

**AVCC**

**Australian Vice-Chancellors' Committee**

*the council of Australia's university presidents*

(A.C.N. 008 502 930 – A.B.N. 53 008 502 930)

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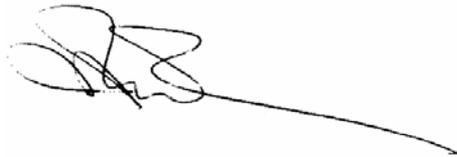
4 July 2004

Mr David Holly  
Head, China FTA Study Taskforce,  
Department of Foreign Affairs and Trade,  
R. G. Casey Building, John McEwen Crescent,  
BARTON ACT 0221

Dear Mr Holly

Please find attached the Australian Vice-Chancellors' Committee submission to the Australia-China joint Free Trade Agreement feasibility study.

Yours sincerely



John Mullarvey  
Chief Executive Officer

**Australian Vice-Chancellors' Committee**  
*the council of Australia's university presidents*

## **Australia-China FTA Joint Feasibility Study**

### **AVCC Submission**

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The Australian Vice-Chancellors' Committee (AVCC) welcomes this opportunity to contribute to the Australia-China Free Trade Agreement Joint Feasibility Study.

Higher education services are one of Australia's major exports to China. In first semester 2003 there were around 27,000 students (both internal and external) from mainland China alone enrolled in Australian universities – almost 14% of all overseas students and more than from any other single country . The Hong Kong SAR provides a further 29,000 students, so the People's Republic of China as a whole provides more than a quarter of all foreign student enrolments in Australian universities: a substantial contribution to an export industry worth in excess of \$4 billion per annum.

Australian universities have long and extensive experience in the People's Republic of China, and a vested interest in the outcome of both this Feasibility Study and any resultant agreement. Given importance of education linkages with China, there is a strong case for ensuring that any negotiating team includes personnel with relevant experience. The AVCC would be happy to nominate suitable people to provide advice on higher education issues.

AVCC members have identified a number of core issues which should be given careful consideration in negotiations towards a Free Trade Agreement with the People's Republic of China. These can be broadly classified in to regulatory issues, financial issues, and professional issues.

#### **1. Regulatory issues**

Regulation of higher education in the People's Republic of China is not transparent. Australian universities have experienced frequent and considerable difficulties with regulatory matters in China, often arising from conflicts between federal and regional regulations. For example, there are often long delays in the issuing of visas for Australian university staff, or in the approval of particular courses or service supply contracts, and import taxes are usually applied to educational material brought in to China for course provision. Gaining approval for the fees to be charged for a specific course is particular problem.

When these and other obstacles arise it is difficult to identify the appropriate body to approach for assistance, and to arrange access to the appropriate body once it is identified. Greater regulatory transparency is therefore a high priority.

Further, under present conditions, foreign organisations are not permitted to recruit students in China itself. Australian universities must operate through approved agents; there are usually substantial fees involved for both universities and the potential students and the system as it currently operates is open to abuse. Increasing numbers of Chinese students are approaching Australian universities directly, usually via the internet, but this can also lead to

problems. Students would therefore benefit from improved access for universities, and for recruitment organisations contracted by Australian universities.

Regulatory barriers operate in both directions. Chinese students seeking visas for study in Australia frequently experience significant delays and administrative problems in their dealings with the Australian Government. The Feasibility Study and any eventual agreement will therefore need to consider how visa application and processing can be simplified in both countries.

### **2. Financial issues**

Australian universities can experience considerable financial difficulties when operating in the People's Republic of China. The principle problem arises from the not-for-profit status of education in China: when an education service provider makes a profit from an operation, the usual requirement is for that profit to be re-invested in education in the region in which it was earned. Repatriation of profits is therefore difficult, and these difficulties are compounded by complex tax regional and federal laws and a fixed, Government-determined exchange rate with respect to the US dollar.

There are also restrictions on foreign ownership of, or equity in, commercial operations which affect Australian education providers. For example, Australian universities must operate in partnership with a Chinese provider, and no involvement by parties from third countries is permitted. Yet it is often difficult to identify suitable partners in China when setting up a new operation, and it is not possible to take advantage of existing strong ties between, for example, Australian and Singaporean universities, which themselves have strong ties with Chinese institutions.

### **3. Professional issues**

As is often the case with higher education in an international context, there are significant problems with respect to accreditation of education providers and specific courses, and with recognition of qualifications. The latter issue can be a serious matter for Chinese graduates of Australian universities who are seeking employment in Chinese public agencies and organisations.

The proposed Arrangement on Higher Education Qualifications Recognition between the Government of Australia and the Government of the People's Republic of China will be a major step forward and should be concluded as a matter of importance.

### **4. Other issues**

There are a number of other issues which will need to be discussed during the course of the Australia-China Free Trade Agreement Joint Feasibility Study such as intellectual property and copyright, and the contribution Australian higher education providers may be able to make to China's regional development initiatives. The AVCC can provide more detailed feedback on any or all of these issues.

### 5. Conclusions

The AVCC supports the development of a Free Trade Agreement with the People's Republic of China. For the agreement to present the maximum benefit for all parties, however, it must provide for:

- greater regulatory transparency;
- simpler accreditation procedures;
- improved mobility between Australia and China for students, instructors, researchers, and other university personnel;
- more flexible arrangements with respect to financial issues;
- more flexible terms for developing partnerships to supply education services;
- suitable arrangements for recognition of qualifications; and
- appropriate treatment of intellectual property and copyright.