HOUSE OF COMMONS

International Trade Committee

Oral evidence: Trade and the Commonwealth: Australia and New Zealand, HC 521

Wednesday 3 April 2019

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Watch the meeting

Members present: Angus Brendan MacNeil (Chair); Mr Nigel Evans; Sir Mark Hendrick; Mr Chris Leslie; Julia Lopez; Owen Smith; Matt Western.

Questions 185 - 214

Witnesses

I: Alan Vallance, Chief Executive, Royal Institute of British Architects, Vivienne Stern, Director, Universities UK International, and Elizabeth Ames, Executive Director, Australia-UK Chamber of Commerce.

Examination of witnesses

Witnesses: Alan Vallance, Vivienne Stern and Elizabeth Ames.

Q185 **Chair:** I welcome the panel this morning for a discussion on future trade with Australia and New Zealand. I ask the panel first to introduce themselves, please, starting on my left—name, rank and serial number generally.

Elizabeth Ames: I am Elizabeth Ames. I am the Executive Director of the Australia-United Kingdom Chamber of Commerce.

Vivienne Stern: I am Vivienne Stern. I am Director of Universities UK International.

Alan Vallance: Good morning. I am Alan Vallance. I am the Chief Executive of the Royal Institute of British Architects, the RIBA.

Q186 **Chair:** Thank you all for coming. First to Alan Vallance and Vivienne Stern, could you both outline, please, how important Australia and New Zealand—

Sir Mark Hendrick: Chairman, on a point of order. Could I just ask that the microphones be placed in front of them because they are all set off to the side?

Chair: Your microphones are off to the side. Look at that, they do not even need staff. That is the quality of panellists we have in this place. Can you hear them now, Sir Mark?

Sir Mark Hendrick: We will see what they sound like.

Chair: We will see. Also, if you could use the decibels that the good Lord gave us as well. Are we happy? Thank you.

Vivienne and Alan, can you both outline how important the Australia and New Zealand markets are for your members? Alan, from an architectural point of view?

Alan Vallance: The market itself? The Australia and New Zealand market is important, if not necessarily in size, certainly in strategic and cultural importance. RIBA has about 48,000 members of whom about 6,000 are overseas. At the moment 340 of them reside in Australia and just under 100 in New Zealand, and we have other members who are over there working.

In terms of the actual size of the sector, I think the last time we looked—which was late 2017—UK architecture exported something like £500 million worth of services of which around 7%, £30 million or so, went to Australia. While in absolute size it is not important, there is a whole host of other reasons why that market is of some importance to our membership and to the profession.

Vivienne Stern: We have just over 2,000 Australian students studying in UK universities. It is not in our top 20 recruitment sources of international students but it is none the less a significant number. There are a further 1,500 students studying on UK programmes in Australia, predominantly distance learning, blended or online programmes. For Australia, the UK is the fifth largest source of international students who go to study from another country in Australia and we are the second-most popular destination for their students who are internationally mobile. We also have a very large number of Australian staff working in UK universities, just under 2,000 Australian staff, which puts them 13th in our most important source countries for academic staff.

According to Universities Australia, there are more than 500 individual bilateral agreements between UK universities and Australian universities for a variety of things. In a nutshell, Australia is a pretty important partner. The same can be said of New Zealand but I think on a more modest scale.

Q187 **Chair:** Thank you. Elizabeth Ames, how many of your members have trading relationships involving services between the UK and Australia?

Elizabeth Ames: We went through our membership list yesterday to look at that and about 90% of our members have some form of services trade: financial services, legal services, consulting, purely services. BAE Systems is not classically thought of as a services organisation but in fact with the future frigates programme and the investment in Australia, a lot of what it is doing is training as well as maintenance of the ships it has agreed to build. In fact it is often quite hard to separate goods from services. Therefore, looking at our membership, it is well over 90%.

Q188 **Chair:** Thank you. Is there a figure for the volume of service exports by your members in both the university and architectural sectors that you can give for Australia and New Zealand?

Vivienne Stern: As a proportion of our total?

Chair: Yes.

Vivienne Stern: I cannot, actually. One of the things that I think this Committee is aware of is that education export data is not what it should be. I think the Government have now announced they are going to do something about that. We might look to Australia as an example of a country that knows how to break that down. However, it would be a modest proportion of a very big number. In 2015 education exports were worth £19.3 billion to the UK economy, which had grown by 22% since 2010. Proportionally Australia will be making a modest but not negligible contribution to that total.

Q189 **Sir Mark Hendrick:** What percentage of trade might the BAE Systems contracts for the frigates be as far as Australia is concerned?

Elizabeth Ames: In terms of the bilateral trade relationship? The bilateral trade relationship was valued at £15.5 billion in 2017-18. The future frigates programme I believe is £20 billion over the life of the contract but of course that is parcelled out over a number of years. It is a substantial part, looking forward to bilateral trade, but I would not have a figure.

Q190 **Sir Mark Hendrick:** You mentioned the trade between services and the goods themselves, the hardware. How much of an impact do they have on each of those? I know they are related.

Elizabeth Ames: Quite significant. All of the goods trade has to cycle through freight and shipping and freight and shipping is a service. A lot of the goods that are traded nowadays—particularly technology, computers, widgets—will have software embedded in them and software, of course, is a service part of the economy. A lot of what Australia brings across to the UK is primary materials—metals, gems and pearls. Those tend to have less of a services element in them but just about everything else will have services.

Q191 **Sir Mark Hendrick:** What about the hardware for the frigates?

Elizabeth Ames: It depends where the things are built. If you think about the intellectual property as being BAE Systems' intellectual property, it is the majority part of that contract because, of course, they are then being built in Australia. It depends. It can be quite difficult to classify these things but I would say well over 50% of that contract is in fact something you could classify as a service.

Q192 **Matt Western:** I want to come back to Ms Stern. Was it 500 bilateral agreements you said between Australia and the UK in the university sector? Can you give two extreme examples of what those might look like? I have Warwick University very close to me and it is tied up with Monash in Melbourne. Is that the sort of thing you are describing?

Vivienne Stern: There will be quite a wide range. At the modest end of the spectrum that might be an agreement between, let's say, the University of Strathclyde and the University of Wollongong to exchange some students. At the upper end it would include the kind of very deep strategic partnership that you know about in the Warwick-Monash case.

To give you an example, the University of Melbourne has multiple partnerships with individual universities. It has what it would describe as strategic partnerships with 12 UK universities and some lower-level faculty relationships with about 14 others. To give you one example of that, one of those is with the University of Birmingham. It has an agreement to effectively foster collaboration in both education and research through things like funding the exchange of PhD students, creating seed funding to allow their academics to develop joint research proposals, investing in fellowships for academics, including for early career researchers, and investing also in student exchange.

Therefore, at one end of the spectrum it is quite enmeshed and at another end it will be agreement for quite a modest exchange of students.

Q193 **Mr Evans:** Are people banging on your door from Australia and New Zealand saying once, if ever, we leave the European Union there is great potential there for the industries you represent?

Alan Vallance: I think it is a polite knock but over an extended period of time. Over the last three years we have had a number of discussions with fellow institutes in Australia and New Zealand, and in America and Canada as well. I think it is fair to say, to summarise, that there is a significant opportunity for architectural services between all three countries and also the wider construction sector. One of the big, perhaps not so visible, advantages is the multiplier effect. Architects from the UK specify products that may well only come from the UK. The hidden benefits and the impact on construction and infrastructure could be much more significant. In short, there is definitely a demand from our profession, in the UK and also in Australia and New Zealand, for significant improvements in the ability to trade over time.

Q194 **Mr Evans:** Is there a given multiplier figure that you normally use?

Alan Vallance: I do not have one with me. As with the education statistics, it is a very difficult figure to grab hold of. We did a report a year or so ago called "Global Talent, Global Reach", which we are happy to provide you with a copy of. In there we talked about the opportunity, if there was a services trade agreement, for improvement in trade and services of somewhere around 36%. In the case of Australia, while it is a modest number, it would certainly be advantageous.

Vivienne Stern: For us, yes. I do not know if the contact came from us initially or Australian counterparts. However, one of the first things we did when we were picking ourselves up after the referendum decision was to call our Australian counterpart, Universities Australia, and say, "These trade agreement things, what are they all about?" The Australian university sector has been quite involved in negotiations over free trade agreements. We got a pretty impressive masterclass from Australian counterparts on what free trade agreements might mean for the university sector, which has been incredibly helpful.

The High Commission in London very early on, probably in late 2016, got in touch with us and started to talk about if there was this opportunity, what we would want for it. We had some discussions between vice chancellors from the UK and Australia on what sort of things we would like to see included if this comes about. There has been that.

I am no expert but I do not think Australia is ever going to be a game changer. A free trade agreement for the education sector in Australia would not necessarily be a game changer. There could be other places—particularly, for example, South East Asia—where it might be possible that by securing an agreement you open up something that simply is not possible now. I think in Australia the real value will be in learning how to do it, for us anyway, because we are unbelievably ignorant about what trade agreements might mean for our sector. This is a completely new language for us.

Q195 **Mr Evans:** You say in your evidence that there are examples of Australia and New Zealand using trade negotiations to secure tangible outcomes for their higher education systems. Can you give some examples of that?

Vivienne Stern: I can. This has been fantastically helpful to us and I have to say I am really grateful to our colleagues in Universities Australia for the way they have shared their experience. To give you an example, the 2003 Australia-Singapore comprehensive strategic partnership—I am just reading this out—secured recognition of certain Australian professional qualifications by Singapore, for example law and some Australian medical degrees, not all. There were also commitments to promote what was referred to as further co-operation on education. That included a commitment to seek feedback on the regulatory processes applying to Australian institutions that wanted to establish campuses in Singapore. As with many other trade agreements, that was a hook for some discussion that would take place outside the trade agreement but was a commitment to that. Finally, the agreement secured the right for one particular branch campus at James Cook University to use "university" in its title.

There were other examples that I can send the Committee as background, but broadly speaking they tend to cover things like regulatory barriers, use of university title, opportunities for foreign ownership of service companies—in our case it would be a branch campus that you could wholly own or own at least a significant portion of the company—visa arrangements and recognition of qualifications.

Elizabeth Ames: We have had significant interest from our members. We had 17% year-on-year growth in the year after the Brexit referendum and we added nearly 100 new members last year. It is not just Australian companies that see the opportunities here in the UK for them, it is also British companies thinking quite actively about, "If we need to change our horizons and think about other sources of trade and other markets" and looking at both Australia and New Zealand, and also looking at Australia as a launch point into South East Asia. A lot of UK companies already use the east coast of Australia as a launch point into the Asia-Pacific and the west coast into the Indo-Pacific. However, we have a seen a significant uptake. It is not just big companies, it is also SMEs that do services—accountants and consultants—thinking about where there might be opportunities.

Q196 **Mr Evans:** It might be useful to give some of the names of these companies so when we go to Australia we can meet with them to see what the potential is. Thank you for that.

Elizabeth Ames: Yes, I will be very happy to co-ordinate with the Committee on that.

Q197 **Owen Smith:** Morning, Vivienne. Morning, Elizabeth. Morning, Alan. Picking up on something you said, Vivienne, about a FTA with Australia not being a game changer for your sector, I take it that is because we already have a very well developed range of agreements, mutual recognition of qualifications and so on?

Vivienne Stern: Yes, we have very similar systems. There is a high degree of traffic between Australia and the UK. Qualification recognition I think is an issue in certain professional disciplines but academic qualification recognition is not an issue as far as we are aware.

If you think about one of the major opportunities that might be available for UK universities through trade agreements, it would be through transnational education. Australia has a very mature and high quality higher education system so our guys going in and opening up is not necessarily going to be that sensible. It much more likely that UK universities would establish in relatively less well-developed higher education places where having a campus offers something new and different. I think it could be modestly helpful but will not be revolutionary.

Q198 **Owen Smith:** A further follow-up for you, Elizabeth. You obviously see that there are some opportunities. Have you quantified how much growth in trade there might be between the countries so we can know how much it might offset the losses we anticipate with Europe?

Elizabeth Ames: We have not done that work and it is very hard to do that work before you see the outlines of an agreement and what is included. Even once you have an agreement—the Australia-US FTA has been in place for over a decade and is a great example—it is very hard to quantify how much of that is responsible. What we always say about free trade agreements is that they work best where there is already an established economic relationship. There is no point signing a FTA with a country that you do not do any trade with. What Government and the civil service should be doing is following the lead of business, where there is existing trade. Trade between Australia and the UK, particularly in services, is very strong. The UK is the second largest export market for Australian services and is the third largest in their market for Australian buying of British services. An agreement there that was high quality, broad and comprehensive could make quite a substantial difference.

Chair: That is a very good point. FTAs will not create trade but FTAs can ease trade that is currently ongoing. Thank you. Mark Hendrick, can I remind you time is against us, as ever.

Q199 **Sir Mark Hendrick:** To Alan and Vivienne, what do you think are the major barriers to trade with Australia and New Zealand in your respective industries, for regulatory issues in particular?

Alan Vallance: To pick up on the point that was discussed before, the two big issues for architecture and services is, first, mutual recognition of professional qualifications and, secondly, visas. There is another issue around investment that I might just touch on. I am aware that a couple of members of the Committee are, like myself, chartered professionals or professionally qualified. By way of information, I am a UK-qualified chartered accountant who has gone to Australia and done the exams to requalify as a chartered accountant in Australia because there was, when I did it, no mutual recognition of qualifications.

Mr Leslie: It has been confusing me all morning.

Alan Vallance: Born and bred here and 20 years over there so I have dual nationality.

Q200 **Sir Mark Hendrick:** On that point, was there not a great deal of difference between the study programme you did and the subject matter of those qualifications and it was just that they were not accredited as mutually recognisable, or were they very different?

Alan Vallance: When I did it—I am talking probably back in about 1992 now—I had to go through a conversion programme that involved exams at RMIT in Melbourne on company law, taxation and a couple of other bits and pieces that were less important. There was a process where I had to requalify; I could not simply act as a chartered accountant in Australia with my UK qualification.

With respect to architects, currently the only agreement for mutual recognition of professional qualifications for UK architects is within the UK professional qualification directive. EU architects can practise in and around the EU freely under that mutual recognition scheme. However, they cannot practise anywhere else unless they go through some form of accreditation. The challenges with that are effectively around time and cost.

At the moment there is a whole network of agreements for architectural recognition between Canada, the US, Australia and New Zealand, and latterly between Canada and the EU as part of the CETA arrangements. In one scenario, down the track, of those five countries that I have mentioned—Canada, Australia, New Zealand, the US and the UK—UK architects would be the most disadvantaged of those five in acting as architects in other countries. When we surveyed our members just over a year ago, 60% of them said that was the most important priority.

Another issue is visas and there is a separate conversation around immigration and emigration. The issue is that architects are often asked at short notice to go somewhere, to be onsite for a project for long or short periods. Therefore, the flexibility of that scheme, both inbound into Australia and also reciprocally, will be an issue.

The other issue is investment. The Australian Foreign Investment Review Board has to review any investment into Australia from the UK over about $250 million—obviously construction projects could exceed that—whereas for countries like China and Japan, which have free trade agreements with Australia, it is over $1.1 billion. The multiplier effect of architects specifying and designing construction projects would also be impacted in that way.

Vivienne Stern: The two issues we would identify are pretty much the same. Visas would be the biggest issue. Obviously this is an issue for all non-EU countries and eventually, of course, EU nationals as well. Some of the same issues apply in academia as in industry and business; people need to come at short notice and it is a costly and sometimes quite off-putting process. The right for dependants to work, for example, is off-putting. There are a number of things that could be done to improve the attractiveness and the ease of movement between the UK, Australia and other parts of the world. That is absolutely the kind of thing we would be looking for a trade agreement to explore, remembering that in this instance the traffic would be two way. High-quality universities in Australia would also be great places for some of our academics to go to spend some time, undertaking research, developing their careers and so on.

The other issue is professional qualification recognition. We have some anecdotal evidence, but not very well developed, that there is a number of disciplines—engineering, medicine, nursing and so on—where people would love to see this opened up.

The only other issue that came up when we surveyed our members on what they would specifically like to see out of an Australia-UK agreement was the ownership of companies. As I understand it, if you wanted to, hypothetically, open up a branch campus in Australia you would come up against the requirement that the entity would need to be Australian owned. We have not done any real digging underneath the surface of that so it may be that there are ways around it—there usually are—but that was another issue that was identified.

Q201 **Sir Mark Hendrick:** Elizabeth, anything for your members?

Elizabeth Ames: Definitely thoughts on mutual recognition, particularly around the medical sector, physiotherapy, doctors, dentists and nurses. At the moment, as you know, most Australians can only come to the UK on a two-year visa under the age of 31. If you are a qualified Australian doctor you have to do a 12-month conversion course. Therefore, you have qualified Australian medical professionals working in pubs because they have to do a 12-month conversion course rather than having them come and work in the NHS. My parents are a great example. They both lived and worked here in the 1970s and 1980s in the NHS. My mother cannot come back and practise as a doctor in the UK anymore, despite having worked in Leeds for 10 years, because she no longer has her qualifications recognised as a GP.

The other thing we would say about mutual recognition of professional recognitions is that it is not just for individuals, it is also for the way in which you accredit organisations. If you think about financial services, there is often a 90% to 95% overlap in the way in which, say, the FCA and ASIC accredit financial services organisations but that is not recognised by the other country. You have banks, financial services and fintech start-ups that would like to come and practise in the other country that have to go through the same very onerous process to get accredited. Mutual recognition is not just for qualifications of individuals, it is also about the regulatory regimes that sit behind that. Of course, more for visas, migration is a key concern for our key members as well.

Vivienne Stern: May I add one point on that? From our point of view, it is only about the individuals to an extent. We will be a more attractive destination for Australian students to study if they can undertake a qualification here that will be recognised back home, which is the deal from our point of view.

Q202 **Matt Western:** Alan, can I come back to a point you alluded to earlier about the materials in the construction and engineering sector? You were saying that if there were tariffs on those products that has an implication for the cost of development but also on the export of services. Can you give us, very briefly, a couple of examples to illustrate that?

Alan Vallance: I did not specifically mention tariffs. The point I was making was about barriers. There are architecture firms from the UK that have been tremendously successful doing work in Australia, particularly in transport infrastructure. Sir Nicholas Grimshaw's firm did the Southern Cross Station redevelopment in Melbourne. John McAslan and Partners are currently doing a lot of work in Sydney with the metro redevelopment. Weston Williamson is another firm that is currently very heavily involved in the redevelopment of the metro system in Melbourne.

The likelihood is that when they do the design work on those buildings they may specify a product that could only come from the UK. There is an issue around specifying the product and where it comes from, and within that—subject to any barriers and tariffs—whether they could then use that product in the construction. Of course all of that remains to be identified and formalised so we are not sure what that would mean. Right now architectural firms that are working in Australia are very concerned about the impact of that on future design work.

The problem we have is that we do not have specifics at the moment because we are not sure what that future landscape looks like.

Q203 **Matt Western:** When you say tariffs on construction products in your evidence, what materials are you talking about?

Alan Vallance: Can I take that on notice and provide you with some more information? I do not have that information to hand.

Q204 **Matt Western:** Elizabeth, if I can come to you: do you have any members who have cases where they have experienced difficulties exporting services due to any barriers on goods?

Elizabeth Ames: The classic example, which I am sure you will have heard about in your session on agriculture, is Tate & Lyle Sugar that cannot access Australian cane sugar because the EU tariff is so restrictive as to make it non-economical to export Australian sugarcane into the UK. It is not really a services issue but it is a very clear agricultural one.

Services tend not to have tariffs. The way they function is a bit different. The barriers tend to be more regulatory, the way in which qualifications are recognised and the ability for people to migrate to use their services in the market.

Q205 **Matt Western:** Finally, obviously there is a geographic distance. To what extent does that have an impact on the trade in services between two countries?

Elizabeth Ames: The distance is more of an issue for goods trade. We see the distance as being a positive for services trade. If you think about the way in which a lot of companies now run their businesses, they need to have 24/7 response times. Australia is in the same time zone as 60% of the world's population. It is a country that has a solid rule of law and English as the national language plus significant other linguistic skills. The second most spoken language in Australia is Mandarin and the third most spoken language is Italian. This is a very diverse population that has the skills UK companies need when they think about how to service clients that are not just within a narrow European time zone. If you think about setting up three offices to provide 24/7 services support, Australia in that market is a really key part of the strategy. We see it as a benefit for services trade rather than a disadvantage.

Q206 **Matt Western:** Any other comments?

Alan Vallance: I would echo that. It is clearly a hub. On the distance issue, I used to do that trip every 12 weeks and if you do it often enough it becomes a bit like a bus trip. It is not something that I personally see a problem with but for somebody who has not done that before it is a significant physical time and distance.

There are cultural similarities between the two countries, and New Zealand as well; both countries are great places to work. I have worked in both Australia and New Zealand and obviously here. The actual barriers in that sense are very small and probably irrelevant actually.

Q207 **Julia Lopez:** How difficult do you think the negotiations on Mode 4 provisions would be between us and Australia and New Zealand?

Elizabeth Ames: I don't think they are going to be significantly difficult. About 12 months ago I sat on a panel with Sir Lynton Crosby. He had commissioned some research for that panel on community views on migration from each country. The support in Australia, New Zealand and the UK for increased migration within those countries was well over 80% in each country. I think community support is very much there. That is not just because two of Australia's recent Prime Ministers were both born in the UK. Those links exist and are really real.

When you think about how the Mode 4 provision works, there are ways in which you can specify it so that it is about professional services. If you look at the Australia-US FTA, Australians effectively have an automatic visa once they get a job in the US because of the way the visas are apportioned. There is less demand and there is a cap on the number of visa places. If you are an Australian and you get a job offer in the US you will get your professional visa, but those visas do not count towards time in country for residence. They are for professionals going over there to use their services, with the idea that you will then be going back to your home country.

There are ways of negotiating Mode 4 provisions, providing professional certainty and ability for professionals to work in and out of each country without it being a migration question.

Alan Vallance: From my perspective, it is an important issue for architects. I used the example before of Weston Williamson who are doing work on the Melbourne metro transfer upgrade. Currently about 25% of the design work that it is doing for that project is in the UK. It is highly likely that some of the team will need to be over in Australia for short periods, purely for those business reasons.

Their ability to be as effective as they can be on those projects will be highly dependent on what the structure for visas looks like post any agreement. Again, because we do not know what the provisions are yet, we could not say with certainty what the actual outcomes are. Knowing architects, as I have done over the last three years, they are very effective at finding a way through that and working around any limitations on getting the job done.

Vivienne Stern: We see that there is a mutual interest in lowering the barriers. We have a degree of traffic between our systems. We would like more of it. It is good for universities to exchange colleagues in both directions, so I think there would be a strong push from our sector on the Australian side.

Q208 **Julia Lopez:** How straightforward do you think mutual recognition of qualifications would be, particularly in something like the medical field?

Vivienne Stern: I think Australia has identified it as a priority for them. That would be a good place to start. In fact, I understand that there are preliminary discussions going on on this subject. I imagine that there will be some sticking points. There usually are.

One of the things I would like to say is that, until we find a good way to engage in the level of detail, it is quite hard for us to get involved in those conversations. The DIT needs to work out how to get sectors like ours engaged in conversations at that level of granularity, speaking a language that we understand, frankly. I know that there are discussions going on in the background but, as far as I am aware, we have not been brought into those discussions or asked about them.

Alan Vallance: What I have in my hands are two mutual recognition agreements, one between the US and Canada and the other between the US, Australia and New Zealand. One is four pages and one is six pages. They are very similar. I think one is probably a cut and paste of the other.

If the political will is there, there is a huge opportunity to start the mutual recognition process from the UK. We would certainly be in favour of that. We have been talking about that for the last three years. It is relatively easy to do in the changes to legislation, as I understand it, but the organisations, the institutes and the registration bodies have all been talking about this for three years.

Elizabeth Ames: Mutual recognition is not dependent on an FTA. Mutual recognition can happen alongside or before an FTA and can in fact pave the way for that.

Chair: Speaking personally, if I am ill in the UK or Australia or wherever, I am very happy to recognise any doctor's qualifications to stop me being ill.

Q209 **Matt Western:** Very briefly to Alan and Vivienne: would free trade agreements with Australia and New Zealand help improve access to Asia Pacific and is that market particularly important to your members? Would there be advantages of the UK joining CPTPP for your members?

Vivienne Stern: That is a huge advantage. As Elizabeth said, Australia could be a bridgehead into strengthening relationships in South East Asia where UK universities have a huge amount of activity going on in recruitment of students and transnational education.

I know relatively little about the terms of the TPP and what has changed since it became whatever it is now. From what I understand, those agreements include things, for example, around recognition of online learning, which is going to be a big opportunity. The UK is really good at delivering online qualifications and they are not very widely recognised.

The issues around branch campuses, market access could be opened up in places where it might be much more attractive for UK institutions to set up international branch campuses. I think there are also provisions for the foreign ownership of service providers and so on. There is a number of things that are quite interesting that we might look to ride on the back of somehow.

Alan Vallance: From our perspective, the Asian market is hugely important to UK architects. Something like 27% or so of exports of UK architecture are going to Asia. We have regular interaction. Our president Ben Derbyshire is in Hong Kong right now. We do a lot of work over there in supporting members. The market is huge.

I also understand, having been an executive in a major Australian organisation in Melbourne, the importance of Australia as a hub for Asian activities for European or US-owned companies, but also the importance of Asia to Australia itself and the trade that has developed over the last 40 years or so.

In my experience, large architectural practices that have offices in Australia would hub their operations in Asia potentially out of there, but smaller firms that want to export—and I think there are a large number of UK architecture firms that want to export more but currently are not doing so—would probably go direct rather than via Australia. It is a complicated answer, but it is hugely important in the great scheme of things, definitely.

Q210 **Chair:** I am looking for brief answers. The Department for International Trade recently ran consultations regrading UK FTAs with Australia and

New Zealand. Did you or your member organisations engage with that and, if you did, what did you think of them?

Alan Vallance: We did. We were engaged with that. We thought it was very helpful. We have had quite a lot of interaction with DIT officials over the last couple of years across a number of different fronts. On the trade policy side, we met Greg Hands when he was the Minister and then George Hollingbery. We have talked about the positive impact that they could help us make overseas in the future. We have had conversations and meetings with Baroness Fairhead and other officials and Ministers in the Department.

We have seen them scale up significantly over the last two years, and building a large team has had its challenges. We have seen them appoint regional trade commissioners around the world. I think some of that is at the forming stage because of what has happened over the last couple of years. We welcome that interaction but there is a lot going on. On the traction, what is coming out the other side and the plans we really want to engage with, we have not seen a huge amount of that side of it yet.

Elizabeth Ames: We have had quite a bit of interaction with DIT. There are some wonderful professional colleagues there. One of the things that has been difficult is the amount of churn. People don't stay in positions very long. They move on. I would say the Director of the Australasian Negotiations, Vivien Life, is fantastic and we have had very good engagement from her. Her Majesty's Trade Commissioner, Natalie Black, based out of Singapore, has a remit for Australia and has been very engaged as well.

If you think quickly about the consultations in particular, we engage with them and we encourage our members to engage with them. There is a slight levelling problem, in that I went to the public consultation day, which was very basic. We had a 15-minute presentation on what is an FTA, which I suspect was probably too basic for most of the people in that room. Then they asked you to go online and fill out the survey, which we did. The survey had really specific questions around rules of origin and sanitary and phytosanitary measures, which is something that most people won't necessarily understand. Also, it isn't relevant to a lot of businesses.

I don't think they have quite got the way in which they pitch the engagement and the questions that they are asking right. The intent is there and the teams are capable of it but it is about making sure that you are asking the right questions of the right organisations.

Vivienne Stern: I absolutely echo that. We distributed information about those consultation exercises to our membership. We also conducted our own survey to try to understand what universities' objectives would be for the countries listed by DIT as their priorities. We had exactly the same experience with the language. We were quite unsure, even from our perspective, how to translate it into something that would mean something to a university community.

I agree that there are some excellent individuals in DIT and we probably have to find a way of working with them to say, "When you say that, for us does that mean this?" That is the kind of learning process that we will have to undergo if we get serious about these things.

The other thing that I observed, is that when we surveyed members I don't know that they had any idea how to answer those questions. We got some fairly scattergun responses and we probably did not get the kind of input that would be useful to DIT. Again, that means we have to think of other ways to frame the questions and other ways to seek the input from the right people.

Q211 **Chair:** The answers you might get to a complex university exam question, perhaps?

Vivienne Stern: Exactly, that would be fine from our point of view. If you want to give it to us, yes.

Q212 **Matt Western:** Very briefly and finally, could you touch on how well you believe the EU negotiations are going with Australia and New Zealand, from your observations, and then what lessons we have for future UK negotiations with these two countries?

Elizabeth Ames: I helped open up those negotiations when I was serving as an Australian diplomat in Rome, so I am very familiar with them. They have been progressing incredibly well, faster than people on both sides expected. It has been helped by the fact that the Canadian agreement already exists and, in some respects, it has laid out a template. That has helped the Australian negotiations progress much faster. If somebody has already beaten the path it makes it easier to follow.

There is significant goodwill on both sides. There will be sticking areas as there are in any FTA, but I would expect to see an agreement within the next 12 months, or possibly 24 months, so it is quite a compressed timeframe. There is a lot of activity on both sides.

On the lessons, I think that the UK, Australia and New Zealand have an opportunity to be significantly more ambitious than the EU, Australia and New Zealand FTA would be. There is more complementarity between the UK and the Australian economies. There is an opportunity to be significantly more ambitious and lock in some real services gains that you do not see reflected in current WTO rules, which are quite backward looking particularly around digital trade.

You do not have to compromise with 28 or 29 countries in the negotiations, so a bilateral FTA can move much faster. My takeaway would be the Australia-US FTA was signed within 13 months after negotiations opened. I think a UK-Australia FTA could be signed within 12 months.

Q213 **Chair:** On the EU side, given that you said earlier that the third biggest language in Australia was Italian, do you see any particular emphasis by

Italy or any emergence of Italy on the EU side with any particular interest in Australia? Does that manifest itself on the EU side?

Elizabeth Ames: Yes. Italy exports a lot to Australia, so there is quite a large trading balance in the Italians' favour, particularly tinned tomatoes, pasta, and so classic Italian products. They obviously have some offensive goods interests but, in general, I think you have seen EU countries be quite supportive. They recognise Australia as a strong free trading country and I think the EU, as much as the UK, is keen to be seen as a beacon for free trade. If the WTO is seen to be falling behind, there is an opportunity for other countries and other organisations to push forward and set those ambitious targets.

Q214 **Chair:** Does anybody else want to answer Matt's question?

Vivienne Stern: The only thing I would say is that the Australian side has identified mutual professional qualification recognition as a priority. I think they have already put forward a proposal, although I do not know what the outcome of those discussions have been.

The other thing is that Australia is the only other country probably in the world that does transnational education as well as we do—not quite as well as we do. I don't know whether the agreement will open up opportunities for Australian providers to offer programmes in Europe. Europe is one of our third biggest markets for transnational education.

We are about to lose the protections of the services directive. If that happens overnight, in the case of a no-deal Brexit, that could cause some significant headaches the day after if we no longer have the regulatory cover to deliver services as we would have done under the services directive. That is a question I do not have an answer to but I think we ought to be asking: is Australia going to get access just as we lose it?

Alan Vallance: I have not had direct involvement in any trade agreement negotiations, but the points around mutual recognition of professional qualifications, that we move on that now, that we can make a start, that there are benefits is one thing. On the agreements themselves, clearly there is goodwill in the three jurisdictions.

I note Elizabeth's point about the amount of time it took to sign that US trade agreement. I would hope that any agreements between Australia, New Zealand and the UK would be able to be signed much more quickly. I hope that they would be, but I am not experienced and qualified to say that they would be. I am sure the benefits from that would flow both ways, definitely.

Chair: Thank you, and thank you, panel. Thanks for your input and your time this morning. It is greatly appreciated.