

## **Submission responding to the International Education Advisory Council Discussion Paper for the Development of an International Education Strategy for Australia**

**June 2012**

The Business Council of Australia (BCA) welcomes the opportunity to provide input to the International Education Advisory Council (IEAC), in relation to its *Discussion Paper for the Development of an International Education Strategy for Australia*.

The BCA brings together the chief executives of 100 of Australia's leading companies. For almost 30 years, the BCA has provided a unique forum for some of Australia's most experienced corporate leaders to contribute to public policy reform that affects business and the community as a whole. Our vision is for Australia to be the best place in the world in which to live, learn, work and do business.

This submission provides an opportunity to publicly lay out some of the high-level elements the BCA hopes to see considered in the strategy, and to put on record our view of the sector's importance to Australia's future economic development. Through our Chief Executive Jennifer Westacott's membership, the BCA will continue to work with the council as it drafts the International Education Strategy.

### **Context**

Situated on the Asia-Pacific rim, and endowed with a rich history and quality institutions, Australia is well positioned to contribute to the coming Asian Century. Led by fast-growing economies like China and India, continuing industrialisation and development in emerging Asia is set to transform the lives of hundreds of millions of citizens across our region. As their rapidly expanding middle classes increasingly seek opportunities to deepen their skills and education, Australia's international education sector should stand ready to seize these opportunities.

Against this welcome and exciting backdrop, the opportunities for Australian educators and our broader economy are tremendous.

However, the risks are also material. Education markets are in many senses different, being built on reputation. Reputations are hard to build and easy to lose. Our competitors are also not standing idly by as this market expands – so our competitive position is not assured.

This reinforces the need for Australia to optimise policy settings now – to ensure we build a competitive, flexible, nimble, highly regarded and well-managed international education sector – a sector able to seize the coming opportunities.

### **Our vision**

International education will be a key growth sector in the diversification of the Australian economy. The BCA urges the council to consider the following elements in any final strategy.

- Australia should aim to be the best place in the Asia Pacific for international students to live, learn, research and commence their careers.
- This should entail raising our student-assessed international rankings for the following criteria to the top of our peer group by 2020:
  - ability to provide a high-quality education
  - provide a welcoming and safe environment
  - efficiency of government service (e.g. visas, immigration)
  - liveability and access to value-for-money services (e.g. housing etc.).

- The strategy should promote more openness:
  - there are similarly large gains to be made through deepening study abroad and research links with Asia and beyond
    - Australians who study abroad bring home new skills, ideas and perspectives. Such knowledge can lift innovation and productivity, helping our firms and institutions to step up to a higher level of competitiveness (smarter firms are likely to boost output and incomes across the economy)
  - Australia should thus materially raise the number Australians who study abroad over their course of their study.

### ***Related observations***

#### *Review regulations to ensure they are risk-based*

- The strategy should ensure regulatory interventions in the sector are effective and minimise cost imposts. Given compliance regimes cannot eliminate all risk, always impose costs, and often have unintended consequences, the council should strongly consider recommending a review of regulatory interventions imposed on the sector, with a view to streamlining them.
- A risk-based approach to regulation should be adopted, to ensure regulatory effort is directed at the areas where it will have most impact. This should entail a structured approach to reassessing whether given risks warrant regulatory intervention (including rigorous use of best practice regulatory impact analysis)
  - such an approach may show some current regulations are not needed. This may be appropriate, as not all risks can be reduced by regulation, and even when it is possible, some interventions may not be cost effective
  - a risk-based approach to compliance and enforcement will also ensure that scarce resources are used for maximum impact, and that the burden of enforcement falls most heavily on businesses with the highest risk.
- Regulations should also encourage investment in the sector (regulations that discourage or misallocate investment will hamper efforts to maximise the benefits of growth in the sector).

#### *Oversight culture, wider perceptions*

- The strategy should strive to ensure regulatory oversight complies with competitive neutrality principles, ensuring there is no bias amongst regulators as to particular providers or the ownership structure of providers:
  - BCA members have highlighted their concerns that current regulatory provisions and the overarching oversight culture have not always been as sensitive to their needs or concerns over recent years
  - given that significant growth in education exports in future may come from emerging or new providers, this regulatory bias could have very serious consequences for the growth of the industry in coming years.
- The BCA hopes that in future this sector is increasingly recognised as an industry in its own right, rather than as a domestically oriented (government) service provider. This may entail efforts to raise the profile of the industry, perhaps through communicating the sector's breadth and contribution more broadly.

#### *Key final elements*

- The final strategy should directly address the following key elements. It must:
  - clearly outline the economic importance of the sector
    - the education of international students in Australia has grown to become one of the nation's most important export industries, earning as much as \$18 billion a year in export income.
  - detail a tangible, realisable vision for its future

- including being truly global – encompassing deep relationships at both the student and provider level (including two-way direct student contact and deep institutional partnerships).
- describe the real issues that need to be resolved in order to realise that vision
  - for example, supporting Australia’s migration objectives and addressing skill shortages wherever practical
  - being multi-faceted and calibrated for all aspects of education, including English Language Intensive Courses for Overseas Students (ELICOS), secondary, vocational education and training, and higher education.

### **Conclusion**

The Business Council of Australia acknowledges the challenges in framing the strategy, but remains excited about the sector’s future prospects if policy settings can be improved.

By encouraging the development of a competitive, nimble, highly regarded and well-managed international education sector, Australian educators will be able to seize the coming opportunities and secure a bright future for the sector.

We want our sector to be seen as open for business, open for engagement, and open to new ideas. By building an outwardly oriented sector, all Australians can benefit from the sector’s growth.

BUSINESS COUNCIL OF AUSTRALIA

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