

## **Productivity Commission Draft Report: Migrant Intake into Australia IEAA Submission: December 2015**

The International Education Association of Australia (IEAA) is Australia's only cross-sectoral peak body involved in international education. Our Association's 13 member elected Board includes Vice Chancellors, TAFE heads, private VET and higher education college representatives, ELICOS and school CEOs. As such, we are well placed to understand the importance that the delivery of world-class education can have in attracting students from other nations to study, live and work in countries such as Australia.

IEAA's initial reading of the Productivity Commission's Terms of Reference and Scope of Inquiry for this Migrant Intake into Australia inquiry led us to believe that it would not encompass issues associated with full tuition fee paying international students. In fact, international students were the subject of a separate Productivity Commission Report one year earlier. However, upon reading transcripts of proceedings in Melbourne dated Monday 7 December and now the Draft Report, we have major concerns with the implications of some of the comments and recommendations contained within.

On this basis, we set out below some general comments about the economic, cultural and soft diplomacy benefits associated with international education and temporary entrants to Australia. This submission will then seek to address some specific concerns related to Draft Recommendations 9.1, 10.1 and 13.1.

### **The international education sector and industry**

The Australian community and its education providers derive enormous benefit from the large numbers of full tuition fee paying international students who undertake full-time study here, for up to 4–5 years in many cases. This includes combinations of secondary and foundation year schooling, English language and professional year study.

The ABS estimates that the approximately 450,000 tuition fee paying overseas students currently studying here generate an \$18 billion per annum economic benefit for Australia (this includes revenue gained from accommodation, entertainment, food, family members visiting on tourist visas, etc). The Federal Government further estimates that 130,000 full-time equivalent jobs are currently directly attributable to the international education sector.

In fact, the current Federal Government has recently announced international education as one of Australia's five 'future economy' industries – together with agribusiness, financial services, IT, and tourism – which have the potential to double their employment numbers over the next two decades.

The Government has just created the world's first designated Minister for International Education (Senator Richard Colbeck), which provides a clear indication of the sector's importance. State and Territory Governments have also put in place their own policy initiatives to attract more international students to their state economies; Victoria, New South Wales and Queensland now all have specific Ministerial Advisory Councils on international education.

Aside from the above mentioned economic benefits, IEAA submits that Australia is a far more open and globally connected community as a direct result of the social benefits that a robust international education sector has delivered. Through our nation's leadership role in the Colombo Plan of the 1950s, 60s and 70s, we brought to Australia many thousands of highly gifted young Asian students. These same individuals are now, in many cases, the political, business, academic and scientific leaders back in their home nations. The fact that Australia provided them with the opportunity to maximise their potential through enrolment in our world class education institutions has never been forgotten by them and many have been strong advocates and ambassadors for Australia ever since.

One of the concerns that IEAA therefore has in reading the proceedings (particularly pages 2 to 15) of the Commission's hearing of evidence in Melbourne on Monday 7 December 2015 is that it appears to overlook all of the economic and social benefits that have accrued from migration, cultural diversity and our own international education sector. Ironically, nations which have, in the past, not embraced some of these policy settings are now seeking to redress this. The current Abe Government in Japan is just one case in point.

Arguments in the evidence provided to the Commission about the "decline of Anglo Celtic Australia" also totally overlook the fact that many young Australians nowadays regard themselves as global citizens and have "voted with their feet" by choosing to live and seek gainful employment in Asian economies. The global movement of Australian domestic graduates seeking careers in other countries has been well known for decades, if not comprehensively documented. The very fact that Australia provides globally recognised education qualifications in such fields as accounting, medicine, physics, IT and engineering has encouraged many thousands of our own young people to find lucrative work in many overseas nations (often with lower personal income tax rates).

IEAA contends that this trend to seek offshore employment opportunities is increasing as the Australian dollar relativity declines and multinational companies create large regional office hubs in nations such as Singapore, Dubai, Hong Kong, Malaysia, China, the UK and North America. Again, ironically, it is often young Australians' exposure to cultural diversity (at school, in their neighbourhoods and in their part-time employment settings while studying) that provides them with the global citizenship and intercultural competency attributes which offshore (and indeed Australian based) employers are increasingly seeking.

Some of the "fortress Australia" arguments presented to the Commission during the current Migrant Intake Inquiry fail to acknowledge that the "two way" traffic of international students coming to Australia is a significant demographic trend; many of our own domestic graduates are being provided with meaningful careers in the same overseas student source countries.

Before the Commission frames its final recommendations, IEAA would strongly argue that it needs to consider the likely reaction from nations that currently welcome Australian graduates – and indeed those that host internship opportunities for Australian undergraduate students under Minister Bishop's New Colombo Plan – if we begin to impose further barriers to entry for their young people. Any additional barriers that we might impose would also run counter to APEC's recent Vladivostok Communiqué which signed Australia up to encouraging the “free movement of students throughout the APEC region”.

### **Draft recommendations**

Given the above context, IEAA now provides our input and concerns regarding the possible implications of three specific draft recommendations contained in the Commission's report:

#### **Draft recommendation 9.1**

IEAA cannot understand the basis for the Commission recommending to the Federal Government that international students be included in yet another public inquiry into the “labour market effects of work rights”. Australia's key competitor countries for full tuition fee paying international students, namely Canada and New Zealand, currently not only offer work rights (while studying as well as post study) but also still provide significant onshore migration programs for international students who graduate from their education institutions. By contrast, the United Kingdom's significant decline in numbers of inbound tuition fee paying international students has been directly attributed to the abolition of their longstanding two year post-study work rights visa program. Even the USA has recently had President Obama promote the concept of six year post-study work rights visas for international students who graduate from STEM courses in American universities.

There is a further related issue at stake here. Respected international student benchmarking surveys – such as i-graduate's biennial International Student Barometer and Hobsons' overseas student survey – constantly highlight that the living costs for international students in Australia are proportionately much higher when compared to most of our competitor nations. Whereas, American universities require all students to live in on-campus dormitories – and Canadian, NZ and even UK universities are often located in relatively inexpensive regional communities – Australia's major universities are located in our highly expensive capital cities. By providing full fee paying overseas students with a part-time work option while studying here, Australia goes some way to countering this negative survey ranking.

#### **Draft Recommendation 10.1**

Firstly, IEAA would question the finding of the Commission, under this draft recommendation, that business, accounting and IT are oversupplied fields. We would point to important recent studies, such as Applied Economics' October 2015 report, 'The Labour Market for Accountants and the Skilled Occupation List', which highlights that not enough domestic students are graduating in accounting and that many accounting graduates choose careers that are not specific to this field anyway. Just as law graduates have, for many years, used their legal qualification for broader general management careers, we maintain that this is also the case with increasing numbers of accounting graduates.

On this basis, IEAA contends that the pure labour market data analysis that assumes accounting, business and IT graduates automatically seek careers in those specialised careers is flawed.

Secondly, we also question the basis of the Commission's hypothesis that "international students .... have relatively poor labour market outcomes". IEAA would be more than happy to elaborate on our views regarding this finding at an appropriate date.

**Draft Recommendation 13.1**

The Commission is aware, from its previous report into this area, that Australia already has the highest student visa charges in the world. Whether it be the \$550 non-refundable student visa application charge, the \$700 subsequent additional course visa charge or the relatively new post-study work rights visa charge (approximately \$1,500), each of these imposts act as a barrier to entry for overseas students (and their education agents) contemplating which destination country is most appropriate and welcoming.

As a result of this recommendation, IEAA would prefer to see greater transparency regarding the actual cost to Government of administering student visa policies and procedures. At present, these charges have been left to the whim of the Treasury Department as a pure taxation device. The current methodology is not conducive to encouraging Australia's dynamic globally competitive international education industry.

IEAA has appreciated the opportunity to provide comment on the Productivity Commission's draft report and recommendations. We would be very comfortable providing further input if and when the Commission requires.

**Phil Honeywood**

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