



**Opportunities for Human
Capital Development through an
Education Powerhouse**

Clarice Campbell, Lead Adviser, Skills
IA-CEPA ECP Katalis at Cardno

What is Katalis?

Katalis is a government-backed Indonesia-Australia business development catalyst. We identify, promote and fund activities that accelerate opportunities between Indonesia-Australia businesses with the goal of strengthening inclusive growth and prosperity.

Setting the scene: The current skills gap in Indonesia

As the largest economy in Southeast Asia, building human capital through skills and training is a priority of the Government of Indonesia. It is estimated that Indonesia will need 58 million more upskilled workers by 2030 to meet industry demand as sectors are rapidly developing and automating in response to advances related to industry 4.0.

Because of this, a significant opportunity exists to align Australia's high quality TVET sector with the skills needs of Indonesia's labour force. Training providers have faced major obstacles supporting the Indonesian labour market, while the Indonesian private sector faces challenges finding the skills they need. As part of its role to help catalyse new economic opportunities and growth in both countries, KATALIS will aim to connect Indonesian industry to high quality Australian skills and training, addressing a major constraint to growth and productivity in Indonesia. Partnerships between Indonesian industry and Australian RTOs to meet the skills needs identified by Indonesian Industry Bodies presents significant opportunities to address the skills gaps in Indonesia.

Source: Katalis Investment design; McKinsey (2019)

What are the initial (2021) skills focus areas of cooperation under Katalis?



Digital economy

- Partly fueled by the COVID-19 pandemic, Indonesia's digital economy growing by double digits to **USD 124 bn by 2025**
- COVID-19 insights:
 - Surging consumer demand
 - More sellers online
 - New user growth
- Indonesia would benefit by tapping into Australia's high-quality supply of TVET



Source: Google, Temasek, Bain & Company Report (2020), Bukalapak Presentation in ISD Services Week (2020), Katalis Investment Design



Healthcare

- Fewer patients are visiting health care professionals for non COVID-19 related conditions
- Telemedicine generating surge in interest from patients
- Halodoc demand spikes:
 - 687% growth of pharma delivery orders between W8-W13 of pandemic
 - 35% growth in the basket size for pharma orders W8-W13
 - 28X growth in average daily app consultations during the peak of pandemic compared to before the outbreak
- Indonesia would benefit by tapping into Australia's high-quality supply of med-tech and healthcare training

Source: Oxford Business Group (2020), Katalis Investment Design



Tourism

- Due to the travel restrictions, overall January-October 2020 visits to Indonesia were down by 78% compared to the same period in 2019, with an effective 100% loss of the Australian tourist market
- As tourism is a core industry in Indonesia, it will be a key feature of its economic recovery response
- There will be increased demand for tourism and hospitality skills as tourists return
- Indonesia would benefit by tapping into Australia's high-quality supply of TVET

Source: BPS, Katalis Investment Design

Key questions:

- What does IA-CEPA say about skills?
- What is the demand of Australian skills providers in Indonesia?
- What are the opportunities for Australian skills providers in Indonesia?
- Will delivery of Australian education increase the quality of skills in Indonesia?
- How can Indonesia attract high-quality Australian skills providers to help address the skills gap?

What does IA-CEPA say about skills?

Vocational Education

IA-CEPA guarantees that Australian suppliers can own 67 per cent of investments in the work training sector. Australian providers can establish a work training business anywhere in Indonesia and the requirements for Australian trainers will be accepted.

IA-CEPA also guarantees that Australian training providers in this sector can offer all Australian Qualifications Framework qualifications, and Indonesian Qualifications Framework qualifications levels 1-5 in subject matters including technical and engineering, business administration, languages, tourism, management, information technology, art and agriculture.

Workplace Skills Training Program

A Memorandum of Understanding between Australia and Indonesia will focus on skills development through a pilot program on workplace-based training. The pilot will allow up to 200 Indonesians per year who are sponsored by an approved organisation in Australia to undertake workplace-based training in Australia for up to six months in the following sectors: education, tourism, telecommunications, infrastructure development, health, energy, mining, financial services and information communication and technology.

Reciprocal Skills Exchange Program

This pilot project gives businesses from each country the opportunity to send people with tertiary-level skill qualifications to undertake work-related training for up to six months in the other country.

On entry into force of IA-CEPA, the pilot project will apply to the following sectors: financial and insurance services; mining, engineering and related technical services; and, information media and telecommunications services. The pilot program will start with up to 100 exchanges in each direction in the first year, rising to 500 exchanges in the fifth year.

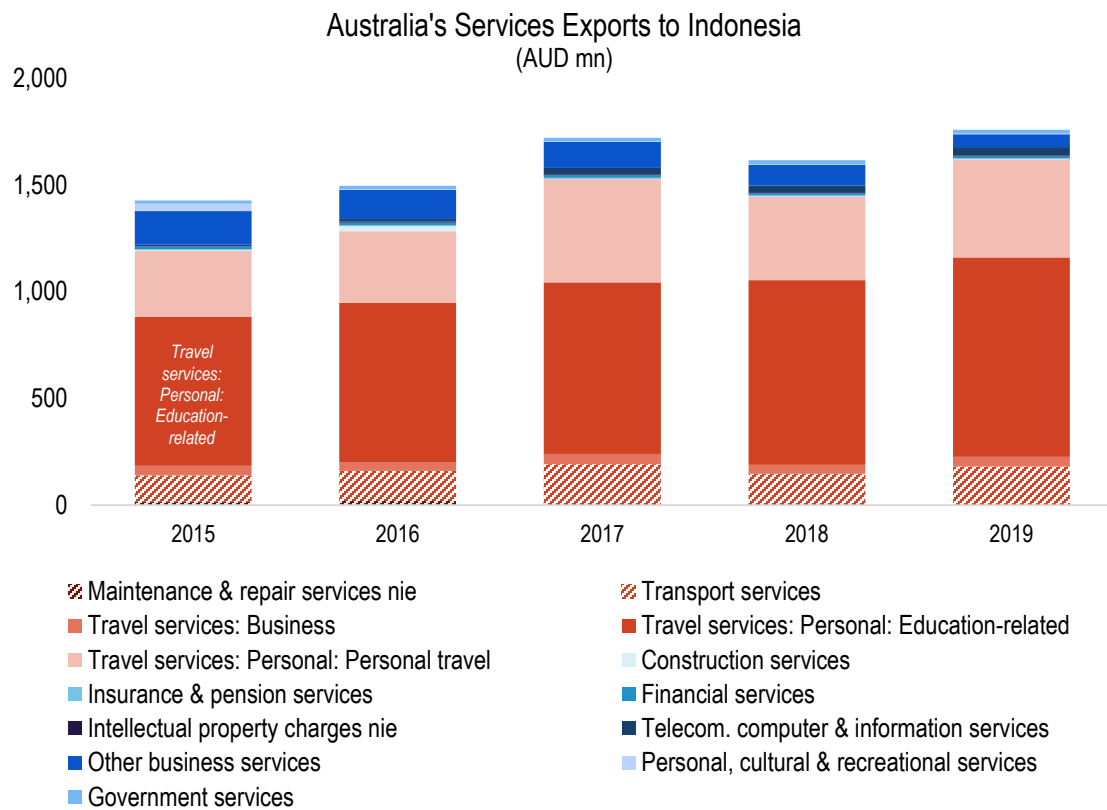
Work and Holiday Arrangements

Australia and Indonesia have a separate arrangement that allows Australian and Indonesian travellers aged between 18 and 30 to work and holiday in the other country for up to 12 months.

Under IA-CEPA, the annual limit of Work and Holiday visas for Indonesians will increase from the current 1,000 places to 4,100 places shortly after entry into force and will be stepped up each year to 5,000 by the sixth year.

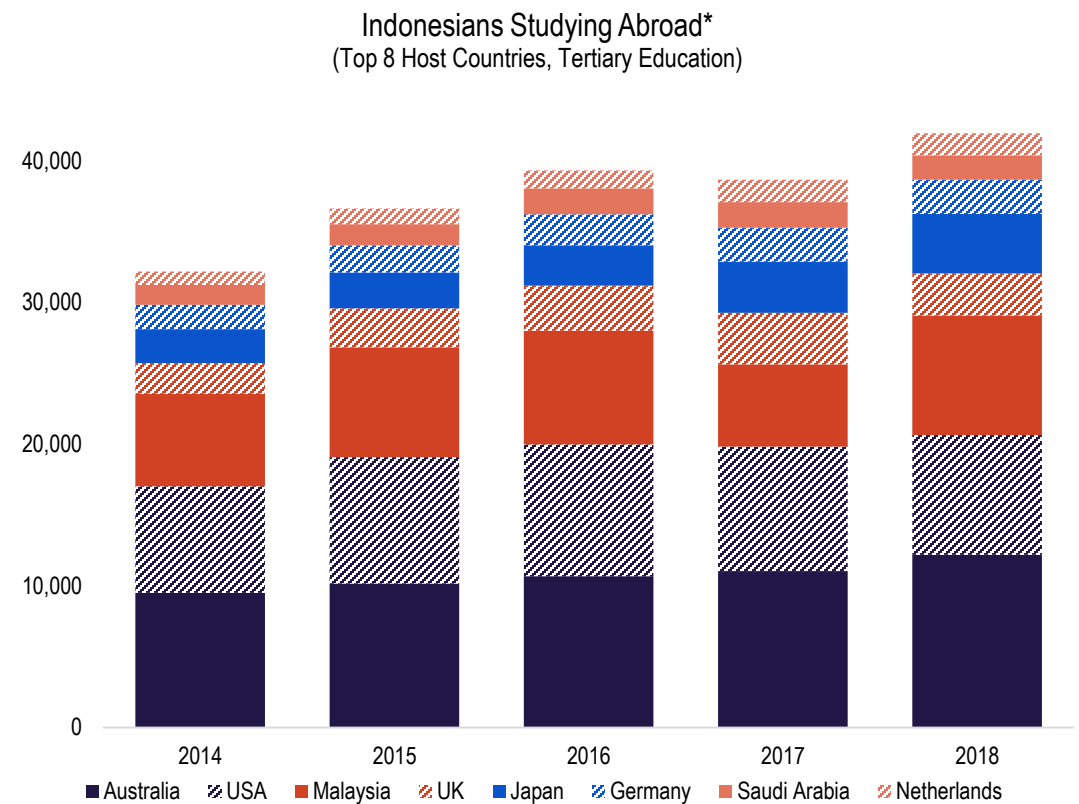
What is the demand of Australian skills providers in Indonesia?

Travel makes up around 80% of Australia's total services exports to Indonesia, and "education-related travel" is the largest component. This is unsurprising as Australia is one of the most preferred education destinations to Indonesian due to proximity and the quality of service.



Source: DFAT

16 April 2021



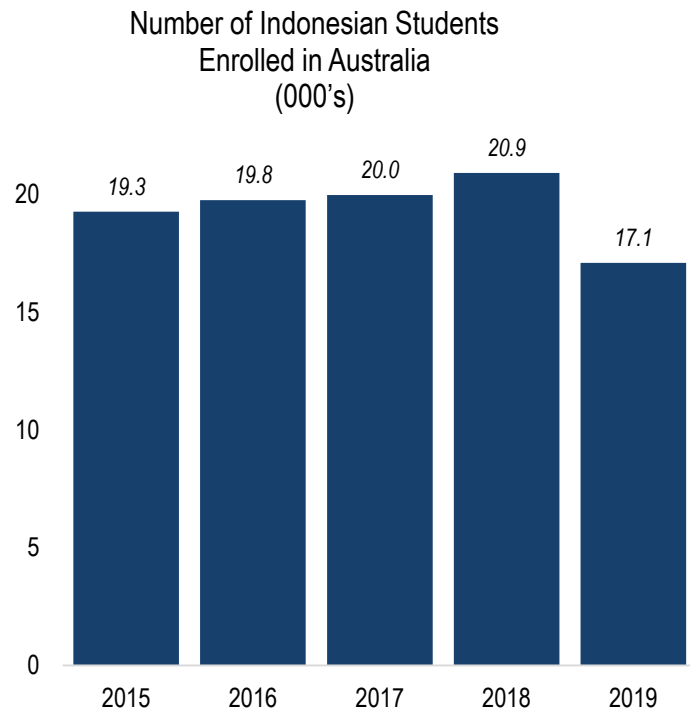
Source: UNESCO

* Note these statistics only represent tertiary enrollments, not TVET, ELICOS, Schools and Non-Award

COVID-19 reduced the number of Indonesians studying in Australia, but this has been partially offset by higher levels of remote learning

More than 17,000 Indonesian students were enrolled in Australian educational institutions in 2019: placing Indonesia in the top 10 international education export markets for Australia

Total enrolments are down by 12% overall since March 2020 and 11% for Indonesian students only.



Source: Statista

Country of citizenship	29-Mar-20		1-Nov-20	
	Outside	Inside	Outside	Inside
China	66,928	106,796	85,612	80,593
India	5,743	91,994	9,114	78,772
Nepal	1,259	44,052	1,361	39,457
Vietnam	2,894	19,434	3,628	17,160
Malaysia	1,664	17,352	2,970	13,201
Brazil	2,627	16,843	1,529	13,765
Colombia	1,940	15,914	1,551	13,331
Philippines	883	14,667	1,335	13,110
South Korea	1,733	14,424	3,090	10,886
Indonesia	1,446	14,568	2,922	11,333
Others	29,657	141,450	24,948	110,101
Total	116,774	497,494	138,060	401,709

Source: Peter Hurley, Mitchell Institute

▶ The number of Chinese students now studying remotely from outside Australia has increased (+28%) March to November 2020

▶ The number of Indonesian students now studying remotely from outside Australia has doubled (+102%) March to November 2020

Notable alumni...



Airlangga Hartanto
Minister of Industry 2016-19
Minister of Coordinating Ministry for
Economic Affairs 2019–present
Monash University
University of Melbourne



Mari Elka Pangestu
Minister of Trade 2004-11
Managing Director of Development
Policy and Partnerships - World Bank
Australia National University

What are the opportunities for Australian skills providers in Indonesia?

TABEL / TABLE : 1

GAMBARAN UMUM PERGURUAN TINGGI (PT)
OVERVIEW OF HIGHER EDUCATION (HE)
 TAHUN / YEAR : 2019

Variabel Variables	Nasional/National		Ristekdikti/MoRTHE					
	Jml./No.	%	Negeri/Public		Swasta/Private		Total Ristekdikti/Total of MoRTHE	
(1)	(2)	(3)	Jml./No.	%	Jml./No.	%	Jml./No.	%
Mahasiswa Terdaftar / Students	8.314.120	100,00	2.928.403	100,00	4.410.761	100,00	7.339.164	100,00
Universitas / University	5.864.453	70,54	2.683.427	91,63	2.872.994	65,14	5.556.421	75,71
Institut / Institute	589.154	7,09	96.311	3,29	205.070	4,65	301.381	4,11
Sekolah Tinggi / School of Higher Learning	1.335.865	16,07	-	0,00	1.103.182	25,01	1.103.182	15,03
Akademi / Academy	145.076	1,74	-	0,00	138.844	3,15	138.844	1,89
Akademi Komunitas/Community College	1.679	0,02	527	0,02	1.056	0,02	1.583	0,02
Politeknik / Polytechnic	377.893	4,55	148.138	5,06	89.615	2,03	237.753	3,24

Opportunity to tap into the large number of students seeking vocational certifications and short courses as well as mature-aged students and working professionals seeking to upgrade their skills.

Australian TVET providers should consider their options to work with industry partners and implement scalable training models such as train the trainer.

Focus on areas where skills are needed e.g. digital skills, health, tourism as these areas will be key to the economic response and recovery from COVID-19.

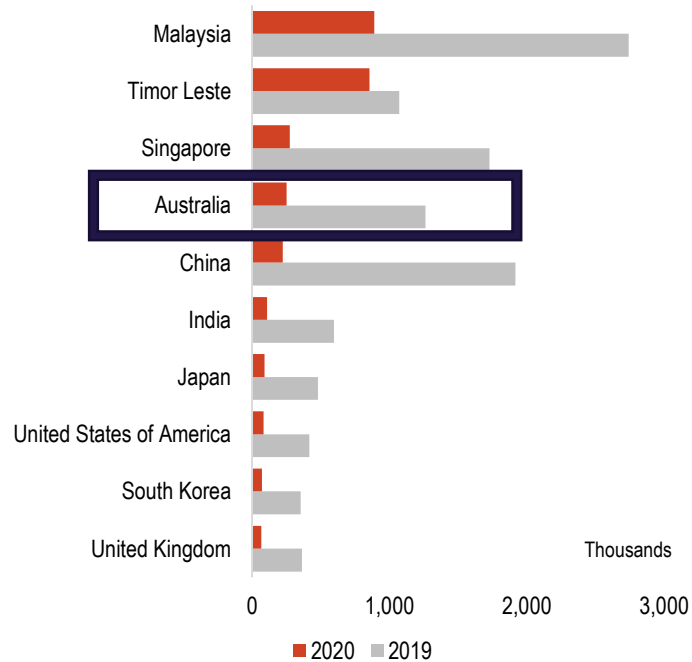
Indonesian tourism exports have been hit extremely hard by COVID-19

1.3 million Australians visited Indonesia in 2019. Holidaymakers from Australia were Indonesia's fourth-largest source of foreign visitors after Malaysia, China and Singapore.

Due to the travel restrictions, overall January-October 2020 visits to Indonesia were down by 78% compared to the same period in 2019, with an effective 100% loss of the Australian tourist market

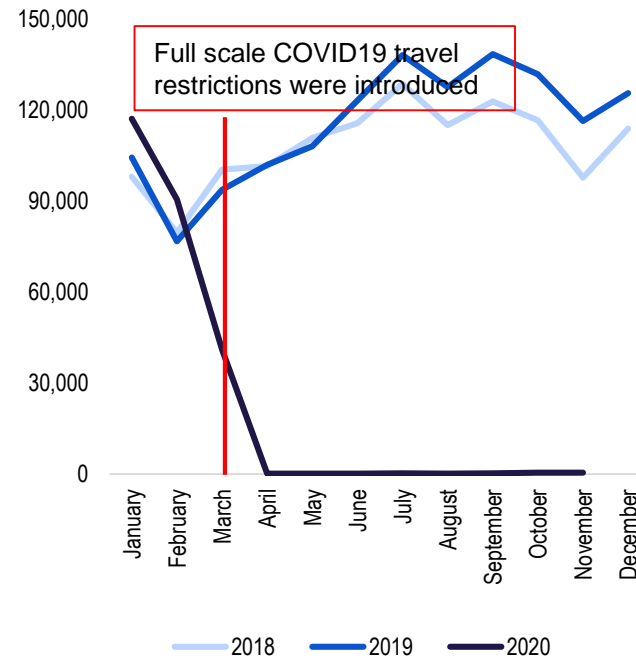
Hotel room occupancy in Bali has collapsed since the start of the pandemic, well below the national average. In 2019, nearly 20% of foreign tourists in Bali were Australians, out-numbering all other nationalities.

Number of tourists visiting Indonesia by nationality (YTD 11M)



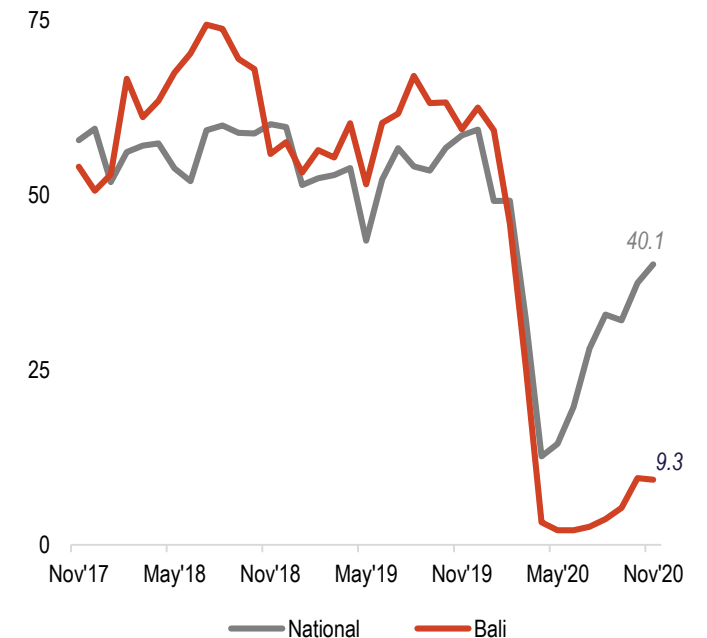
Source: BPS

Australian Tourists in Indonesia (# visits)



Source: BPS

Hotel Room Occupancy Rate (As % Rooms)

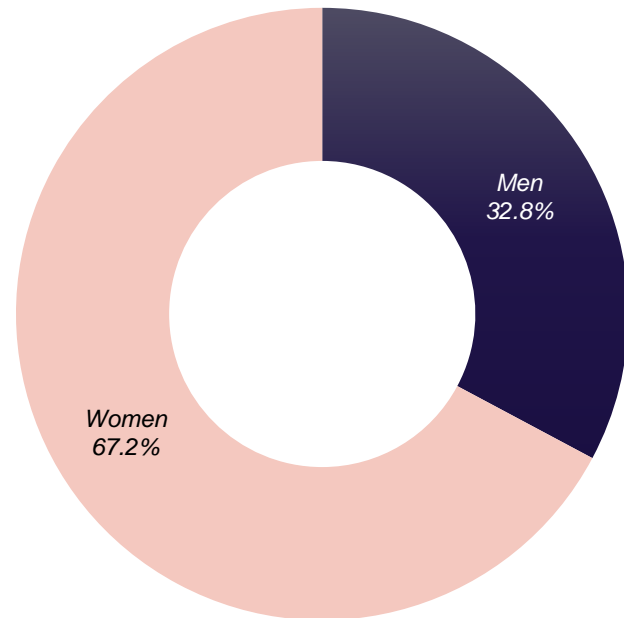


Source: BPS

Indonesian women have been in the frontline of the fight against COVID-19

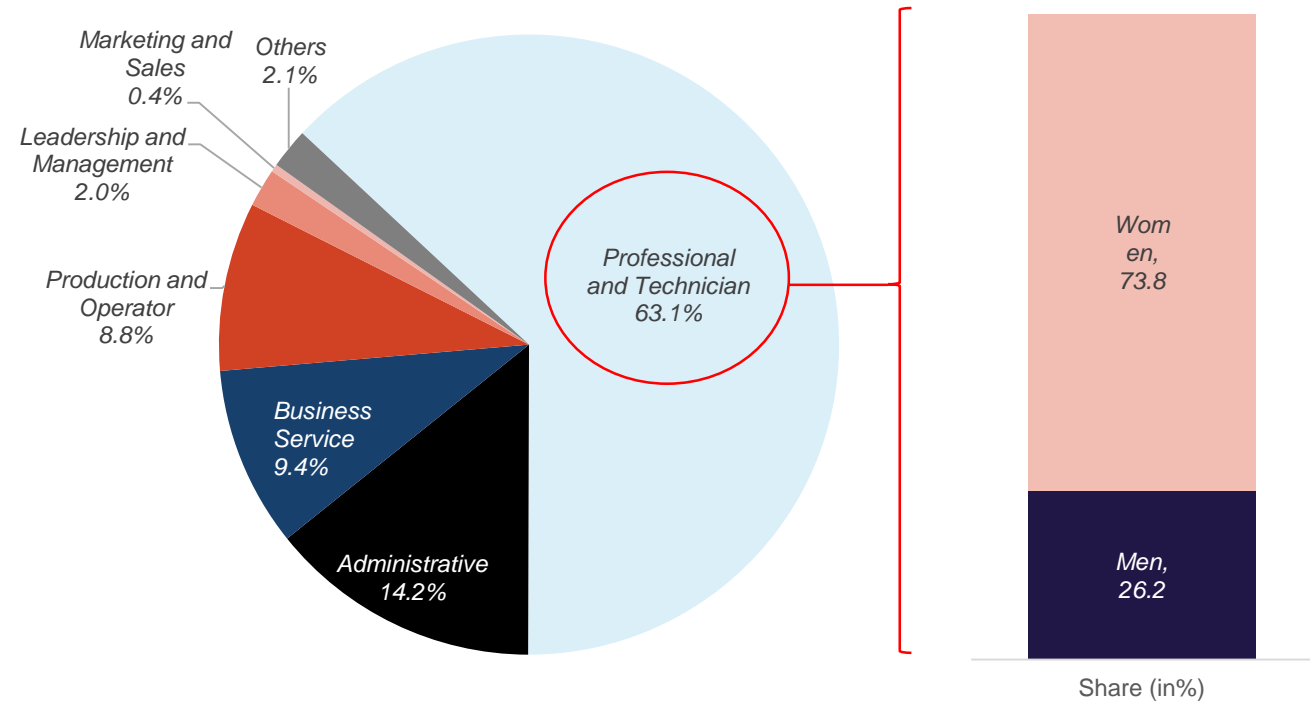
- Women make up most of all health and social service workers, typically as doctors and nurses.
- Frontline workers will not be able to pay for their treatment if they get sick themselves. Only half have full health insurance cover. 'Death coverage' is also low. Younger health workers have least coverage.

Percentage of Men and Women Working in Health and Social Services by Gender



Source: Sakernas, August 2019 - Prospera's own calculation

Type of Work within Health and Social Services



Source: Sakernas, August 2019 - Prospera's own calculation

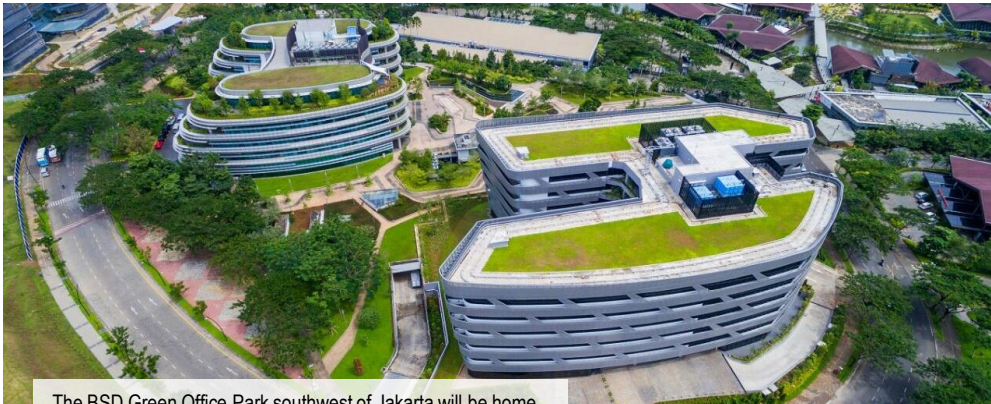
Deliver services and skills to support recovery, consider GESI outcomes

Key takeaways	Proposed focus for Australian providers
<p>Bilateral services exports have been hit hard by COVID-19, especially for Indonesia.</p> <ul style="list-style-type: none"> • For Indonesia, tourists from Australia have effectively vanished with the onset of travel restrictions (effectively 100% loss of the Australian tourist market) • For Australia, the loss in education services exports to Indonesia (students enrolled in Australia) has been partially offset by increases in online learning registrations (enrolled outside Australia) 	<p>Where remote service delivery is not possible, focus on building long-term human capacity through skills development and diversified service delivery (e.g. tourism, health, digital skills).</p> <p>Where service delivery can be remote, focus on quality and expanding coverage to TVET (where possible) and other education segments.</p>
<p>The downturn in tourism is likely to have been particularly harmful to women in both countries. Similarly, for education in Australia.</p>	<p>Ensure policies are in place to support recovery in key areas and recognise the impact of the courses delivered, consider GESI outcomes.</p>
<p>Women are at the forefront of the health response to COVID-19. Skills will be needed in these sectors to help with the economic recover underway.</p>	<p>Ensure that the method of course delivery and costs are agreed on by both parties prior to committing to a bilateral partnership.</p>

Does the presence of Australian education and skills providers improve the quality of education services overseas?

The potential for Australian providers in Indonesia: Monash University to Open Indonesia's First Foreign-Owned Campus in BSD City.

- A lease agreement was signed by Monash Indonesia and Bumi Serpong Damai on December 2020. This will be the first foreign university to operate in Indonesia.
- The campus will offer courses in Data Science, Urban Design, Business Innovation, Public Policy and Management and Public Health, with the first program set to begin in October 2021 for post-graduate students only.



The BSD Green Office Park southwest of Jakarta will be home to the Monash Indonesia campus.

Source: Bumi Serpong Damai, Monash University

Examples of successful Australian education investments in the region: RMIT in Vietnam, celebrating 20 years.

- “The Australian education sector is highly regarded globally, and we are pleased to bring this expertise to Vietnam to inform the future of online and digitally-enhanced learning” - Vietnam Minister of Education and Training Phung Xuan Nha at RMIT’s Online and Digitally Enhanced Learning Policy Roundtable in celebration of the university’s 20th anniversary, September 2020.
- Vietnam has seen increasing interest from other foreign universities to establish campus’ in the country since RMIT did in 2000, Swinburn University is the latest Australian university to do so and officially opened its campus in 2019.
- Indonesia should expect favorable responses from other international institutions regarding Monash’s presence.

Source: RMIT University

How can Indonesia attract high-quality Australian skills providers to help address the skills gap?

Provide regulatory clarity and certainty:

- Indonesian government needs to provide confidence to foreign education providers that they can establish and operate in Indonesia according to prevailing laws and regulations.
- Implies clarity and certainty around regulatory environment.

Promote alternative methods of delivery:

- Develop policies and infrastructure to support online learning – which will continue to grow in popularity post Covid – including in for students in more remote locations.
- Recognise and support the market for short courses in important recovery areas. Skills activities may not need to be delivered by universities or require students to undertake degree courses but can rather be channeled through other delivery mechanisms, including through TVET.

Thank You

Clarice Campbell
Lead Adviser, Skills

Clarice.Campbell@cardnoid.org