

# Asia Pacific education market: Prospects for policy reform

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# Outline

- Measures affecting cross-border exchange and investment in higher education
- Costs of restrictions on cross-border exchange
- Interaction between restrictions and domestic regulation
- Prospects for reform

# Measures – impact on economies

- Economies with highest prevalence of restrictions
  - those that ban the entry of private for-profit or foreign-invested institutions
- Economies with lowest prevalence of restrictions
  - major exporters, those without foreign investment
- Strong link between prevalence of restrictions and absence of broad, deep or transparent quality assurance processes

# Measures – impact on institutions

- Institutions with highest prevalence of restrictions
  - private for-profit, foreign commercial presence
- Next
  - Government institutions
- Lowest
  - private non-profit, partnership arrangements, online and distance

# Measures – individual restrictions

- Restrictions on students
  - about as prevalent as restrictions on institutions
  - Australia reportedly the worst offender (Chile next)
  - linked to broader immigration policy
  - need to be considered together
- Restrictions on instructors
  - less than on students

# Measures – restrictions on institutions

- Restrictions on establishment
  - more prevalent than restrictions on ongoing operations
  - many administered by government authorities for all institutions (eg award-granting powers, use of names or university title)
    - ➔ rarely operate on discriminatory basis
- Most prevalent discriminatory restrictions
  - access by institutions to government funding (60%)
  - access by their students to government funding (56%)
  - requirement to establish in a particular form (non-profit)

# Measures – restrictions on institutions

- Few recorded restrictions on credit transfer or recognition
  - these best dealt with indirectly, by strengthening the content and transparency of quality assurance processes

# Costs of regulatory restrictions

- Restrictions have significant effects
- Restrictions on foreign commercial presence
  - encourage students to go overseas to study
  - ➔ good for diversity of cultural experience ...
  - ... but costly
- Restrictions on inward movement of students
  - reduce the number of students coming in
  - ➔ has implications for winning competition for skills
  - ... but beyond WTO disciplines

# Key question

- Why do restrictions on foreign commercial presence drive students overseas?
- Because they reduce the technical efficiency of the local higher education sector
  - numbers of students, quantity and quality of research
  - in case of Indonesia, but around 10 per cent

# Trade barriers vs domestic regulation

- Targets and instruments problem
  - Barriers on entry to keep out foreign institutions
  - Barriers on entry to keep out low-quality institutions
  - Restricted access to government funding to disadvantage foreign institutions
  - Restricted access to government funding because can't afford to subsidise everyone

# Policy solution

- Can't get rid of restrictions altogether
- Can ensure that they are
  - no more burdensome than necessary to ensure the quality of the service
  - not in themselves a restriction on supply  
ie non-discriminatory wherever possible
- WTO not making any progress on operationalising a necessity test
- Perhaps the Asia-Pacific region can (eg through APEC)

# Prospects for reform

- How can you ensure that QA processes are not more burdensome than necessary?
  - Get them to define *minimum acceptable standards*
- Countries can set their own standards higher than these, but
- they set a benchmark for 'no more burdensome than necessary'
  - provide a viable alternative for replacement of regulations that are more burdensome or more discriminatory than they need to be

# Agreeing on content is difficult, but ...

- Easier if countries can choose from a 'ladder' of QA standards, when it comes to adoption
- Diversity of Asia-Pacific region is a strength
  - current practices could span what many could agree to be minimum acceptable standards
- Start with information-sharing among QA agencies about the content (not just the process) of current QA standards

# Credit transfer and recognition

- Information-sharing among QA agencies would also help with this
  - recognition requires knowing about other countries' QA standards, not just having your own QA processes
- Adopt the same 'ladder' approach to qualifications
  - recognition need not imply equivalence
- Start with National Qualifications frameworks
  - a single metric for qualifications within an economy
- Use this to benchmark qualifications across borders

# Regulations affecting students

- Next presentation!

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