivalent is one year, which is economically more attractive to most of the international student market. Unless we can irrefutably demonstrate that an Australian masters is vastly superior in ways that the business masters market understands (such as a superior return on investment), this is a clear barrier to export. Onshore, this is being partly offset at the moment by the existence of post study work rights for a minimum two years study, but this feature has no value for those students who do not seek work rights locally and students studying Australian masters degrees offshore. It is a definite export barrier to those groups.
2. A very popular program for export into our key markets has been professional doctorates - in business, the most popular being the Doctorate of Business Administration (DBA). The AQF

has classified all doctoral qualifications at the same level, removing the previous differentiation between professional doctorates and PhD in relation to length and total research requirement. This has effectively collapsed the demand for Australian DBAs, which has not translated to a shift to PhD from this market. Students are just going elsewhere. Whether this re-classification is a good thing or not is a matter for debate, however it has definitely closed a previously significant market for many Australian business schools.

The above examples illustrate that the AQF is a double-edged sword in relation to its impact on business school exports. Whether the appropriate direction is to review the AQF or to better inform the market as to its value needs further analysis and debate.

7.3 Enabling flexible delivery: ABDC agrees that there needs to be a freeing up of restrictions to enable online delivery. The use of the technology is likely pushing the frontier of the law in any case. While there was once a clear differentiation between face to face and online courses or programs, the lines have blurred markedly over the past six years or so. “Online” mode is now so much more interactive (both synchronously and asynchronously) compared to earlier models, and is so much more media rich due to overall internet developments, that well-crafted online content is taking on most of the old face-to-face characteristics. Similarly, students enrolled in face-to-face programs now demand as default, the convenience of access to online material. The notions of mixed-mode or flipped classroom techniques require heavy use of online and technology to free up modern face-to-face offerings to focus more on developing better analytical, communications and industry relevant skills.

The freeing up of restrictions to international students working online will also promote development in the growth of a quality product that can be studied by students offshore as well as onshore. There may be some risk with unscrupulous operators who enrol students for migration or other purposes that will need to be monitored, but not loosening restrictions will create a further competitive barrier to scrupulous operators such as universities and their business schools to produce world class learning experiences, which are now strongly online in nature.

Summary

If Australia wants to remain an attractive destination for international students, we need to provide learning experiences that respond to students' expectations and that our broader immigration and education policy settings also support this objective. ABDC welcomes the opportunity to provide specific advice, information and critical feedback on further consultation or policy development on removing export barriers. In particular, we welcome the opportunity to offer our assistance in developing policy or regulation that would enhance a globally competitive, sustainable and quality international education sector in Australia.

Submitted by:

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