

EU-AUSTRALIA TRADE IN SERVICES PROJECT*

WORKSHOP REPORT ON TRADE IN EDUCATIONAL SERVICES

This Report summarises the discussions in the ‘Trade in Educational Services: exploring priorities’ session of the recent Workshop on trade in services. The session was held under Chatham House rules on the 24 July 2019 at the ANU Centre for European Studies (ANUCES). Participation was by invitation and participants came from a wide range of backgrounds. The Workshop sought to identify priority areas for the current European Union-Australia trade negotiations on educational services. Participants were provided with background material on trade in educational services and the OECD’s Services Trade Restrictiveness Index (STRI). This material will shortly be published as an ANUCES Briefing Paper.

The session commenced with participants asked to suggest two priority issues related to trade in education services. Participants noted that the issues concerning trade in educational services differed substantially depending on how those services were supplied. From the perspective of any country, issues relating to inbound students (mode 2) raise a wide range of sensitive domestic issues. As a result, the report on the discussion below deals separately with inbound students and the other modes of delivery.

For inbound students education cannot be discussed as a standalone issue. For example, incoming international students participate in Australia’s tourism industry, both as customers and employees. Their visiting family and friends also contribute to the tourism industry. There was a view that both in Australia and New Zealand there is a tension between education quality goals and goals of earning foreign exchange from foreign students. Beyond the education sector, inbound students also raise policy issues with respect to immigration, the adequacy of social and cultural support services and the adequacy of accommodation and public transport infrastructure.

The workshop discussion focused on the movement of people, notably visa arrangements, as well as issues of mutual recognition of qualifications, academic research and global competition in the delivery of education in English.

There was also a strong focus on the importance of quality in education and also students’ experience. This, of course, is intimately linked with the quality of teaching and research staff and how education institutions support those staff to deliver learning.

Another key issue was data. But there were two quite different types of data issues raised. Firstly there was a concern that data about trade in education services was inadequate, which might in part be addressed by developing a Services Trade Restrictiveness Index (STRI) for the education sector. Participants noted that Australia’s Productivity Commission had done some exploratory work here and that the OECD has shown some interest in developing a STRI for the education sector. Such an index would be of considerable use in further developing policy around trade in educational services.

The second data issue was about data as it is used in education and research, which encompasses general issues of digital delivery, information privacy, security, copyright, etc. Data and data flows are fundamental to the delivery of educational services and also critical in

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research and research collaboration. As digital technology becomes more powerful such data will be increasingly important and will underpin digital delivery of educational services. A particularly important issue raised was digital security as any failure here can substantially affect reputation and trust. While not all these issues can be addressed in a trade agreement, it is important to ensure that data access and data flows not be impeded.

Incoming students

The EU as a bloc is Australia's 4th biggest source of incoming students, and Europe is a popular destination for outgoing Australians. English language, vocational education and training (VET) and exchange/study abroad are the more popular options for incoming European students. This contrasts with students from Asian countries for whom full degree higher education courses are preferred. It is unlikely this situation will change in the foreseeable future. Higher education is often delivered without charge in European countries, while in Australia all incoming international students are charged full tuition fees.

There was general discussion about Australia's capacity to host even more international students than it currently does. This discussion focused on the tension between providing a high-quality educational experience for students and expanding places for incoming students. It was noted that where a course is dominated by incoming students the students are less likely to benefit from interactions with Australian students. Some universities have recently moved to cap incoming student numbers. There was general agreement that a strong focus on educational quality and the totality of the student experience was needed if the incoming student market is to be sustained into the future.

As regards reputation for educational quality, there is a general link between excellence in research and the reputation of a specific university. But in regard to teaching it was noted that two trends undermine the ability of academic staff to provide the best possible experience. One is increased casualisation of academic staff. The other is a range of requirements by the immigration authorities which drive how courses are managed (e.g. mandatory contact hours). It was also noted that the devolution of language testing to individual institutions may have encouraged some institutions to take in students who are not yet well equipped to succeed.

Turning to the student experience, the workshop noted that very small things can make a big difference in perceptions. Survey evidence shows that a particular negative factor is that many students cannot access concessional transport fares. While there are bi-lateral health agreements with New Zealand and some European countries all incoming students on student visas are required to have private health cover. International students with high study loads and part-time work can struggle to integrate with other students and the wider community. For PhD students, there needs to be a strong focus on supervision training and relationship building. We also noted that a single high profile bad experience can drastically reduce student demand.

The consensus was that a reputation for quality is a critical issue for education services trade delivered to incoming students. Without a focus on quality, Australia's international education sector is not sustainable in the long-term. There is growing global competition in education services and Australia cannot depend on sustaining an advantage as an English-speaking country when leading institutions in many countries now offering quality education in English. There was general agreement that Australia should address a range of domestic reforms before trying to grow incoming student numbers.

A major benefit of trade negotiations is identifying areas where domestic reform is needed and indeed in identifying important issues in educational services trade the workshop noted a range of domestic policies needing review and reform if Australia is to maintain a long term competitive advantage in international education. Key suggestions were to enhance focus on student experience, including integration and safety and also build Australia's reputation for

education quality by ensuring consistent course entry standards and a commitment to raising student English language proficiency.

There was a suggestion that Europe has a much stronger ‘student first’ approach than Australia, with considerations about tuition fee revenue very secondary. This is evidenced by the spending/investment by EU member states in education. For most the highest budget expenditure is education and most education is publicly funded.

Offshore delivery

Currently, Australian universities concentrate their presence in Asia and often do this through partnerships with local institutions. Only one Australian university (Monash) has a campus in Europe. Australia’s digital footprint in Europe is also small. While the differences in approaches to fees between Europe and Australia may limit European demand for Australian higher education, there are a range of other educational export opportunities that could be developed. Other education services that could be considered in the context of trade liberalisation are preschool education, adult education and workplace training, including but not limited to VET. It was noted that education services also cover educational materials, including games.

The workshop noted that the UK has been particularly successful in providing educational services offshore, with more than 50% of its international students studying outside rather than inside the UK. Enhancing Australia’s capacity to deliver education within Europe may require better understanding of specific areas of European demand and development of targeted services to meet these needs. Potential market demand for delivery of online education and/or intensive workplace training in EU member states could be further investigated. There is a growing trade of world-class skills that will add value to global supply chains. While no specific market access impediments were identified, issues that should be considered in a trade agreement include the capacity to deliver digital services and movement of people issues, both for staff and students.

The public TAFE sector is very successful in offshore course delivery and has more international students enrolled offshore than onshore (noting over 90% of onshore international students are enrolled with private VET providers). There was wide agreement that there is substantial global demand for technical education and training that Australia is well placed to meet. However, further expansion is restricted by Australian domestic course accreditation requirements which prevent Australian courses being modified to better fit the local technical, regulatory and language contexts of a foreign country.

Examples of informal education (e.g. short/intensive courses) not being recognised were also noted. People undertaking such training just receive a certificate of participation, not a formal qualification. Yet such education can be very valuable in meeting bespoke training requirements. In this context the recognition of diplomas was also raised. The discussion highlighted the need to better capture short-duration intensive education, including micro-credentialing.

It was suggested that Australia could usefully review the education services components of the EU-Singapore and EU-Japan trade agreements. As the EU-Singapore agreement is based on a positive list, it is easy to identify non-traditional areas for trade in educational services, such as pre-school education.

Mutual recognition of qualifications (MRQ)

MRQ provides efficiency in people movement as it makes the recognition of skills faster. It is also fundamental to international student mobility as the recognition of educational qualifications is essential for workforce entry and progression. The workshop noted that while full degrees are already well-recognised, especially for longer-established and elite

universities, there may be issues to resolve in respect of the recognition of diplomas. Yet diploma courses are often well-targeted to specific workplace needs.

MRQ issues are commonly covered in trade agreements, though because of the central role of professional organisations in recognising qualifications the best way to shape trade agreements to forward an MRQ agenda is not clear. The EU-Canada Comprehensive Economic and Trade Agreement (CETA) encourages relevant institutions to adopt MRQ but leaves the institutions to negotiate such agreements amongst themselves. There was some discussion as to whether MRQ initiatives taken under CETA by architects had yet been fruitful – it would be useful to explore this further to understand better what does and doesn't work.

It was noted that barriers to movement of professionals (e.g. architects, engineers) is primarily about licensing requirements of which qualification recognition is just a part. Licensing requirements are not explicitly outlined in trade agreements, though they may be included in an annex. Australia could draw on its own experience in negotiating mutual recognition of licensing between States and Territories to inform its international negotiations. There are work-arounds to licensing restrictions – firms can use temporary movement of people, taking advantage of the low barriers to market entry for foreign licensed practitioners who can fly in and out as needed. Migration policies tend to intertwine with MRQ issues because people often want to stay longer for work.

If a government does have licensing agreements then it needs to offer the same to both domestic and trade partner organisations. Any particular areas of concern could be included in a trade agreement to ensure transparency. It is important to have a diverse cross-section of professions on a board of regulators to ensure a balanced approach.

Regulatory requirements ('red tape') make the process of being able to work in technical fields in another country very complex. As a result, many applicants give up during the application process. It is currently difficult for foreign tradesmen to be able to work in Australia. However, services such as [VETASSESS](#) are available to assist in facilitating the cross-border mobility of professional and technical human capital.

Priorities for trade negotiations

It is important to understand that regulation is vital in the education sector, to ensure the right people, services and qualifications match work roles and responsibilities (e.g. in health care and construction). Hence, it is important for governments to maintain the right to regulate. Nonetheless it is also important to ensure that such regulations do not unnecessarily impede international competition in the delivery of educational services. Such competition helps to ensure that national education systems maintain high quality standards.

Priority issues are mutual recognition of qualifications for both higher education and vocational education and training. There was discussion about new types of qualifications changing the state of mutual recognition agreements. For example, recognition of micro-credentials, as well as study undertaken via innovative education technologies.

Market research could investigate whether Australian qualifications can be better marketed or adapted to gain more recognition in Europe.

Australians studying abroad

There was also a common view that Australia could have more focus on encouraging its own students to study internationally. While this comes at a cost it demonstrates an attempt at reciprocity in relation to institutions that send their students to Australia to study.