

Chapter five – International Perspectives

Australia's involvement in international education dates from the early 1950s when the focus was on providing opportunities for students from developing countries. It was not until the 1980s and 1990s that there was a realisation of the benefits of trade in education in particular and internationalisation in general. The number of overseas students participating in higher education in Australia rose dramatically in the 1990s as universities began actively to pursue the international market in higher education. Australian universities provided tuition to overseas students at universities within Australia, at campuses located overseas, and via distance education. This chapter traces these developments in the internationalisation of Australia's higher education. It begins with a brief discussion of the idea of internationalisation in Section 5.1. Section 5.2 describes the strong growth in Australia's higher education exports over the past decade, especially in the East Asia region. The major factors that lie behind this success are discussed in Section 5.3, which argues that Australia's higher education sector compares favourably with other countries. This is in terms of its investment in higher education; the costs of studying in Australia; the rates of completion of awards and access to employment as well as the openness of the Australian higher education system to students from diverse backgrounds. It also looks at the way governments in Australia have supported the export industry and initiatives that universities themselves have undertaken to ensure a viable industry. Both government and the sector have collaborated to develop a quality assurance system that, as one of its aims, is intended to assure overseas students of the quality of education they will receive in Australia.

The chapter concludes with a discussion of some emerging issues. Section 5.4 examines the need for diversification to ensure that Australia is able to maintain its market position in the event of changes in the export environment. This section also explores issues associated with the unequal distribution of the benefits of the export of higher education among universities and within universities as a result of the fact that ten universities in Australia account for over 50 per cent of all overseas students and that most overseas students study business, economics and administration. Lastly, it raises the issue that, while Australia benefits from large numbers of overseas students studying in this country, very few Australians study overseas at the undergraduate level.

5.1 The internationalisation of higher education

When the first *National Report on Australia's Higher Education Sector* was published in 1993, it contained a short passage on the sector's international interactions. Such brevity would be inconceivable today. For most of the sector's history, these interactions were limited to the recruitment of overseas academic staff and the provision of education to relatively small numbers of overseas students enrolled under publicly funded aid programmes. The sector primarily focused on meeting local needs. However, by 2001 Australian higher education was highly internationalised as a result of changes to policy and practice commonly encapsulated in the phrase 'Aid to Trade to Internationalisation'.

The 1950s saw a flow of mostly aid-based international students into Australian universities, largely due to the Colombo Plan for Co-operative Development in South and South-East Asia launched in July 1951. For nearly three decades, Commonwealth Government aid policy and aid funding underpinned the flow of scholarship and private international students into Australia. Policy began to shift in 1979 when the Commonwealth imposed a fee on private international students.

In 1984 two reports, one on private study by international students in Australia (Goldring 1984) and another on Australia's overseas aid programme (Jackson 1984), were published. The Jackson Report advocated that education should be regarded as 'an export industry in which institutions are encouraged to compete for students and funds' and a shift in Government policy towards trade in international education soon ensued. In 1985, the Commonwealth Government announced that international students were to be educated at full cost in order to 'contribute to Australia's overall export performance and to economic growth' (Giles 1985). This took several years to implement but from 1990, overseas students were charged full fees. This signalled a shift from aid to trade as the primary goal of Australian policy regarding international education.

In the early 1990s, the policy focus had begun to widen to one of the internationalisation of Australian education within which trade was one, albeit important, element. In 1992, the Government (Beazley 1992) signalled the emergence of a broader vision of international education. In this vision, Australia would change the focus of international education to recognise the importance of education in Australia's international relations, and the need for Australian institutions to adopt an international outlook. This broader internationalisation agenda underpinned the policy of successive governments over the past decade.

It recognised that the benefits of international education and training went beyond direct economic considerations and that the internationalisation of Australian education was fundamental to Australia's social, intellectual and cultural enrichment and strategic engagement with other countries. Internationalisation not only increased export earnings, it also enhanced intercultural knowledge and skills and the quality of programmes for domestic as well as overseas students, and prepared Australian graduates for employment in jobs which were more and more likely to have an international dimension.

The multi-purpose nature of Australia's engagement in internationalisation is illustrated by the then Minister, Dr David Kemp (2001). He argued that the goals were:

- to strengthen Australia's position in the global market by maintaining and promoting the high standard of Australian education and training;
- to strengthen Australia's reputation as a desirable destination for international students, and increase the number of international students;
- to broaden the horizons of Australia's students and promote international friendship and understanding, especially with Australia's neighbours in the Asia-Pacific region; and
- to share Australian education and associated expertise with developing countries, contribute to skill supply for the global economy and advance international research and scholarship.

The internationalisation of higher education was also part of a broader economic trend. Greater competition in world markets increased the need for internationally competitive workforces and education and training became requisites for economic growth. Consequently, the demand for quality education and training services grew. The result was the increasing globalisation of higher education markets giving students greater flexibility and choice and providing many universities with important additional sources of income.

According to Chipman:

An industry is globalised to the extent that:

- (i) *it is willing and able to derive its business inputs from wherever in the world it believes it can get best value for money; and*
- (ii) *it is willing and able to distribute its business outputs to wherever in the world it believes it can get best value for money.*

(Chipman, 2001, p.1)

Most countries have traditionally protected their domestic students' access to higher education by not allowing many overseas students to gain entry or by charging international students high fees. More recently, some countries have protected their local education markets by not allowing foreign universities to be set up on their shores. The internationalisation of higher education requires the breaking down of national boundaries that restrict the open exchange of students and the recognition of their qualifications. This has been facilitated by improvements in transportation and communication technology. However, some countries have not embraced internationalisation and still do not provide higher education to non-nationals. They have higher education sectors that are, for all practical purposes, self-contained. Others have not been successful at negotiating international agreements for the mutual recognition of qualifications.

However, it is likely that the next decade will bring about even greater change and the conventional 'borders' to traditional universities will be further breached. The three main alternatives to the traditional way of delivering higher education that have fostered, and been fostered by, the internationalisation of higher education are:

- franchising arrangements with third parties which deliver courses under the name of a parent institution;
- delivery of courses through satellite campuses situated overseas from the institution's main campus; and
- virtual course delivery or e-delivery which uses the Internet as the vehicle for tuition.

In the broader context, the internationalisation of higher education has occurred at the same time that much work has been undertaken by the international community through the WTO to reduce barriers to international trade. The WTO has sought to remove barriers to merchandise and commodity trade in the form of tariffs and other non-tariff barriers. In recent times it has turned its attention to trade in services where many barriers to trade remain. Negotiations currently underway under the General Agreement on Trade in Services (GATS) include education. Under the Agreement, countries can make commitments regarding the removal of barriers to trade in services. Australia is one of the few countries which has already made commitments in relation to education and training services and already has a very open regime in respect of their supply. Australia's commitments cover the provision of distance education, provision of education to overseas students and the presence of foreign providers in Australia. As a successful exporter, Australia has much to gain from a more liberal international regime in trade in education services providing greater access for our institutions to foreign markets.

Many Australian universities embraced the internationalisation of higher education during the 1990s. They became increasingly involved in the provision of tuition to overseas students within Australia, at locations in other countries and through various forms of distance education. Although Australia still maintained a significant higher education aid program (\$300 million in education aid was provided in 2001 around the world⁸⁷) the overwhelming element in Australia's international participation was the provision of tuition to overseas students for fees. The focus of universities on the commercial benefits of exporting higher education was motivated, in part, by the search for alternative sources of income, given fiscal restraints.

In taking this approach to higher education, Australia followed the example of other key English-speaking countries (the United States, the United Kingdom, New Zealand and Canada) that treated education as a tradeable commodity and became enthusiastic exporters of higher education. This was not just the result of the pursuit of pro-market policies in all of these countries in the 1980s and 1990s, but also the endpoint of a long process of development that began with modern capitalism itself. In fact, the case for treating higher education as a

⁸⁷ The number of Commonwealth assisted overseas students has declined over the decade, from 5,548 in 1994 to 2,887 in 2000 (figures supplied by AusAID).

commodity was first made in Hanoverian London over a generation or so before the First Fleet departed for Botany Bay:

Universities should be publick Marts...where no difference is made between Natives and Foreigners, and which Men resort to from all Parts of the World with equal Freedom and equal Privilege.

(Mandeville 1723, p. 294)

However, the higher education export industry is different in some respects to other industries. Australian universities are substantially publicly funded and their operations are significantly regulated by the Commonwealth Government and State and Territory Governments. The industry is not comprised of a range of strongly competing, profit-oriented organisations. Much activity is cooperative, through, for example, AEI (the Australian Government International Education Network) and IDP Education Australia. The core business for most universities is the provision, on a non-profit basis, of education for Australian students. Most do not have access to private funds that can be used for discretionary business purposes. Market behaviour and responsiveness are strongly mediated by these factors.

Nonetheless, the higher education export industry makes a very valuable contribution to the Australian economy and the next section examines the success of Australian universities in exporting higher education.

Box 5.1 Internationalisation and globalisation

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Internationalisation is not a new force in higher education but its recent imperatives are impacting strongly on university education. Internationalisation is a form and a part of the larger phenomenon of globalisation. Globalisation can be conceptualised as a continuation of part of the process of modernity. It is a transformation of time and space in which the development of global systems and networks reduces the hold of local circumstances over people's lives and increases the impact of the distant. It has economic, political and cultural dimensions.

Globalisation is also contradictory, paradoxical and contested. It is characterised by contradictory tensions such as homogeneity and heterogeneity, integration and fragmentation, centrifugal and centripetal forces, centralisation and decentralisation. These contradictory tensions play themselves out in many areas, including higher education.

Many nation states have responded to globalisation, particularly its economic dimensions, through policies such as macro and micro economic reform, the promotion of free trade and removal of protective tariffs, competition theory, increased flexibility of production systems and of labour markets, privatisation and, in general, a turning to the markets rather than the state for solutions. Nation states have not all taken identical stances and there has been differentiation in response from some countries, often because of negatively perceived homogenising aspects of cultural and political globalisation. In addition, factors of history, geography, forms of government and cultural tradition form the lens through which globalisation and possible responses to it are contemplated.

Education policy is a central aspect of state policy. Historically, education has been seen as key to national development, though policies have varied considerably, and the focus has changed with economic growth from primary to secondary and now tertiary education. In recent years there has been a significant development as education has become re-constructed as both a site and a tool for micro economic reform as part of the nation state response to the pressures of globalisation - especially the intensification of economic competition among nations. Higher

education is now seen as central to enhancing a nation's competitive advantage in the world marketplace.

It is important to note that, while current pressures from globalisation may be intense, internationalisation is not new for higher education. Universities themselves are, historically, transnational organisations. For example, the 'international community of scholars' is a reality and the views of expert international scholars are the fuel that fires the academic enterprise, from promotion, tenure and publication acceptances to research grant approvals, accreditation of courses, benchmarking and quality assurance judgements. In addition, academics as workers have always been highly mobile. They often obtain qualifications overseas, jobs are usually advertised internationally, qualifications (especially the PhD) are recognised internationally, and governments seldom restrict visas for academic workers. Indeed this international core of the academic profession is precisely the reason that universities as organisations - and governments - have difficulty 'controlling' higher education. While there are those within the academy who are not as able as others to benefit from internationalisation (eg those who are not research oriented or geographically mobile), in general, recent internationalisation has heightened the already international character of traditional universities.

One of the biggest challenges for universities in the future is how to remain relevant and cater for this enormous global demand for education. In a sense education, especially higher education, is a victim of its own success. Whatever the national resource base for higher education, or the mode of finance, this great worldwide demand accompanied by other globalisation pressures, means that Australian universities must find ways to respond and participate in order to remain at the forefront of international knowledge creation and transmission. There may be a debate emerging about how far to go in the internationalisation of Australian higher education (mainly related to WTO policies) but there is no question that Australia is committed to develop its international education capacity and that its universities are committed to internationalisation.

Aside from economic issues regarding trade, free or otherwise, and political issues involving national sovereignty, the potential benefits of internationalisation for universities, are apparent. In addition to the potential to increase and diversify income, they include the opportunity:

- to attract the best students in the world to their courses;
- to develop curriculum that will ensure their students can work anywhere in the world with internationally accepted qualifications;
- to better assist students to develop the cultural competencies they need to deal with others from other cultures;
- to develop and apply cutting edge technologies in the interests of better teaching and learning;
- to develop better educational and management programs and systems through collaboration and benchmarking;
- to participate in the development of the knowledge economy;
- to play a leadership role in education in the global arena;
- to meet what is the huge and rising demand for higher education all over the world; and
- to actively engage in the intellectual debate on the meaning and implications of globalisation and higher education.

These are the challenges that most Australian universities are facing in international education.

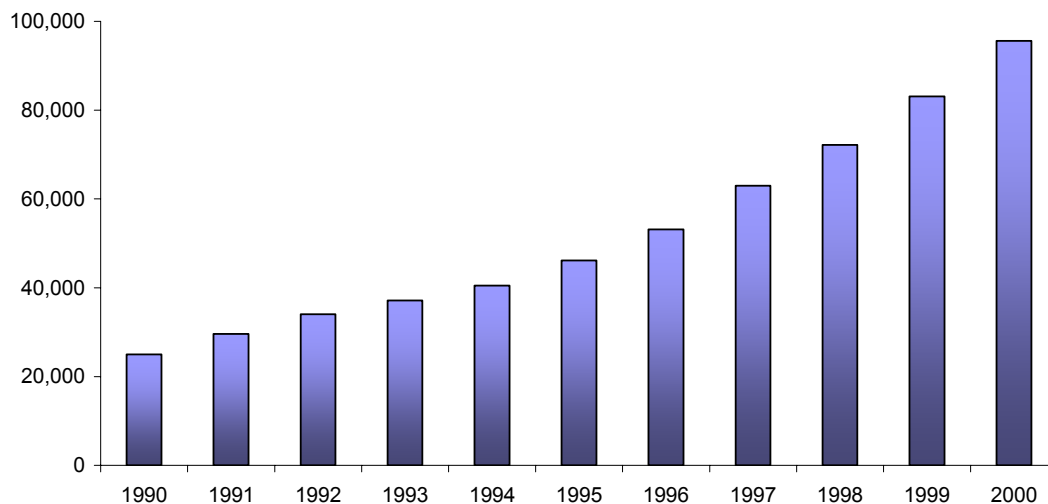
5.2 The growth of Australia's education exports

By 2000, education had become Australia's third ranking service export industry, contributing \$3.7 billion dollars to the trade balance, with the higher education sector contributing almost \$2 billion (Australian Education International Overseas Students Statistics Collection, 2000)⁸⁸. This only refers to actual export income. The surrounding infrastructure necessary across Australia to support students studying inside the country substantially multiplies the value of the industry.

Higher education was responsible for around half of the 150,000 overseas students studying in Australia (73,000) and a little less than half of the income. In addition, there were 35,000 international students enrolled at offshore campuses of Australian universities or in offshore Australian university programs in what is the most rapidly developing area of international higher education — transnational programmes⁸⁹.

Over the past decade, Australian universities developed a niche within the international market for education that generally focused on exporting higher education to rapidly developing nations whose own sectors were not able to meet the demand for places from their own nationals. As a result, the number of overseas students studying at publicly-funded Australian universities increased steadily throughout the 1990s, rising from a total of 24,998 in 1990 to 95,607 in 2000, as illustrated by Figure 5.1.

Figure 5.1 Number of overseas students studying with Australian universities 1990 to 2000



Source: Department of Education, Science and Training Statistical Collection.

NB, Figure 5.1 includes overseas students residing overseas who undertake study at off-shore campuses of Australian universities.

The bulk of these students came from a relatively small number of East Asian countries, although the importance of individual countries shifted during this period. By 2000, there were

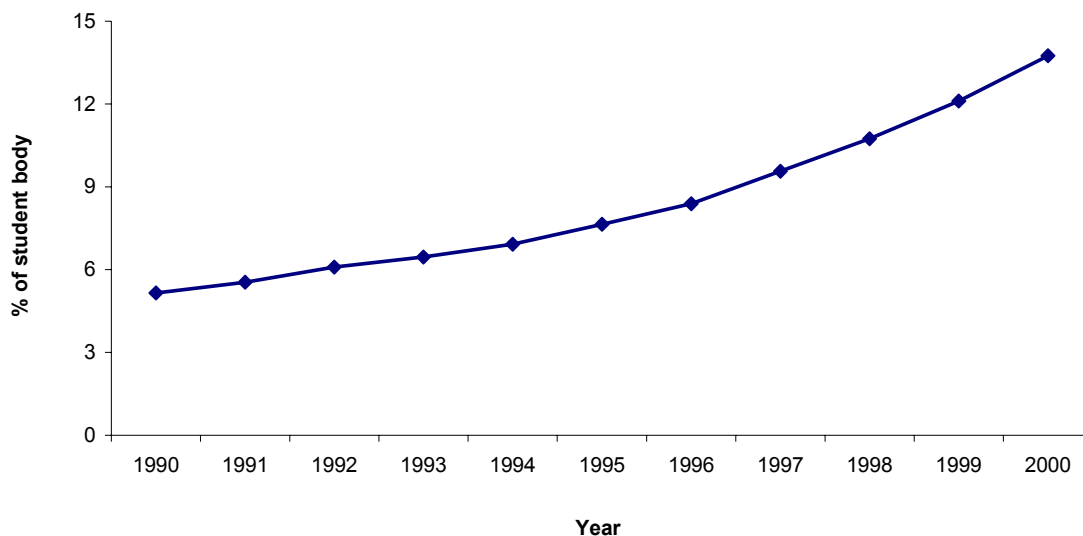
⁸⁸ Higher education: \$1,987 million, vocational education: \$713 million, schools: \$278 million, English language intensive courses for overseas students: \$718 million.

⁸⁹ Source of figures is the *Australian Education International Statistics Collection 2000* (2001), which covers all overseas students undertaking higher education courses – whether provided by universities or private providers.

also significant numbers of overseas students from Europe and North America, many of whom came to Australia through study abroad and student exchange schemes.

This significant increase occurred at the same time as an overall growth in the numbers of students studying at Australian universities, from 485,066 students in 1990 to 695,485 students in 2000. However, while the number of Australian students increased by 30 per cent, the number of overseas students increased by 282 per cent. Overseas students as a proportion of the total student population almost trebled, from five per cent in 1990 to 14 per cent in 2000 (Figure 5.2). As a result, of this growth the contribution of overseas fee-paying students to the income of many universities became quite significant.

Figure 5.2 Overseas students relative to all students 1990 to 2000



Source: Department of Education, Science and Training Student Statistical Collection.

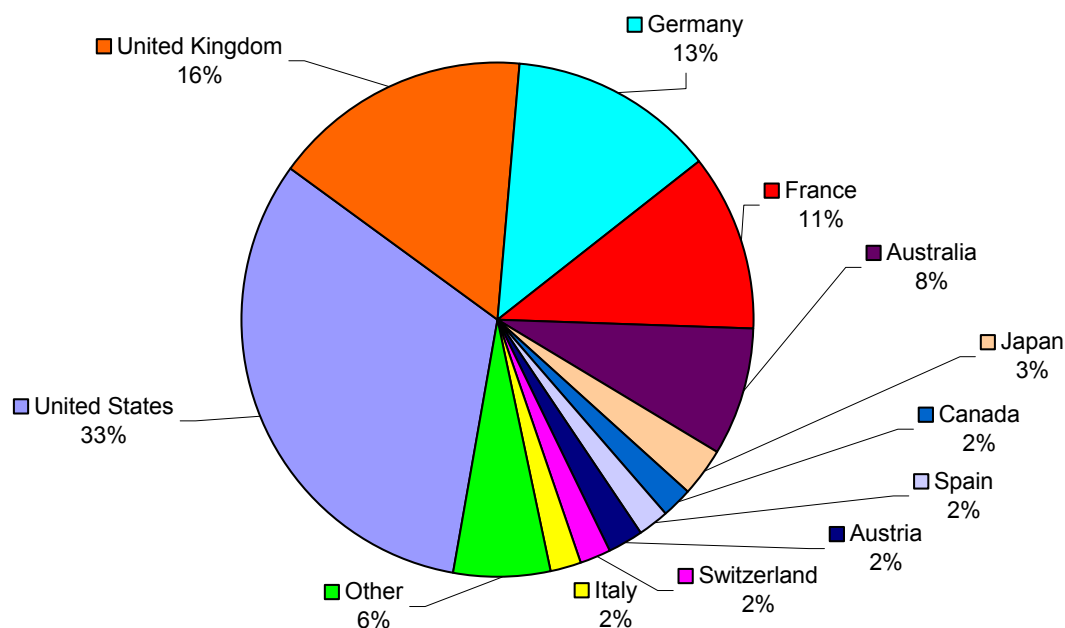
The success of Australia in exporting higher education is highlighted when Australia's provision of higher education to overseas students is compared to other countries. According to the Organisation for Economic Co-operation and Development (OECD), in 1999 overseas students made up 12.6 per cent of all students in Australian universities. In the United States, the figure was 3.2 per cent, Canada was 3.8 per cent and the United Kingdom was 10.8 per cent (OECD 2000).

Furthermore, Australia became increasingly competitive with leading exporters. In 1999, Australia surpassed both the United States of America and United Kingdom by gaining 42 per cent of the Singaporean market. In addition, it was second only to the United States in Indonesia and was third to the United States and United Kingdom in both Malaysia and Hong Kong (Porter 2001). Given the small Australian population, this was a significant result.

The increase in the number of overseas students studying in Australian universities in the 1990s meant that Australia became one of a handful of advanced countries that were major exporters of education to the world-at-large. According to the OECD, five countries attracted more than eight out of every ten overseas students studying within member states (Figure 5.3). These five, in order of importance were, the United States, United Kingdom, Germany, France and Australia. However, not all of the Organisation's member states exported education commercially: only the principal English-speaking members (Australia, United States, United Kingdom, Canada and New Zealand). While France and Germany actively pursued the recruitment of foreign students, they did not charge fees to attend public universities, although

overseas students were charged administration fees for visa and residence formalities, language courses and other related services.

Figure 5.3 Distribution of foreign students in OECD countries by host country (1998)



Source: OECD 2000, Education at a Glance: OECD Indicators, Chart C5.2

Given the small size of the Australian higher education sector relative to that of the other leading exporters and the very small size of Australia's share of global gross domestic product and global trade, the export of higher education represents an extraordinary achievement.

Distribution of exports by source country

Throughout the 1990s, the source countries of overseas students studying in Australia continued to be concentrated in the East Asia region. In 1993, 80 per cent of all overseas students came from the ten countries in Table 5.1, most of which are in East Asia. There was a considerable increase in overall participation by all but one of these principal source countries in the 1990s. Though the composition of the group of leading source countries changed a little, the proportion of students from the group remained unchanged.

Table 5.1 Principal sources of overseas students in 1993, compared to 2000

Country	1993	2000	% Change
Malaysia	8 697	16 362	88
Hong Kong	8 600	13 852	61
Singapore	5 752	16 562	188
Indonesia	4 259	8 973	111
China	3 618	4 387	21
Thailand	1 608	2 807	75
Korea, Republic of (South)	1 372	1 999	46
Taiwan	1 134	2 447	116
Fiji	1 028	702	-32
Japan	1 006	1 779	77
United States	831	2 705	226
India	627	3 899	528

Total principal sources	38 256	76 474	98
Total overseas students all countries	47 842	96 607	100
Percentage of all overseas students from the principal sources	80.53%	79.16%	

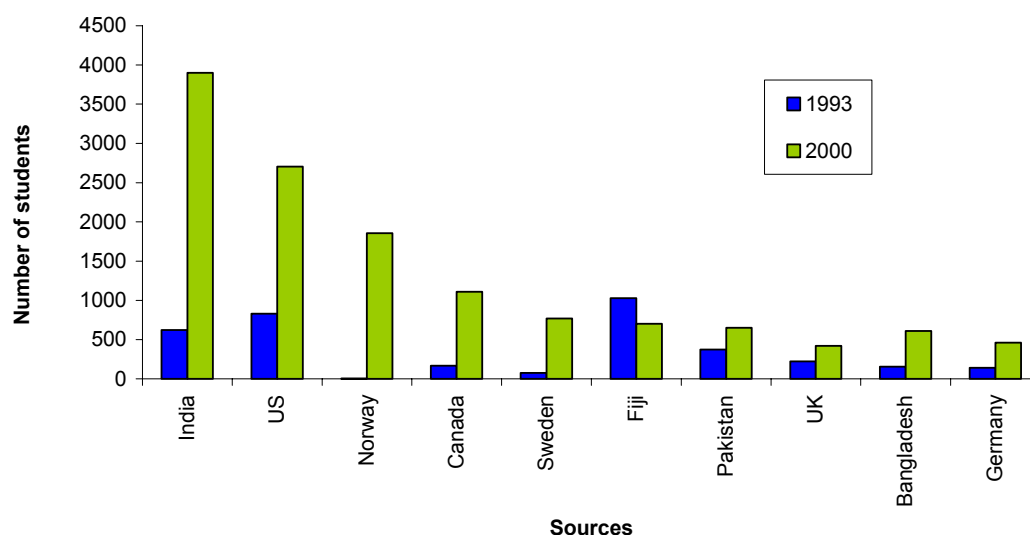
Source: Overseas Student Statistics 1993 and Higher Education Statistics 2000

NB. The 1993 figures include both full-fee paying students and AIDAB-sponsored students and are based on country of origin, while the 2000 figures include all overseas students, identified by their country of permanent home residence.

The significance of individual source countries shifted slightly in the period 1993–2000. In 2000, Singapore was the principal source of overseas students and Fiji and Japan had been replaced by India and the United States in the top ten source countries. However, Australia still drew most of its overseas students from the East Asia region. Overall, the continuity of the group's composition as well as the growth in participation indicates the considerable success that the Australian higher education sector had in establishing a place for itself within the education markets of those countries.

The 1990s also saw a significant increase in the numbers of overseas students from outside the East Asia region, including from the United States, Canada, Norway and Sweden (Figure 5.4). The students from these countries were not necessarily seeking to complete a full educational program in Australia as their counterparts from the Asian region generally were. North American students typically came to Australia for only a semester or two through study abroad or student exchange schemes arranged by individual institutions. Students studying in Australia through these schemes were able to have the study they completed in Australia credited towards the program they were undertaking at their home institution. However, their visits also often incorporated elements of tourism and travel, making them a form of educational tourism.

Figure 5.4 Principal sources of overseas students outside of East Asia in 2000, compared to 1993



Source: Department of Education, Science and Training Statistical Collection.

NB, the 1993 figures include both full-fee paying students and AIDAB-sponsored students and are based on country of origin, while the 2000 figures include all overseas students, identified by their country of permanent home residence

Distribution of exports by field of study

The majority of overseas students come to Australian universities to study at the undergraduate level, mostly the Bachelors degree (66 per cent in 2000). In 2000, 31 per cent studied at the postgraduate level, including 5 per cent in research degrees and 21 per cent in coursework degrees, the latter being the most rapid growth area.

It is interesting to note that over the decade the number of overseas students undertaking postgraduate studies with Australian universities increased at almost twice the rate as the number of overseas students studying for undergraduate degrees. The number of postgraduate overseas students increased from 5,985 in 1990 to 29,185 in 2000 (Table 5.2), an increase of 388 per cent. The number of undergraduate students increased from 19,013 to 66,422 in 2000, an increase of 249 per cent.

Table 5.2 Undergraduate and postgraduate overseas students

Year	Overseas students undertaking postgraduate study	Overseas students undertaking undergraduate study
1990	5 985	19 013
1991	6 894	22 736
1992	7 916	26 160
1993	8 837	28 315
1994	10 145	30 349
1995	11 900	34 287
1996	14 152	39 036
1997	16 858	46 138
1998	19 140	53 043
1999	23 410	59 701
2000	29 185	66 422

Source: Selected Higher Education Statistics 2000.

The fields of study chosen by overseas students remained largely unchanged throughout the 1990s (Table 5.3). In 2000, business, administration and economics remained the most popular field of study for overseas students by an overwhelming margin, as it had been earlier in the decade. This probably indicates the high demand for graduates with business and economics backgrounds in a rapidly developing region. There were significant relative declines in the proportions interested in agriculture and animal husbandry, engineering and surveying, and law and legal studies.

Table 5.3 Overseas Students by Fields of Study, 1993 and 2000 as a proportion of all overseas students

Fields of Study	1990 %	2000 %
Agriculture and Animal Husbandry	2.3	0.4
Architecture, Building	3.5	2.7
Arts, Humanities, Social Sciences	9.0	10.8
Business Administration and Economics	40.0	48.4
Education	2.6	2.6

Engineering and Surveying	13.6	8.4
Health	7.7	8.0
Law and Legal Studies	1.6	1.1
Science	17.2	16.3
Other	2.6	3.0

Source: Selected Higher Education Statistics 2000.

The industrialisation of South-East Asia probably accounts for the decreasing interest in agriculture and animal husbandry. Participation in architecture and building, arts, humanities and social sciences, education, health and science increased. Students from the United States were relatively poorly represented in business, administration and economics courses, which made them a very distinctive element of the overseas student intake as a whole.

Distribution of overseas students within Australia

The distribution of overseas students by university has changed somewhat during the 1990s. The group of ten institutions that enrolled the most overseas students together increased their proportion of the total overseas student population slightly and the composition of the group changed a little. Six of the ten leading institutions in 1990 remained within that group at the close of the decade. The precise ranking between the institutions has also changed, as is clear from Tables 5.4 and 5.5.

Table 5.4 Ten universities with highest numbers of full-fee paying overseas students, 1990

Institution	Number of full-fee paying overseas students at institution	Percentage of all full-fee paying overseas students
The University of New South Wales	2 637	10.6
Curtin University of Technology	1 553	6.2
Monash University	1 524	6.1
Royal Melbourne Institute of Technology	1 369	5.5
The University of Sydney	1 281	5.1
The University of Melbourne	1 219	4.9
The University of Queensland	923	3.7
University of Southern Queensland	918	3.7
The University of Western Australia	904	3.6
University of Wollongong	865	3.5
Total	13 193	52.8

Source: Department of Education, Science and Training Statistical Collection.

Table 5.5 Ten universities with highest numbers of overseas students, 2000

Institution	Number of overseas students	Percentage of all overseas students enrolled in the sector
Royal Melbourne Institute of Technology	9 035	9.4
Monash University	8 852	9.3
The University of New South Wales	6 491	6.8
Charles Sturt University	5 223	5.5
The University of Melbourne	4 902	5.1
Curtin University of Technology	4 259	4.4
The University of South Australia	4 116	4.3
The University of Sydney	3 695	3.9
Central Queensland University	3 315	3.5
University of Western Sydney	3 117	3.3
Total	53 005	55.0

Source: Department of Education, Science and Training Statistical Collection.

Provision of higher education offshore

One of the major developments in international education in the 1990s was the increasing provision of higher education to students located offshore, that is, students permanently based outside Australia. Such students were studying either at a branch of an Australian university located overseas, or at an overseas institution that was contracted by an Australian university to provide courses on its behalf, or studying by some mode of distance education.⁹⁰ Before 1993 there were 73 such 'offshore' programs; by 1999 that number had increased to 625 (Porter 2001). In 2000, one quarter of all overseas students, 23,891 in all, were studying offshore, the majority in Singapore, Hong Kong, Malaysia and China.

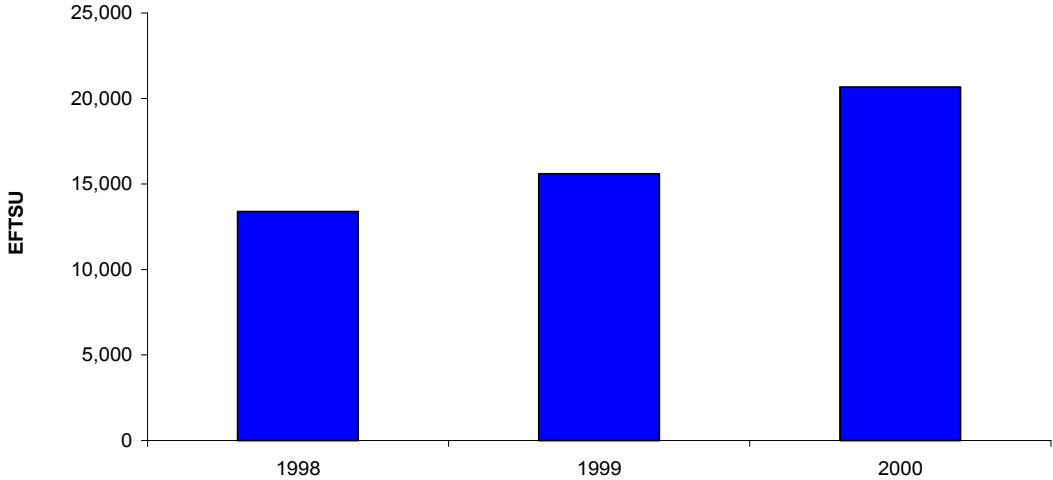
While Australia is able to capitalise on sharing approximately the same time zone as its main Asian student markets, it is also the case that developments in information technology and telecommunications, such as the Internet, provide additional capacity to deliver courses internationally. In these situations, learning is independent of time and place, limited only by the resources of international networks not campuses. Hours of study, location, resources and the learning group are dictated by the learner, not the institution. The use of information technologies to deliver international education makes Australian education and training services accessible to the world and generates considerable revenue. The success of Australian universities in applying such technology is facilitated by the long experience that many of them possess in providing distance education to domestic students.⁹¹ This experience provides the capabilities necessary for successfully supporting students far removed from their university. The use of innovative forms of delivery by Australian universities indicates both their ability to adapt to emerging conditions and to take advantage of these commercially.

Overall, the decade saw a dramatic growth in the provision of higher education to overseas students, both within Australia and offshore (Figures 5.5 and 5.6).

⁹⁰ In the Higher Education Statistical Collection, overseas distance education students are included in the on-shore category. In the Overseas Students Statistical Collection, these students are included in the off-shore category.

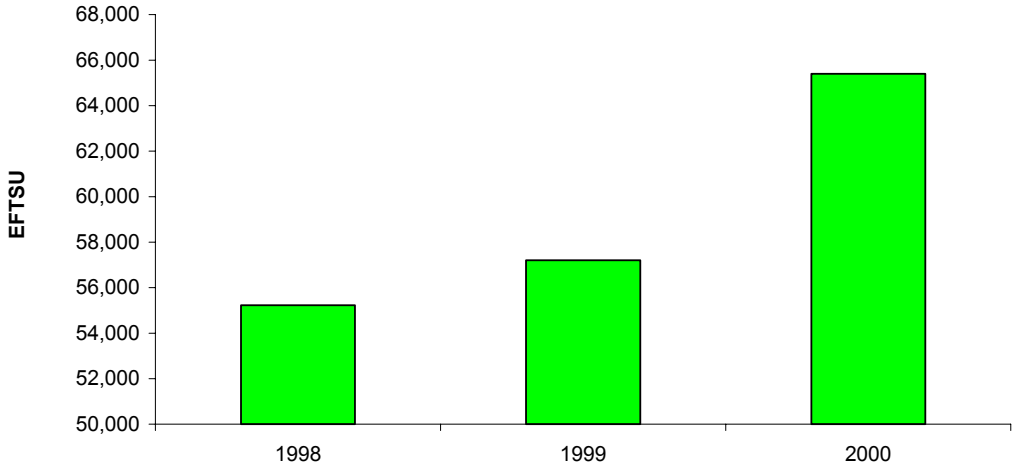
⁹¹ For more detail refer to Chapter two on education developments.

Figure 5.5 Offshore overseas enrolments in EFTSU,⁹² 1998–2000



Source: Data supplied by Universities as part of profiles process, 1998–2000, 1999–2001, 2000–2002, 2001–2003

Figure 5.6 Onshore overseas enrolments in EFTSU, 1998–2000



Source: Data supplied by Universities as part of profiles process, 1998–2000, 1999–2001, 2000–2002, 2001–2003

Australia's share of the international education market belies its size and the export of education contributes significantly to the national economy as well as benefiting individual universities. The next section of the chapter examines some of the factors underpinning Australia's export success.

⁹² EFTSU stands for equivalent full-time student unit, and allows full-time and part-time student loads to be combined. Onshore students are resident in Australia during the university semester. Offshore students are resident overseas.

Box 5.2 What it means to have a campus overseas

**Tony Pollock Executive Director, Office of International Affairs and
David Robinson Vice-Chancellor and President, Monash University**

Monash University has established offshore campuses in Malaysia and South Africa. Monash University Malaysia, the university's first campus outside Australia, was established in Kuala Lumpur in 1998 at the invitation of the Government of Malaysia. The initial intake of students in engineering, IT, science and business graduated in September 2001. Monash South Africa, registered by the South African Ministry of Education as a private not-for-profit higher education institution, had its initial set of courses accredited in December 1999. The first phase of construction of the campus on a 100-hectare site in Roodepoort, 20 kilometres north-west of central Johannesburg was completed just in time for a small cohort of students to enter in February 2001.

In Malaysia, a local partner is required by legislation. Buildings and infrastructure in Malaysia belong to the University's partners. Monash is a joint venturer with them in the company that leases and operates the campus. The operating company pays royalties for intellectual property to Monash in Australia, from which it also purchases various infrastructure and academic development services. The financial break-even point was reached in the third full year of operation.

In South Africa, Monash has taken a more independent approach. A Monash property company owns the site and the buildings, while a separate Monash company leases and operates the campus. The only joint venturing is limited to a range of infrastructure support services. Financial break-even point is scheduled for year five.

In both Malaysia and South Africa senior staff have been seconded from Monash Australia to occupy initially the positions of Pro Vice-Chancellor and Head of School and, in the case of South Africa, a senior administrator. Other staff are appointed after appropriate international, national or local advertising and are, in all respects, Monash staff, although formally employed by the operating company.

The lessons learnt from the two projects are instructive. Project management for Malaysia was handled by a small tightly focused team from early feasibility assessment through to project start-up and initial implementation. South Africa was quite different. The feasibility study was tightly managed but the project implementation phase involved several multi-disciplinary teams from across the university. The university community was better informed, engaged and committed by this more inclusive approach.

The planning for the South African campus was informed by an academic cost model developed with the benefit of our Malaysian experience. The model includes seventeen key variables ranging from the number of commencing students through growth projections, progression rates, fee levels, course structures, academic and administrative infrastructure, delivery models and research profile, to the industrial relations environment. This has proved to be useful for the whole university as it prepared to move to activity-based costing—a domestic benefit of an international activity.

In both countries, three cases had to be made: the strategic, the educational and the business. Appropriately balancing these is the key to success. The final decision on whether or not an overseas campus will be established rests, of course, with the host country. So a keen awareness and understanding of the relevant legislation and regulations as well as the more subtle forces at play in the registration and approval process is essential.

The establishment in three years of these two new Monash campuses has had several benefits domestically. Academic and organisational boundaries have become more flexible, with increased cooperation in course design and efficiencies through content sharing and cross crediting. Expatriate working conditions have been codified. The opportunity to work in another country has been attractive to many Monash staff.

As the offshore campuses have become fully operational there has emerged the challenge of managing the market position of the various parts of Monash. Offshore campuses handle their own domestic marketing. Their international marketing is, at present, a whole of Monash responsibility of the faculties in cooperation with Monash International Pty Ltd. These complementary sets of responsibilities will evolve as further experience is gained.

Demonstrating academic integrity, quality assurance and quality improvement is especially important for universities operating offshore, where institutional reputations are less well established. Monash has developed a suite of special quality assurance procedures based on internal and external processes for its overseas, non-campus activities. For the campuses themselves, the normal procedures of the whole University apply. Deans have academic responsibility wherever in the world their faculties' programmes are delivered. And the checks and balances of the University's Academic Board, its committees, examination boards, and administrative controls are all brought to bear offshore as in Australia.

Special emphasis is placed on ensuring that offshore campuses become part of the educational system of the host country contributing teaching and learning, research and community service. Having the Pro Vice-Chancellor with responsibility for academic planning and leadership, campus operations and engagement with the broader community reporting directly to the Vice-Chancellor has been critical to the acceptance of the campuses in the host environment. Establishing campuses overseas is not for the faint hearted, but is thoroughly worthwhile. Students and staff gain in experience, competence and confidence. The university's reputation and recognition is enhanced and host countries benefit in terms of human capital development and research. Australia's diplomatic, business and cultural links are strengthened.

Box 5.3 Franchising

Mr David Hatherly, Director, International Office, Charles Sturt University

Examples of successful education franchises are all around us, with perhaps the best known being the Microsoft certification program. But universities can also enter into franchise agreements with institutions in other countries to deliver their courses to overseas students. Charles Sturt University experience indicates that setting up franchises in overseas countries is a challenging but rewarding activity.

A number of factors helped CSU meet this challenge and realise the associated opportunities. As a multi-campus university CSU has had considerable success in delivering courses across a number of campuses. This success stems from an ability to ensure the quality and comparability of standards in teaching, materials delivery and assessment. CSU also has a distinct advantage in being the largest distance education provider in Australia so that most of its curricula are available in a standardised format for immediate reproduction and distribution on paper or in other media.

In addition to having quality and standards comparable to those on other campuses of the institution, the National Protocols for Higher Education Approval Processes (MCEETYA, 2000) identify: teaching by staff qualified at a level comparable to those on other campuses of the

institution; resources and facilities adequate for the delivery of the course; and adequate measures to protect the welfare of students as important considerations.

Bricks, mortar and people are relatively simple. The adequacy of the resources and facilities can be assessed by inspection and CSU has always insisted on strict controls with respect to the staff employed by franchise partners. It retains responsibility for the final approval of all teaching appointments and requires the franchise partner's teaching staff to maintain frequent contact with their Australian counterparts. It maintains academic quality and standards by providing most of the teaching materials used by its franchise partners; by assessing students in the same way as CSU's Australian domestic students; and by monitoring the standard of the franchise partner's assessment.

Ensuring the quality of student welfare services is, however, more challenging. CSU has begun reviewing its academic regulations to ensure they are relevant to students studying with a franchise partner and that they can be equitably applied to such students. Moreover, simply ensuring that students enrolled through franchise partners are provided with the same types of services and facilities as other students studying with CSU is not necessarily an adequate test of student service delivery. Students from different cultures may need different services, or the same services as Australian students but delivered in a different way.

CSU has begun to document in a systematic way the range of academic and other services that need to be delivered to students enrolled through its franchise partners. The end result of this project will be a quality assurance manual that will essentially define the nature of the franchise agreement and will set agreed standards of service delivery to students.

Finally, one of the most critical decisions and one that underpins the success of all franchise agreements is to choose the right partner. CSU has developed a checklist of factors to help to identify those partners who possess the necessary resources and expertise to deliver quality educational programs.

Franchising opens up opportunities to students overseas for a university experience they might not otherwise have.

Box 5.4 In their own style, in their own place, at their own time

Peter Swannell, Vice-Chancellor and President, University of Southern Queensland

About two thirds of all international students who study with Australian universities do so on campus. However, in the future, the vast majority of learners who wish to study in an Australian degree program will not do it in Australia. On-campus study in Australia will only be the solution for a very small proportion of the world's learners. It is very unlikely that universities, Australian or otherwise, will have a near monopoly, or even a major share, of the lifelong learning market one to two decades from now. The structured tertiary learning experiences that will transform the lives of millions of people won't be the on-campus experience oldies rave about. It won't be worse, it might be better and it will be different.

Pedagogically sound, reliably delivered, locally supported, efficiently administered distance learning is, quite simply, the only option for the vast majority of the intellectually able, under-served, massive world market. Only a minute proportion of the awakening, intellectually able population has yet realised that structured distance learning is the only way in which to satisfy blossoming personal and professional aspirations. That proportion will grow as delivery potential undergoes a revolution. The Internet, not exclusively, but certainly as the catalyst, will transform understanding about what can be understood. It will not be possible to satisfy the demand for an orderly expansion of the mind by traditional study. Learners will seek accredited formal study

options from a worldwide pool of resources. They will want to do it without disruption to the more mundane, but equally necessary, facets of their personal and professional lives.

The challenge for providers of distance education is to recognise the obligation to provide quality outcomes from a quality learning experience. The ability to provide the experience, and the outcomes, flows from a legacy of distance learning pedagogy, an availability of first class study materials, quality assured delivery mechanisms and excellent in-country support. In fact, the key to successful process and outcomes is found in the quality of the in-country partnerships that are established.

Of equal importance for quality assurance is the recognition that it is the awarding university's responsibility to structure the study experience, retain control of teaching materials, conduct assessments, monitor performance and participate in reliable local support structures. The University achieves this by maintaining commonality of objectives, curriculum, assessment and award between its three delivery options, on-campus, off-campus and online. The University does not make any decisions regarding academic progression other than on the basis of academic achievement, with criteria for success identical for domestic and international students. It conducts international teaching schools, hosts regular fact-finding visits to Toowoomba by senior partners, and maintains a regular schedule of visits to overseas partners by senior management to monitor operations and demonstrate corporate support. It takes steps to ensure that university staff are aware of cultural differences, culturally inappropriate behaviour and the special expectations of its various client groups.

Although some might argue that the provision of pedagogically sound study materials, be they in the traditional print and multi-media format, or on-line, should be sufficient for success, for many international students this is not enough. Understandably, the personal dimension of administrative and academic support lifts the learning experience and eases the burden of study in what, for many, is a second language.

The challenges of distance education are quality control, affordability, and the provision of the depth of intellectual experience that, with appropriate pedagogy, will surpass all but the most exceptional lecture from the most exceptional scholar.

5.3 Factors behind Australia's success in exporting higher education

The export of higher education by Australian universities was driven by a number of forces. Universities saw the enrolment of overseas, fee-paying students as a way of diversifying their sources of income given the constraints on public funding during the 1990s. The ability of universities to levy charges upon Australian students was limited by Commonwealth policy, so the full commercialisation of the domestic market was not an option. Private philanthropy was of marginal significance at best to higher education (as opposed to schooling) and there was nothing in the Australian experience to indicate this was likely to change quickly. Linkages with the corporate sector were mainly relevant for research, rather than tuition. Thus, the provision of education to overseas students on a full-cost recovery basis was an attractive option for universities although the net financial benefit to universities from the enrolment of overseas students is difficult to estimate. Universities also saw other benefits in the export of higher education. The increased numbers resulting from the enrolment of overseas students allowed some universities to sustain staff structures and to continue to grow or to maintain their facilities. In some cases, it has cross-subsidised local courses. It also resulted in useful international networks and partnerships.

The successful participation of Australian universities in the export market was the result of the coincidence of a variety of factors. There was growing demand for higher education in East

Asia, fuelled by economic development and its concomitant prosperity, which the region's sectors were unable to satisfy. Furthermore, there was also a growing demand internationally for tuition in English, the dominant language of commerce and communication. For its part, Australia had considerable experience at maintaining an open system of mass higher education that was accessible to people of divergent backgrounds and aspirations, including people from diverse cultural origins.

Critically, the degree of competition between nations for fee-paying overseas students was mostly limited to key countries in the English-speaking world. The disinclination of many advanced nations to commercialise higher education for export ensured that Australian universities were only competing with the higher education systems of a limited group of like-minded countries.

Moreover, Australia was also undertaking wide-sweeping economic and social reforms, including the re-engineering of the public sector along private sector lines. This process of reform provided a context in which the example of many leading American institutions became increasingly attractive. Importantly, this process was part of a wider trend internationally that was especially pronounced in the English-speaking world.

The sector also had a history of relatively generous public funding that had allowed universities to develop the human and physical capital required to provide education of an internationally competitive standard. While no Australian university enjoyed the reputation of a small number of leading United States and British institutions, the sector was demonstrably capable of sustaining the needs of an advanced and prosperous industrialised nation for highly skilled professionals. Graduates of Australian universities were internationally mobile, their skills and qualifications generally well-recognised overseas. There was no reason why Australia could not educate overseas students to the same standard. In many ways, Australia compared favourably with other countries exporting higher education.

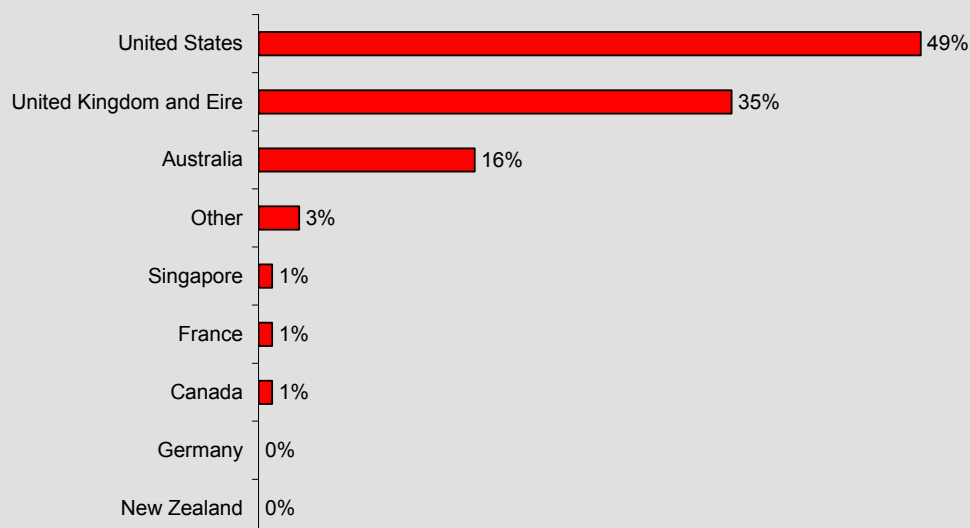
Box 5.5 Why overseas students from Asia chose Australia

A study (EduWorld 2001) on overseas students from Asia undertaken to compare the experience of such students in Australia, the United Kingdom and the United States indicates that overseas students from Asia who studied in Australia were attracted for a number of reasons; reputation of university/quality of education; course content; recommendation; proximity of destination together with the cost of tuition fees and/or living expenses. There was also the perceived ease with which student visas, travel and other student concessions, and work while studying, could be obtained.

While the majority of students from the Asian region preferred to study in the United Kingdom and the United States, 16% chose Australia as the destination of their first choice. The table below indicates the relative attraction of competing destinations. While Australia trails the United States and the United Kingdom, it retains a considerable advantage relative to other countries.

Country in which student would most liked to have studied

Sample size 1011



Source: EduWorld 2001, *The Asian Student of 2000: Choice Factors and Influences of Asian Undergraduates Studying Overseas*, EduWorld, Melbourne, p. 106

There were some perceptions among Asian students studying in Australia that Australia's standard of education was lower than that of either the United Kingdom or the United States. On average, Australia's standard of education was only considered to be good. Students from Hong Kong, Japan and Singapore rated the standard of education in their home country as higher than that of Australia. The majority of Asian students in Australia already had personal contacts in Australia, which suggests that the sector benefits from the increasing integration of this country into the Asian region.

The table below provides data on the reasons why Asian students finally chose their particular institution.

Reasons overseas students from Asia chose their particular institution, 2000

	AUS	UK	USA
Reputation of institution	43%	61%	42%
Offered particular course I wanted	36%	50%	35%
Qualification more highly respected/ offered qualification I needed	10%	22%	9%
Convenient location/easily accessible	12%	11%	18%
It was recommended to me	17%	13%	6%
Tuition fees and/or living expenses cheaper than many other institutions	5%	5%	23%
Other	7%	10%	7%
Friends study there	9%	4%	8%
Good on-campus/accommodation facilities	10%	8%	4%
Only/first place from which I received an offer	8%	5%	6%
Relatives/friends living near	4%	4%	9%
Good career prospects	3%	8%	5%
Family wanted me to study here	3%	3%	4%
Number of international/Asian students	3%	2%	4%
Offered a scholarship here	0%	4%	2%
No answer	1%	0%	2%
Sample size	300	365	346

Source: EduWorld 2001, *The Asian Student Of 2000: Choice Factors and Influences of Asian Undergraduates Studying Overseas*, EduWorld, Melbourne, p. 17.

Australia compares favourably with other countries

Although there are inherent difficulties in comparing the performance of countries with different systems of higher education and different economic imperatives, overall Australia performs well on a number of criteria when compared to other countries.

Australian investment in higher education

In monetary terms, the value that the community places on higher education may be measured in part by the expenditure involved in providing tuition. Table 5.6 illustrates the comparative level of expenditure on tuition in selected countries belonging to the OECD. While Australia does not outspend the United States and Canada, it does outspend most leading industrialised nations.

Table 5.6 Expenditure per student on public and private tertiary institutions (a) (based on full-time equivalents), 1997

Country	US dollars converted using PPP's(b)
Australia	11 240
Canada	14 809
France	7 177
Germany	9 466
Ireland	7 998
Italy	*
Japan	10 157
Netherlands	9 989
New Zealand	*

United Kingdom	8 169
United States of America	17 466

* indicates that data are not available.

(a) Tertiary institutions includes all post-secondary institutions.

(b) PPP's, or purchasing power parities, are the currency exchange rates that equalise the purchasing power of different currencies. A given sum, converted into different currencies at the PPP rates, will purchase the same basket of goods and services in all countries. PPP's are thus the rates of currency conversion that eliminate differences in price levels among currencies.

Source: OECD 2000, Education at a Glance: OECD Indicators, Table B4.1

In terms of education in general, the proportion of gross domestic product committed to education in Australia was higher in 1998 than in 1990 (Table 5.7). In this, Australia did not follow the general trend. In a number of leading states belonging to the OECD, such as Canada, Germany, Ireland, Italy, Japan, the Netherlands and the United Kingdom, the proportion of gross domestic product committed to education fell over this time.

Table 5.7 Direct and indirect expenditure on educational institutions as a % of GDP, from all sources for all levels of education, in selected countries, 1990, 1995 and 1998

Country	1990	1995	1998
Australia	4.86	5.46	5.46
Canada	6.22	6.95	6.16
France	5.66	6.32	6.24
Germany	*	5.76	5.55
Ireland	5.20	5.27	4.71
Italy	5.77	4.59	5.01
Japan	4.81	4.76	4.72
Netherlands	4.80	4.69	4.61
New Zealand	*	*	*
United Kingdom	*	5.06	4.92
United States	*	6.37	6.43
Country mean (20 countries)	5.30	5.57	5.55

* indicates that data are not available.

Source: OECD 2001, Education at a Glance: OECD Indicators, Table B2.1a

This relatively high level of funding has enabled Australian universities to acquire and develop the human and capital resources necessary to provide a high standard of tuition and to build and maintain the infrastructure necessary to sustain effective international ventures.

Moderate costs of studying in Australia

Three key principles informed Commonwealth policy concerning fees for overseas students in the 1990s.

1. The level of fees charged to overseas students should reflect the full cost, including a capital component;
2. The places provided to overseas students were to be additional to places funded by the Commonwealth Government, so that there was no displacement of domestic students; and
3. There were no Commonwealth quotas on the numbers of overseas students.

The effect of these principles meant that universities passed on the full cost of tuition to overseas students. Thus, universities could not use public funding to cut fees in order to gain market share.

A study commissioned by the then Commonwealth Department of Education, Training and Youth Affairs to investigate comparative costs of international study in the United States of America, the United Kingdom, Canada, New Zealand and Australia, found that the total costs, including living costs, were consistently higher in the United States and the United Kingdom than in the others (Back et al, 1997). The report also found that fees in Australia are generally in the middle of the field and consistently lower than for the United Kingdom and for public universities in the United States. This is evident from Table 5.8, that shows the cost of a Bachelors degree in business. The median cost of an Australian degree is lower than the median cost of a New Zealand, British or American degree, although slightly more expensive than a Canadian one. The difference between the maximum fee for a degree at an Australian university and that for a degree at a private American university is particularly great.

Table 5.8 Range of fees – Bachelors degree in business, 1997

	Australia \$A	NZ \$NZ	UK GBP	Canada \$C	US Public \$US	US Private \$US
Median Fee	\$10 000	\$11 500	£5 960	\$7 165	\$8 757	\$19 700
Maximum Fee	\$11 400	\$12 500	£6 360	\$9 243	\$11 593	\$20 066
Minimum Fee	\$8 720	\$9 600	£5 400	\$5 280	\$6 920	\$6 700
Number of Unis	32	7	41	22	29	9

	Australia \$US	NZ \$US	UK \$US	Canada \$US	US Public \$US	US Private \$US
Median Fee	\$7 492	\$7 794	\$9 919	\$5 193	\$8 757	\$19 700
Maximum Fee	\$8 541	\$8 471	\$10 585	\$6 699	\$11 593	\$20 066
Minimum Fee	\$6 533	\$6 506	\$8 987	\$3 827	\$6 920	\$6 700

Source: Back et al, 1997, Comparative Costs of Higher Education Courses for International Students in Australia, New Zealand, Canada and the United States, Table 7. IDP Education Australia released a new study on 'Comparative Costs of Higher Education Courses for International Students in Australia, NZ, the UK, Canada and the USA', 2002

The cost of an education is not restricted to fees alone. The length of time that it takes to complete a degree is a critical determinant of overall cost, as is the cost of living in a particular country or city. Table 5.9 provides details of the comparative total costs involved in completing a Bachelor of Accounting degree at the Universities of Sydney, Auckland, London, British Columbia and California (Berkeley). An overseas student enrolled in such a degree at the University of Sydney and living in Sydney (which is the most expensive city in Australia) would end up paying significantly less than a student who undertook to study at the Berkeley campus of the University of California. Critically, Berkeley is not the most expensive university or college town in the United States and as a public university its fees are considerably lower than those of many private universities.

Table 5.9 Total costs for a Bachelors degree in accounting at selected universities, 1997

	University Sydney \$A	Auckland \$NZ	London GBP	British Columbia \$C	UC Berkeley \$US
Tuition Fees	11 400	12 500	7 800	5 737	12 053
Duration years	3	3	3	4	4
Total Tuition Fees	34 200	37 500	23 400	22 948	48 212

Annual Living Cost	16 339	18 792	9 292	17 905	14 877
Health Insurance	262	529	0	450	600
Annual Costs	16 601	19 321	9 292	18 355	15 477
Airfare Costs	952	1 408	590	1 203	1 161
Visa Costs	280	260	35	125	20
Once Only Costs	1 232	1 668	625	1 328	1 181
Total Costs	85 235	97 131	51 901	97 696	111 301
	\$US	\$US	\$US	\$US	\$US
Total Costs	63 858	65 826	86 379	70 810	111 301

Source: Back et al, 1997, Comparative Costs of Higher Education Courses for International Students in Australia, New Zealand, Canada and the United States, Table 58.

Graduation rates and access to employment

Overseas students coming to Australia in the 1990s could be assured that the Australian system offered them a very good chance of successfully completing their studies. According to the available international data (Table 5.10), Australia had relatively high graduation rates.

Table 5.10 Graduation rates in tertiary education for a medium first degree program (3 to less than 5 years) (1998)

Graduation rates	
Australia	27.0
Canada	26.9
France*	18.5
Germany	5.2
Ireland*	24.8
Italy	1.1
Japan*	29.0
Netherlands	32.3
New Zealand	29.5
United Kingdom	35.6
United States*	33.2

Graduation rates are net graduation rates, unless marked with * (gross graduation rates, which are calculated as the ratio of graduates to total population at typical age of graduation, multiplied by 100). Source: OECD 2001, Education at a Glance: OECD Indicators, Table C4.2

It ranked eighth-highest in the OECD for graduation rates for Tertiary Type A first degrees.⁹³ The Netherlands, Norway, the United Kingdom, the United States, Japan, Canada and New Zealand were ahead of Australia. Successful completion is critical to clients such as those overseas students, who are paying for the full-cost of their education. An extra year of fees and living expenses adds to the overall costs of a degree.

Australian graduates typically have lower levels of unemployment than other participants in the Australian labour market. Table 5.11 provides an international comparison that indicates how the unemployment rates of graduates compare to general unemployment rates for those aged between 30 and 45 years.

⁹³ Tertiary Education Type A is a classification under the International Standard Classification of Education, which was developed to facilitate comparison of education internationally. It includes all educational programmes or courses that are theory-based and provide sufficient qualifications for entry to advanced research programmes and professions with high skill requirements, such as medicine, dentistry or architecture, and have a minimum duration of three years.

Table 5.11 Unemployment rates by level of educational attainment and gender for population 30 to 44 years of age (1998)

	Unemployment rate for graduates(a)	General unemployment rate(b)
Australia		
Men	2.6	6.4
Women	3.6	6.6
Canada		
Men	3.8	7.4
Women	4.3	7.7
France		
Men	4.3	8.7
Women	8.2	12.9
Germany		
Men	4.1	7.7
Women	5.7	9.7
Ireland		
Men	2.3	7.3
Women	4.3	6.5
Italy		
Men	4.1	6.4
Women	7.6	13.1
Japan		
Men	*	*
Women	*	*
Netherlands		
Men	1.9	2.6
Women	3.0	5.1
New Zealand		
Men	5.1	6.2
Women	5.2	6.3
Norway(c)		
Men	1.4	3.1
Women	1.0	3.2
United Kingdom		
Men	1.8	5.1
Women	3.1	4.9
United States		
Men	1.3	4.0
Women	1.8	4.4

(a) Tertiary type A and advanced research programmes

- (b) People at all levels of education
- (c) Year of reference 1997

Source: OECD 2000, Education at a Glance: OECD Indicators, Table E1.2

It is difficult to extrapolate this data to make inferences about the employment of overseas graduates with an Australian degree, because performance in this regard is affected by many factors, including the state of the national economies and labour markets. It may nonetheless indicate that the Australian sector equips graduates with skills and attributes in demand by the labour market.

For some overseas students the possibility of study leading to employment in Australia, or even citizenship, may have been a factor in choosing to study in this country. This is a factor which also influences the study choices made by students studying in other countries, such as the United States, the United Kingdom and Canada. Such an outcome was encouraged during the 1990s by an Australian immigration policy that was increasingly committed to a skills-based immigration programme designed to fill shortfalls in various niches of the national labour market (Maslen 2001). Late in the decade changes to the immigration rules gave former overseas students a significant advantage when applying for permanent residency.

Most recently, the Prime Minister's Statement on Innovation, *Backing Australia's Ability*, proposed streamlining immigration arrangements to retain overseas students qualified in information and communication technology in Australia to meet Australia's labour market needs in this area (Howard 2001). For many overseas students, the Australian sector was not so much preparing them for the global labour market, as for the Australian one.

An open higher education system

The Australian higher education sector grew significantly over the decade and the rate of participation was relatively high by international standards. The high participation rate reflects Commonwealth policy designed to encourage a large proportion of Australians to participate in higher education. It is also a measure of the value placed upon higher education by the wider community and its expectation that a university education will result in better employment and professional outcomes. As a result, the Australian higher education sector is used to accommodating clients from diverse backgrounds and this capability flows on to catering for overseas students.

Table 5.12 shows the net entry rate⁹⁴ into higher education (Tertiary type A programmes) for all age groups in selected members of the OECD. It also shows the proportion of the new entrants who are below a certain age. Australia's net entry rate is equal to or better than that of comparable countries. Interestingly, Australia's new entrants are older than those of other countries listed. For example, 80 per cent of new entrants in Australia are below 27.1 years of age. In Italy 80 per cent of new entrants are below 20.7 years of age.

⁹⁴ Net entry rate is calculated by dividing the number of first-time entrants by the total population in the corresponding age-group and multiplying by one hundred.

Table 5.12 Net entry rates in tertiary type A education and age distribution (1999)

	Net entry rate	Age at		
		20th percentile(a)	50th percentile(a)	80th percentile(a)
Australia	45	18.3	19.0	27.1
Germany	28	20.1	21.5	24.4
Ireland	*	*	*	*
Italy	40	19.2	19.7	20.7
Japan	37	*	*	*
Netherlands	54	18.6	19.9	23.6
United Kingdom	45	18.5	19.6	26.1
United States	45	18.5	19.5	26.7

* indicates that data are not available

(a) 20/50/80% of new entrants are below this age.

Source: OECD 2001 Education at a Glance: OECD Indicators, Table C3.1

This means that the Australian higher education system is not just catering for young people from secondary school, but that it is open to students of mature age who may have followed a variety of pathways before choosing to study at university. The significance of this is that the Australian system has had to develop the capability of accommodating students with more complex and more varied needs than the typical school-leaver, in particular, older people who participate in higher education while working.

Supportive role of government

The Commonwealth Government played a leading role in supporting the export of higher education by establishing and supervising the development of the regulatory framework for the education and training export industry. The *Commonwealth Education Services for Overseas Students Act 1991*, the *Education Services for Overseas Students Act 2000* and the National Code of Practice for the Registration of Authorities and Providers of Education and Training to Overseas Students (2001) set legally enforceable and nationally consistent standards for registered providers to protect the rights of overseas students studying in Australia. The legislation indicates the seriousness with which the Commonwealth took its responsibility as a regulator and its commitment to ensuring that overseas students could feel confident that their pursuit of an education would not be compromised by unethical behaviour on the part of providers.

The Commonwealth has also sought to facilitate the export of Australian higher education through a number of initiatives. It established AEI to work with all education sectors to promote the export of Australian education and training, to advance internationalisation, and to provide core services for stakeholders in the industry. It has worked to build formal bilateral frameworks with other countries to assist universities in establishing academic linkages and to foster the internationalisation of Australian higher education. AusTrade actively promoted the Australian higher education sector overseas as well as other sectors. The Commonwealth's employment policy for overseas students in Australia allowed them to seek permission to work up to twenty hours per week during semester and full time during vacations, providing such work was not their sole source of finance and did not interfere with their studies. These work opportunities enabled overseas students to supplement their income and were more liberal than most comparable countries.

The State and Territory governments also actively facilitated the internationalisation of higher education. This has mostly been through promotional or marketing work. The Western Australian Government, for example, was instrumental in the formation of the Western

Australian International Education Marketing Group in 1993. The Group now consists of nineteen institutions, including all of the State's five universities. The international marketing activities of its members are responsible for attracting 80 per cent of the international students studying in Western Australia. The Queensland Government similarly promotes educational exports through the Trade Division of the Department of State Development, which does this through participation at trade fairs, the organisation of in-bound agents visits, the Study Queensland web site and a variety of other activities that provide support to the sector in Queensland in penetrating overseas markets.

Emphasis on quality assurance

The quality of the education provided to overseas students has clearly been a factor in the development of higher education exports and the issue has received considerable attention from governments and universities throughout the decade.⁹⁵

The 1990s saw the emergence, development and adoption of new quality assurance processes at all Australian universities. From 1993 until 1995, the Commonwealth, following a process of consultation, implemented the Quality Assurance Programme. This aimed to raise awareness of total quality management. It also aimed to facilitate the development of an institutional culture which would both appreciate the value of quality assurance processes to the work of universities and be capable of autonomously pursuing the goal of enhanced quality assurance. The Commonwealth was concerned to ensure that the national skills base was internationally competitive and that the sector would remain a viable exporter education.

The Quality Assurance Programme was followed by a variety of related initiatives that culminated in an agreement made in 2000 to establish the Australian Universities Quality Agency. This took place at the Ministerial Council on Education, Employment, Training and Youth Affairs, which is a joint Commonwealth/State and Territory body. These developments have been significant for the sector's export industry, particularly in light of quality assurance developments in other countries that are active in the overseas market, such as the United Kingdom.

On the domestic scene, while the resources that the fees of overseas students brought demonstrated the advantages that such commercialisation could bring, it also led to concerns that universities might be prepared to compromise on standards in order to maintain this income. This concern surfaced in 2000 when claims were made that some universities were lowering standards for fee-paying international students in order to retain their business.

While these charges may have been a reaction to the changes occurring within the sector, the response of universities to this issue made it clear that universities realised the importance of being able to assure overseas students of the quality of their awards and that they were prepared to put in place measures to safeguard their reputations in the export market.

Box 5.6 Internationalisation and La Trobe University

Internationalisation at La Trobe University is multi-dimensional involving business initiatives, international academic endeavours, student exchanges and cooperative ventures. The University has links with some 200 universities and institutes overseas and offers teaching and training programs in many countries especially in Asia. In 2001, some 5,000 international students were enrolled for courses around the world. Overseas students also come to La Trobe to study in Australia. La Trobe is involved in an overseas student exchange scheme and La Trobe academics undertake research, study and teaching in overseas locations.

⁹⁵ For more detail refer to Chapter six on quality assurance.

La Trobe University established the International Network of Universities, in association with Flinders University of South Australia, to provide students with the chance to gain an international dimension to their degree programs by undertaking some of their studies in an overseas partner institution. The foundation partners were the University of Santiago de Compostela in Spain, the Budapest University of Technology and Economics in Hungary, the Technical University of Helsinki in Finland, the University of Leicester in the United Kingdom, Hiroshima University in Japan, Yunnan University in China, and the Parahyangan University in Indonesia. Additional participants are anticipated from Sweden, Greece, China and America.

The University provides courses overseas in conjunction with overseas institutions. In China, the University has established a joint program for the training of health professionals in collaboration with Peking University, Nanjing University, Harbin Medical University, the Sichuan University and Kunming Medical University. In Shanghai, where La Trobe has an office, the University mounts numerous vocational programs with local universities, including Masters in Business Administration, and operates a joint centre for professional and vocational training in the Tongji University.

In Japan, where the University also has an office, a major initiative is under way to provide much needed training programs in aged care. In Malaysia, the University offers degree and other programs at Nilai College near Kuala Lumpur. In Hong Kong and Singapore, large-scale programs in various areas of health and business have been in operation for many years. In Vietnam, as well as in China, the University offers Masters Programs in Teaching English as a Second Language, and in Bhutan it provides important upgrading programs for health professionals. In Europe, the University has a Centre for Business Studies in Budapest, supports a Centre for Australian studies in Barcelona, provides in-country language programs in Madrid, Santiago de Compostela and Thessaloniki and has a research presence in Athens.

In Brazil, La Trobe researchers are charting the endangered languages of the Amazon region. Archaeological research is under way in South and Central America, in Cyprus, Greece and in the Near East and in China as well as in Australia. In addition, La Trobe staff hold a number of important positions overseas, including currently the Harvard Chair of Australian Studies in the United States and the Alexander Onassis Fellowship in Athens.

University support for internationalisation

In the 1990s, universities took up the challenge of internationalisation both individually and collectively. On a sector-wide level, the export of education was actively supported by a number of measures initiated by the sector itself. The Australian Vice-Chancellors' Committee established an international section, as well as several committees concerned with international education. It also developed the *Code of Ethical Practice in the Provision of Education to International Students by Australian Universities*⁹⁶ to which all member universities are signatories.

In addition, all universities in Australia identified senior academics responsible for international education and established international student centres to recruit overseas students and assist them while studying in Australia. The universities established their own body, IDP Education Australia. IDP has a worldwide office network, provides services for students wishing to study in Australia, provides expert information to the industry, manages events, especially recruitment fairs overseas, and is active in international project development management.

⁹⁶ The code of practice can be found at <http://www.avcc.edu.au/news/public%5Fstatements/publications/code.htm>

The export of higher education has been assisted by the experience of many Australian universities with international activities such as staff exchanges and visits, the development of joint academic programs, collaboration on research, cooperation on benchmarking projects, the internationalisation of the curriculum and the development of international or global studies. Not only did such activities demonstrate the benefits of internationalisation, they also helped universities to build valuable international contacts, networks and alliances. Some of these were formalised in agreements that increased in number from 12 in 1980 to 3,243 in 1999 (Porter, 2001), while others have resulted in the formation of consortia. Those involving Australian universities include Universitas 21, the Global University Alliance, and the International Network of Universities.

Porter sees involvement in such alliances as critical to the sustained export of Australian higher education.

The next developmental stage in international education is clearly the establishment of international university consortia and alliances. Developments in this area are happening swiftly. ... Most of these involve well-known United States and United Kingdom universities and others and have very broad agendas. Most are still in the early stages of development. Some of the possibilities being pursued include enhanced student exchange, enhanced credit transfer, electronically based shared courses, 'double badged' programs, internationalised professional programs, research collaboration, benchmarking, joint quality assurance processes and so on. In terms of implications, it is not difficult to imagine these alliances behaving like businesses in their need for exclusivity to strategically promote their special offerings. For Australian universities, the biggest issue will be ensuring involvement in useful international strategic alliances and thus avoiding the loss of future business — and the potential isolation — of a carved up higher education world.

(Porter 2001, p. 5)

More entrepreneurial approach

The development of a more entrepreneurial approach to management in the 1990s assisted Australian universities to compete successfully in the international market for higher education. A number of factors led to the development of a more business orientation in universities. Universities were able to charge full fees for overseas students and the contributions such fees made to university budgets were significant. This provided an incentive to maximise returns from exporting higher education. It also provided Australian universities with the challenge of dealing with stakeholders within the student body who were their commercial clients. These clients were not just empowered by paying their own way, but by the ease with which they could leave the Australian market. This meant that Australian universities needed to make sure that they did not fall far behind leading sectors in the international market, especially the United States. The example of eminent American universities transforming themselves into entrepreneurial agencies suggested that Australian universities could do the same.

This pressure to maintain international competitiveness and the continuing growth of the sector required administrative skills of a type and degree that could not be relied upon in academics not formally trained in administration.⁹⁷ By the 1990s collegial governance became increasingly difficult on its own in the changing institutional environment within which universities had to operate.⁹⁸ By the mid-nineties professional administrators or managers became more influential in university governance, vice-chancellors began to function like the chief executive officers of corporations and universities began to use standard instruments of corporate administration

⁹⁷ For more details refer to chapter eight on university governance

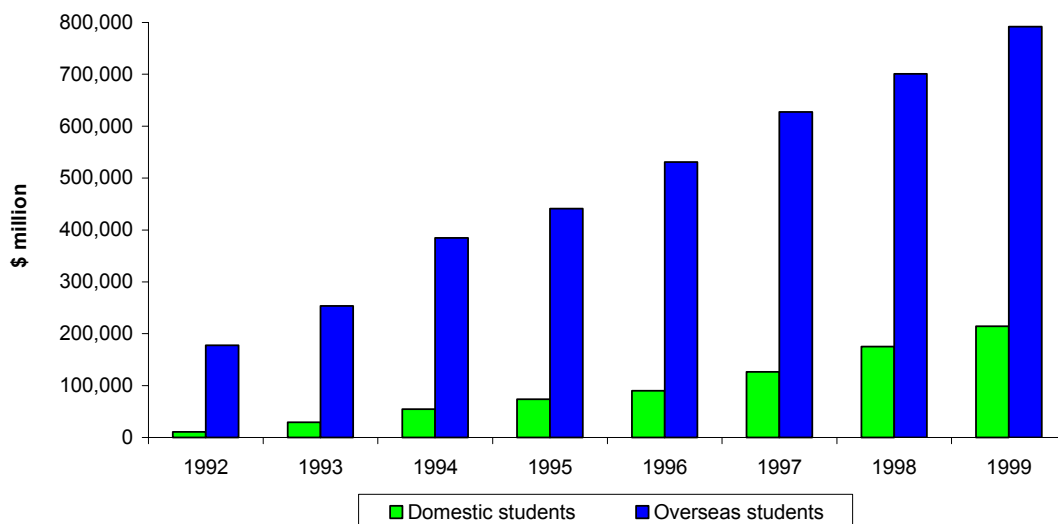
⁹⁸ For a discussion of these issues, see Hoare (1995)

such as corporate style strategic planning and risk management planning. These changes helped universities to set up and run their international ventures as businesses.

5.4 Emerging Issues

Australia has been very successful in capturing a significant share of the growing market in exporting higher education. For a number of universities, overseas students represent a significant proportion of on-campus enrolments. Overseas students make a considerable contribution to the budgets of some universities although it is not always apparent whether overseas students are budget neutral or are actually cost-subsidised by other endeavours of the university. Figure 5.7 shows the growth in income from fees paid by overseas students.

Figure 5.7 Total income from fees from overseas students and domestic students, 1992–1999



Source: Higher Education Statistics, 1992–2000

Although Australia's involvement in the global market in education is likely to continue to grow in the foreseeable future, three issues have emerged. One is the need for diversification to ensure that Australia's position, as a major provider of higher education internationally, is robust enough to survive any changes in the global market. Throughout the 1990s, most overseas students came to Australia from the East Asia region. Although Australia is likely to draw students from this region for some time, there are other potential markets that could be tapped to broaden Australia's international export base. Some universities are actively seeking to increase the range of countries from which they draw their overseas enrolment and to attract these students to a greater range of fields of study.

The second issue arises from the fact that the benefits and risks of exporting education are not evenly distributed over the higher education sector in Australia. Given that the ability to attract overseas students has become more important as universities become more dependent on private sources of revenue, this situation raises issues about the impact of the skewed distribution on the sector. While some universities have sought to limit the proportion of their student body made up of overseas students, perhaps by applying more stringent entry requirements, others see themselves as international universities rather than Australian universities.

Thirdly, while many students from other countries come to Australia to study, comparatively few Australians go overseas to study, particularly at the undergraduate level.⁹⁹ Despite the emphasis on the value of establishing global networks Australia has not contributed to a real international exchange of university students. This raises issues of reciprocity and the exposure of Australian students to a university experience that is international in character.

Diversification of markets

The challenge for Australia is to maintain its market share in exporting higher education in an increasingly competitive and changing global environment. Over the past decade, Australia has largely drawn its higher education students from the East Asia region. While this is not a concern in the short-term as the region contains significant reserves of potential students, there is no guarantee that growth in the East Asia region will continue entirely unabated. Although local higher education systems in the region are still largely unable to meet the total demand for university education, as they develop they will be able to provide for the educational needs of their own nationals, without having to rely upon imports of higher education to the same extent that they have done in the 1990s. Already, the governments of Malaysia, Singapore and Hong Kong have been implementing domestic education policies that encourage students to meet their education and training needs in-country. In the future, Australia faces continuing competition from established exporters, particularly the United States, the United Kingdom, New Zealand and Canada. In addition, other study destinations such as Germany and France are developing, while Malaysia, Singapore and Thailand have emerged as strong players in the region.

While not abandoning its traditional markets, Australia may need to devote considerable attention to markets that are still developing or just emerging. Australia has already made significant in-roads into the enormous Chinese market. Because of its burgeoning population and the difficulties in putting in place higher education infrastructure on such a large scale, China is likely to need to utilise Australian providers at least for the next twenty years. There is also likely to be increased demand for Australian higher education from Bangladesh, the Gulf States and South America and although strict visa requirements are restricting numbers now, the Indian market has the potential to grow in the medium to long term. Furthermore, there is also a market for Australian higher education in developed countries such as those of Scandinavia.

As well as increasing the number of countries from which it draws overseas students, Australia can expand its export market by continuing to diversify the way it delivers higher education internationally. Through distance education, offshore campuses, franchising and other arrangements, Australian universities can tap into the growing numbers of potential students who wish to study with an overseas university but do not wish to leave their own country to do so (Swannell 2001). While this area of the export industry is potentially very rewarding, there are risks associated with entering into joint venture arrangements with other overseas institutions or property developers, or investing the high levels of funds required to develop offshore infrastructure. Should a venture fail, both the university involved and the industry stand to lose. The industry may need to develop increasingly sophisticated approaches to international financial arrangements to minimise risk. A number of universities already have developed guidelines for undertaking such enterprises.

⁹⁹ It is difficult to determine the number of Australians who go overseas for postgraduate study because they often do so independently rather than as part of institutional exchange schemes. There are, however, many indicators, including the number of Australians who return to the country with PhDs, that the proportion is higher than those who leave to study at an undergraduate level.

There may also be some capacity to expand the type of courses and fields of study pursued by overseas students studying with Australian universities. There is clear potential to attract students to other fields of study, besides business, economics and administration, in which Australia has particular strengths—for example, English language training, science, the humanities, information technology and environmental management.

There is also potential to increase intake in the areas centred on both continuing professional education and postgraduate education. The provision of postgraduate places to overseas students in Australia is expanding (Table 5.2). Not only does this provide an alternative to the market in undergraduate higher education, it also means that Australia has the opportunity to train the potential leaders in academic disciplines from other countries and assists the development of research and innovation both inside Australia as well as overseas.

Box 5.7 AEI-NOOSR

Internationalisation implies, and depends on, greater mobility for professionals. Professionals who wish to practise offshore may face barriers to the recognition of their qualifications and skills. AEI-NOOSR, formerly the National Office of Overseas Skills Recognition (NOOSR) was first established in the 1960s as the Council on Overseas Professional Qualifications to promote recognition of professional qualifications. AEI-NOOSR promotes the fair, equitable and transparent recognition of overseas qualifications in Australia through work with professional and regulatory bodies and the production of the Country Education Profiles, a series of booklets outlining overseas education systems and the comparability of their qualifications to Australian qualifications.

To promote the recognition of Australian professional qualifications overseas, NOOSR assists professional and regulatory bodies to engage their counterparts either bilaterally or multilaterally. One of AEI-NOOSR's recent successes is APEC Engineer. Developed in conjunction with the Institution of Engineers Australia, and under the auspices of Asia-Pacific Economic Cooperation (APEC), APEC Engineer provides a framework to substantially reduce or eliminate the licensing requirements for engineers who wish to practise in participating countries.

To facilitate continuing professional education Australian universities may need to give further attention to the development of flexible pathways and articulation arrangements that address the needs of overseas students as well as Australian students. While many institutions are entering into arrangements for inter-institutional credit transfer still more work needs to be done to promote flexible, cumulative credit systems enabling students to transfer credits between programs and institutions internationally as well as nationally.

The development of new markets in countries outside the East Asia region, the use of non-traditional delivery modes to meet the needs of overseas students who do not wish to relocate to Australia, and the greater diversification of courses selected by overseas students, may act as an important buffer in the future should any part of the Australia's traditional export markets in higher education fail.

Unequal distribution of overseas students

A number of universities have established themselves as leading Australian providers of education to the international market (Figure 5.8). The strategies that they have undertaken to attract international students have been demonstrably effective; however, the unequal distribution of educational exports among universities means that the benefits flowing from the export of education are not shared equally across the sector. The self-imposed restrictions on the proportion of enrolments made up of overseas students that some universities have put in

place provides opportunities for other universities to benefit from the enrolment of overseas students while allowing the former to be selective in the overseas students they enrol.

Table 5.13 Overseas students as a percentage of all enrolments in a particular institution, 2000

Institution	
RMIT University	29.18%
Central Queensland University	24.11%
Monash University	21.25%
Australian Maritime College	21.14%
The University of New South Wales	20.61%
Curtin University of Technology	19.70%
University of Wollongong	19.16%
Charles Sturt University	18.71%
Murdoch University	16.76%
University of South Australia	16.64%
University of Southern Queensland	16.48%
Victoria University	15.53%
Swinburne University of Technology	15.17%
Avondale College	14.71%
The University of Melbourne	14.69%
Macquarie University	13.19%
Griffith University	12.09%
University of Technology, Sydney	12.06%
The University of Western Australia	11.31%
University of Canberra	11.18%
Edith Cowan University	11.14%
The University of Adelaide	10.97%
University of Western Sydney	10.80%
The University of Sydney	10.52%
The Australian National University	10.25%
The University of Queensland	9.53%
Queensland University of Technology	9.21%
La Trobe University	8.73%
University of Ballarat	8.64%
Deakin University	8.53%
University of Tasmania	8.46%
The Flinders University of South Australia	8.01%
Southern Cross University	7.26%
The University of Newcastle	7.08%
James Cook University	6.47%
Australian Defence Force Academy	6.31%
Northern Territory University	4.33%
The University of New England	3.61%
Australian Catholic University	2.81%
National Institute of Dramatic Art	1.84%

Marcus Oldham College	0.00%
University of Notre Dame Australia	0.00%
Batchelor Institute of Indigenous Tertiary Education	0.00%
Australian Film, Television and Radio School	0.00%

Source: Selected Higher Education Statistics 2000

Those universities that have particular strengths in exporting education may have a comparative advantage over other universities in terms of enhanced viability as the result of their ability to generate income from overseas students. Figure 5.9 shows the distribution of income derived from fees paid by overseas students.

Table 5.14 Income from fees, by institution, 1999

Institution	Overseas student fees (\$)	Non-overseas student fees (\$)
Avondale College	225	359
Charles Sturt University	8,226	7,014
Macquarie University	14,929	17,117
Southern Cross University	4,218	2,444
The University of New England	4,305	4,848
The University of New South Wales	64,463	20,647
The University of Newcastle	13,623	3,998
The University of Sydney	35,663	11,141
University of Technology, Sydney	25,654	15,152
University of Western Sydney	24,460	7,562
University of Wollongong	21,312	42
Deakin University	19,262	8,485
La Trobe University	19,234	2,345
Marcus Oldham College	0	0
Monash University	62,042	14,710
RMIT University	72,027	13,289
Swinburne University of Technology	15,507	10,429
The University of Melbourne	57,925	12,912
University of Ballarat	1,884	953
Victoria University	12,303	2,157
Central Queensland University	21,845	1,641
Griffith University	27,095	5,743
James Cook University	6,794	973
Queensland University of Technology	30,239	7,383
The University of Queensland	30,266	6,758
University of Southern Queensland	10,231	4,255
University of the Sunshine Coast	708	434
Curtin University of Technology	59,099	6,371
Edith Cowan University	15,979	2,241
Murdoch University	12,225	1,085
The University of Western Australia	20,276	1,341
Total Western Australia	107,579	11,038

The Flinders University of Australia	7,611	913
The University of Adelaide	21,524	8,856
University of South Australia	20,042	2,742
Total South Australia	49,177	12,511
Australian Maritime College (b)	1,539	84
University of Tasmania	8,049	567
Total Tasmania	9,588	651
Batchelor Institute of Indigenous Tertiary Education	0	0
Northern Territory University	1,407	563
Total Northern Territory	1,407	563
The Australian National University	10,964	2,987
University of Canberra	7,714	2,192
Total Australian Capital Territory	18,678	5,179
Australian Catholic University	835	1,459

Source: Selected Higher Education Statistics 2000

However, it is also worth noting there may be disadvantages associated with enrolling large numbers of overseas students. For example, universities with a large proportion of their enrolment composed of overseas students studying in Australia are more financially dependent on a source of income that may be vulnerable to changes in the overseas market. Additionally, overseas students do not always have the competence in English or the educational backgrounds to easily manage in an Australian university environment and may require special assistance or accommodation for teaching style preferences or cultural requirements which can be costly to provide.

On the other hand, those universities that have particularly high enrolments of overseas students are able to offer their Australian students a more international educational experience than other institutions, if only because the attendance of high numbers of overseas students makes their campuses comparatively more cosmopolitan. It may also provide a comfort zone for young people living in another country for the first time. Given the value of networking for labour market participation throughout life, Australian students who are familiar with overseas peers may ultimately have an advantage in the international labour market for highly skilled professionals.¹⁰⁰

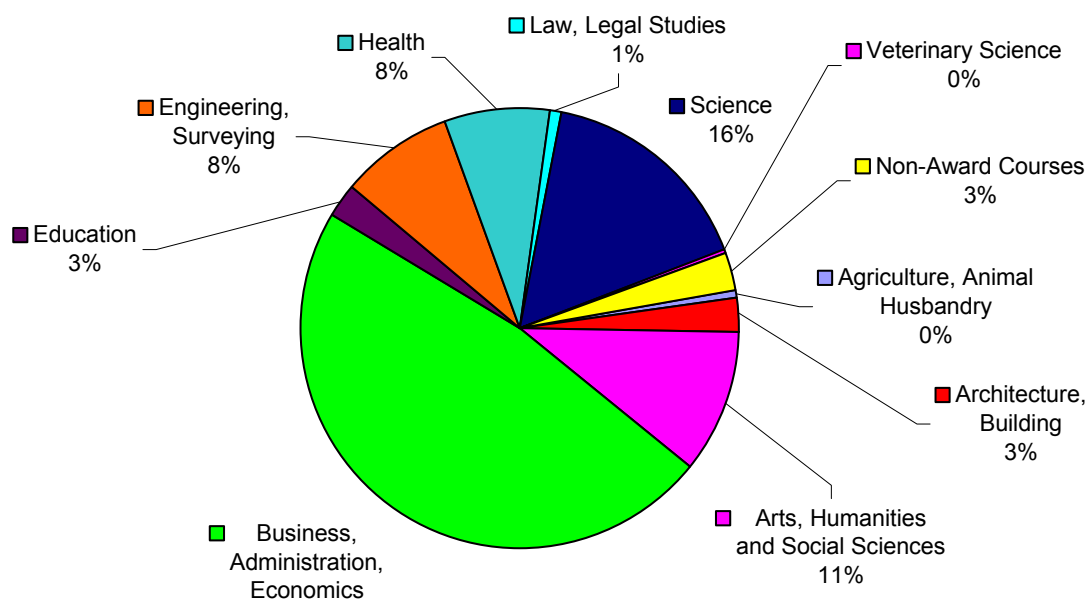
However, those universities with a relatively low proportion of overseas students may be able to offer their overseas students greater contact with their Australian peers and a greater opportunity to be immersed in Australian culture than those universities with a very high proportion of overseas students, particularly if those students come mainly from one particular region.

Not only are overseas students unequally distributed among Australian universities but also they are far from equally distributed within universities. Most overseas students (almost 50 per cent) studying with Australian universities show a strong preference for business studies. Consequently, as evident from Figure 5.10, exports from the Australian sector are heavily dependent upon one particular field of study. In the United States, by contrast, the leading field of study for international students (which is business and management) attracted about 20 per cent of those students by the end of the 1990s and the second and third leading fields of study

¹⁰⁰ Mobility has been identified as the highest good available in the era of globalisation – see Bauman, (1998).

(engineering and mathematics and computer sciences) attracted about 15 and 11 per cent respectively.¹⁰¹

Figure 5.8 Distribution of overseas students in Australia by field of study, 2000



Source: Department of Education, Science and Training Higher Education Student Statistics - Table 72

While this may indicate that undertaking business studies at Australian universities is attractive to overseas students, especially those from the East Asia region, and that Australian universities may have a comparative advantage in the export of business studies, it also has other implications. The concentration of overseas students within a narrow range of study has the potential to disturb intra-institutional dynamics. The ability to attract overseas students, along with the ability to form linkages with business, attract research funding or commercialise knowledge, may bring benefits that are not available to all. This could result in divisions between academics who can attract external incomes and those who cannot.

Similarly, the concentration of overseas students in business administration and economics courses means that Australian students in other courses have more limited exposure to international students.

Box 5.8 The Cultural Dimension of Internationalisation

Many overseas students experience personal difficulties and frustration that arise from having to adjust to an unfamiliar culture. In particular, research has shown that the expectations of overseas students for meaningful social and cultural interaction with peers from the host country often remain unfulfilled. Though difficult to quantify, cultural distances confront not only overseas students, but also Australian academics, administrators and students whose own experience of higher education increasingly involve cross-cultural interactions, both inside and outside of the classroom, laboratory and library. Institutions have had to confront this issue in order to ensure that overseas students were fully and effectively engaged in the overall life of the university community.

¹⁰¹ Institute of International Education – see <http://www.iie.org>

The task of facilitating the adjustment of overseas students typically falls to student support units within individual institutions. These arrange both orientation activities and academic and personal counselling, but may also be involved in liaison with university and government administrators, accommodation and extra-curricular activities. In addition to this, many institutions have also developed their own strategies to actively promote cross-cultural interaction and bonding. These intervention strategies vary across the sector. At Murdoch University's Student Village, an on-campus residential facility, accommodation is arranged to mix races, genders and nationalities. Although students were reported to have had reservations about this, subsequent evaluation has demonstrated substantial success in terms of long-term friendships, removal of stereotypes, and general social cohesion.

At the Curtin University School of Design, staff adapted to the presence of large numbers of overseas students through the systematic internationalisation of the curriculum, utilising approaches that actively engaged both overseas and domestic students as exemplars of their respective cultures. Following very positive responses to this, the School of Design began a more ambitious holistic approach, a whole of school, strategy that aimed to incorporate internationalisation and cross-cultural interaction into every aspect of the school's operations. Other institutions have preferred to use peer pairing, an educational buddy system, to foster interaction. RMIT University incorporated a peer pairing program in the context curriculum subject, culture, communication and language. The program was designed to facilitate overseas students sharing their cultural knowledge in a structured way. Greater social contact among participating students was the most frequently cited benefit from the program.

Adequately providing for the integration of overseas students into the higher education system is not just a matter of fulfilling the needs of overseas purchasers of Australian services, but is also critical for preparing Australian students for precisely the sort of cross-cultural interactions from which the borderless society and economy is emerging. This is recognised by institutions that aim to develop inter-cultural or cross-cultural competence. In the early 1990s the Graduate School of Business at RMIT University began using peer pairing so that newly arrived overseas students were paired with Australian students from the second or third year of the Master of Business and Administration program. Each student worked on a project of interest centred upon their peer-partner's country and culture.¹⁰²

Source: Smart Volet and Ang 2000

Imbalance in student exchange

Over the past decade, Australian higher education became increasingly cosmopolitan as the sector became one of the pre-eminent exporters of higher education in the world. However, this growth in international involvement was in stark contrast with the apparent disinclination of Australian students to pursue studies overseas. This is clear from Table 5.13 that shows the proportion of students from countries belonging to the OECD, studying in other member countries. Australian students are significantly less likely to study in another member country than are their peers. Of the five leading exporters of education in the Organisation, only the United States has a lower propensity to send students to other member countries.

¹⁰² For a discussion on this, see Smart et al., 1980.

Table 5.15 Foreign students enrolled as a percentage of all students and exchange of students within selected countries as a percentage of total enrolment, tertiary education in 1998

Country	Students studying in other OECD countries relative to tertiary enrolment
Australia	0.7
Canada	3.1
France	1.8
Germany	2.2
Ireland	13.6
Italy	1.8
Japan	1.4
Netherlands	2.7
New Zealand	3.4
United Kingdom	1.4
United States	0.2

Source: OECD 2000, Education at a Glance: OECD Indicators, Table C5.1

This may be an effect of culture, history, geography and cost. Members of the OECD with the highest propensity to send students to other advanced countries for university education are all located in the close vicinity of other member-states, while Australia's only neighbour that is also a member is New Zealand. The relative neglect of the Australian market by the overseas competitors of the Australian sector could also be a factor. It appears that international higher education institutions are yet to establish themselves to any degree in Australia. Overseas universities have not set up campuses in Australia and there appear to be only isolated incidences of Australian students undertaking distance education through overseas providers although accurate information is difficult to obtain. However, there are some instances of arrangements where overseas universities have contracted local providers to deliver courses.

The Commonwealth Government has sought to encourage mobility through the Australian University Mobility in Asia and the Pacific program, which provides funding to Australian universities to subsidise the costs of establishing and participating in student exchange programs with universities throughout the Asia-Pacific region. The Australian program has successfully facilitated the mobility of Australian students and staff through credit transfer and exchange. However, Australians still consume less of the educational services available to them from the international system than comparable countries, while exporting significantly more than most. While this works to the advantage of Australian universities who can rely upon enrolling a disproportionately larger share of their nation's students than most of their overseas counterparts, it also results in the relative isolation of Australian students, in general, from the university sectors of other advanced countries.

Not surprisingly, when Australians do travel overseas to study, they demonstrate a preference for the United States and the United Kingdom. Towards the end of the decade these two countries attracted over three-quarters of all Australians studying overseas within the OECD. However, this means that such students are unlikely to develop a proficiency in another language through their study abroad. In fact, Australian students may be reluctant to study abroad because they do not have the language skills needed for undertaking tertiary study in a foreign language. Yet language skills seem to be increasingly important for international employment. Many European employers are already starting to stipulate in selection criteria that students must have done some study in another country and be fluent in a second if not third language. This suggests that the Australian disinclination to study abroad may ultimately retard the international mobility of Australian labour.

5.5 Conclusion

The rise of Australian higher education exports has been a remarkable episode in the history of the sector. From assisting a small number of students from developing countries in the 1950s, the provision of tuition to overseas students had grown into a billion dollar export industry by the turn of the century. The success of the higher education sector in the international market was a combination of many factors. Australia was part of a worldwide trend to open up markets and think globally and it was well placed geographically to the huge education markets of the East Asia region with high demand and rising incomes. The industry had the support of both the Commonwealth Government and the State and Territory Governments which cooperated to develop a comprehensive quality assurance framework. Public funding levels for universities in Australia were relatively high compared to other countries, ensuring that universities had the capacity to deliver high quality education to overseas students. The costs of studying in Australia were not high compared to many other countries and Australia offered the advantage of studying in an English-speaking country with an open university system successfully catering for people from diverse backgrounds.

However, the global higher education market is anything but static. In this rapidly evolving environment, Australian universities will be constantly challenged to adapt so that they not only remain at the forefront of international knowledge and transmission but also continue to attract international students. The sector will need to seek out new markets and ensure that it is well positioned to participate in useful international strategic alliances if it is to maintain and increase its market share. The sector may need to address tensions that could arise between universities and between faculties as a result of the unequal distribution of overseas students and the benefits they may bring. In order to fully participate in the internationalisation of higher education, further initiatives may be needed to encourage Australian students to study overseas.

Innovation and Renewal at the Australian National University

Professor Deane Terrell, former Vice-Chancellor of The Australian National University

My academic career at the Australian National University began in the Department of Statistics, Faculty of Economics and Commerce, and the Department of Economics, Research School of Social Sciences. Soon after, in 1971, I was appointed the inaugural Professor of Econometrics in the Faculty of Economics and Commerce, and then in 1975 I was invited to become Dean of that faculty. During the 70s and 80s I served as Dean for almost ten years until in 1989 I began a three-year term as Chairman of the Board of The Faculties. It was soon after relinquishing the role of Chairman of the Board that I was appointed as deputy vice-chancellor—initially several months as acting deputy vice-chancellor and then taking a substantive role, until almost 30 years after my arrival at the University I became the ninth vice-chancellor.

A matter uppermost in my schedule of tasks as the newly appointed vice-chancellor to the Australian National University in 1994 was the preparation required for the review of all schools and centres in the Institute of Advanced Studies in 1995. It was soon apparent that the work begun by the Research School of Social Sciences and the Heads of Research Schools in establishing the Performance Indicators Project (later to evolve into the Research Evaluation and Policy Program) would be a vital ingredient in such an all-encompassing review.

The general assessment of the individual research schools and centres and of the institute as a whole was very positive. It stated:

'No other Australian institution, and few institutions in the world, can match the high standards of performance judged to have been attained by the Schools and Centres of the Institute.'

The degree of confidence associated with such an assessment was enhanced both by the data compiled by the Performance Indicators Project and the Review Committee and by the quality of the advice from the members of that Review Committee. The high calibre of the Review Committee members assembled was much dependent on the resources made available by the Commonwealth Government and the Australian National University.

The assessment of the excellent academic achievements of the Institute of Advanced Studies did not mask two issues that became compelling elements of strategic change for the institute over the next five years.

An important subtext of the review was the need to adjust funding allocations to component parts of the institute in line with its strategic plans. This issue was the driving force in the creation of the Performance and Planning Fund. The fund began with some small changes to base funding allocations and a number of targeted one-off grants and then introduced the award of five fellowships—designed to attract outstanding scholars to enhance, but also to benefit from, the institute's research environment.

The institute assembled a Research Advisory Committee that met in 1998 and 2000 and provided an excellent national and international perspective on research directions and research strategic planning. The committee endorsed a strategic approach that meant that more substantial additions were made to base funding to support engineering and information and communication technology, bio-technology and bio-informatics, interdisciplinary developments in the environment and in the many aspects of regulation.

At the second meeting of the committee, members' attention was drawn to the erosion of the block-funding base of the institute as a percentage of total sector research funding over a period

of almost fifteen years. It outlined the opportunities that the Government White Paper presented for the institute to participate fully in the funds allocated by the Australian Research Council and the National Health and Medical Research Council and also through access to the Institutional Grants Scheme, the Research Training Scheme and the Research Infrastructure Block Grant. The University strongly believed that the advantages derived from these opportunities would outweigh the costs of participation.

The work undertaken by the Performance Indicators Project and the Research Evaluation and Policy Program, which proved so important to our review procedures, will undoubtedly be crucial in assessing whether institutions are being stimulated in their research to make a quantity response rather than to improve the quality impact of their research. It would be remiss not to emphasise that the excellent research performance, in per capita terms, of members of the faculties is a significant vindication of the benefits of widening opportunities for productive interaction between those academics on research only contracts and those on teaching and research contracts.

In a period when few universities could expect major growth in recurrent funding an important responsibility was to ensure that the University's infrastructure was creatively strengthened. First, in 1996 a 10-year rolling Capital Management Plan was introduced to undertake long-term planning for capital works. The University asked the Facilities and Services Division to take responsibility for the maintenance of all parts of the campus to ensure priorities were decided on a university-wide basis.

An essential feature of the Capital Management Plan was the decision to relocate facilities onto the University campus wherever possible. The capacity to financially support many aspects of the plan was increased considerably by revenue from the sales of the several housing complexes.

It was also evident that there should be similar long-term planning to support an Information Technology and Services Management Plan. An amount of \$16m was allocated for this purpose with \$5m being earmarked for the purchase of integrated management systems software for financial, human resources and student areas. The remaining funds were directed to programs in information literacy, electronic access portals, network development, information commons, education technology, advanced computation, and desktop environments.

The Information Policy Working Party has overseen considerable development in information literacy for staff and students and the development of electronic access to scholarly journals, indexes, databases and reference works.

In 2002 the network on the campus will be fully developed, providing access to national and international broadband networks and indeed to the national cultural institutions in Canberra. The University is host to the Australian Partnership for Advanced Computing and has committed considerable resources to ensure it nurtures the concept of collaborative developments in high performance computing.

The setting up of a Division of Information captures well the integrated model of information provision by the Library, by Information Infrastructure, by Scholarly Technology Services, and by Corporate Information Services. This integrated view is further exemplified by the expected provision in Semester I of 2002 of 1200 open access machines in study rooms and laboratories in many locations throughout the campus through the Information Commons program.

The Commonwealth Government and the Australian Research Council made a major contribution to the research infrastructure for Australian astronomers, particularly those in the Research School of Astronomy and Astrophysics, by meeting capital and recurrent costs of membership for the Gemini Project, an international partnership giving access to large, high

performance optical infrared telescopes in Hawaii and Chile. It is possible that broadband access to Hawaii, provided by AARNet, will allow experiments with remote usage of these telescopes.

To mark the 50th Anniversary of the University in 1996 the council established the Endowment for Excellence. The endowment began by consolidating some \$12.75m previously donated to the University in its first 50 years. By 31 December 2000 the total funds in the endowment stood at \$117.1m.

In recognition of its wider national role the endowment manages funds for other bodies such as the Oxford Australia Fund and also manages named foundations that support specific disciplines or activities, such as the Sir Roland Wilson Foundation. The Endowment Board of Governors and the Endowment Office have used the ability to match funding for named scholarships and prizes judiciously and the number and range of such awards is growing rapidly. The ANU Excellence and Renewal Fund provides the vice-chancellor and the Board of Governors with income to support the recruitment and retention of outstanding staff. There is also a segment of the Endowment Fund that has matched donations from individuals, governments and business entities.

The Al-Maktoum Foundation and the Governments of Iran and Turkey have been generous donors to the Centre for Arab and Islamic Studies. Support for a Chair of Intellectual Property in Law and Policy is provided by the Grains Research and Development Board and the Federal Government. The Gordon Darling Foundation and Mr and Mrs G. Darling initiated the Darling Author Fellowship. The Hellenic Club of Canberra enabled the University to introduce Modern Greek jointly with the University of Sydney, using video-conferencing. The John C. Caldwell Chair in Population Health and Development is supported by the Rockefeller and Macarthur Foundations, and a program of Visiting Fellowships in the Research School of Pacific and Asian Studies by the Henry Luce Foundation, in the USA. The Government of France provides the Baudin Scholarships to assist Australian students to undertake some of their Honours year in France and ANU matches any scholarship provided to ANU students, enabling two students in 2000. The endowment's willingness to match such benefactions has been a factor in encouraging this support.

To commemorate the Centenary of Federation the European Commission joined with the Australian National University—supported by matching funding from the Endowment for Excellence—to establish a National Europe Centre on the Acton Peninsula. The centre incorporates the Centenary of Federation gift from the people of the European Union (EU) to the people of Australia.

With the establishment of the Endowment for Excellence to generate external University funding, and the provision of Tuition Fee Scholarships for international students by the vice-chancellor, Graduate School PhD Scholarships became an increasingly important means of access for research degree applicants. I introduced graduate Alumni Scholarships in 1998, to increase opportunities for research students from Hong Kong, Japan, Malaysia, Singapore and Thailand; and to build closer relationships with the University's Alumni.

A recurring theme of drawing together strengths from cognate areas is evident in decisions made by the Institute Planning Committee and in the Plan for Growth that I put before the University Council in 2000. There are many illustrations of this in research and in teaching and learning areas such as the environment, regulation, archaeology and applied anthropology, biorobotics, quantitative finance and photonics.

Another important initiative of the Plan for Growth was the development of an enquiry-based learning environment, in which undergraduates are exposed interactively during their undergraduate courses to the research expertise within the University, including in the Institute of Advanced Studies.

The Plan for Growth also sought to underpin areas associated with the thrusts of the Information Technology and Services Management Plan and Information Policy Working Party and, recalling another important area from the 1995 strategic plan, devoted a significant allocation to meet our goals of increased resources for staff development.

In creating an environment for continuing staff development we have not only focused on the requirements of existing staff but have sought to introduce new perspectives to the institution through recruitment of staff with an array of experience in research, research training, teaching and learning and many areas of administration. We have been assisted in this aim by council's agreement—in response to The Faculties Review—to the appointment of Deans of Faculties.

The Managing Business in Asia Program was established in the early nineties to provide a Master of Business Administration with an Asian context to its business studies. Over the decade the original Australia Asia Management Centre has become the National Graduate School of Management, with some 400 fee-paying graduate students enrolled. It has been innovative and pacesetting in its introduction of offshore graduate programs delivered in Mandarin and in English and has developed creative new opportunities for graduate management training — designed to broaden the managerial capacities of participating departments of the Australian Public Service.

The National Graduate School of Management recently established the Innovation Management and Policy Program, another initiative of my Plan for Growth, to research, teach and consult on innovation management and policy. The program has the strong support of government and was launched by the Minister for Industry, Science and Resources, the Hon. Nick Minchin, at the beginning of 2001.

It would be misleading not to reflect on an additional dimension of the University's international and national role that derives from the linkages created through our student networks. A period of study under exchange arrangements at Oxford and Cambridge is now added to an already wide array of exchange possibilities for our students. The importance of the activities of the University's international office and its Alumni Office has grown markedly in the latter half of the nineties. Alumni chapters and Alumni scholarships sustain goodwill developed during undergraduate and graduate studies.

It has always been difficult for potential graduate students, particularly from Australia and New Zealand, to understand what extraordinary opportunities exist for research and research training. To counter this lack of awareness the University has for many years provided opportunities through vacation scholarships for potential graduate students to work in stimulating research environments.

Following the review of the Institute of Advanced Studies in 1995, the Humanities Research Centre was established as the first autonomous university centre. The centre was successful in 1996-7 in its bid for an affiliated special research centre. The Centre for Cross Cultural Research was the first Australian Research Council special research centre in the humanities and with the Humanities Research Centre has played both a national and international role in studying selected themes, convening major conferences some in conjunction with the Academies of Humanities and Social Sciences, and attracting eminent visiting fellows. The Humanities Research Centre has founded and chaired the Australian Consortium of Humanities Centres and runs annual summer schools for young University staff and post-graduates from other parts of the country, giving national leadership in humanities research. Together, the Centre for Cross Cultural Research and the Humanities Research Centre have been instrumental in forging links with all the national cultural institutions and Questacon in the ACT and with galleries, museums and libraries in the States.

The Canberra School of Art and Music has recently become the National Institute of the Arts. Throughout the institution there has been a growing understanding of the benefits this new dimension has brought to all members of the University. The ANU International Sculpture Park on the Acton Peninsula will further augment the highly creative ANU Sculpture Walk and will provide an attractive interface with the University's neighbour and collaborator, the National Museum of Australia.

The ANU Pacific Advisory Council was established to seek and provide advice on the University's academic programs and to make research and teaching on Asia and the Pacific more accessible to the Australian Government and the wider community. The Minister for Foreign Affairs chairs the council.

Another exemplar of the University's academic engagement with the local national and international communities has been the Centre for Public Awareness of Science's role in the highly creative Science Circus. The centre and Questacon are both committed to making science exciting and accessible—best exemplified by the displays presented at stopping points of the Olympic Torch Relay and at the venue for the 2000 Olympics.

A challenge that has already been identified in universities such as Oxford, Cambridge and Edinburgh and which will I am certain be important to the structures which are developing at the University is the creation of strong partnerships between those disciplines and activities predominantly reliant on public funding and those where the opportunity to enhance one's scholarly goals can be materially supported by the earning of substantial outside funding. The impact of staff development, and involvement therein on a broad front within the institution, will undoubtedly aid in strengthening such partnerships.

Throughout my term I have sought opportunities to nurture cross-university activities making students and staff—and the broader public—aware of the breadth of academic talent that is present at the National University. This has been a particularly demanding but enjoyable task. Development of these cross-university linkages will make the breadth and the depth of the University's expertise both more visible and more available to the nation.

It has been a privilege to have led the University and to have led its development as an important national resource. It is an even greater privilege to be a continuing part of that growth as Emeritus Professor and Visiting Fellow.