## CONTENTS

1. Executive summary ........................................ 3
2. Methodology .................................................. 4
3. Introduction .................................................. 6
4. Before you begin ............................................. 8
5. Typical offshore products and modes of entry .............. 10
6. The state of play in Indonesia and Vietnam ................. 16
7. Key opportunities in Indonesia and Vietnam ............... 27
8. The regulatory environment in Indonesia and Vietnam .... 33
9. Choosing the right partner in Indonesia and Vietnam .... 40
10. Key considerations before operating in Indonesia and Vietnam ... 42
11. Conclusion ................................................... 44
The Vocational Education and Training (VET) sector makes a significant contribution to the Australian economy and enables Australia to play a part in supporting the economic development of emerging economies through up-skilling their workforce. Australian VET providers have several strengths, which if properly leveraged, present a strong value proposition. These strengths include high quality training and delivery that suits informal labour markets; adoption of cutting-edge technology; strong industry links; and the facilitation of education and employment pathways.

Offshore delivery builds transformative partnerships between people, institutions and businesses, and provides opportunities for collaboration and the exchange of information at a government and institutional level, benefiting areas ranging from two-way cross-border student flows to trade and investment. While not as significant as onshore delivery of international education – in terms of student numbers and recent rates of growth – offshore delivery of international education is a key component of international education services for Australia, with around one quarter of all international students located offshore.

Every market and opportunity is unique, therefore it is essential that Australian VET providers have a clear go-to-market strategy that qualifies the opportunity, defines the product and mode of entry, and considers how key regulatory requirements will be met. To help with this process, the Australian Government, through its Enabling Growth and Innovation Program, has commissioned the creation of a practical VET Market Access Report for Australian VET providers to utilise when looking to access international opportunities more broadly, as well as principally in Indonesia and Vietnam.

This report outlines an international go-to-market strategy framework for Australian VET providers to consider before going offshore, as well as key considerations when choosing a product and mode of entry. It focuses specifically on Indonesia and Vietnam, outlining in-market conditions, as well as sector-specific opportunities for Australian VET providers to consider. Relevant components of Indonesia and Vietnam’s legal and regulatory environments are highlighted and insight into what should be considered when choosing an in-market partner summarised. The final component is a summary of operational considerations for each market. Strategically aligned and best practice case studies have been selected and included throughout.

The state of play in Indonesia and Vietnam

The government of Vietnam is focused on maintaining economic growth to ensure that Vietnam successfully transitions from middle-income status to a high-income economy. With greater purchasing power, parents and students are seeking higher quality, in terms of facilities, educators and curriculum. Currently, Vietnam’s education system is unable to fully meet this demand. Similarly, strong economic growth in Indonesia is driving increased demand for quality education and training. As Indonesia’s economy grows, its education and skills needs are diversifying. Like Vietnam, industry demand for quality vocational education and training is unable to be fully met by local providers.
METHODOLOGY

The study focused on defining an international go-to-market strategy framework for Australian VET providers to consider before going offshore, as well as uncovering key considerations when choosing a product and mode of entry. It specifically looked at Indonesia and Vietnam, analysing in-market conditions, as well as identifying sector-specific opportunities for Australian VET providers to consider. Relevant components of Indonesia and Vietnam’s legal and regulatory environments were assessed and insight into what one should consider when choosing an in-market partner defined and summarised. Lastly, a summary of operational considerations for each market was completed. Strategically aligned and best practice case studies were selected and included throughout.

Insights were drawn from relevant government publications and available subscription and non-subscription based information and data.

Stakeholder consultations were undertaken with Australian VET providers, RTOs, associations, and relevant federal, state and territory government departments, both in Australia and in Indonesia and Vietnam.

Stakeholders were selected based on their skills, capabilities and previous experience working with Australian VET providers and government, particularly on engagements focused on accessing education-related opportunities in Indonesia and Vietnam. Stakeholders have deep government and industry linkages in-country, providing unique insights into the opportunities and challenges, as well as how best to capture market share.
The VET sector is a key component of Australia’s international education offering and is well positioned to take advantage of increasing global demand for skilled labour and quality training.

New technologies, ageing population and globalisation are changing what we do at work and how we do it. According to OECD estimates, 46% of workers may lose their jobs or see them change significantly because of automation in the coming decades.¹

Strains in the global labour market are becoming increasingly apparent. There are rising levels of long-term and youth unemployment, and employers are facing growing shortages of the types of skilled workers needed to raise productivity and drive GDP growth. Industrialisation has raised demand for workers with secondary education and vocational training in developing economies. In fact, research by McKinsey revealed a potential shortage of nearly 45 million medium-skilled workers in developing economies, or about 15% of the demand for such workers, by 2020.² More broadly, it is expected that there will be a surplus of 90-95 million low-skilled workers around the world, suggesting the need for skills training.³

The main consumers of formal international education – the global 15-29 year old population – are projected to increase from 1.77 billion in 2015 to 1.85 billion by 2025.⁴ In terms of the middle class, it is anticipated that they will comprise two-thirds of the world’s population by 2025, with emerging economies to increase their share of the global medium-high middle class and affluent segments from 24% in 2000 to 67% by 2025 (or 2 billion people).⁵

Offshore delivery of international education is a key component of international education services for Australia, with around one quarter of all international students located offshore.⁶ In 2017, Australian training providers delivering VET programs to offshore students reported 36,765 program enrolments in over 40 offshore locations, the majority being with public providers.⁷ When compared with 2016 figures, program enrolments declined by 7%, however this was largely due to a sharp decline in offshore program enrolments in China (declined by 21%).⁸ VET enrolments across all other offshore locations grew by 21%.⁹

There has been moderate growth in Australian training providers delivering VET programs offshore, with 53 providers in 2015 increasing to 68 in 2017.¹⁰ These numbers include TAFEs, universities, as well as private institutions.

In 2017, Management and Commerce were the top broad fields of education for offshore VET students at 45% of all enrolments, followed by Engineering and Related Technologies at 15%.¹¹ Offshore enrolments did not grow in these fields, however it did increase in the fields of Education by 41%, Health by 25% and Food, Hospitality & Personal Services by 19%.¹² Offshore enrolments in the Natural and Physical Sciences field more than tripled from 70 in 2016 to 265 in 2017.¹³

There are both economic and institutional benefits associated with delivery of education offshore. It provides opportunities for collaboration and the exchange of information at a government and institutional level, benefiting areas ranging from two-way cross-border student flows to trade and investment. It can also serve as a strategic decision to attract greater numbers of students to higher margin onshore programs.
Australian VET providers have several strengths, which if properly leveraged, could present a strong value proposition. These strengths include high quality training and delivery that suits informal labour markets; adoption of cutting-edge technology; strong industry links; and the facilitation of education and employment pathways both in-country and abroad.

That said, Australia is facing increasing competition as traditional source countries invest heavily in their own VET and higher education systems and develop their own international education strategies. For example, Malaysia’s goal is to become the world’s sixth largest education exporter by 2020. Malaysia also has a target of hosting 250,000 international students and having two institutions in the global top 100 by 2025. China is aiming to become a global education hub, offering more programs in English and scholarships for overseas students. Overall, China has a goal of hosting 500,000 international students by 2020.

Australia is a global leader in the provision of international VET for a number of reasons, some of which include:

- Internationally recognised, accredited qualifications and delivery models
- Industry specialisation in high demand skills areas, i.e., tourism, agribusiness, health and mining
- Price competitive in comparison to key competitors such as Canada, Germany, Japan and the UK
- Post-study work opportunities
- Clear pathways from VET to higher education
- Close proximity to key emerging markets, particularly in South-East Asia
- Shared time-zone with Asia, allowing for greater utilisation of synchronous online delivery or borderless education and greater partnership efficiency and coordination

The Australian VET sector is competitively placed to meet demands for practical and easily accessible vocational education and training. Vocational teaching and assessment uses many different teaching methods, including project-based learning, group work, workplace training and simulation. Some course content can also be delivered online, but assessment will always focus on ensuring students have the skills, knowledge and understanding required by industry in their chosen career. Project-based learning, challenge-based learning, inquiry-based learning, and similar methods are being utilised by VET providers in response to an increasing student demand for a clear connection between course curriculum and the world of work.

Demand is also increasing for new models of education delivery that provide opportunities to save money and also progress more quickly to the workforce. In order to fulfil this demand, there has been interest in the use of competency-based programs (as opposed to credit-based), allowing for more flexible and personalised accreditation options, and a way for students to progress by achieving key competencies, rather than having to complete learnings regardless of skill.

In recent years there have been a number of important developments in educational technology within the VET sector. Alongside classes taught wholly online, technology is also influencing traditional campus-based teaching and learning, with virtual learning environments and blended learning having become an accepted part of the classroom lexicon. As such, learning will become increasingly borderless.
Taking VET products offshore brings with it a number of potential risks and challenges, and therefore should be considered carefully. Every market and opportunity is unique, therefore it is essential that Australian VET providers have a clear go-to-market strategy that qualifies the opportunity, defines the product and mode of entry, and considers how key regulatory requirements will be met. Applicable to any international opportunity, a go-to-market strategy must look into a number of key considerations.

**BEFORE YOU BEGIN**

Taking VET products offshore brings with it a number of potential risks and challenges, and therefore should be considered carefully. Every market and opportunity is unique, therefore it is essential that Australian VET providers have a clear go-to-market strategy that qualifies the opportunity, defines the product and mode of entry, and considers how key regulatory requirements will be met. Applicable to any international opportunity, a go-to-market strategy must look into a number of key considerations.

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**DETERMINE WHETHER YOU’RE READY TO GO OFFSHORE**

- Do you have the necessary capital to expand offshore?
- Have you considered the length of time it will take to break-even and is there an adequate financial base to support this?
- Does the expected commercial return meet your expectations?
- Have you considered costs associated with the following: human resources, technology, infrastructure (if required), marketing, travel, consulting services (legal/accounting), tailored course content, insurance, taxes, etc.?
- Do you have the necessary requisite skills, such as language capabilities and in-market operational experience?
- Do you have adequate human resources – both locally and offshore – for delivering offshore programs?
- Do you have the capacity to meet operational demands when delivering offshore?

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**SELECT A TARGET MARKET THAT’S RIGHT FOR YOU**

- Does government policy support demand for your product and curriculum?
- Do industry trends and forecasts support demand for your product and curriculum?
- What are the legal and regulatory considerations?

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**DETERMINE YOUR PRODUCT AND MODE OF ENTRY**

- Have you considered your unique product offering and value proposition?
- Have you considered both language and culture when defining your product and course curriculum?
- Is your pitch in alignment with the requirements of the partner institution, business or student body? Is it clearly defined to avoid confusion?
- Have you undertaken an assessment of the competitive landscape and the unique differences of your product?
- Can you articulate a differentiated brand proposition in market?
- Do you understand the qualifications structure of your target market and where your product will fit?
- Have you considered whether your product will be AQF or non-AQF compliant?
- If the product is accredited, can you maintain compliance and integrity with Australian vocational education and training quality standards?
- Are you able to find staff that can deliver in line with brand and quality expectations?
- Have you considered subcontracting options for course delivery?
- If there are professional work placement requirements, can they be met in your target market?
- Have you set your pricing model and considered the financial capacity of students?
- Does your pricing undercut the market, making it difficult for Australian VET providers to offer sustainable pricing models in the future?
- Have you considered your student acquisition strategy?
- Have you considered the negative stigma associated with VET qualifications (as opposed to higher education) and how to overcome it?
UNDERSTAND THE REGULATORY ENVIRONMENT OF YOUR TARGET MARKET

• Have you considered the limitations and regulatory compliance requirements for the delivery of your specific product?
• Is there an active bi or multilateral economic agreement in place that facilitates and incentivises the delivery of Australian VET courses?
• Have you evaluated possible business structures (e.g. foreign-invested vocational institution/Joint Venture) and considered how they will affect your tax obligations, as well as strategic objectives?
• Have you considered training curriculum requirements and teacher standards?
• Are there onshore/offshore staffing ratio requirements?
• Are there risks associated with copyright?
• What are your tax obligations?
• What are the accounting standards and requirements of your target market?
• Do you understand the labour laws of your target market?
• Do you understand your contractual obligations under the legal and regulatory framework of your target market?
• Do you have appropriate contract management procedures in place?
• Has adequate due diligence and probity been undertaken with any contractual party?
• Have you sought sufficient legal and commercial protection for your institution in the event of non-compliance with the contract?

IDENTIFY AND QUALIFY POTENTIAL PARTNERS

• Can the partner deliver on its contractual obligations and maintain course integrity?
• Is the partner aligned with the vision, strategy, ethics and future interests of your organisation?
• How connected is the partner institution with national VET regulators?
• Is the potential partner transparent with pricing structures?
• How engaged is the potential partner with the VET industry?
• Does the partner have sufficient facilities and equipment to support delivery?
• Is there a risk of insolvency with your chosen partner?

Further insights into each of the above listed key considerations can be found throughout this report.
TYPICAL OFFSHORE PRODUCTS AND MODES OF ENTRY

It is essential that Australian VET providers have a clear mode of entry strategy that sets out how their product will be delivered. Entry will be determined by the nature of the product and the legal requirements of the chosen location.

Australian VET providers must understand how the business entity and structure they choose will affect their legal risk and tax obligations, as well as strategic objectives. Priority should be given to modes of entry and products aligned with institutional capability and international education strategy.

The following have been identified as key modes of entry for Australian VET providers to consider when taking their products offshore. Listed are the pros and cons for each, as well as relevant examples.

<table>
<thead>
<tr>
<th>Joint Venture/Partnership</th>
<th>Offshore example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Considerations</strong></td>
<td></td>
</tr>
<tr>
<td>• Leverage in-country partners' existing market share &amp; knowledge</td>
<td>• Decreased autonomy</td>
</tr>
<tr>
<td>• Decrease set up costs for in-country delivery</td>
<td>• High set up costs</td>
</tr>
<tr>
<td>• Cost and risk spread over multiple parties</td>
<td>• Requires time in finding and vetting suitable business partners</td>
</tr>
<tr>
<td><strong>Offshore example</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Box Hill Institute has partnered with Hanoi College for Electro-Mechanics (HCEM) to establish a Centre of Excellence in VET Teacher Training.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Branch campus</th>
<th>Offshore example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Considerations</strong></td>
<td></td>
</tr>
<tr>
<td>• Positive branding impact</td>
<td>• Most expensive mode of entry</td>
</tr>
<tr>
<td>• Increased diversification of product and revenue</td>
<td>• High administrative and legal costs</td>
</tr>
<tr>
<td>• Autonomy of course delivery and business</td>
<td>• Requires significant research and market understanding</td>
</tr>
<tr>
<td>• High reputational risks</td>
<td>• High reputational risks</td>
</tr>
<tr>
<td><strong>Offshore example</strong></td>
<td></td>
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<tr>
<td></td>
<td>William Angliss Institute established a campus partnership (with Dong A University) in Da Nang with seed funding assistance from the Australian government. Together, these institutions have created a program that aims to help students take advantage of work opportunities in the tourism and hospitality sectors by giving participants internationally recognised service and culinary skills, as well as improved English language abilities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Online delivery</th>
<th>Offshore example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Considerations</strong></td>
<td></td>
</tr>
<tr>
<td>• Low cost and set up</td>
<td>• Difficult to establish market presence</td>
</tr>
<tr>
<td>• Flexible entry option</td>
<td>• May be difficult to reach end users</td>
</tr>
<tr>
<td>• Scalable delivery</td>
<td>• May require development of internal IT capacity</td>
</tr>
<tr>
<td>• May not be formally recognised in-country</td>
<td>• May not be formally recognised in-country</td>
</tr>
<tr>
<td><strong>Offshore example</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TAFE NSW Digital currently runs a number of courses that can be delivered to students in their home country online, by learning resources sent directly to them, or a combination of both.</td>
</tr>
</tbody>
</table>
There are varying products/modes of entry for Australian VET providers to consider when looking to deliver offshore programs. The following products/modes of entry could be delivered in any international market, but have been selected to meet the needs of Indonesia and Vietnam, as well as other emerging economies.

**Joint Delivery of Educational and Training Programs**

**Description**
Provision of short courses, certificates or diplomas, together with a local institution (twinning)

**End Client & Partners**
End client: In-market students  
Partners: In-market VET Institutions

**Pros & Cons**
Pros:  
- Leverage in-country partners existing market share and knowledge  
- Decrease set up costs for in-country delivery  
Cons:  
- Decreased autonomy  
- Requires due diligence process for finding and vetting potential joint delivery partners

**Funding sources and models**
- Fee-for-service  
- Funding by International Development Association (IDA) or industry  
- TAFE CSR approach

**Examples**
Box Hill Institute’s partnership with Hoa Sen Vocational College in Vietnam focuses on teacher training and delivery of Australian vocational qualifications on-site. Courses are contextualised to meet local industry needs. The partnership provides hospitality and commercial cookery courses. Box Hill Institute supports Hoa Sen through professional development and quality assurance visits to continuously upskill Hoa Sen teachers while sharing best practice.

**Pathways Program**

**Description**
Initial courses offered in-country that qualify students for entry into an onshore Australian VET institution

**End Client & Partners**
End Client: In-market students  
Partners: In-market VET Institutions

**Pros & Cons**
Pros:  
- New revenue stream for VET providers  
- Eventual increase in the Australian domestic VET market  
- Low cost entry point into VET market  
Cons:  
- No assurance that students take up opportunity to study in Australia  
- Regulatory issues in developing accredited course

**Funding sources and models**
- Fee-for-service  
- Funding by IDA or industry  
- TAFE CSR

**Examples**
The L3P1 Polytechnic in Jakarta has a pathway program arrangement with the Southern Institute of Technology (New Zealand), focusing on commerce, applied management and hotel management.
## Institutional Consultancy

<table>
<thead>
<tr>
<th>Description</th>
<th>Provision of consultancy services to support the development of VET providers in-market (e.g. train-the-trainer, curriculum development, management and accreditation support etc.)</th>
</tr>
</thead>
</table>
| **End Client & Partners** | End Clients: In-market VET Institutions  
Partners: Other TAFEs, Industry |
| **Pros & Cons** | Pros:  
• Leverage existing skills in business for new revenue source  
Cons:  
• Revenue subject to fluctuations  
• Can require upskilling of staff & development of internal capacity |
| **Funding sources and models** | Fee-for-service  
• Funding by IDA, government or industry  
| **Examples** | TAFE South Australia signed an MoU with the Islamic Fashion Institute, Indonesia, on curriculum development and potential student pathways and knowledge sharing. |

## Industry Specific Skills Training

<table>
<thead>
<tr>
<th>Description</th>
<th>Provision of training programs for industry (e.g. job-specific technical skills, soft skills / executive training and English language)</th>
</tr>
</thead>
</table>
| **End Client & Partners** | End Clients: Government  
Partners: Other TAFEs, Industry |
| **Pros & Cons** | Pros:  
• Self-sustaining business model as industry provides students and facilities (no need for external marketing once product is up and running)  
• Lower cost if using industry facilities and equipment for training  
• Industry involvement ensures relevance of courses  
Cons:  
• Requires due diligence process for finding and vetting potential industry partners |
| **Funding sources and models** | Fee-for-service  
• Funding by IDA, government or industry  
| **Examples** | Holmesglen offers a 10-week, non-accredited, English language program at Universitas Muhammadiyah Tangerang, Indonesia.  
Box Hill Institute, Chisholm, Federation Training, Melbourne Polytechnic and the Gordon have delivered training in Vietnam to a range of offshore companies, focusing on mining, oil and gas. |

## Capacity Building for Government

<table>
<thead>
<tr>
<th>Description</th>
<th>Provision of training and technical advice to government, to support policy development and reform</th>
</tr>
</thead>
</table>
| **End Client & Partners** | End Clients: In-market students  
Partners: Industry, In-market VET Institution |
| **Pros & Cons** | Pros:  
• Leverage existing skills in business for new revenue source  
• Provides cross sell entry opportunity for VET providers once working with government  
Cons:  
• Upskilling of staff & development of internal capacity |
| **Funding sources and models** | Fee-for-service  
• Funding by IDA, government or industry  
| **Examples** | TAFE Queensland ran a 4-week fellowship for Indonesian government representatives on the inclusion of disabled persons in VET training.  
In 2015, the Asian Development Bank (ADB) and Vietnam’s Ministry of Labour, Invalids and Social Affairs (MoLISA) funded a project to upgrade learning environments and establish professional training schemes for teachers and managers of training providers. |
### Consortia

**Description**
Cross-ownership arrangement between firms, government and other stakeholders brought into effect in pursuit of a specific opportunity.
- **Three main types:**
  - Industry
  - Edtech-education provider
  - Government supported

**End Client & Partners**
- **End Clients:** Government, end-market students, In-market VET institutions
- **Partners:** Australian government, Australian VET providers, industry

**Pros & Cons**
- **Pros:**
  - Shared risk
  - Consortia (especially with government backing) seen to be more professional/capable
- **Cons:**
  - Shared revenue
  - Lack of autonomy

**Funding sources and models**
- Funding by government
- Fee for service

**Example**
The Victorian government and Victorian TAFE CEOs have worked in partnership to create a consortium model to pursue opportunities in Indonesia. The consortium has developed a framework for identifying opportunities and focusing resources from amongst the consortia. In August 2018, the consortium held a business development mission which generated a number of opportunities in teacher training, upskilling and consultancy work.

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### Tripartite Delivery of Educational & Training Programs

**Description**
Provision of short courses, certificates or diplomas, together with a local institution and industry partner

**End Client & Partners**
- **End Clients:** In-market students
- **Partners:** Industry, In-market VET Institution

**Pros & Cons**
- **Pros**
  - Leverage in-country partners existing market share & knowledge
  - Industry involvement ensures relevance of courses
- **Cons**
  - Lack of autonomy

**Funding sources and models**
- Funding by industry
- Funding by IDA or government
- Fee for service

**Example**
The Victorian government and Victorian TAFE CEOs have worked in partnership to create a consortium model to pursue opportunities in Indonesia. The consortium has developed a framework for identifying opportunities and focusing resources from amongst the consortia. In August 2018, the consortium held a business development mission which generated a number of opportunities in teacher training, upskilling and consultancy work.

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### Development or Rollout of Regional Standardised Curricula

**Description**
Provision of technical advice or delivery of regional curricula in a particular sector

**End Client & Partners**
- **End Clients:** Government
- **Partners:** Industry, In-market VET Institution

**Pros & Cons**
- **Pros**
  - Leverage existing skills in business for new revenue source
- **Cons**
  - Upskilling of staff & development of internal capacity

**Funding sources and models**
- Funding by IDA or government

**Example**
The Danish-Vietnamese Technical and Vocational Educational and Training project involved enterprises in curriculum development and to develop students’ skills to meet the market demand, in the furniture and graphic design sectors.

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**VET MARKET ACCESS REPORT │ 13**
The ASEAN Secretariat is supporting the harmonisation of VET standards through:

- The ASEAN Qualifications Reference Framework (AQRF)
- Mutual Recognition Arrangements (MRAs), which are framework arrangements established to support mobility of skilled labor in ASEAN

There are 8 MRAs, 6 of which are delivered by the VET sector – these include:

- Engineering
- Nursing
- Architectural Services
- Surveying Qualification
- Accountancy Services
- Tourism Professionals

Australian VET providers have played a critical role during this process. William Angliss Institute supported the ASEAN Secretariat to develop a Common ASEAN Tourism Curriculum and Regional Qualifications Framework, and Skills Recognition System.
Australian Government’s International Skills Training (IST) courses

IST courses were specifically designed and developed for the offshore international student markets and as an additional and alternative product to Australian Qualifications Framework (AQF) qualifications and non-accredited courses already being delivered offshore.

In particular, these non-AQF courses aim to address critical competency gaps, support global skills needs in the global workforce, and provide Australian registered training organisations (RTOs) the opportunity to offer additional products to support overseas stakeholders to meet their diverse skills needs.

Training can be delivered in partnership with local training providers, governments at all levels, and/or private employers.

A number of Australian RTOs have delivered IST courses abroad, for example:

- Kangan Institute, together with India-based Australian training and workforce development organisation, OGM Technical Institute, delivered training and assessment courses in India as a pathway to help address workforce shortfalls in the resources, construction and energy sector.
- Melbourne Polytechnic delivered training and assessment courses in Sri Lanka to improve the overall quality of training at the Sri Lanka Institute of Tourism and Hotel Management.
- Reach for Training delivered a training and assessment course in India for trainers who support underprivileged youth through State Rural Livelihood Missions.

Australian RTOs can apply for a licence to deliver IST courses by visiting the IST courses government webpage.

Chisholm Institute’s Australian Qualifications Framework (AQF) Pilot with the Government of Vietnam

Chisholm Institute was contracted by MoLISA/DVET in 2013 to deliver one of Vietnam’s most significant and self-funded VET projects. The project involves training VET teachers from 25 Vietnam VET institutions to deliver 26 AQF VET qualifications across 12 trades (see below). The training has been undertaken in Australia and the delivery in Vietnam. The project is due to finish late 2019.

- Restaurant Management
- Resort Management
- Travel Management
- Tour Guide
- Biotechnology
- Graphic Design
- Information Technology Software Application
- Mechatronics
- Industrial Electronics
- Techniques for Electricity Installation and Control in Industry
- Computer Network Management
- Refrigeration and Air Conditioning Engineering
Indonesia’s economy is rapidly modernising, with demand and growth outpacing current domestic skills capabilities. The economy’s workforce hold predominantly low-paid and unskilled positions, with little opportunity for on-the-job up-skilling or training. Currently, only 55 million of Indonesia’s 128 million workforce are defined as ‘skilled’. An analysis by the World Bank showed that 55% of Indonesians who are 15-years old are ‘functionally illiterate’ compared with only 14% in Vietnam and 20% in member countries of the OECD. The Indonesian government has predicted a skills shortage of 57 million workers by 2030, however has set an ambitious goal of upskilling its workforce in order to meet demand. Not meeting demand will likely have a dramatic impact on Indonesia’s economic growth, as well as its productive capacity.

Indonesia’s education expenditure has increased significantly in the past 15 years. Spending on education was greater than any other sector according to 2018 figures and met the mandated 20% of total government expenditure target. However, Indonesia’s national budget is 15% of GDP, resulting in education expenditure making up only 3% of GDP, thus one of the lowest allocation of funds in the region.

Education is a basic right of every Indonesian citizen and since 1994 has become a top priority for the Indonesian government. The introduction of the 9 years mandatory basic education program has successfully increased secondary school enrolment from 72.79% in 2009 to 87.77% in 2017. However, for the same period, tertiary education enrolment has remained low, rising only 14% to 36.28% in 2017. The low tertiary enrolment numbers highlight the unskilled nature of the current Indonesian workforce, with the majority of students finishing their formal education at around 15 years of age.

Increasing skills amongst the youth population is essential to Indonesia’s continued economic development. Demographically, Indonesia is considered a very ‘young’ country, with 1 in 3 people aged under 18 years and half its population aged under 30. With such a large proportion of the country’s workforce at a training and development age, Indonesia is well positioned to take advantage of its unique demographic dividend.

That said, amongst this demographic is widespread unemployment of 15%, which is the highest in the Asia-Pacific region. Relevant and high quality education and training is key to reducing the youth unemployment rate and sustaining the high rates of economic growth Indonesia has enjoyed throughout the last two decades.

When it comes to education, money is still a limiting factor for most people in Indonesia, where almost 10% of the total population, or 25.95 million people, still live below the poverty line. Moreover, there are dozens of millions of Indonesians who live just above the poverty line, implying that a relatively minor peak in inflation could push this group into poverty. For many Indonesians, necessities like food, clothing and shelter take precedence over education.

Nonetheless, it has been projected that Indonesia’s ‘consuming class’ will grow ‘stronger than in any economy of the world apart from China and India,’ and will triple from 45 million to 135 million people by 2030.

Indonesia’s overarching Master Plan for the Acceleration and Expansion of Indonesia’s Economic Development (MP3EI) has the goal of ensuring sustainable development and growing per capita income. In particular, the MP3EI includes a target to increase Indonesia’s skilled workforce to 113 million by 2030, and a commitment to a more efficient regulatory environment for key sectors, including education and training.
There are a number of VET-related programs supported by partner countries currently underway in Indonesia, some of which include:

**Germany**

German Federal Ministry for Economic Cooperation and Development (BMZ), VET System Reform

VET system reform commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ) started in 2018 and is set for completion in 2021.

The Project consists of three fields of activity/outputs, namely:

1. VET coordination and VET policy in aligning and regulating roles and initiatives of private and public actors within the VET system;
2. Collaboration with the private sector enhancing their engagement in VET development; and
3. Provision of advice and creation of suitable conditions for upscaling successful models and instruments to increase the relevance of VET for the labour market.

These three fields of activity/outputs highlight the strong participation of the private sector in technical and vocational education and training.

**Taiwan-Indonesia**

Indonesia Ministry of Agriculture, Karawang Regency Government, and related government departments of Taiwan, Modern Agricultural Demo Farm in Karawang (MADFK)

In December 2018, 30 Indonesian farmers and officials visited Taiwan for a 15 day training program introducing them to Taiwan’s irrigation, agricultural technology and management. The training course was developed as part of the Modern Agricultural Demo Farm in Karawang (MADFK) that provides a demonstration of Taiwanese farming technology and practices.

This project provides an incubator for agricultural advancement in Indonesia that is to be rolled out across the country. The training included guidance and instruction of various agricultural practices. In addition, on-site visits to model communities of rural regeneration, workstations and pond facilities of irrigation association, domestic agricultural machinery and fertiliser enterprises.

Inbound visits/training programs can provide an opportunity to better understand the needs of your prospective partner/client, as well as give you an opportunity to introduce your value proposition and product offering. Understanding the needs of your prospective partner/client is crucial to ensuring your pitch is aligned with the requirements of the partner institution, business and/or student body you are targeting.
TAFE Queensland has both a strong reputation and long-standing engagement in Indonesia in the vocational education and training sector, which has resulted in better brand awareness and understanding of VET capabilities in the past five years.

In 2018, a group of public and private VET providers led by TAFE Queensland went to Indonesia to deliver a training symposium to Indonesian government officials, domestic training organisations and industry stakeholders. The symposium focused on the aviation and meat processing industries and plans have been made for another meeting focusing on tourism and hospitality.

Training symposiums provide an opportunity for a consortium of Australian VET providers to showcase the benefits of a collaborative approach to delivering VET programs offshore. It also allows a consortium of Australian VET providers to showcase their value and product offerings to government, training organisations and industry, collectively, through presentations and live demonstrations.

Building on the benefits of the Australia Award Fellowships in 2016 and 2017; and hosting a Revitalisation of Vocational Training conference in Jakarta in 2018, TAFE Queensland has recently signed a five-year Action Plan with the Central Java Education and Culture Office (CJECO) to build capacity and professional development opportunities for vocational trainers within Indonesia. This is to support the sister city arrangements between Brisbane and Semarang, and also to support the QLD Department of Education Action Plan with Central Java.

Switzerland provides government-to-government support for Indonesia’s VET sector, focusing specifically on manufacturing. In 2017, the Indonesian and Swiss governments signed a letter of Intent for cooperation to strengthen the Indonesian VET sector’s manufacturing capability, with cooperation to come under a dual education and training system. The letter of intent commits the two governments to linking the manufacturing sector with polytechnic providers in Indonesia to address the lack of appropriately-skilled workers for the growing Indonesian manufacturing sector.

The letter of intent builds on a Swiss government allocation of around USD75 million for development projects in Indonesia between 2017-2020.
Government policy and law

The following will inform the strategic direction of Indonesia’s education sector.

<table>
<thead>
<tr>
<th>Policy/Law</th>
<th>Description</th>
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</table>
| **National Education System Law, 2003** | The Law creates a legal framework for the major educational goal, policies and plans of the Indonesia government. The law focuses on expansion and equity, the improvement of quality and relevance, and the implementation of autonomy in higher education. The Law seeks to open access to education at all levels. Its main thrust is to make education relevant to societal needs; to develop further community-based education; and to enhance participation by community in supporting basic education. It provides rights and obligations of citizens, parents, community, and Government. The law is structured in the following way:  
  • General provisions  
  • Basis, function and aims  
  • Principles of education provision  
  • Rights and obligations of citizens, parents, community, and government  
  • Learners  
  • Streams, levels, and types of education  
  • Medium of instruction  
  • Compulsory education  
  • National education standards  
  • Curriculum  
  • Educators and educational personnel  
  • Educational facilities and equipment  
  • Financing of education  
  • Education management  
  • Community participation in education  
  • Evaluation, accreditation, and certification  
  • Criteria for the establishment of an educational unit  
  • Provision of education by an institution of foreign country  
  • Supervision  
  • Legal liabilities  
  • Transitory provisions  
  • Closing provisions |
| **Manpower Act no. 13, 2003** | Stipulates the requirements of setting up a private job-training institute, including permit, registration, trainer, curriculum, infrastructure, accreditation and funding requirements. |
| **Teacher Law, 2005** | Defines the competencies required of teachers in four areas (pedagogic, personal, social, and professional); the incorporation of those competencies into national teacher standards; the role of various ministry units and agencies in supporting teachers to reach these competencies; the teacher certification process and the qualifications required for such certification; and the conditions under which teachers could receive special and professional allowances. |
The 2025 vision focuses on three main goals:

- Increase value-adding and expanding the value chain for industrial production processes, and increase the efficiency of the distribution network. In addition, increase the capability of the industry to access and utilise both natural and human resources.
- Encourage efficiency in production to increase competitiveness and strengthen the national economy.
- Strengthen the national innovation system in the areas of production process and marketing with a focus on the overall strengthening of sustainable global competitiveness towards an innovation-driven economy.

<table>
<thead>
<tr>
<th>Policy/Law</th>
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<tbody>
<tr>
<td>Masterplan for Acceleration and Expansion of Indonesia’s Economic Development (MP3EI), 2011-2025</td>
<td>The 2025 vision focuses on three main goals: increase value-adding and expanding the value chain for industrial production processes, and increase the efficiency of the distribution network. In addition, increase the capability of the industry to access and utilise both natural and human resources. Encourage efficiency in production to increase competitiveness and strengthen the national economy. Strengthen the national innovation system in the areas of production process and marketing with a focus on the overall strengthening of sustainable global competitiveness towards an innovation-driven economy.</td>
</tr>
<tr>
<td>Indonesian Qualification Framework (Law no 12-2012, Presidential decree no 8-2012)</td>
<td>Aims to provide a conversion that can equalise formal and informal education, and overseas qualifications to the Indonesian system.</td>
</tr>
<tr>
<td>Policy Roadmap on Vocational Development in Indonesia for 2017-2025</td>
<td>Aims to improve and revitalise vocational schools to keep up with the recent demands of the industrial sector. The roadmap also encompasses policy to improve the quality of vocational education and training.</td>
</tr>
<tr>
<td>Indonesia’s 2025 Vision</td>
<td>Economic transformation is focused on agriculture, mining, energy, industrial, marine, tourism, telecommunication, and other strategic areas. These activities are focused on 6 economic corridors: Sumatera, Kalimantan, Sulawesi, Java, Bali Nusa Tenggara, Papua.</td>
</tr>
<tr>
<td>National Industry Development Plan 2025-2035</td>
<td>Focuses on development of human resources by introducing: Competency Testing Centres; Human Resources Certification Centres; and Indonesian National Work Competency Standards in the field of education. Aims to develop a people-based economy, and enable small and medium industries to be a main source of employment, productivity and economic growth between 2025-2035.</td>
</tr>
</tbody>
</table>
Education and training is a priority reform area for Vietnam, providing opportunities for international investment and collaboration. Key focus areas include addressing skills shortages in emerging industries, learning foreign languages, improving education quality, employability skills, and research collaboration. Continued economic growth relies on a crucial need to upskill the country’s labour force as 1 million agricultural workers transition into industry and service sectors each year.\(^1\)

Only 15% of Vietnam’s current workforce have undertaken some form of formal VET training before entering the labour market.\(^2\) By 2030, the Vietnamese government aims to have 70% of its total labour force (equivalent to 48 million people) with a formal VET qualification.\(^3\) This presents a huge opportunity for Australian VET providers to deliver both on-shore and offshore training.

Vietnam has experienced a steady progression of disposable income in recent years, which can be seen in its rapid growth of total consumer expenditure from AUD$118 billion in 2010 to AUD$252 billion in 2018.\(^4\) This increase highlights that Vietnamese consumers have more money to spend, facilitating an increased demand for higher quality domestic education standards and international education options. With greater purchasing power, parents and students are seeking higher quality, in terms of facilities, educators, curriculum and access to global skills, knowledge and networks. Currently, Vietnam’s education system is unable to fully meet this demand.

The Vietnamese government’s investment in education has been increasing, maintaining 20% of total budget expenditures.\(^5\) However, there remains a mismatch between qualifications and skills, largely due to limited resources and outdated curriculums in Vietnam’s formal education structure.

One of Vietnam’s strategies to achieve further economic growth is the modernisation of its VET system, which is considered to be lagging behind other Southeast Asian nations. Education features prominently in Vietnam’s Socio-economic Development Strategy for 2021-2030, which highlights the need to stimulate systemic tertiary education reforms, by making universities and VET institutions accountable for outcomes, rather than outputs. The Socio-economic Development Strategy also highlights the need for greater institutional diversification through promoting high-quality private tertiary education institutions, as well as the leveraging of the private sector when collaborating on the design of education programs.

The number of VET students and institutions has grown rapidly over the past few decades, driven by an increase in both public and private VET providers. From 2001 to 2010, the government established 62 new Ministry of Education and Training (MOET) technical secondary schools, and the number of vocational training institutions under Ministry of Labour, Invalids and Social Affairs (MoLISA) increased from 312 to 1,347.\(^6\) Over the same period, the share of the market covered by private providers increased from 28% to 44% of the market for basic vocational training.\(^7\) In terms of overall student numbers, the number of students enrolled in vocational training institutions rose from 1.1 million to 2.0 million between 2001 and 2015.\(^8\) By 2021, MoLISA is looking to have reduced the number of vocational training institutions by 10%, and subsequently a further 10% by 2025.\(^9\) The Ministry also aims to increase annual recruitment from 2.2 million in 2019 to 2.6 million by 2021, followed by 4.6 million by 2025, and 6.3 million by 2030.\(^9\)
The Ministry of Labour – Invalids and Social Affairs (MoLISA) is the main governing authority for VET in Vietnam. The Directorate of Vocational Education and Training (DVET) under the aegis of MoLISA is the main agency responsible for implementing VET activities. Other ministries such as the Ministry of Education and Training (MOET) play an important role in VET at the central level, whereas local authorities supervise at the local and provincial level.

DVET functions as the consulting and executing agency to assist the MoLISA in exercising the State management role in vocational education and training. It covers programmes, curricula, and contents; planning; quality of training; national skills framework; criteria for TVET lecturers, teachers and managerial staff; procedure of exams; recruitment of trainees; system of certificates and degrees; lists of training occupations; infrastructure, training equipment & facilities; and execution of state management in vocational training area as specified by laws.
There are a number of VET-related programs supported by partner countries underway in Vietnam, some of which include:

**Canada**

Department of Foreign Affairs, Trade and Development Canada (DFATDC), Vietnam Skills for Employment Project (2014 – 2020)

The Canadian government through the Department of Foreign Affairs, Trade and Development Canada (DFATDC) has provided CAD20 million for the Vietnam Skills for Employment Project (2014 – 2020). The project is a managerial and leadership capacity building venture designed to build world leading best practices in Vietnam’s VET sector.

The project has delivered the following benefits for the VET sector in Vietnam:

- Establishment of two high-level training centres for leaders of VET institutions
- Improving quality of VET delivery in-country through partnerships with different governmental departments

**Netherlands**

Dutch and Vietnamese Government, Strategic Partnership Agreement (SPA)

The Dutch government currently has 9 projects worth AUD3.5 billion in Vietnam’s agriculture sector. These projects have been delivered via public-private partnerships and focus on quality improvement and sustainable production in the sector. The Dutch and Vietnamese governments have created the Strategic Partnership Agreement (SPA) that promotes knowledge transfers and provides opportunities for the Netherlands to provide expertise in food security, post-harvest activities, sustainable aquaculture, climate smart agriculture, and supply chain development.

**Australia**

Box Hill Institute and KOTO, Hospitality Partnership

Know One Teach One is a not-for-profit social enterprise based in Saigon and Hanoi that has been supported by Box Hill Institute since 2004. KOTO offers hospitality training programs for at-risk and disadvantaged youth.

Training and assessment is delivered by Vietnamese and expatriate trainers who closely collaborate to ensure KOTO students complete the program. KOTO trainees graduate with not only the KOTO certificate of completion, but also a Box Hill Institute Certificate III in Hospitality, an internationally recognised hospitality accreditation. This gives KOTO graduates the opportunity to work worldwide as their Australian qualification is recognised internationally. It also gives trainees access to other benefits such as the Box Hill Institute alumni program.
**Policy/Law**

| Law on Vocational Education and Training (2015) | • Regulates the national VET system, organisation and operation of vocational education institutions; rights and obligations of organisations and individuals participating in VET activities.  
  • Aims to improve the quality of training, improve skilled labour supply, and increase productivity and competitiveness in the context of international integration. Two of the most important aspects of the law relates to greater autonomy of VET institutions and the participation of industry.  
  • Decree 15/2019/ND-CP (Decree 15) took effect on 20th March, 2019 and provides guidelines for implementation of a number of Articles of the Law on Vocational Education and Training (2015). |
| Vietnam’s Socioeconomic Development Strategy 2011-20 | • Aims to quickly develop human resources, especially high quality human resources; and to concentrate on the comprehensive renovation of the national education system.  
  • Aims to have 55% of workers with vocational training by 2020 (compared to 15% in 2016).  
  • Emphasis will be placed on the development of proficient management staff, experts, enterprise managers, skilled laborers, and leading staff in science and technology. |
| Vocational Training Development Strategy 2011-20 | • Focuses on the development of vocational education; enhancing vocational education and training quality and meeting the demand of skilled human resources; and supplying competent workers needed for the socio-economic development towards industrialisation, modernisation and integration with other ASEAN countries.  
  • From 2016 onwards, priorities will be given to key occupations to reach the same standards as ASEAN and other countries through creating a breakthrough in quality, enhancing the quality of human resources, increasing the national competitiveness, restructuring the labour system, increasing income and reducing poverty sustainably, assuring social welfare, and increasing the percentage of trained workers to 63% of the national workforce in 2020 (21.5% of Vietnam’s workforce aged 15-39 were estimated to be trained in 2017). |
| Development of VET Institutions of High Quality to 2020 | • Delineates a list of 45 TVET institutes selected for priority investment to become high-quality TVET institutes by 2020. By 2020, these institutes are expected to be capable of training occupations to an international standard, contributing to the vocational training reform in Vietnam, and providing high-quality human resources. The selection process appears to be ongoing. |
## Policy/Law

| **Education Development Strategy 2011-20** | Focuses on:  
| --- | --- |
|  | • Renovating national education toward standardisation, modernisation, socialisation, democratisation and international integration.  
|  | • Improving education quality, including education of morals, life skills, creative ability, practice ability, foreign language and information technology proficiency.  
|  | • Meeting the demand for human resources, especially high-quality ones, for national industrialisation and modernisation and the formation of a knowledge-based economy. |

| **National Skills Standards** |  
| --- | --- |
|  | • The government of Vietnam has endorsed the introduction of a standards-based approach to VET to improve the quality and relevance of its vocational training provision.  
|  | • Article 80 of the National Law on Vocation Education No. 97/2006 assigns the responsibility for the development of procedures for setting standards to The Ministry of Labour, Invalids and Social Affairs (MoLISA), which has the responsibility for the development and management of establishing and issuing national skills standards. |

| **Gender Equality Laws (Various)** |  
| --- | --- |
|  | • Specific policy support to develop vocational and job centres for women.  
|  | • MoLISA established a Department of Gender Equality to monitor women's advancement and upskilling in VET. |

| **Vocational Training for Rural Labourers 2020** |  
| --- | --- |
|  | • Aims to train 6 million labourers in 2016-2020, as well as making sure that 80% of the trained workers are employed or have better wages and productivity. |

| **National Targeted Program on VET – Employment and Work Safety from 2016 to 2020** |  
| --- | --- |
|  | • Aims to support the development of VET and the labour market, closing the gap between labour supply and demand, creating more jobs and reinforcing labour export, increasing labour productivity, and improving working conditions and labour income.  
|  | • Aims to renovate and enhance the quality of VET, focusing on the development of high quality VET institutions by 2020 and investment in training for targeted trades. Total funding for this component is AUD717.5 million, accounting for 87% of the total funding of the program (AUD825 million). |
The Indonesian government has set ambitious goals for the economy, with President Joko Widodo promising 7% economic growth and to add 57 million skilled workers by 2030.

Indonesia has identified the need for a high quality, industry-responsive VET system to enhance the competitiveness and competency of Indonesian graduates. Priority sectors for the Indonesian government include:

- Tourism and hospitality
- Agribusiness
- Civil construction
- Allied health
- Transportation
- Cyber security
- Logistics

The Indonesian government has prioritised education, passing a constitutional mandate to allocate at least 20% of total government budget to education. This has led to a large increase in resources and more than doubling of education spending in real terms since the passing of the constitutional amendment in 2002.

The Vietnamese government has developed targeted policy to build a capable skilled workforce, with an emphasis on industry specific skills. The government’s Industry Development Strategy toward 2025, vision 2035 and the ASEAN Framework Agreement for the Integration of Priority Sectors, detail the following sectors:

- Agro-based products
- Air travel
- Automotive
- E-ASEAN
- Electronics
- Healthcare
- Rubber based products
- Textiles & apparels
- Tourism
- Wood-based products
- Logistics

Additionally, the National Targeted Program on VET – Employment and Work Safety (2016-2020) provides AUD825m funding, with a major focus (87% of funding) on renovating and enhancing the quality of VET. The objective of this funding is to "obtain around 40 high quality vocational schools qualified for training in some vocations recognised by the advanced countries in the ASEAN region or in the world".
A number of sector-specific opportunities have been identified in Indonesia and Vietnam.

<table>
<thead>
<tr>
<th>Tourism and hospitality</th>
<th>The opportunity</th>
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<tbody>
<tr>
<td>Vietnam</td>
<td>In 2017, Vietnam recorded its largest increase in tourist arrivals for the region, with an average spend of USD685, and in the first quarter of 2018, tourist arrivals grew by 25.2%. In response to the increasing tourist population, total accommodation and total rooms increased by 12% and 11% respectively from 2016 to 2017 in Vietnam. As this sector of the economy continues to grow, Vietnam will require more skilled workers in the sector as well as complimentary sectors such as hospitality and personal services.</td>
</tr>
<tr>
<td>Indonesia</td>
<td>A total of 15.81 million tourists visited Indonesia throughout 2018, a 12.58% increase from the previous year. In 2015, the ministry rolled out a new 5-Year Strategic Plan, setting clear goals for itself to achieve by 2019. These included the 20 million visitor number, as well as attracting RP240 trillion (AUD25.1 billion) in foreign exchange, employing 13 million people in the industry and boosting the sector's contribution to national GDP to 8%. Indonesia is set to fall short of these goals but focus and funding remains on bolstering the sector.</td>
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<thead>
<tr>
<th>Healthcare</th>
<th>The opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>Due to an aging population and rising disposable income Vietnam is experiencing a growing demand for healthcare services. Healthcare related spending accounted for 7.5% of GDP in 2017 and total expenditure is predicted to grow annually by 12.5% to 2021. Domestically, Vietnam is experiencing major structural challenges in the sector including overcrowding and shortage of medical staff and personnel.</td>
</tr>
</tbody>
</table>
**IT & Technology**

**Indonesia**
Indonesians are early technology adopters with 150 million smartphone users and at least four technology unicorns compared with two in Australia. The sector is well positioned to experience significant growth, projections forecast a tripling of its market value to USD100 billion by 2025 to become the largest digital economy in the region. In order to support this growth the Indonesian government launched its “Indonesia 4.0 strategy”, focusing on developing domestic capabilities to adapt to the fourth industrial revolution technologies. Included in this strategy is a key focus on IT upskilling in 5 priority manufacturing sectors: food & beverage, textiles, automotive, biochemistry and electronics.

In order to support this growth, the IT and technology sector is growing in Indonesia, offering Australian VET providers numerous options to deliver training in a variety of sub-sectors and delivery models. With 20 established EdTech firms in-country, Australian VET providers have the opportunity to partner with local firms to deliver more options than simple skills training. Capacity support, teacher training, and curriculum development are all avenues for Australian VET providers to consider when looking to offer value to the Indonesian market. Additionally, online delivery and training are uniquely suited for this sector, offering VET providers a lower cost, high value market entry option.

**Vietnam & Indonesia**
In 2015, Vietnam instituted “The Law on Vocational Education and Training” to regulate and improve the domestic VET sector (Sustainable Skills TVET System in Vietnam). One of the key priorities in this document was to encourage increased involvement and partnership with industry in order to ensure relevance and matching of training to industry needs.

Similarly, Indonesia is also looking to increase industry engagement with its VET sector due to the growing mismatch in worker skills and industry needs. The Indonesian Ministry for Industry launched the Industry Vocational Education program which links 1,500 vocational high schools with 560 industry partners throughout Indonesia’s main islands of Java and Sumatra.

Industry partnerships and course relevance is one of the key strengths of the Australian VET sector. As of 2017, 54.4% of employers used the Australian VET system for their training needs. This is due to the mandatory requirement for RTOs and other VET providers to engage with industry to ensure student access to industry standard equipment along with ensuring course relevance and industry experience. In Australia, there is an expectation that VET students are ‘work ready’ when they graduate. The most direct way to achieve this is to incorporate work-based learning in qualifications. There is also an implicit expectation in the VET brand that it involves work experience.

Australian VET providers are in a unique position to be able to provide assistance and information on industry partnerships, as well as engage with current (and potential future) industry leaders to form partnerships of strategic importance to Vietnam and Indonesia.
<table>
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<tr>
<th>Agro-based products</th>
<th>The opportunity</th>
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</thead>
</table>
| **Vietnam** | Agriculture is a pillar of the Vietnamese economy, accounting for 18% of GDP in 2016, and due to a conducive climate much of Vietnam's produce is grown year round, allowing for two or three harvests a year. Harvesting is mainly driven by manual processes and his highly labor intensive. Vietnam mainly produces and exports low cost, low value add homogenous products such as rice, coffee beans and cotton which are wholly susceptible to fluctuating world prices. 

Australian VET providers have a real opportunity to assist with the modernisation of the agriculture sectors of both Vietnam and Indonesia. Courses and teaching for farming best practices along with machinery and automation training can provide valuable skills to both nations. Transformation of Vietnam's agriculture sector has already begun with the Asian Development Bank (ADB) providing over USD100 million in financing in 2018 to Vietnam to help modernise its irrigation system in drought affected areas. 

Approximately 52% of Indonesia’s workforce is under-qualified with the highest rates in the agriculture sector (85%). The Indonesian government is aware of this and has targeted the sector with increased funding and interest. As part of Indonesia’s 2025 vision there is a focus on the transformation and modernisation of agriculture sector. 

Australian VET providers can position themselves to take advantage of this by providing training courses through both the typical VET institutions model and via partnering with industry investors in the space to upskill their workforce. Similarly to Indonesia, Vietnam's ambitious targets provide industry specific opportunities for VET providers to assist in the upskilling and training of the required workforce. Specifically for Vietnam, Australian VET providers with aviation experience will be highly sought after as MoT has set out to overhaul the sector, including increasing integration of the domestic carrier with global players. |

| **Indonesia** | Approximately 52% of Indonesia’s workforce is under-qualified with the highest rates in the agriculture sector (85%). The Indonesian government is aware of this and has targeted the sector with increased funding and interest. As part of Indonesia’s 2025 vision there is a focus on the transformation and modernisation of agriculture sector. 

The massive increase in investment by the Indonesian government will necessarily facilitate an increase in demand for skilled workers in the sector. Australian VET providers can position themselves to take advantage of this by providing training courses through both the typical VET institutions model and via partnering with industry investors in the space to upskill their workforce. Similarly to Indonesia, Vietnam's ambitious targets provide industry specific opportunities for VET providers to assist in the upskilling and training of the required workforce. Specifically for Vietnam, Australian VET providers with aviation experience will be highly sought after as MoT has set out to overhaul the sector, including increasing integration of the domestic carrier with global players. |

<table>
<thead>
<tr>
<th><strong>Transportation, Logistics and Storage</strong></th>
<th>The opportunity</th>
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</table>
| **Indonesia** | For a long time Indonesia’s infrastructure has been straining under the weight of its growing economy and population, with traffic in major cities ranking as some of the worst in the world. Increasing infrastructure has become a policy priority for President Widodo, noting its importance in linking and bolstering trade between the islands of the Indonesian archipelago and the world. In May 2019 the president announced ambitious plans to generate $412 billion of infrastructure investment from 2020 to 2024. The Indonesian government has stated its intention to invest 40% of the total with the rest coming from the private sector. The split in investment is as follows:

- Water supply and sanitation: 5%
- Information, communication: 8%
- Irrigation: 10%
- Energy: 17%
- Transportation: 60%

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**Vietnam** | Geographically Vietnam holds a unique strategic position in the world of transport and logistics. Bordering key waters of the Gulf of Thailand and Gulf of Tonkin along with shared borders with China, Laos and Cambodia, Vietnam is well placed to become a dominant regional transportation market.

In order to capitalise on its unique geographic advantage, the Ministry of Transport (MoT) created the Transport Strategy 2020 which was then amended in 2009 to continue out to 2030. This policy sets out a strategy to accommodate a forecasted 6.24 billion passengers by 2020 by focusing on two key areas air travel and roadways. |
<table>
<thead>
<tr>
<th>Mechanical trades (repair of motor vehicles and bikes)</th>
<th>The opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indonesia</strong></td>
<td>Box Hill Institute has partnered with a local Indonesian manufacturing training provider to deliver automotive training, there are also opportunities for Australian VET providers to partner with industry, for example Toyota who have their own training facilities in-country.</td>
</tr>
</tbody>
</table>

- With rising income and a poor public transport system, the majority of Indonesians commute via private transport, localised in major cities such as Jakarta, Surabaya, Medan and Bandung. The passenger vehicle market is projected to grow at 6.8% to 2020 and motorcycles to grow at 4.8%. Indonesia ranked number 1 in ASEAN for number of automotive units sold in 2018 (1.1 million), almost double 3rd ranked Malaysia (560k). The increased proliferation of motor vehicles will continue to increase further post 2020 as the government continues to add to its ambitious urban infrastructure projects in the major cities.

- As the market for vehicles increases so too does complementary services such as automotive repair. In 2016, the automotive sector accounted for 7% of GDP but only operates at half of optimal capacity due to a lack of skilled workers, according to the Indonesian Employers Association.
THE REGULATORY ENVIRONMENT IN INDONESIA AND VIETNAM

Every market is unique. It is important that you understand the regulatory environment, as well as what your tax obligations are and whether or not you are eligible for tax incentives.

Indonesia

Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA)

Australia and Indonesia signed the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) in March 2019. Indonesia has offered commitments on a wide range of technical and vocational education, guaranteeing that Australian providers can establish majority Australian-owned joint ventures in Indonesia, and guaranteeing the conditions in which they can operate.

- IA-CEPA guarantees that Australian suppliers can own 67% of investments in the vocational education and training sector (known in Indonesia as work training)
- IA-CEPA will provide certainty for Australian providers that they can establish a work training business anywhere in Indonesia and that the requirements for Australian trainers are accepted in Indonesia
- Australian training providers in this sector benefit from commitments that guarantee they can offer all Australian Qualifications Framework qualifications and Indonesian Qualifications Framework qualifications levels 1-5 in subject matters including technical engineering, business administration, languages, tourism, management, information technology, art and agriculture.

Additionally, there are separate side letters that outline the ways in which Australia and Indonesia plan to work together to implement the IA-CEPA outcomes. They were negotiated alongside the IA-CEPA and will take effect when the Agreement enters into force. VET-related outcomes, include:

- A cooperation program on Technical and Vocational Training and Education, to be implemented under the Agreement’s Economic Cooperation program
- 6 month work training opportunities in Australia for up to 200 Indonesians per year
- An increase in the number of Australian work and holiday visas for Indonesia (from 1,000 today to 4,100 in year one, growing to 5,000 over six years).

Please note that IA-CEPA is yet to be ratified.

Foreign-invested vocational institution establishment requirements

Foreign investors are required to set up a Limited Liability Company (PMA) and obtain a specific license for the field in which they plan to offer vocational training. PMA’s are regulated under Law No 40 of 2007 on Limited Liability Companies

Investors are required to seek out a credible partner(s), as is required per 67% ownership agreement outlined in IA-CEPA. Partnerships should be based on mutual trust, openness and shared cost, risk and reward that produces a competitive advantage for both. A successful partnership depends on each side learning to understand the interests, expectations, incentives, culture, appetite for risk and work ethic of the other. In particular, make sure roles and responsibilities are clearly defined.

To establish a PMA, a foreign investor must sign a Deed of Establishment (DoE) including Articles of Association before a notary in Indonesia. The notary will submit the DoE, together with supporting documentation to the Minister of Justice and Human Rights for approval. Once the company is formed, the PMA needs to register itself in the Online Single Submission (OSS) portal and apply for the required business and commercial licenses.

The Indonesian government relaxed requirements and procedures to carry out business in Indonesia to attract more foreign investment into the country. As part of this change, the Indonesia government launched the OSS portal, a web portal to assist business actors in obtaining business licenses in a more efficient way. Users of the OSS portal can be individual and non-individual, the latter including companies as well as state owned legal entities, amongst others. Once registered in the OSS portal, business actors will receive a business identification number (NIB) which can then be used to apply for the required business and commercial licenses.

A PMA must include at least two shareholders (individual or corporate entity), one director and one commissioner. Any higher number is subject to the discretion of the company. Also, there is a minimum total investment requirement, 10 billion Rupiah or around AUD1.03 million.
Foreign representative office

Foreign companies may wish to set up a foreign representative office. A foreign representative office is not allowed to conduct direct commercial activities or render profits and instead should be used as a means to promote brand and product or liaise with in-market stakeholders.

To set up the foreign representative office, the foreign company must obtain a license from BKPM through their online system.

Training curriculum

Curricula delivered in Indonesia is based on the National Competence Standards for Work (Standar Kompetensi Kerja Nasional Indonesia – SKKNI), which are developed with industry and enacted by the Ministry of Manpower. Detailed curriculum guidelines are also issued by the National Agency for Educational Standards. Based on these guidelines, schools are allowed to develop their own curriculum, as negotiated with local stakeholders before seeking approval from the regional education administration.

Curricula must meet the general requirements set out in Chapter X of the National Education System Law, 2003.

Teacher standards

General requirements for becoming a teacher in Indonesia include completing a four-year university degree or four years of higher education, obtaining a teacher certificate, and demonstrating professional, pedagogical, personal, and social competencies.

In order to obtain teacher certification, teachers are required to pass a competency test administered by the government. Before taking the test, teachers must complete a one-year professional training program.

Teacher Law, 2005, defines competencies required of teachers in Indonesia.

Teacher standard requirements may vary for foreign entrants, therefore should be confirmed with the Ministry of Manpower.

Quality assurance and standards

Quality assurance of VET is under the responsibility of the Ministry of Education and Culture and Ministry of Manpower, which is implemented through various accreditation bodies and authorities, including:

- National Accreditation Board for school/madrasah (Badan Akreditasi Nasional Sekolah/Madrasah or BAN-SM) for Vocational High schools (SMK), together with Competency Standardisation (STANCOM) institution
- Accreditation of training providers (LA-LPK) and Non-formal – National Accreditation Board for Non-formal Education (Badan Akreditasi Nasional – Pendidikan or BAN-PNF) institutions for training centers
Qualifications

VET is offered in both a formal (secondary and tertiary) and non-formal (training) setting.

More than 50% of upper-secondary students in Indonesia study in the general academic track, but the government is seeking to drastically expand VET and change enrolment ratios, so that 70% of students will study in the vocational track by 2020.

SMK programs are typically three years in duration after grade nine, but there are also four-year ‘SMK plus’ options. These straddle secondary and post-secondary education and lead to the award of a one-year post-secondary diploma (D1) in addition to a senior secondary school diploma.

Diploma programs are offered in vocational fields at a variety of institutions. These employment geared programs can take from one year (D1) to four years of study (D4) to complete; the numbers 1 to 4 correspond to both the level of complexity and the nominal length of study (although programs may also be completed in more or less time).

Vocational Training Centres, also known as Balai Latihan Kerja (BLKs) offer short courses to equip poor individuals, especially school dropouts, with skills that enable them to have access to formal education or work in the formal sector. BLKs form a significant part of the non-formal education system in Indonesia.

The National Qualifications Framework of Indonesia is called the Indonesia National Qualifications Framework (INQF) or Kerangka Kualifikasi Nasional Indonesia (KKNI). KKNI is a stand-alone system and a bridge between the education and training sectors to establish qualified and certified human resources through formal, non-formal, informal, job training or work experience schemes. KKNI provides new vocational qualifications known as Sertifikat Kompetensi Kerja or Work Competency Certificate (SKK), which provides new pathways for Indonesian citizens to access formal education and skill training.
Copyright

Copyright arises automatically at the time of creation of an eligible work.

For additional protection, the Directorate General of Intellectual Property (DGIP) operates a voluntary registration system. Registered copyright is often difficult to revoke, even in the light of a claim of a prior right.

Taxation

Foreign companies operating in Indonesia are generally taxed only on profits derived from activities carried out in Indonesia. Corporations are generally taxed at a flat rate of 25%. However, Corporate Income Tax incentives in the form of tax allowances or holidays may be available for companies which make qualifying investments.

The Directorate General of Taxes (DGT), based on the recommendation of the National Board of Investment (BKPM), may grant tax incentives to companies pursuant to their investments in certain designated business areas or in certain designated regions. Incentives include a 30% tax investment allowance (5% per year over 6 years), accelerated depreciation/amortisation, an extended carryforward of losses up to 10 years and a reduced withholding tax rate of 10%.

All business engaged in the supply of goods and services, including education, are subject to a VAT of 10%. There are also social security and payroll tax obligations for foreign companies operating in Indonesia, and providers should consider how these obligations may impact their ability to deliver goods or services.

Labour laws

The Ministry of Manpower is the government agency that regulates all employment practices in Indonesia and the main source of employment law is the Manpower Act no. 13, 2003.

Expatriates are employed on a temporary basis or for certain skilled or senior positions after obtaining permits to legally work and reside in Indonesia. In general, a 1:3 expatriate to Indonesian employee ratio is expected. Hiring expatriates is allowed on the condition that regular training will be provided to local staff to enable future replacement of the expatriate’s position by local staff. Work permits for expatriates are valid for one year or less, but can be extended.

VIETNAM

The Law on Vocational Education and Training (2015) regulates the national VET system; organisation and operation of vocational education institutions; and rights and obligations of organisations and individuals participating in VET activities – therefore, should be used as an overarching guide when entering the Vietnamese market.

The Ministry of Education and Training is responsible for most aspects of schooling and the implementation of education policy, however large parts of VET are overseen by the Ministry of Labor, Invalids and Social Affairs.

A foreigner can invest in Vietnam in several ways, including establishing a new enterprise. This will allow the foreign investor to have a direct presence in Vietnam, whether as a wholly owned subsidiary or as a joint venture with a foreign or Vietnamese partner. Foreign investors may directly invest in establishing a 100% foreign-capitalised training or VET institution.

The government has issued Decree 15/2019/ND-CP, introducing new requirements for foreign investors in the vocational education sector. Decree 15 regulates foreign cooperation and investment activities in VET in Vietnam in the forms of:

- Foreign-invested VET institutions;
- International joint training programs between Vietnamese and foreign partners in VET; and
- Representative offices of foreign VET institutions.

Specifically, Decree 15 covers:

- Requirements for establishment, division, acquisition, dissolution and name changing of foreign-invested vocational institutions; and requirements for establishment and termination of branch campuses of foreign-invested vocational institutions;

- Requirements, authority and procedures to issue the certificate of registration of international joint training programs; and

- Requirements for establishment and termination of the representative offices of foreign vocational institutions;

Decree 15 has been in effect since March, 2019.
Foreign-invested VET institutions and branch campuses of foreign invested vocational institutions

1. Requirements for the establishment of foreign-invested VET institutions

Establishment size

- Investors require at least 1,000 square meters of land to establish a basic vocational training centre.
- Secondary level vocational training centres in urban areas and schools in suburbs or rural areas would require at least 10,000 square meters and 20,000 square meters of land, respectively.
- College-level vocational training schools in urban areas and outside urban areas require 20,000 square meters and 40,000 square meters of land, respectively.

Investment capital

Minimum investment capital, exclusive of land values:

- VND5 billion (AUD325,000) minimum for setting up a vocational training centre;
- VND50 billion (AUD3.25 million) minimum for setting up an intermediate vocational school;
- VND100 billion (AUD6.5 million) minimum for setting up a vocational college.

Training curriculum

- Training curriculum must meet requirements set out in Clause 1, Article 34 of the Law on Vocational Education and Training (2015) and should include all mandatory subjects prescribed by the Ministry of Labor, Invalids and Social Affairs.
- Programs shall not have content that may have a negative impact on national defence and security, or a negative impact on community interests more broadly. Programs shall not disseminate religion, distort history; and shall not negatively affect Vietnamese culture, ethics, habits and customs.

A specific proposal with details about organisational structures, facilities and training equipment, training programs and teaching materials, teaching staff and administrative officials must satisfy the requirements for the vocational education registration as specified in Article 14 of the Government’s Decree No. 143/2016/ND-CP (2016) on investment and operation conditions pertaining to vocational education, and the requirements specified in Decree 15.

2. Requirements for the establishment of branch campuses of foreign-invested vocational institutions

You are required to have a:

- Branch campus establishment plan that specifies the establishment necessity, name, scope of operation, the development plan and the disciplines, suitable to the training level and scale of each branch development stage. Establishment plans must be enclosed with documents to prove the above has been complete;
- Rental contract or an in-principle rental agreement for suitable facilities for a minimum of five years;
- Investment amount equal to 25% of the investment amounts specified above for minimum investment capital to establish a foreign invested vocational institution.

3. Establishment procedures

The Ministry of Labour, Invalids and Social Affairs shall permit the establishment of foreign-invested vocational colleges and their branch campuses. The chair-person of the provincial People’s Committee shall permit the establishment of vocational training centres, intermediate vocational schools and branch campuses of foreign-invested intermediate vocational schools.

For a checklist of application documents required for the establishment of foreign-invested vocational institutions and branch campuses of foreign-invested institutions, see Article 12. For specific steps and procedures to establish foreign-invested vocational institutions and branch campuses of foreign invested vocational institutions, see Articles 14 and 15.

4. Going operational

After you have received an establishment permit, you may register your business to begin operations. Application documents and procedures for carrying out vocational education activities of foreign-invested vocational institutions shall be made and carried out in accordance with Section 1 and Section 2, Chapter III of the Government’s Decree No. 143/2016/ND-CP (2016) on investment and operation conditions pertaining to vocational education.

Please note that the maximum operation duration of a foreign-invested vocational education institution is 50 years, counting from the date of issuance of its establishment license. There are exceptions, however they will be decided by the Prime Minister on a case-by-case basis.
Joint training and vocational education

Joint training programs with foreign partners may be conducted wholly in Vietnam or partly in Vietnam and partly overseas. Joint training programs may be in all disciplines of vocational education, except those in the fields of politics, national defence, public security, and religious ideology.

The Director General of the Directorate of Vocational Education and Training shall issue certificate of registration of international joint training programs to vocational colleges and higher education institutions and the Director of the Department of Labour, Invalids and Social Affairs shall issue certificates of registration of international joint training programs to intermediate schools, vocational training centres and enterprises that run joint training programs in their provinces.

For detailed information on requirements for providing an international joint training program, see Article 22. For procedures to issue certificates of registration of joint training programs, see Article 25.

Wholly conducted in Vietnam

Options include:

1. Conduct training using programs jointly formulated for grant of Vietnamese diplomas or certificates
2. Use training programs transferred from abroad and accredited by international education and training institutions and grant Vietnamese diplomas or certificates
3. Apply foreign programs or programs jointly formulated and accredited by international education and training institutions and grant foreign diplomas or certificates
4. Provide training under programs transferred from abroad and accredited by international education and training institutions and grant foreign diplomas or certificates.

Partly conducted in Vietnam

Options include:

1. Use foreign programs accredited by international education and training institutions and granting Vietnamese diplomas or certificates;
2. Apply foreign programs accredited by international education and training institutions and granting foreign diplomas or certificates;
3. Undertake foreign programs or programs jointly designed by the two parties and accredited by international education and training institutions and granting both Vietnamese and foreign diplomas or certificates.

Representer offices

The Minister of Labour, Invalids and Social Affairs shall issue an establishment licence to representative offices of foreign vocational institutions in Vietnam. Foreign vocational institutions requesting the permission to establish their representative office in Vietnam shall make an application dossier as specified in Clause 1 of Article 32 of Decree 15. Applications should be forwarded on to the Directorate of Vocational Education and Training, either via online or hardcopy.

The valid period of the licence granted to the representative office of a foreign vocational institution in Vietnam shall not exceed five years from the date on which the establishment licence is received. If such period is extended, it shall not exceed three years, and if the licence is re-issued, its valid period shall not exceed the period of the licence granted before.

Procedures for applying and being granted with the establishment licence for a representative office are outlined in Article 32.

Teacher standards

VET teachers must have the right level of technical competence, pedagogical competence, and professional development and research ability corresponding to the level of teaching they are engaged in, as stipulated in Circular 08/2017/TT-BLDBXH standards in qualifications of vocational education teachers.

Quality assurance and standards

Vietnam Vocational Training Accreditation Agency (VVTAA), a unit of the Directorate of Vocational Education and Training (DVET) under the purview of MoLISA, is responsible for ensuring quality assurance and standards in VET.
Qualifications

Short-term vocational certificate programs offered at vocational training centres are open to elementary school graduates, whereas longer programs (up to three years) offered at vocational schools typically require completion of at least lower-secondary education for admission.

Longer programs lead to the award of a Vocational Training Diploma – a credential that qualifies for employment in a number of trades.

Lower secondary graduates can also enrol in more academically oriented vocational/technical high school programs, referred to as professional secondary or intermediate professional education, that combine vocational training with general education. These programs lead to the award of a Professional Secondary Education Graduation Diploma and last three to four years.

At the post-secondary level, VET is typically provided at junior colleges, although college-level programs are also increasingly offered by universities. Programs last between two and three and a half years and lead to the award of an Associate degree, or a Junior College Graduation Diploma.

Vietnam’s National Qualifications Framework is in line with the ASEAN Qualifications Reference Framework and broken down into eight levels as per the Prime Minister’s Decision No. 1982/QD-TTg.

Copyright

Copyright arises from the moment a work is created and is fixed in a certain material form, irrespective of its content, quality, form, mode and language and irrespective of whether or not such work has been published or registered. Copyright holders can register copyright at the Copyright Office of Vietnam.

Taxation

Corporate Income Tax (CIT) incentives are granted to new investment projects based on regulated encouraged sectors (including education), encouraged locations and the size of the project. Certain sectors (including education) enjoy a 10% rate for the entire life of the project.

The standard VAT rate is 10% – however, teaching and training activities are eligible for VAT exemption.

Labour laws

The following labor laws should be considered when employing people in Vietnam:

- Labor Code 2012 (Law No. 10/2012/QH13)
- Employment Law 2013 (Law No. 38/2013/QH13)
- Social Insurance Law 2014 (Law No. 58/2014/QH13)
- Health Insurance Law 2014 (Law No. 46/2014/QH11)
- Law on Vocational Education and Training 2014 (Law No. 74/2014/QH13)

Employers with more than 10 employees must have written internal labour rules (ILRs) which set out rules regarding the working environment at the employer’s organisation.

In general, expatriate employees working for more than three months require a work permit to work in Vietnam.
Vietnamese and Indonesian VET institutions are more likely to present opportunities as potential partners than as competitors to Australian providers. While there are undoubtedly some high quality institutions most VET institutions face challenges in terms of infrastructure, teacher quality, curricula development and quality assurance. In particular, many VET institutions have identified foreign language and IT skills of teachers and management staff as an area of weakness. That said, international collaboration models are well established and recognised at the VET level in Vietnam, and many VET institutions have expressed interest in potential partnerships with Australian providers.

### Choosing the Right Partner in Indonesia and Vietnam

<table>
<thead>
<tr>
<th>Commercial transparency</th>
<th>Has sufficient due diligence been undertaken on the potential partner?</th>
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<tbody>
<tr>
<td></td>
<td>Is the partner willing to disclose staffing, student and financial details?</td>
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<td></td>
<td>Has the institution disclosed previous or existing partnerships?</td>
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<td></td>
<td>Do you understand the partner’s motivations, needs and capabilities?</td>
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<td></td>
<td>What is the balance of equity interests?</td>
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<td></td>
<td>Have commercial discussions been documented?</td>
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<td>Have the costs of delivery been accurately estimated between partners?</td>
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<tr>
<th>Staff qualifications</th>
<th>Are faculty and staff suitability resourced and qualified?</th>
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<tr>
<td></td>
<td>Are fly-in-fly-out staff emotionally committed to program success?</td>
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<tr>
<th>Quality assurance</th>
<th>What accreditation frameworks are in place and desired for delivery?</th>
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<tr>
<td></td>
<td>Are the quality requirements agreed?</td>
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<td></td>
<td>What monitoring, review and continuous improvement mechanisms are in place?</td>
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<td></td>
<td>Does the partner maintain high ethical standards?</td>
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<td></td>
<td>What student assessment methods are in place?</td>
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<tr>
<th>Pedagogy</th>
<th>Are approaches to teaching consistent?</th>
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<td></td>
<td>Are experienced senior managers able to direct learning outcomes?</td>
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<td></td>
<td>What are the learning styles and cultural frames of reference for students?</td>
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<td></td>
<td>Are there appropriate levels of academic and pastoral support?</td>
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<tr>
<th>Strategic interests</th>
<th>Are the institutional interests and motivations complementary?</th>
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<td></td>
<td>Are time frames for return consistent?</td>
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<td></td>
<td>Are the proposed solutions fostering new skills?</td>
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<td></td>
<td>Is decision making independent or are there any other stakeholders such as government involved?</td>
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<td></td>
<td>Does the partner have appropriate policies in place regarding privacy, equal opportunity, intellectual property, insurance, liability, occupational health and safety standards, etc that meet requisite levels for operating in Vietnam or Indonesia?</td>
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<tr>
<th>Branding</th>
<th>Do both parties have consistent marketing and positioning expectations?</th>
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<tr>
<td></td>
<td>Are provisions in place to mitigate any brand risk, for example, fraud?</td>
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<td>Are commercial motives between both institutions aligned?</td>
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<th>Resourcing</th>
<th>Do any imbalances exist in resource allocation?</th>
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<td></td>
<td>Is the partner reliant on government funding for delivery? How reliable is their funding source?</td>
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<td></td>
<td>Will the program command the requisite resources to enable successful delivery?</td>
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<td></td>
<td>Can the programs be scaled?</td>
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<td></td>
<td>Which partner will be providing the training infrastructure?</td>
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<td></td>
<td>What is the role of each partner around student recruitment and support?</td>
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<td></td>
<td>Are the requirements around administrative support clear?</td>
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<th>Evaluation</th>
<th>Is there a consistent approach to program evaluation?</th>
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<td></td>
<td>Have program metrics been adapted for Vietnam and Indonesia?</td>
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<td></td>
<td>How long will it take for minimum efficient scale to be reached?</td>
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<td></td>
<td>What circumstances would trigger an exit from the partnership?</td>
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</table>
Consultations with Australian-based VET providers, Australian government departments (both locally and in Indonesia and Vietnam), industry associations and market-based subject matter experts highlighted a number of operational considerations with Indonesia and Vietnam.

### Regulatory environment
- Opaqueness in application of regulations in Indonesia and Vietnam.
- Overlapping jurisdictions or multiple departments to deal with.
- Frequency of regulatory changes in market.
- RTOs require dedicated resources to stay aware of policy changes.
- Educational and training policy in Vietnam and Indonesia is heavily conditioned by economic and political realities.
- Misalignment and/or inefficiencies with policy implementation.
- Frequent changes in key personnel in regulatory bodies in Indonesia and Vietnam.
- Confusion with bilateral or multilateral requirements. Still early days for IA-CEPA to know how it will be implemented.

### Contract management
- VET providers need both capability and capacity to ensure contractual requirements are being met.
- Methods of recourse can be unclear when contracts are not enforced.
- Brand risk of non-compliance can be significant.
- Contract enforcement is difficult in Indonesia and Vietnam, and Australian providers should ensure there are sufficient protocols for dispute resolution to avoid having to undertake formal legal proceedings.

### Quality assurance
- VET providers require a standardised quality framework for offshore delivery in Vietnam and Indonesia to ensure a consistent approach is taken.
- Existence of consortia approach to market has helped to standardise the quality of programs.
- AQF courses are difficult to commercialise and deliver offshore, so a level of education needs to occur with clients about alternate offerings.

### Partner capacity
- Lack of capacity in management and familiarity with international cooperation is limiting Vietnamese VET institutions partnering with foreign providers.

### Delivery
- Students may mistakenly view a training course as a pathway to further study or migration in Australia.
- Shortage of experienced TAFE practitioners with experience in Indonesia and Vietnam, so also need to invest in upskilling staff in market.
- The sector in Vietnam has seen opportunities taken by Australian TAFEs, only to then be subcontracted out to a third party due to inability to deliver. Is there a role for a central body to play in better matching market opportunities?
- Resourcing in Vietnam for delivery has been difficult.

### Market synergy
- Financial capacity of students to pay tuition and acquire training materials may be limited in Indonesia and Vietnam.
- Some industries such as hospitality may view training as a cost burden, particularly where there is a high turnover of staff. The concept of work placement may be poorly understood.
- Market unpredictability in Vietnam and Indonesia, short lead times or notification of needs and requirements
- Australian VET providers need to tailor their pitch more closely to the requirements of the skills market in Vietnam and Indonesia. Broad brushstroke pitches are not working.
- Australian VET providers need to show the integrity of their programs and application of this for the Indonesian and Vietnamese market.
- Australian VET providers should consider wrapping programs around existing qualifications that students may already have or be working towards in market.
- Dual sector providers should be playing a stronger role in Indonesia to bridge the demand gap between those who can afford training and study to consider a vocational qualification as a pathway to a degree.
- Australian VET providers need to consider the negative stigma associated with VET qualifications (as opposed to higher education) and how to overcome it.
### Commercial return
- Proposals may be driven below commercially acceptable levels.
- Skill gaps exist, but industry in Indonesia and Vietnam are reluctant to invest, or look to government funding for financial support before they are willing to invest.
- It may take some time to reach economy of scale with course delivery, hence a realistic medium term expectation around commercial return is required.
- Australian VET providers need to ensure they have commercial skills sets required to negotiate in these markets, and call on third party support if required.

### Foreign competitors
- Foreign competitors in Vietnam and Indonesia are often subsidised with aid or public funds.
- Foreign competitors have taken a longer view on commercial return and able to operate as ‘loss leaders’.

### Domestic demands
- An assessment of capability to deliver offshore is required before any commitments are made.

### Brand risks
- Risk to brand of inadequate delivery is high in Vietnam and Indonesia. Australian government on-the-ground support is essential to understanding these markets and providing guidance in mitigating that risk.

### Language and culture
- Heavily hierarchical staffing structures in Indonesia and Vietnam may slow down discussions or execution of agreements if the decision makers are not being directly engaged with.
- Society, culture and language impact on the design and delivery of the course that may make it difficult to be AQF compliant.
Securing increased market access for Australian VET providers is fundamental to the growth and success of Australia’s international skills engagement. The growing middle class of our closest neighbours provides unparalleled opportunity for Australia to grow its international education exports, particularly in those areas where Australian VET institutions have a strong value proposition.

Australian VET institutions must pay close attention to how they define their products in order to best prepare offshore students for the world of work. What is more, every market and opportunity is unique, therefore it is essential that Australian VET providers have a clear go-to-market strategy that qualifies the opportunity, defines the product and mode of entry, and considers how key regulatory requirements will be met.

VET has been recognised as a fundamental tool for building a skilled workforce in developing economies, such as Indonesia and Vietnam. In order to effectively provide support, it is critical that Australian VET providers evolve their products to meet country-specific needs of students, business and industry. There are varying products for Australian VET providers to consider, however priority should be given to those aligned with institutional capability, as well as long-term international education strategy, ensuring sustainable and long-term institutional prosperity into the future.

CONCLUSION
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