



Submission No 1

Inquiry into Australia's trade and investment relationship with the economies of the Gulf States

Organisation: Department of Education, Science and Training

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Australian Government

Department of Education, Science and Training

Our Ref :
Your Ref :

Mr Adam Cunningham
The Secretary
Trade Sub-Committee
Joint Standing Committee Foreign Affairs, Defence and Trade
Parliament House
CANBERRA ACT 2600

Dear Mr Cunningham

In response to the request by the Hon Bruce Baird MP, Chairman, Trade Sub-Committee, for a submission to the inquiry into Australia's trade and investment relations with the Persian Gulf states from the Department of Education, Science and Training (DEST), we would like to make the following contribution.

Australia has a growing education and training relationship with the Gulf States and recent years have seen significant growth in the number of students from the Middle East region studying in Australia. At a broader level, DEST sees the Middle East as an increasingly important emerging market for Australian education and training services.

Due to this increased engagement with the Gulf States, and interest in developing Iran as a market, DEST has established a full-time Counsellor position in the Middle East since November 2003. The Counsellor is based at the Australian Consulate in Dubai (co-located within an Austrade post) and will have residential accreditation to the UAE. The area of coverage for this position includes the Gulf States, Yemen, Iran, Jordan, Egypt, Lebanon, Syria and Iraq.

The Counsellor will be working towards developing linkages and opportunities for Australian education and training providers with a particular emphasis on the Gulf States. The Counsellor will also be working in cooperation with Austrade and DFAT on activities in the wider region as they arise. Maintaining an official Australian education presence in the region also assists in diversifying Australia's education export interests beyond East and South Asia.

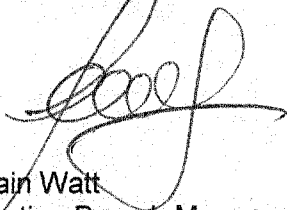
DEST has also supported the establishment of an Australia-Iran Joint Education Committee to facilitate cooperation between Australian and Iranian universities as recommended by the Australia-Iran Joint Ministerial Commission.

In the longer term, Australia could readily provide skills to help meet the needs of the region for economic diversification and technical know-how that would reduce local dependency on foreign technical workers. The value of the provision of educational services goes beyond immediate commercial benefit and can have longer-term spin-offs by increasing understanding in the Middle East of what Australia has to offer, whether in technology, tourism or other trade-related and cultural areas.

Additional background information on key priorities for DEST's engagement with the region, current activities by Australian providers, student statistics and education in Gulf States is at Attachment A.

If you have any queries regarding this submission, please contact Mr Jimmy Jamil by phone on 6240 7068 or via e-mail at jimmy.jamil@dest.gov.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Iain Watt', written over a faint, illegible stamp.

Iain Watt
Acting Branch Manager
International Cooperation Branch

23 January 2004

DEST's Key Priorities

Key priorities for DEST's engagement with the Middle East include promotional, government-to-government and industry support activities:

1. Developing a targeted approach to marketing Australian education throughout the Middle East, and to increase the awareness of Australia's capability in education, science and training.
2. Maintaining and strengthening bilateral relationships with governments in the Gulf States and Middle East, through cooperation and collaboration on education, science and training.
3. Encouraging increased cooperation between Australian and local education and training providers in the region.
4. Working in cooperation with Australian government agencies (Austrade, DFAT and State Governments) in the region to encourage increased trade in education services across all sectors.
5. Profiling *Quality Assurance* and *Qualifications Recognition* in marketing Australian education and training services.
6. Raising awareness within the Australian education and training industry of regional complexities in marketing and relationship building in the Middle East.

Australian Engagement with the Region

There are a number of institutional and government partnerships in place, as well as local delivery providers already present. However, in the long-term, there is room for new players as the Gulf States have widened their strategic development policies to support internationalisation, and global relationship building, in all industry sectors.

There is a positive perception of Australia and its image as a holiday destination amongst Gulf nationals. Greatly improved transport links with direct flights to Australia from the UAE, Bahrain and Qatar, and increasing trade in both products and services, have contributed to increasing the awareness of Australia in the region.

Australia has a reputation as a safe country, an important consideration in increasing student recruitment opportunities. With the national and private education sectors in the Gulf States quickly developing, more students are choosing to study locally for their initial degree, and then go overseas for postgraduate studies or short exchanges. There is, nevertheless, a general perception that qualifications obtained from overseas (the UK in particular) are highly prestigious.

There are a growing number of Australian universities working in collaboration with Gulf governments and national education providers, providing impetus for the government's selection of alternative service providers. The University of Wollongong, for example, has had a campus in Dubai since 1991; Hawthorne English Language Centre has a college in Muscat; the University of Queensland teaches at and administers Soha University in Oman; and Melbourne University Private teaches at and administers Sur University College in Oman.

As the Gulf region has limited local education and training capability, it relies on professional consultancies and partnerships, which have typically come from the United States, the United Kingdom, Jordan and Canada.

There is intense competition in the market for delivery of education and training in all sectors, particularly from long-term players such as the US and UK. However, the Gulf States and Iran present considerable opportunities for Australian education and training service providers.

Immediate and long-term opportunities include:

1. Undergraduate and postgraduate student recruitment (of national and expatriate students)
2. Scholarships to Australia.
3. Health and medical training – continuing, specialised, undergraduate and postgraduate training, particularly in allied health and nursing.
4. VET sector training, for example in tourism and hospitality.
5. Specialised training, for example at a government level for police, aviation or defence.
6. Curriculum development.
7. Provision of training and internships for regional government/Ministerial staff.
8. Building, developing and reforming educational infrastructure.
9. Continuing education delivered in the region.
10. Teacher training and professional development for educational administrators.
11. Development of science, innovation and research services.
12. English language training.

Planned DEST Activities in the Region

- To increase the awareness of Australia's quality, innovation and excellence in education, research and training, to government and key agencies in the Middle East.
- To profile Australia throughout the region as a potential major contributor towards ongoing developments in education reforms, development projects and R&D.
- Facilitate institutional linkages that raise the awareness of Australia as a knowledge-based economy, and which encourage collaboration in the development of science, innovation, research and technology.
- Promote Australia's quality assurance, qualifications and skills recognition processes.
- Develop a targeted approach to marketing the "Study in Australia" brand throughout the Middle East, to increase the awareness of Australia's excellence in education and training to government scholarship providers and students across the ELICOS, higher education and VET sectors.
- Identify the next phase of strategic opportunities and required engagement with the Gulf States (particularly Oman, Saudi Arabia and the UAE), to support the favourable long term positioning of Australian education, training, and research in the region.
- Support the Australian education and training industry for their marketing and commercial activities in emerging markets in the Middle East.
- Establish a presence for AEI in the Middle East amongst allies, NO and key contacts, as well as the Australian education and training industry.
- Develop a detailed understanding of the markets in the Middle East to support the development of Australia's market position in the region.

Background to Education in the Gulf States

Gulf nations have sought rapid modernisation over the last 30 years, and they have all made the education of females an element of their educational policies. Most public higher education in the Gulf is segregated by sex, which makes operational costs of post-secondary institutions more expensive in terms of efficient use of faculty, staff and facilities. Females are still very rarely permitted by their families to go abroad for university study, thereby making local study their only option.

While tens of thousands of Gulf males go to universities abroad, the exploding number of female graduates must be educated in their countries. In general, about 60 percent of graduates of Gulf universities today are female (though only a small percentage of these graduates ever enter the workforce).

The youthful population has placed enormous demand on education services in the Gulf States. Approximately 40% of the population in the Gulf is less than 15 years old. Not only is the population young, it is also expanding quickly. For example, the average annual growth rate in the region is 2.5% per annum. In countries such as Kuwait and Saudi Arabia the growth is closer to 3.5%, and the average family in Saudi Arabia is now 6.2.

When large numbers of secondary graduates began pouring out of the schools in the mid-1990s demanding university training, Gulf governments found themselves hard-pressed to satisfy the demand through existing institutions. Universities in the Gulf don't date back more than 30 years - in the case of Bahrain and Oman, their two public universities came into existence just 17 years ago.

Until the mid-1990s, the governments focused most of their attention and resources on handling the exploding numbers at the primary and secondary levels. The production of university graduates was of considerably less urgency, as the Gulf States had grown accustomed to the luxury of importing foreign experts to perform the necessary technical and managerial functions.

Saudi Arabia -

Saudi Arabia is the largest economy in the Gulf States. Saudisation is a localisation policy designed to create a diversified economy managed by Saudi citizens. The goal is to create 800,000 private sector jobs between 2000 and 2005 in a range of areas. At the same time the Ministry of Education expects to replace 2,500 expatriate English teachers with Saudi nationals over the next 10 years, providing English language training opportunities for Australia.

The Ministry of Education recently announced a 10-year SR 96 billion (AUD \$40 billion) education plan to fund development programs for both boys' and girls' education. This funding will also contribute to the construction of new schools, and purchasing new equipment.

Saudi Arabia is making some significant changes to its education system and is introducing compulsory English lessons from the fourth grade. In the 2003 budget, the allocation for education and training increased 5.9% to US \$15.5 billion.

A number of Ministries in Saudi Arabia offer scholarship programs, including Ministry of Health, Ministry of Higher Education, Ministry of Education, Ministry of Defence and the General Organisation for Technical Education & Vocational Training (GOTEVOT). GOTEVOT has awarded contracts for the construction of 19 new vocational centres and 10 technical colleges throughout the Kingdom. There are currently 180 teachers from GOTEVOT studying overseas and 30 scholarships are issued annually.

The Saudi Ministry of Health will build 10 new hospitals over the next five years. Currently the Ministry of Health has 235 scholarships (19 nurses, 17 in Australia), 108 doctors (5 in Australia) and 108 others in a variety of different medical fields.

Iran

More than 50% of Iran's population is under 20 years of age, and 70% are under 30. About 18 million students are currently enrolled in government primary and secondary schools, while close to 1.5 million students are enrolled in universities throughout the country.

In a country with a population of 67 million, the official unemployment rate is around 14%. There is a nation wide program to create jobs in both the private and public sector with a target of creating 800,000 jobs per year.

No official records are held of the number of students who travel overseas for undergraduate or post-graduate programs, however 1.5 million high school leavers compete annually for 200,000 places in Iran's national universities. The current number of students studying overseas is estimated at 5,000 with most of these (around 1900) in the United States.

The most popular destinations for Iranian students are the US, UK, Canada, EU and Australia. There are currently no government scholarship programs for private students to study overseas, however Iranian state employees were awarded 117 scholarships in 2001 (45 of these students chose to study in Australia).

Future Education Trends in the Gulf States

1. Development of private post-secondary institutions in the Gulf States (using an American model).
2. Introduction of English language teaching at an earlier age in the government school sector as a result of education reforms.
3. Interest by the Australian education and training industry in Iran as a source of student recruitment (IDP Education Australia to open an office in Tehran within the next 18 months).
4. Interest and action by the Australian education and training industry in developing a stand-alone campus in the region.
5. Greater interest in Australia's university sector as a result of returned, local, Australian alumni.
6. Re-generation of interest in the US as a destination for study, by the 2006-2007 academic year.
7. Development of centres of excellence.

Development of Private Education Institutions

As a result of 9/11, the number of GCC students applying to US universities has dropped significantly (reportedly 15-20%, noticeably from Saudi Arabia, Kuwait and the UAE). Although the exact numbers are not yet known, it is certain that at this time many students who would have normally gone abroad to study, either on scholarship or private students, are staying in their countries and seeking Western-quality programs locally. This has further increased demand for the development of private, higher education in the GCC.

Gulf governments see privatisation as more than a simple solution to unmanageable numbers; they have also promoted private higher education as a means of ensuring the quality of instruction and the relevance to market needs that has been missing from government run universities. It is a fact that graduates of the Gulf's government universities lack the required skills required in today's work force. There is a notion that private institutions will be in competition with each other, and more in tune with the needs of the private sector, thereby guaranteeing courses of study of international standard leading to employment.

Saudi Arabia's Ministry of Higher Education has announced plans to allow foreign universities to establish a presence in the Kingdom for the first time. The Ministry of Higher Education is currently drafting regulations that is hoped will encourage foreign investment, as well as easing the legal process to establish international campuses.

The government recently approved the development of 36 private colleges and two private universities, which will be established in cooperation with the Ministry and industry. One of these institutions is Dar Al Faisal University, located on the site of Riyadh's King Faisal Palace. The institution is being developed in collaboration with the Steven's Institute of Technology, a private technical university in the United States, and French telecommunications company Thales, and will offer degrees in engineering, sciences and business technology.

In a country with a population of 23 million, Saudi Arabia has only nine universities. Colleges and universities have almost reached their capacity and, with an increasing number of women being given access to education, demand for higher education is far outstripping supply.

Saudi Arabia has one of the world's fastest growing populations and by 2010 it is estimated to reach 29.2 million. With 72.7% of the population under 29 years old, and 46.9% under 14 years old, the majority of Saudi nationals are in full-time education.

The Ministry of Higher Education in Saudi Arabia is aiming to attract investors in the higher education sector. Private sector investment in the post-secondary education sector is witnessing remarkable growth in the Kingdom, in an attempt to increase the number of places available to Saudi nationals.

The Ministry said it hopes they can develop the education system so it addresses the human resources needs of the country. Other priorities over the next 5-10 years include curriculum development, ensuring the quality of academic staff in the nation's post-secondary institutions, and developing excellence in scientific research.

US Model of Education

The adoption of the American university model is the preferred standard in the region. While the British and Australia (principally the University of Wollongong) have set up a number of degree programs and campuses, they still operate under American accreditation which is seen as pre-eminent in the region. American accreditation is highly sought, and it is thought that any quality university program must be as thoroughly American as possible, from its name, to its curriculum, faculty and campus architecture.

Many private institutions established in the region have a partnership or affiliation with an American university. This is mostly because the Gulf region has a lack of strong academic and intellectual traditions outside of Islamic studies. There has never been any resistance to Americanisation of higher education in the region, and the use of English as a medium of instruction has been embraced without reservation.

Introducing English Language From Grade 1

Saudi Arabia will introduce English language classes in its primary schools in the 2004-2005 academic year, as well as improving English teaching at intermediate and secondary schools. The Ministry of Education also plans to replace 2,500 expatriate English teachers with Saudi nationals within the next three years.

This recent announcement emphasised the progressive replacement of expatriate teachers in the Kingdom. Mr Muhammad Ibrahim Al-Mohanna, Head of the Ministry of Education's English Department, said there was a target to introduce as many as 2000 qualified Saudi national English language teachers by 2006.

The British Council has addressed some of the Ministry of Education's immediate training needs. In August, 600 Saudi English language teachers attended a two-week training program focusing on grammar, pronunciation and vocabulary. This training is expected to intensify over the coming months.

Development of Centres of Excellence

The governments of Qatar and the UAE have set aside tracts of land in order to create high-prestige university cities to attract Western universities. In a budding rivalry, Qatar and the UAE have both announced their ambitious desire to become the regional pole for world-class higher education, eventually attracting students from the region and beyond.

Development of Education City in Qatar has been funded and managed by the Qatar Foundation for Education, Science and Community Development, and was established in 1995. The Foundation's objective is to develop educational systems in Qatar that will contribute to the advancement of education and science to meet future human resource development needs in Qatar and neighbouring countries.

Qatar's Education City has so far attracted three US universities to the site. These include Texas A&M University, the Weill Cornell Medical College and Virginia Commonwealth University, and the programs offered reflect Qatar's development priorities. With oil and gas accounting for 60% of Qatar's GDP, Texas A&M University is offering petroleum, electrical, chemical and mechanical engineering undergraduate degrees; the Weill Cornell Medical College is offering programs that reflect Qatar's ambition to become a regional leader in medical science; and Virginia Commonwealth University is offering a degree in Communication Arts and Design.

The Qatar Science and Technology Park's (QSTP) objective is to become recognised as a centre of excellence in the development and enhancement of local, regional and international intellectual property, and a location of choice for scientific companies and educational institutions wishing to be based in the Gulf region. QSTP's research and development priority areas include aircraft technology, avionics, renewable energies, water technologies, and hydrocarbon technologies.

The role of QSTP includes –

- The incubation of science, knowledge and technology based businesses;
- Innovation, research, design and development of cutting edge technology; and
- The establishment of prototype construction and testing activities.

QSTP will be built on the site of Education City, which is in its early stages of development. 2.3 million square metres of land has been dedicated to creating this educational hub on the outskirts of Doha, the nation's capital. The objectives of Education City are to produce a world class learning environment, guided by the labour force needs of Qatar and the region. Emphasis is being placed on professional, scientific and research-based studies.

The role of Qatar's Education City includes –

- Becoming the premier teaching centre in the region;
- Establishing world-class teaching and research facilities;
- Forming international partnerships.

Knowledge Village, Dubai

Knowledge Village is considered an important part of the UAE government's Vision 2020, established to create a diversified, balanced economy in which the knowledge-based skills of the community are central to the nation's long-term economic success. It will target internationally accredited universities, professional training centres, e-learning, innovation centres and research incubators, to set up locally from Dubai.

Mahatma Gandhi University is offering undergraduate and postgraduate programmes through its off-campus centre at Knowledge Village. The University is the first government university from India to register at Knowledge Village, and is offering a Bachelor of Business Administration, Bachelor of Computer Applications and Bachelor of Commerce.

The Manipal Academy of Higher Education and the Birla Institute of Technology and Science (BITS) have also opened campuses at Knowledge Village. BITS is offering Computer Science, Electrical and Electronics Engineering, and Electronics and Instrumentation Engineering. Manipal is offering undergraduate and Masters programs in Finance, Business and Computer Science.

The University of London, in association with the London School of Economics (LSE), is offering undergraduate degrees in business, economics, finance and information systems. LSE is offering a diploma in economics, which will serve as a pathway into the University of London's degrees.

Finally, the British University in Dubai, a collaboration of leading British universities put together by Edinburgh University, is offering research and postgraduate programs at Knowledge Village.

Student Numbers

Table 1

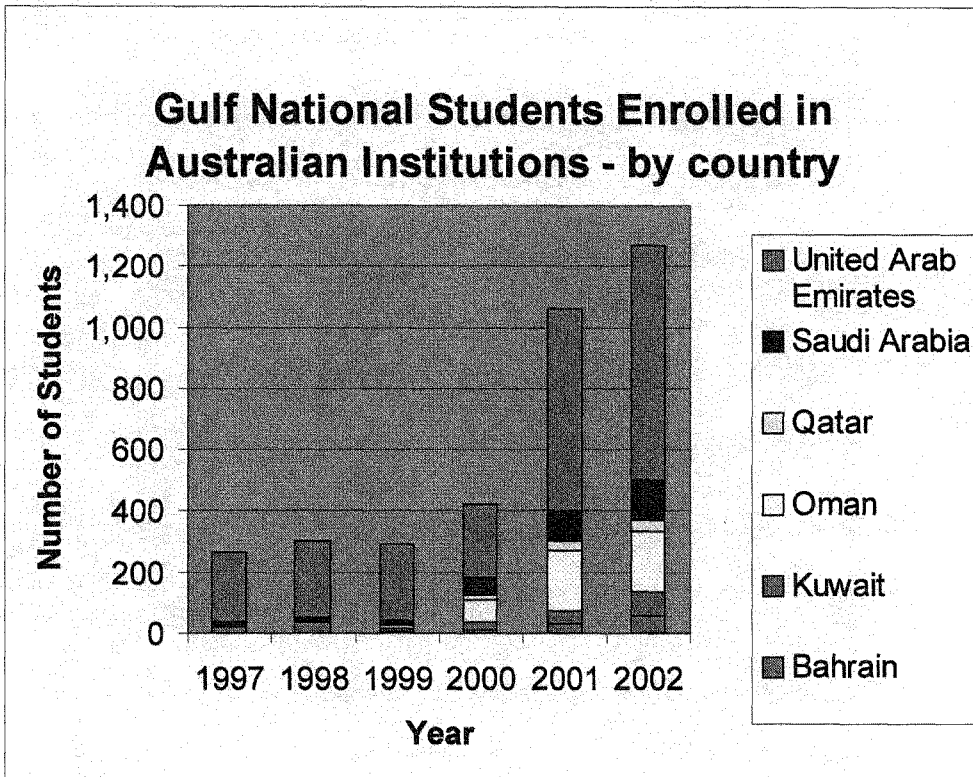


Table 2

