

Questions on Notice (QoNs)

Hearing of the Joint Standing Committee on Trade and Investment Growth

Canberra, Friday 18 October

- 1. Universities have looked to diversify their grant incomes—not just Australian based but international. Would you able to provide some information about how this has changed over time. Also could you provide information about the leveraged granting.***

The Australian Governments Higher Education Research Data Collection shows that for the most recently completed reporting period (2017), Australian Universities received \$384.2M from international sources. This consisted of \$153.1M from international for-profit organisations, \$106.6M from international not for profit organisations, \$103M from international governments and \$19.3M from international philanthropic organisations.

Changes to the way in which the Australian Government collects and reports research income in 2016, make it difficult to make direct comparisons to previous years in terms of the above categories. However, at the aggregate level, the following table shows that the international research income obtained by Australian universities has steadily increased from approximately \$190.5m in 2012 to \$384.2m in 2017

Reporting Year	International Research Income (\$ million)
2017	384.2
2016	349.0
2015	300.1
2014	238.5
2013	207.8
2012	190.5

Australian universities contribute significant amounts of general university funds to support their research programs¹. This university funding may be used by institutions to leverage research income from domestic and international funding bodies. Whilst the use of general university funds to leverage competitive grant funding has been very successful, the amounts leveraged tend to be quite modest. Australia's universities look to the Australian Government to lead conversations with international counterparts to identify mechanisms by which Australian researchers will be able to access large funding schemes such as those administered by the European Union. Whilst Australian universities would make every attempt to provide some of the funding required to access these schemes, the scale of the funding required to obtain access to this funding lies outside the resources of most universities.

¹https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1819/Quick_Guides/UniversityResearchFunding

2. Do you think there is opportunity for growth in micro-credentialling type programs and what are the associated fees or requirements that may or may not be impediments to that?

Micro-credentials are an exciting example of innovation in the university sector. Universities are developing a wide range of new courses to respond to the rapidly changing and diversifying needs of both students and employers.

Because they are new, micro-credentials tend to sit outside the policy, regulatory and funding frameworks for higher education. By definition, this is a fast-moving area characterised by experiment and innovation. Micro-credentials are very diverse. There is a risk that premature attempts to define and limit micro-credentials for regulatory purposes may inhibit innovation and responsiveness, or it may simply fail to keep up with developments in the market. The recent review of the Australian Qualifications Framework (AQF) emphasised improving pathways from micro-credentials into AQF courses and making it easier for students to get credit recognition for study in micro-credentials.

In international education, students' awareness of the qualifications available through micro-credentials, and the pathways from micro-credentials into other courses is still under development. The current visa framework for international students requires students to be enrolled in a full time course that is registered on the Commonwealth Register of Institutions and courses for Overseas Students (CRICOS). International students enrolling in Australian universities are undertaking either pathway or full award courses.

There are opportunities for Australian providers to offer more and more varied micro-credentials offshore.

3. Do you have any figures on the difference between what we earn by providing education offshore compared to providing that same education onshore?

<p>In 2018-19, onshore provision of education in Australia earned \$37.6 billion in exports. The other three modes combined earned around \$1.5 billion.</p>

Background

Data on earnings from international education is reported under four different 'modes of supply'. These are:

1. 'Cross-border supply' (including correspondence courses and consultancy services supplied by Australian entities and royalties for Australian education products);
2. 'Onshore consumption' (when international students move to Australia to study);
3. 'Offshore provision' (when an Australian institution provides education in another country including through campuses in-country); and
4. 'Movement of natural persons' (when an Australian teacher, lecturer etc moves to another country to teach).

The ABS collects data on modes 1, 2 and 4. It does not collect any data on mode 3 'Offshore provision'.

In 2015, Deloitte Access Economics prepared a report for the Australian Government on *The Value of International Education to Australia*. This report included an estimate of the value of mode 3

'offshore provision'. Deloitte estimated this aggregate at around two per cent of the figure reported by the ABS for the other three modes (combined).

Extrapolating this estimate to data for earnings from international education in the latest financial year (2018-19) – with an allowance for the increase in offshore students as a proportion of all international students – gives a figure of over \$800m.

Table 1 reports figures for all four modes of supply.

Table 1. Export earnings from international education, by mode of supply, including estimated earnings from offshore provision

	\$m	
	2014-15	2018-19
Mode 1 - Cross-border supply	185	210
Consultancy services	137	175
Correspondence courses	11	8
Royalties on education	37	27
Mode 2 - Onshore consumption	21,258	37,561
Education-related personal travel	21,258	37,561
Mode 3 - Offshore provision (estimated)	434	834
<i>Deloitte/UA estimate</i>	434	834
Mode 4 - Movement of natural persons	418	411
Education services through registered education institutions	341	360
Other education services	77	51
Total export earnings reported by ABS	21,861	38,182
Total export earnings incl estimated Mode 3 earnings	22,295	39,016

Sources

ABS (2019) *International Trade in Goods and Services, Australia 5368.0*, Table 11b

Deloitte Access Economics (2015), *The Value of International Education to Australia*, Australian Government, Canberra

Department of Education (2018 and 2015), *Higher Education Student Statistics*, Table 7.5