Dear Taskforce Members,

The University of Sydney welcomes the opportunity to make this submission to the NSW Professional Services Taskforce. The University commends the NSW Government for developing Industry Action Plans as strategic roadmaps in key industry sectors in NSW and in particular, the need to focus on developing a global reputation as a dynamic and strong professional services hub for the region.

The University, and other higher education providers, are key participants in developing a dynamic, highly professional and skilled professional workforce in NSW. Both our research in the professions and our education of the future professional workforce contribute to the strength of the professional services sector. The Issues Paper has identified finance and insurance, legal and regulatory, engineering and associated services as the key sub-sectors. Students currently at the University are likely to be the future senior executives within each of these key sub-sectors and their education is therefore, a key building block in the development of the global professional services sector.

As a University, we aim:

to create and sustain a university in which, for the benefit of both Australia and the wider world, the brightest researchers and the most promising students, whatever their social or cultural background, can thrive and realise their full potential.

We have significant aspirations for our researchers and students. However, we understand that to reach “their full potential” in the modern workforce requires individuals who are collaborative, globally connected, analytical, proactive leaders who have the potential to create and develop opportunities, many of which are yet to be imagined.

In addition to the challenge of developing this key skill set, is also the challenge to instil the need for lifelong learning. Change management, project management, cultural awareness and leadership skills need to be developed in our professional organisations to build the skills of management to maximise the potential of the organisation. Many professions are managed by practitioners with little executive management training. We would advocate that executive leadership training can provide enormous benefits and insights for individuals as well as the organisation. However, in developing the professional services sector, we must be cognisant of the individual stresses inherent in these workplaces. one of the nascent cross-disciplinary research programs at Sydney will focus specifically on fundamental work in this area aiming to develop an integrated model of sustainable work that brings together consideration of wellbeing in the workplace, understanding the health/work connection and facilitating participation.
Research capability is equally important in developing hubs of expertise, particularly in aspiring to an international reputation. An international interconnectedness is important in maintaining the competitive edge. While the University is already highly internationally connected in our research and teaching, we recognise that we can only achieve our goal of being a world centre for scholarship, research and education by embedding internationalisation at the core of all of our activities. Through internal schemes such as our International Development Program Fund, we are pursuing strategies to increase international engagement with our teaching, research and outreach activities. We particularly encourage our researchers to pursue multilateral partnerships, as well as collaborations that incorporate a research mobility component for postgraduate research students and early career researchers. Furthermore, we encourage international research leaders to come to Sydney to collaborate with our staff by offering around 50 international visiting research fellowships each year for visits of up to 10 weeks. The University has established substantial international research networks with most of the world’s top 100 universities and firmly believes this is a necessary approach to be considered a world class university. We would encourage a focus on global interconnectedness as necessary for developing an international reputation as being a regional hub of expertise in the professional services sector.

**Sydney as the centre of expertise**

The University would like to commend the NSW Government for its support in the successful collaborative bid for the Centre of International Finance & Regulation. We firmly believe that collaborative bids such as this will enable NSW to become a national and even international leader in areas of strategic importance. To achieve the greater vision of a financial and regulatory hub, we would encourage the NSW Government to similarly support a bid for the establishment of an Institute in Taxation Studies. The Treasurer, Wayne Swan, announced the Tax Studies Institute in the following words at the end of the Tax Forum in early October:

*I’ve also heard the voices call for more tax and transfer system research, to support more evidence based policy development. This didn’t just come from academics but right around the room*  
*So we will contribute around $1 million per year to create an independent Tax Studies Institute, as a centre for research excellence, linked to our universities. The institute will look at things like the design and simplification of the tax-transfer system.*  
*Because the tax system affects all Australians, the institute will accept tax deductible funding donations. And because the tax system affects all governments, I will welcome state government contributions*

The University is keen to ensure that we maximise our opportunities to base this Tax Studies Institute in Sydney. We also applaud the NSW Government’s success in being named the home jurisdiction for the new National Legal Services Board and the Office of the National Legal Services Commissioner. This is a significant win for the State and a positive step towards the goal of being the regional legal and regulatory hub of expertise.

In considering the professional services sector as a whole, we would like to raise two issues that have not been included in the Issues paper directly, international students and philanthropy. Both these issues will have a significant effect on the sector, but also raise challenges relevant to developing an international reputation and international interconnectedness.

**The significance of international education to Australia**

Australian universities have been permitted to offer courses to international students on a full fee paying basis since 1986, following a decision by the Hawke Government and the then Minister for Education, John Dawkins.
International education (the provision of educational services to international students in Australian schools, colleges, vocational education institutions and universities) has since grown at an average annual rate of 14% compared with 6% for other service industries, to become Australia’s largest services export industry and third largest export industry overall behind only iron ore and coal:

- In 2009 International education generated $18 billion in export income and has grown by 94% since 2004.
- In Victoria and NSW international education is the largest and second largest export industry respectively.
- Higher education is the most economically significant part of the international education sector. In 2009 it had 32% of the total student market (630,000 students) and generated 57% of revenues ($10.3 billion).
- On average, each international higher education student generates over $50,000 annually for the Australian economy. Just over a third (36%) of this is spent on tuition fees. The rest is spent on goods and services – generating additional jobs and income.
- The economic activity resulting from international higher education students has recently been estimated to support an additional 100,000 jobs in Australia in 2009, with 80,000 of these occurring outside the education sector.
- It has been estimated that for every two international students enrolled in an Australian university, one extra job is created somewhere in the economy.\(^1\)

However, International education is much more than an industry. The relationships formed through international education underpin Australia’s engagement with the world, helping to sustain goodwill, trade, investment and forming the basis for future personal, business and research collaborations as part of the global knowledge economy.

All Australian universities (and particularly some regional universities) now rely heavily on income from international students to support their core teaching and research activities. Income from international student fees now makes up between 7% and 44% of the total operating income of Australian universities. All are vulnerable to sharp declines in revenues from international students. For example, in 2009 the University of Sydney received $241 million in income from international student fees. This represented 17.4% of its total revenues and 18.4% of its operating costs.

International higher education in Australia is now under severe pressure as a result of several recent domestic and global developments. These include:

- the stronger Australian dollar;
- the continuing impact of the GFC internationally;
- increased competition from other countries (especially from US, UK and Canada);
- increased investment in higher education in key Asian source countries;
- reputational damage caused by high profile attacks on international (especially Indian) students and the collapse of some private colleges;
- major recent changes to student visa and skilled migration requirements, invariably made without adequate consultation with universities or regard for interests of current students;
- continuing uncertainty about further changes to migration rules;
- the reluctance of some state governments to provide travel and other concessions to international students; and
- growing negative perceptions about Australia in key markets (especially China and India) as a result of these various developments and the portrayal of immigration and population issues during the Federal election.

This is an important sector to develop for the long term sustainable vision of a globally connected city with the skills to lead the region in the delivery of professional services. A shared vision on the importance of this significant export industry is important if we are to collaboratively address issues such as affordable accommodation, transport concessions and community acceptance of the potential benefits of a culturally diverse NSW.

Encouraging Philanthropy- potential benefits of a matching fund program

In developing a financial expertise and regional hub in Sydney, the University would like to explore the range of possibilities for providing financial incentives to encourage philanthropy for research purposes, and financial incentives to assist in the development and commercialisation of research. These topics are complex and challenging and require the input of business, government and universities. However, the question of incentives is a significant starting point. In that light, in this paper, we would like to suggest consideration be given to a matching funds scheme.

Government matching funds programs have been successful in other countries with low base levels of educational philanthropy and have proven very effective in increasing the levels of philanthropy towards universities in countries such as Canada, Hong Kong, Singapore and the US. The Hong Kong model, with its mixture of seed grants for staff development and alumni may be of interest. In Australia, the Queensland Government has reaped the benefits of its matching funds scheme, attracting significant investment for the State, far outstripping NSW.

The University has significant challenges in convincing overseas philanthropists to invest in NSW without the support of the NSW Government. Some of the most significant benefactors require local government financial support before any matching philanthropic funds will be provided. We would be keen to discuss our experience in this area with the Taskforce, as we consider, with NSW Government support, there is potential to attract significant funding for research and research infrastructure to NSW.

We look forward to engaging with the Taskforce on these and other issues as the review proceeds. Please do not hesitate to contact the University through my office.

Yours sincerely,

[Signature removed for electronic distribution]

Professor Jill Trewhella
Deputy Vice Chancellor (Research)