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Ms Frances Lisson
First Assistant Secretary and Chief Negotiator (IA-CEPA)
Free Trade Agreement Division
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221
Email: ia-cepa@dfat.gov.au

Dear Ms Lisson,

Group of Eight Submission to the Department of Foreign Affairs and Trade Regarding the Proposed Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA)

The Group of Eight (Go8) welcomes the opportunity to convey its views to the Department of Foreign Affairs and Trade on the proposed Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA). Please note that this submission represents the views of the Go8 network; member universities may also make their own, more detailed submissions.

In 2014-15, analysis by Deloitte Access Economics (using data from the Australian Bureau of Statistics (ABS)) estimated total export revenue from Australia's international education exports at \$18.8 billion, making it Australia's third largest export sector. In 2014-15 the sector was estimated to support more than 130,700 full time equivalent jobs. Higher education accounts for around 70 per cent of this export revenue.¹ The sector's contribution has since grown to more than \$19 billion.² Unfortunately, the attention given to international education in previous free trade agreements (FTA) has not, in our view, adequately reflected its economic importance.

For international education to receive greater prominence in FTA negotiations, there should be a clear sense of what we are seeking to achieve in this area from such agreements. In this context, the Go8 welcomes recent sector consultations undertaken by DFAT through Universities Australia.

Indonesia's significance to Australia in the context of higher education, and the Go8's significance to this relationship, is shown below:

¹ Deloitte Access Economics, *The value of international education to Australia*, Australian Government, 2015.

² The Department of Education and Training, <https://www.education.gov.au/news/new-council-international-education>.

- In 2015, Indonesia ranked **seventh** as a source country supplying international students to Australia's higher education export market, and **fourth** for international students enrolled at Go8 universities.³
- In 2015, Go8 universities were collectively educating more than 44 per cent of the 8476 Indonesian students enrolled in higher education in Australia.⁴
- Researchers from Go8 universities received 73 per cent of the 179 ARC grants awarded to projects with a focus on Indonesia between 2001 and 2015.⁵
- Students from Go8 universities accounted for 46 per cent of the 1730 Australian students who participated in semester-length in-country study programs facilitated by the Australian Consortium for In-Country Indonesian Studies (ACICIS) between 1995 and 2015.⁶

However, there remain a number of issues that must be addressed in order for Australia's higher education sector to realise the full potential of ties with Indonesia. These issues cut across international education exports, research collaboration, and the development of Indonesia country knowledge and cultural and language skills among young Australians.

Increasing Indonesian access to Australian higher education services

As highlighted by the Indonesia-Australia Business Partnership Group (IA-BPG)⁷ there is great complementarity between the Indonesian and Australian economies. Although the high standards required by Australian employers in relation to skills and qualifications currently present a barrier to the movement of some Indonesians to Australia, this gap presents an opportunity for Australian higher education providers. As the IA-BPG submission notes:

“Partnerships between higher education establishments, for example the introduction of “double degree” for certain professions, can promote cross-border movement and encourage growth in specific sectors.”⁸

Many Australian universities, including Go8 members, already have agreements with Indonesian institutions to offer joint or double degree programs. Such programs can offer financial benefits for students in reducing the duration and therefore the cost of study in Australia while also enriching their study experience. Importantly, they also strengthen academic and administrative ties between Australian and Indonesian institutions.

³ Data supplied to the Group of Eight by the Department of Education and Training.

⁴ Data supplied to the Group of Eight by the Department of Education and Training.

⁵ Australian Research Council, <https://rms.arc.gov.au/RMS/Report/Download/Report/d6b15b2b-3a50-4021-8e6f-6c7ef1cba553/0>.

⁶ Data supplied to the Group of Eight by the Australian Consortium for 'In-Country' Indonesian Studies (ACICIS).

⁷ Indonesia-Australia Business Partnership Group (IA-BPG), *Two neighbours, partners in prosperity - submission towards the IA-CEPA*, August 2016.

⁸ Indonesia-Australia Business Partnership Group (IA-BPG), *Two neighbours, partners in prosperity*, p. 50

However, only a small proportion of Indonesians can afford to fund their own study in Australia, even for the shorter periods required by joint degree programs. One possible solution is in diversification in modes of service delivery. For example, on-line delivery has significant potential to allow exporters of educational services to reach market segments that would not otherwise be accessible. To allow this, courses would need to be fully accredited by the Indonesian Government, and there would also need to be stringent quality control measures in place to safeguard the reputation of Australia's higher education sector as a whole, and understanding of these by relevant Indonesian authorities. In this regard, DFAT's initiative, in conjunction with the Tertiary Education Quality and Standards Agency (TEQSA) and the Department of Education and Training, to stage an APEC Workshop on quality assurance for online learning in Bali in November this year is to be welcomed.⁹

Recommendation: DFAT should work with the Indonesian Government towards a new comprehensive accreditation framework that encompasses on-line study programs.

If the necessary enabling regulations could be put in place, off-shore campuses could potentially provide another mode of delivery by which Australian higher education providers could allow Indonesian students to access their services. While theoretically allowing foreign higher education institutions to establish campuses in Indonesia, current Indonesian laws place significant barriers in their way. These include lack of implementing regulations, the need for approval from multiple ministries, and restrictive visa and professional accreditation rules that impede the recruitment of appropriately qualified academic and clinical staff.

The establishment of Australian university campuses in Indonesia would have significant benefits for many Indonesian students who cannot afford to study in Australia. It would help to alleviate the cost burden on the Indonesian Government of meeting increasing demand for higher education through the funding of state universities. The establishment of Indonesian campuses of Australian universities would also be expected to provide exciting new opportunities for knowledge-exchange and research collaboration between Australian and Indonesian researchers. Encouragingly, the Indonesian Trade Minister has suggested recently that the Indonesian Government was considering revising laws to encourage foreign providers to set up Indonesian campuses.¹⁰

Recommendation – The Australian Government should seek to ensure the IA-CEPA includes provisions that allow the universities of both countries to establish off-shore campuses.

For Indonesian students seeking to study in Australia, whether undertaking short courses or bachelor and Masters degree programs, visas application processes remain cumbersome and time-consuming, and visa

⁹ Tertiary Education and Quality Standards Agency, 'TEQSA spearheads APEC workshop in quality assuring online learning, Bali', Media release, 28 October, 2016. <http://www.teqsa.gov.au/news-publications/news/teqsa-spearheads-apec-workshop-quality-assuring-online-learning-bali>

¹⁰ Samantha Hawley, 'Indonesia trade deal Steve Ciobo's top priority after bilateral meeting with Enggartiaso Lukita', 2 August, 2016, ABC News Online, <http://www.abc.net.au/news/2016-08-02/indonesia-trade-deal-steve-ciobo's-top-priority/7683506>.

conditions restrictive. Visa application processes should be as streamlined and accessible as possible, and conditions tailored to reflect the goal of making Australia the most attractive destination for Indonesians looking for overseas study opportunities.

Recommendation – The Australian Government should review whether visa application processes and conditions for Indonesian students can be further improved to ensure they do not deter prospective students from applying to Australian universities.

Strengthening research ties

To the extent that the IA-CEPA enables the freer movement of people between the two countries, it also presents an opportunity to strengthen research collaboration. Despite being Australia’s closest neighbor, home to 240 million people and sharing many common challenges, the research relationship between Australian and Indonesian researchers remains underdeveloped.

According to a Go8 study, the number of Australians co-authoring papers with Indonesia increased from 44 in 1996 to a still modest 207 in 2010.¹¹ On a 2015 list of countries involved in research collaboration with Australian researchers on ARC grants, Indonesia ranked 18th, with 59 collaborative projects (including new and ongoing projects).¹² While these numbers reflect Indonesia’s developing country status, and the lack of resources for Indonesian researchers to carry out research, there is room for improvement.

Positively, the Indonesian government is actively incentivising researchers to collaborate internationally. Anecdotal evidence suggests, however, that Indonesian researchers look first to North America and Europe for research partners, ahead of Australia. In part, this appears tied to the increasing pressure that Indonesian academics are now under to publish in ISI journals. While this is a positive development in itself, there is a perception in Indonesian universities that collaboration with European and North American partners is likely to provide the greatest return in terms of publications and citations. This suggests a need for Australia to invest more heavily in efforts to ensure that Indonesian academics look to Australia for research collaboration opportunities.

Indonesian researchers are also often severely constrained by a lack of resources to undertake research, and there are usually additional costs associated with international collaboration. For Australian researchers, perceptions of academic standards in Indonesia and a lack of knowledge of Indonesian norms and/or Indonesian researchers in their field often discourages collaboration with Indonesian partners. Work also needs to be done to bridge the different approaches of the two countries to issues such as intellectual property rights.¹³

¹¹ Group of Eight, ‘A bridge across the Arafura: Growing Australian-Indonesian research collaboration in the Asian Century’, unpublished report, 2013.

¹² Australian Research Council, <http://www.arc.gov.au/international-collaboration#Collab>

¹³ Group of Eight, ‘A bridge across the Arafura’.

At present it is difficult for academics in both countries to spend time teaching, conducting research and collaborating with counterparts across national boundaries. Here again, unwieldy visa processes and conditions impede the movement of people, in both directions. The processes that foreign researchers must navigate when seeking to obtain a research permit to conduct research in Indonesia are extremely onerous and applications are frequently unsuccessful. For Indonesian researchers seeking to conduct research or collaborate with Australian academics, administrative requirements and processing times are often a significant disincentive.

It must be acknowledged that some of these issues cannot be addressed by a free trade agreement alone. Removing impediments on the movement of people is important, but Australian and Indonesian researchers also need greater incentives to invest in research collaboration. Creating more opportunities for researchers to apply for targeted funding to undertake collaborative research is likely to be the most effective way of overcoming many of the current barriers and widening the research fields in which collaboration occurs.

Recommendations –

- **As part of the IA-CEPA, the Australian Government should seek to reach agreement with Indonesia on simplified visa processes for Australian researchers to conduct research in Indonesia, and in return make it easier for Indonesian academics to spend significant periods of time at Australian universities.**
- The Australian Government should consider creating new incentives to encourage wider research collaboration between Australian and Indonesian researchers, including through access to a targeted, competitive grants scheme.

Expanding our Indonesia skills base

Universities have a key role to play in equipping young Australians with the country knowledge and cultural and language skills that will help them to take advantage of new economic opportunities created by the IA-CEPA. Australia's proximity to Indonesia provides an advantage in developing such knowledge and skills. However, very few Australian students are acquiring deep Indonesian experience or language skills at university. Between 2001 and 2014, the study of Indonesian language in Australian universities declined by 37 per cent, (from an already low base of 482 EFTSL, to 303 EFTSL)¹⁴ despite the domestic undergraduate student population growing by more than 44 per cent during the same period.¹⁵ There are now fewer students, in absolute numbers, studying Indonesian language in Australian universities than in the early 1970s.¹⁶

¹⁴ Data supplied by Prof. David T. Hill AM, Murdoch University, from a project funded by the Australian Government's Office of Learning and Teaching (OLT).

¹⁵ Data supplied the Group of Eight by the Department of Education and Training.

¹⁶ <http://www.abc.net.au/news/2016-05-19/indonesian-language-declining-schools/7405422>

This has resulted in six Australian universities discontinuing their Indonesian language courses between 2004 and 2012, leaving only 15 universities with autonomous Indonesian programs.¹⁷ These include most of the Go8, however even they remain under pressure. UNSW, once regarded as one of the strongest centres for Indonesian language studies, closed its programme in 2014. Indonesian language experts have predicted that without significant interventions and investment more universities will be forced to close their Indonesian programs.¹⁸

Weak demand for Indonesian language skills and country knowledge among Australian university students has been linked to student perceptions that such skills are either not necessary or are unlikely to be rewarded by opportunities in Indonesia. Business leaders have pointed out that Indonesia's increasingly restrictive labour policies, which make it difficult for foreigners to obtain long-term work visas, are a disincentive for Australians to invest in learning the language. If work visa regulations were relaxed to some degree to create more opportunities for qualified Australians to spend time working in Indonesia, Indonesian language skills would assume greater value for students.¹⁹ Conversely, Indonesians currently have few opportunities to work in Australia. Increasing opportunities for Indonesians to work in Australia would make Australian education services even more attractive. At the same time, it would familiarise more Indonesians with Australian products, services and markets, supporting the overall aims of the IA-CEPA.

Recommendations –

- **The Australian Government should work with the Indonesian Government to allow greater flexibility for foreign companies in Indonesia to hire Australians in skilled positions on long-term work contracts.**
- **In return, the Australian Government should provide greater opportunities for Indonesian graduates to work in Australia.**

Despite declining enrolments in Indonesian language courses at university, Indonesia was the sixth most popular destination for Australian university students taking up overseas learning programs in 2014, accounting for 3.4 per cent of all students taking overseas learning programs. Encouragingly, numbers of undergraduate students undertaking semester-long in-country study programs in Indonesia (along with other countries) have increased in recent years. Nevertheless, the numbers remain very small, limited by the small pool of students who are studying the language at university.²⁰

The main program that facilitates in-country learning opportunities for Australian students for Indonesia is the Australian Consortium for 'In-country' Indonesian Studies (ACICIS). Hosted by The University of Western Australia, the ACICIS membership includes all Go8 universities (and 24 Australian universities in total).

¹⁷ Prof. David Hill, *Indonesian Language in Australian Universities: Strategies for a stronger future*, National Teaching Fellowship – Final Report, April 2012, p. 24.

¹⁸ Prof. Tim Lindsey, cited in Bernard Lane, 'Death spiral for Indonesian studies', *The Australian*, 31 October, 2013.

¹⁹ Prof. Hill, *Indonesian Language in Australian Universities*, p.27.

²⁰ Data supplied by the Australian Consortium for In-Country Indonesian Studies (ACICIS).



The Government's generous funding support for the ACICIS program since 2014 under the New Colombo Plan (NCP) has the potential to give more students a meaningful immersion study experience in Indonesia. However, an ongoing issue for Australian university students seeking to undertake in-country study in Indonesia is the high administrative costs incurred by Australian institutions and programs to manage visa processes. To a significant degree, this is because Indonesia does not offer a student visa. A student visa made available to Australian students would send a positive signal to Australian universities, potentially encouraging the emergence of more in-country study opportunities.

Recommendation – The Australian Government should work with the Indonesian Government to introduce a student visa in return for measures to streamline visa processes for Indonesians wishing to study in Australia.

The Go8 looks forward to hearing from DFAT about its priorities for higher education in forthcoming rounds of IA-CEPA negotiations, and would welcome any further opportunities to contribute to the development of these.

Kind regards,

A handwritten signature in blue ink, appearing to read "V. Thomson", with a long horizontal flourish extending to the right.

Vicki Thomson

Chief Executive