



Qantas Building,
Level 5, 144 North Terrace,
Adelaide, South Australia

PO Box 8017,
Station Arcade, Adelaide,
SA 5000 Australia

Phone +61 8 8410 1311
Fax +61 8 8410 2480
www.studyadelaide.com

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Hon. Gail Gago, MLC
Minister for Employment, Higher Education and Skills
Level 9
Terrace Towers
178 North Terrace
Adelaide 5000

Dear Minister

I refer to your communication dated 30 July 2014 regarding a response to the Premier's announcement to reform South Australian government boards and committees.

As Chair of the Board of Education Adelaide, there are many reasons why the Education Adelaide Board should be exempt from being abolished, but I will focus on the reasons outlined below as rationale for continuation of the Board.

I would also like to take this opportunity to highlight that international education contributed \$924 million in economic value to South Australia in 2013, making it the State's number one services export and fourth overall (source: ABS).

1. Background

Education Adelaide is funded through State Government, funding partners and members who are registered to provide international education services. In accordance with the Public Corporations (Education Adelaide) Regulations 2011, the purpose of Education Adelaide is:

- a) to raise the profile of Adelaide in the international education market place;
- b) to provide a single focus for a coordinated approach to the State's education export industry;
- c) to support the development of Adelaide as a centre for education; and
- d) to undertake other tasks that are likely to increase South Australian education exports.

Further to the Education Adelaide Review undertaken by the Department of the Premier and Cabinet presented to Cabinet in January 2014, activities that form Education Adelaide's core functions are focused on:

- a) Destination marketing, specifically the promotion of Adelaide as a viable and attractive destination for international students.
- b) Engaging in high level marketing campaigns.
- c) Fostering community support for international students in South Australia.
- d) Periodic crisis management of situations that may adversely affect South Australia's reputation as an education destination.¹

¹ Education Adelaide Charter Section 4.5

State Government funding of Education Adelaide through DFEEST (now DSD) reduces from \$1.659 million in 2014-15 to \$900,000 in 2015-16. This funding is supplemented by partner, member and other external funding of \$1,188,470 in 2014-15 and expected to be \$1,385,744 in 2015-16. In essence, from 2015-16 the funding partners and members will contribute 60% of Education Adelaide funding with State Government funding 40%.

2. Assessment Criteria

A response to each assessment criteria is outlined below.

1. Is the operation of the entity truly commercial in nature?

Education Adelaide is a public corporation established under the Public Corporations (Education Adelaide) Regulations 2011. The Public Corporations Act recognises that some Public Corporations will undertake activities of a non-commercial nature and as such must perform its non-commercial operations (if any) in an efficient and effective manner consistent with the requirements of its charter². The nature of a public non-financial corporation is that a significant proportion of their operational costs are recovered through user charges.

Education Adelaide undertakes activities of a non-commercial nature and is funded through contributions from State government, three South Australian-based universities, TAFE SA, the Adelaide City Council and membership fees. From 2015-16, the funding split is 40% State Government, 60% funding partners and memberships. The major users of Education Adelaide services are the funding partners and members. It is argued that notwithstanding that activities are non-commercial, they do meet the requirements of the Public Corporations Act given the majority of funding is via user contributions.

Within the context of the Regulations, Charter and Performance statement the Board has the full range of delegated powers. The powers of the Board include the engagement of the Chief Executive, financial management (i.e. budget approval and financial authorisation for payment), strategy development and implementation, acquisition and disposal of assets and setting of membership fees.

2. Is there a case for direct community or sectoral representation through a board?

While the activities of Education Adelaide benefit the South Australian economy by promoting the value of international students in South Australia, the "community group" that derives direct value from the activities of Education Adelaide are those organisations which recruit international students and/or benefit from the economic activity they generate by living here. These groups include the three South Australian universities, TAFE SA, DECD, private providers registered for international students, and the Adelaide City Council, and are represented on the Board of Education Adelaide.

² Public Corporations Act 1993 Section 11(2)

There is no other forum that brings otherwise competitive institutions together for the purpose of consistently marketing Adelaide as a study destination. The Board of Education Adelaide provides a non-competitive platform for otherwise competitive institutions to contribute to the strategic direction of Education Adelaide for the collective benefit of all. Education Adelaide's priority international markets and marketing activity must closely align to those of the education institutions in South Australia.

3. Will the abolition of a board have a negative impact on business or community confidence?

The community, as outlined above, are the stakeholders represented on the Board. Balancing multiple stakeholders' perspectives and aspirations is part of Education Adelaide's task. All stakeholders who were consulted as part of the independent review of Education Adelaide, conducted in 2013, acknowledged the value and contribution of Education Adelaide to the State's efforts to attract and support international students by promoting Adelaide as a study destination. The evidence about international student growth since the establishment of Education Adelaide in 1998 is unequivocal, from around 5,000 students to just under 27,000 in 2013. Stakeholder feedback is that without the framework of a Board, the confidence in Education Adelaide would be negatively impacted.

4. Is there a significant legal or financial advantage in retaining the board?

A major benefit in the retention of the Public corporation status of Education Adelaide is the ability to source funding external to the South Australian Government. In particular, Education Adelaide would not qualify for EMDG funding which will contribute \$150,000 in funding in 2014-15.

The 60/40 split of private vs public sector funding of Education Adelaide from 2015-16 signifies a true partnership. Feedback received from major funding partners, including Adelaide City Council and the Universities, indicates they would not continue to fund Education Adelaide if there was not a mechanism, through a Board, for direct communication, governance and strategic input. A board provides the major funding partners oversight to key areas of governance, in particular financial oversight to their investment. A reduction in major partner funding of Education Adelaide would place the viability of Education Adelaide's operations in jeopardy.

5. Is there some other compelling risk identified by the minister associated with the abolition of the board?

International education contributed \$924 million in economic value to South Australia in 2013, making it the State's number one services export and fourth overall (source: ABS). The review undertaken in 2013 confirmed the value of maintaining the activities of Education Adelaide. Should the Education Adelaide Board be abolished, the funding from external partners is likely to be withdrawn as they would not have a strategic forum to contribute to the direction and activities of Education Adelaide. This loss in funding would need to be supplemented by the State Government to ensure that Education Adelaide programs remain effective.

Should State Government funding not be forthcoming, the public and funding partners' perception of the commitment to the fourth largest export market will be diminished at a time when other sectors of the economy are under stress.

3. Proposed reform of Education Adelaide Board - composition

It is proposed there be a reduction in the number of Board members moving forward, from the current twelve (12) members to ten (10) members to reflect the major funding partners.

The proposed members include:

- Independent Chair
- Adelaide City Council
- The University of Adelaide
- The University of South Australia
- Flinders University
- Department of State Development (DSD)
- TAFE SA
- Department for Education and Child Development (DECD)
- Private education sector
- Representation from one of the multi-cultural community groups

The Independent Chair is the only remunerated board member, at a level of \$22,000 per annum. The other Board members receive no form of remuneration or reimbursement.

Even with a smaller board composition, consultation would still occur at the marketing activity level across all funding partners and members, and with the broader community through student engagement events and activities.

In conclusion I do not believe the functions of the Education Adelaide Board could be merged with another institution or a ministerial department, which I strongly believe would place the partnership and associated funding in jeopardy. To maintain the confidence of the funding partners, a degree of independence is required.

Yours sincerely



W.T. (Bill) Spurr
CHAIR