

SUBMISSION TO THE JOINT STANDING COMMITTEE ON TREATIES: THE AUSTRALIA HONG KONG FREE TRADE AGREEMENT AND THE INDONESIA–AUSTRALIA COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT

23 August 2019

Executive Summary

- Universities Australia confirms its support for both the Australia–Hong Kong Free Trade Agreement (A-HKFTA) and the Indonesia Australia Comprehensive Economic Partnership Agreement (IA-CEPA) and looks forward to their ratification.
- Australia’s universities anticipate realising the long-term benefits these agreements will bring to Australia’s international education sector.

IA-CEPA

- To ensure optimal outcomes from the measures contained in the IA-CEPA, Universities Australia recommends the Australian Government maintain an ongoing dialogue with the Indonesian Government to obtain clarity regarding the location of campuses, university eligibility criteria, course composition and staffing profiles.

Universities Australia (UA) is the peak body representing Australia’s 39 comprehensive universities in the national interest. We welcome the opportunity to provide comment on the impact the Indonesia–Australia Comprehensive Economic Partnership (IA-CEPA) and the Hong Kong Free Trade Agreement (A-HKFTA) will have on the Australian education sector.

The IA-CEPA and the A-HKFTA will bring opportunities to strengthen Australia’s education relationship with each country and considers both agreements as being of fundamental importance to Australia’s relationship with both countries. These agreements will facilitate greater education engagement and expand Australia’s education services across the Asia-Pacific region, further strengthening a vital pillar of the Australian economy, whilst delivering considerable non-economic benefits through research collaboration and public engagement. The easing of existing impediments to transnational education through these agreements has the potential to lead to the establishment of offshore campuses and programs and affords the opportunity for Australian education providers to explore the full capability of

online education. Furthermore, the ratification and implementation of the agreements will provide more opportunities for students to access an Australian education.

As the IA-CEPA presents greater potential for the change in terms of transnational education, the majority of our comments will focus upon this agreement.

IA-CEPA

UA and its member institutions see significant potential benefits that the IA-CEPA can bring to Australian universities and provision of transnational education offerings within Indonesia. Indonesia's population is growing rapidly, and Australia's universities are uniquely placed to provide quality and targeted education offerings to support the country's growth and development.

We note that many details regarding the establishment of foreign education providers under the IA-CEPA are yet to be finalised, and have a number of comments regarding the regulations set out in *Annex 12-A: Indonesia's Schedule of Movement of Natural Persons Commitments (Annex 12-A)* and the *Regulation of the Minister of Research, Technology, and Higher Education, Number 53 of 2018 on Foreign Universities* (the Ministerial Regulation). These comments should guide, and provide useful context for, the final determination of arrangements.

LOCATION OF FOREIGN CAMPUSES

Article 3, (1) of the Ministerial Regulation states: *Foreign Universities may be established in special economic zones upon permission from the Minister.* Further clarification regarding the special economic zones would be useful, particularly as Annex 12-A sets out that foreign institutions must be established in cooperation with a local partner. Geographical restrictions on where universities may operate may have a limiting effect upon their ability to provide comprehensive education offerings. Moreover, the ability to establish university campuses in the vicinity of industry or innovation hubs could provide added incentives to universities wishing to establish a presence in Indonesia.

TOP 200 REQUIREMENT

Article 3, (4) of the Ministerial Regulation states: *Foreign Universities as referred to in paragraph (1) and/or fields of study shall rank the top 200 (two hundred) in the world based on the Ministry's assessment.*

UA views the use of university rankings as being problematic in terms of identifying those Australian universities best suited to establish a presence in Indonesia and would recommend that the Australian Government make a case to the Indonesian Government that this restriction be either lifted, or careful consideration be given in its application.

Whilst many Australian universities sit within the top 200 of the major university rankings, a number of Australia's institutions do not rank within the top 200 institutions globally, but offer high quality and highly specialised course offerings that would be of great benefit to Indonesia. Moreover, the move to limit engagement by Indonesia with institutions in the top 200 assumes that those institutions within the top 200 have a desire to or are the most appropriate institutions to establish a presence in Indonesia.

Accepting global subject rankings¹ as a suitable metric for this requirement could go part-way to alleviating this concern, as this will allow for universities that have specialised expertise in areas important to Indonesia's development to offer these courses in Indonesia.

¹ <https://www.topuniversities.com/subject-rankings/2019>

<https://www.timeshighereducation.com/world-university-rankings/by-subject>

UA recommends that the Indonesian Government utilises factors other than university rankings when considering Australian universities who wish to establish a presence in Indonesia.

COURSE OFFERINGS

Article 4, (2) of the Ministerial Regulation states: *Foreign Universities as referred to in paragraph (1) shall at least offer 2 (two) study programs in the fields of science, technology, engineering and mathematics* and Annex 12-A stipulates that science, technology engineering, math and modern business programs are viewed as being ‘priorities’. Whilst acknowledging the importance of these fields, UA recommends that attention be given to the value of humanities and social sciences disciplines and the benefits these would also bring to the Indonesian educational arena.

Article 4, (4) states: *Foreign Universities shall include 4 (four) Indonesian compulsory subjects, i.e., religious instruction, Indonesian language, Pancasila (Indonesian state ideology) and citizenship as an integrated part of their curriculum.* Australian universities would seek to negotiate the exact nature of these terms.

STAFFING REQUIREMENTS

Annex 12-A, Education, General conditions states: *6. Number of educators shall include at least thirty per cent Indonesian educators.* UA acknowledges the motivation to ensure that establishment of foreign institutions within Indonesia contribute to providing employment to Indonesians, but the requirement for academic staff to be at least 30 per cent Indonesian could potentially be challenging for a university to maintain, particularly in smaller, highly specialised subject areas or disciplines. Further information regarding the staff profile and whether the 30 per cent requirement is set at discipline/school level or at an institutional level would be appreciated.

A-HKFTA

UA acknowledges that the A-HKFTA will support Australia’s universities efforts to increase engagement with Hong Kong through the delivery of online education, the recognition of Australian qualifications and quality assurance.

Under this agreement, Hong Kong has locked in its current regime for education services, with a guarantee that Australian providers will be able to take advantage of opportunities created through further market reforms. Australia’s universities look forward to working with counterparts in Hong Kong to realise the benefits of this agreement as this reform process takes place.