Facing the Challenges of Exporting Education and Training

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Abstract

There are new challenges and opportunities for Australia’s export of education and training. In this paper a broad range of issues facing the sector are discussed and some strategies suggested which Australia could adopt to position itself to meet these challenges and opportunities.

Introduction

The Australian Education and Training Sector faces a turbulent and rapidly changing set of scenarios in the international arena. In one sense there is reason to be fairly optimistic for the Asian economic crisis appears to have passed and demand is growing in both traditional and newly emerging markets. Furthermore, Australia’s international education industry proved to be remarkably resilient throughout the Asian crisis. However, there are difficult challenges emerging from many directions. Traditional international competitors, the United States (US), United Kingdom (UK), Canada and New Zealand (NZ), are mounting spirited and well-resourced recruitment campaigns and are being joined by newly developed countries such as Singapore and Malaysia. Meanwhile trends such as offshore and on-line delivery are becoming powerful new modes of competitive response to which Australia must respond strategically.

On the positive side, major new opportunities are also arising so long as the States, the Commonwealth and the institutions themselves are willing to grasp them. In almost every corner of the world, the forces of globalisation are promoting ‘reforms’ such as deregulation, privatisation and decentralisation — reforms with which Australians already have first-hand experience. Such reforms are creating a huge demand for education and training of private and public sector professionals, managers and administrators. In the global market for international education and training, the emerging mega-markets of India and China — containing one-third of the world’s people (and students) - provide huge opportunities for Australian institutions.

For the smaller capital cities the biggest disadvantage in global markets relates to their lack of international profile — whether in tourism, education or any other field. For instance, Perth’s and Adelaide’s small size and relatively small education and training sector means they currently lack the visibility offshore that Sydney, Melbourne, and Brisbane/Queensland have acquired through their icons (e.g. Harbour Bridge, Opera House, Crown Casino, Grand Prix, and the Great Barrier Reef). Massive educational momentum is provided by Sydney and Melbourne with three or more large and internationally successful universities.

Other weaknesses include the continued heavy reliance on traditional markets and the under achievement of the VET and government school sectors. Strategies for addressing these weaknesses are explored.

Australia and the international student market

Given Australia’s proximity to Asia, it is not surprising that this region is the key source (85 per cent) of all international students across all education and training sectors in Australia. All of the top ten source countries are from this region. Table 1 shows the distribution of students by country, for both 1994 and 1999 and the percentage growth.

Australia’s recruitment of international students continued to grow, from 99,966 to 157,834 between 1994 and 1999, (1998 was the only year of negative growth in this period, with a decrease of 3 per cent).
Indonesia, Malaysia, Singapore and Hong Kong were the top source countries in 1999. Recently there has been phenomenal growth in the number of Indian students, making India the fifth largest source country. Given India’s population, it has great potential for continuous and substantial growth. In 1998, over half of the Indian students were in the VET sector.

### Table 1: Top ten source countries: Australia

<table>
<thead>
<tr>
<th>Country</th>
<th>1,994</th>
<th>1,999</th>
<th>Percentage Change 1994-99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea (South) *</td>
<td>9,862</td>
<td>9,547</td>
<td>-3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>10,964</td>
<td>18,748</td>
<td>71</td>
</tr>
<tr>
<td>Malaysia</td>
<td>10,447</td>
<td>15,887</td>
<td>52</td>
</tr>
<tr>
<td>Japan *</td>
<td>9,682</td>
<td>9,825</td>
<td>-1</td>
</tr>
<tr>
<td>Singapore</td>
<td>7,894</td>
<td>17,972</td>
<td>128</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>14,323</td>
<td>17,727</td>
<td>24</td>
</tr>
<tr>
<td>Taiwan</td>
<td>6,194</td>
<td>5,885</td>
<td>-5</td>
</tr>
<tr>
<td>Thailand</td>
<td>5,038</td>
<td>6,569</td>
<td>30</td>
</tr>
<tr>
<td>India</td>
<td>1,501</td>
<td>9,362</td>
<td>553</td>
</tr>
<tr>
<td>China</td>
<td>5,533</td>
<td>8,717</td>
<td>57</td>
</tr>
<tr>
<td>Other (inc. Europe &amp; US)</td>
<td>18,528</td>
<td>37,595</td>
<td>103</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>99,966</strong></td>
<td><strong>157,834</strong></td>
<td><strong>58</strong></td>
</tr>
</tbody>
</table>

*There are a significant number of Japanese and Korean students studying at ELICOS colleges on tourist visas. The 1999 figures relate to students who have entered Australia on a student visa only.

Source: AEI (2000a)

Table 2 examines Australia’s higher education enrolments from its top 10 source countries and compares its share of those markets with that of its four major rivals. The higher education sector accounts for over half of all international students in Australia and has proven, even in recessions, to be the most stable and resilient of all the sectors (Smart and Ang 1999). Australia has the leading market share in Singapore. It is second to the US in Indonesia and third to the US and UK in all the other countries listed. The US dominates the higher education sector, with a 60 per cent share overall and more than 60 per cent share in seven of the top ten source countries. Clearly, in the markets of South Korea, China, Japan, Taiwan and India, there is great scope for Australia to improve its recruitment.

Australia’s international higher education numbers grew impressively from 41,244 students in 1994 to 84,304 students in 1999; an increase of 104 per cent. In higher education, Victoria has the largest market share followed by New South Wales and Queensland. Between 1994 and 1999 Queensland increased its share by about 3 per cent, at the expense of Victoria, Tasmania, Western Australia and the Territories. A significant source of growth in recent years has been from offshore students. Between 1997 and 1999, Australia’s offshore enrolments increased from 22 per cent to 32 per cent of total international enrolments by Australian universities (AEI 2000a).

The ELICOS sector decreased nationally from 23,544 international students in 1994 to 22,541 in 1998. This sector peaked in 1996 and has contracted every year up until 1999. Unfortunately, due to a change in classification of what constitutes an ELICOS course, comparisons cannot be made between 1999 preliminary data and previous years’ data. New South Wales had the largest share, approximately 50 per cent, of the ELICOS market in 1998 (AEI 1999a).

The VET sector increased nationally from 24,199 international students in 1994 to 37,328, in 1998, an increase of 54 per cent. New South Wales has the leading share in this sector and over time its share has remained relatively stable at about 46 per cent. Victoria has experienced significant growth in its share of the VET market. This can be explained by the inroads it has made in the recently developed, and rapidly growing, Indian market.
Table 2: Source countries higher education: Australia and its major competitors

<table>
<thead>
<tr>
<th>Destination Countries</th>
<th>Australia **</th>
<th>United States</th>
<th>United Kingdom</th>
<th>Canada</th>
<th>New Zealand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>9 175 26</td>
<td>11 557 32</td>
<td>12 632 35</td>
<td>852 2</td>
<td>1 575 4</td>
</tr>
<tr>
<td>Singapore</td>
<td>7 690 42</td>
<td>4 030 22</td>
<td>6 016 33</td>
<td>361 2</td>
<td>215 1</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>5 649 22</td>
<td>8 735 35</td>
<td>8 289 33</td>
<td>2 176 9</td>
<td>397 2</td>
</tr>
<tr>
<td>Indonesia</td>
<td>7 422 35</td>
<td>12 142 57</td>
<td>1 016 5</td>
<td>397 2</td>
<td>379 2</td>
</tr>
<tr>
<td>India</td>
<td>2 886 6</td>
<td>37 482 84</td>
<td>3 498 8</td>
<td>745 2</td>
<td>74 0.1</td>
</tr>
<tr>
<td>Thailand</td>
<td>2 230 13</td>
<td>12 489 70</td>
<td>2 423 14</td>
<td>198 1</td>
<td>390 2</td>
</tr>
<tr>
<td>China</td>
<td>2 751 4</td>
<td>51 001 84</td>
<td>4 017 7</td>
<td>2 310 4</td>
<td>467 0.7</td>
</tr>
<tr>
<td>Taiwan</td>
<td>2 129 6</td>
<td>31 043 82</td>
<td>3 570 9</td>
<td>725 2</td>
<td>376 1</td>
</tr>
<tr>
<td>Korea (South)</td>
<td>1 673 4</td>
<td>39 199 89</td>
<td>2 162 5</td>
<td>774 2</td>
<td>362 0.8</td>
</tr>
<tr>
<td>Japan</td>
<td>1 543 3</td>
<td>46 406 83</td>
<td>5 686 10</td>
<td>1 414 2</td>
<td>760 1</td>
</tr>
<tr>
<td>European Union</td>
<td>1 817 1</td>
<td>45 814 29</td>
<td>101 421 65</td>
<td>7 367 5</td>
<td>484 0.3</td>
</tr>
<tr>
<td>Other Markets</td>
<td>12 714 4</td>
<td>191 035 65</td>
<td>68 555 23</td>
<td>18 237 6</td>
<td>2 300 0.8</td>
</tr>
<tr>
<td>Total</td>
<td>57 661 7</td>
<td>490 933 60</td>
<td>219 285 27</td>
<td>35 556 4</td>
<td>7 779 0.9</td>
</tr>
</tbody>
</table>

Note: * refers to percentage of market share accounted for by the five countries shown

** To enable comparison with other competitors, Australia higher education data include onshore students studying at offshore campuses.

Source: AEI (2000a)
Secondary education students make up the smallest proportion of international students in Australia. Numbers increased from 10,979 students in 1994 to 13,878 in 1998, an increase of 27 per cent. Victoria has experienced considerable growth in secondary education exports, and overtook New South Wales in market share in 1998.

Direct expenditure by overseas students in Australia exceeds $3 billion per year not including the indirect expenditures such as that generated by visits from relatives.

**Pathways within and between the education and training sectors**

A key strategy in attracting significant numbers of international students is the identification, articulation and development of appropriate pathways. Pathways must be easily understood and accessible to potential international students and designed for the specific needs of students in different countries. Pathways are made necessary by the inadequate English and/or academic preparation of many students in their home country or by the lack of recognition by Australian educational institutions of the academic qualifications which students have gained from their home countries.

Twinning and offshore joint ventures are a significant growth area in the provision of Australian higher education internationally (Lewis and Pratt, 1996). Growth in offshore programs is set to continue and Australian institutions need to be a part of this new source of demand for tertiary education and training. While these programs may not be as significant a source of revenue for institutions as onshore programs, the longer-term benefits are likely to outweigh the costs. These programs provide opportunity for the sale of intellectual property rights, (a major source of revenue) and they also give access to a market which was previously inaccessible. That is, they provide access for students who wish to undertake an Australian education and training qualification, but are unable to afford the large extra expenditure of travelling and living in Australia.

As with most areas of organisational change, the impacts of initiatives related to offshore joint ventures and twinning programs in the sponsoring university could be viewed as threats or opportunities. Those committed to a broader view of the university in modern society, and especially those perceiving a partnership with businesses in supporting globalisation, are likely to regard a twinning program as an opportunity to review the efficacy and relevance of the university’s policies and procedures (Lewis and Pratt 1996).

There also seems to be leakage from the ‘3+0’ programs — those that can be completed entirely offshore — with students still choosing to come to Australia to finish part of their studies. Offshore programs are also often regarded as crucial for attracting follow on business at postgraduate level (TIAC 2000).

Twinning programs, when well planned, can be an effective marketing strategy for the VET sector. Experience has shown that twinning or subcontracting delivery through a reputable offshore institution has been more successful financially than establishing a college offshore. In the future, market and external forces will make it more difficult to attract international students and offshore twinning arrangements will buffer the effects of this (TIAC 2000).

Offshore twinning arrangements, particularly in the TAFE sector, could be a significant pathway for students entering undergraduate higher education in institutions that are in Australia. For instance, agreements could be reached between universities and the TAFE offshore programs, to offer advanced standing into higher education courses of an equivalent nature in the Australian institution.

Developing specific national pathways is a key strategy in increasing the share in the international students market. The process of identifying key national pathways needs to be a continuous process that reflects the constantly evolving nature of the market. One of the key potential growth pathways is in secondary education. Based on the Victorian and Queensland models, it is evident that similar schemes should be actively pursued in other States as a means of securing a new stream of long-term onshore
students. However, rigorous quality standards for support services and academic instruction must be in place if such schemes are to be successful.

Some State education systems have been considerably more active and entrepreneurial in their endeavours to attract international students. For example, in 1999, government schools in Victoria enrolled some 900 International Fee Paying Students (IFPS), New South Wales 600 and ACT 270. In contrast in 1999, Western Australia’s six pilot government schools enrolled just six students in their first years, and that number was only increased to 13 in 2000. There are modest plans to expand this program although not to increase the funding.

According to the International Development Project (IDP) Education Australia, (IDP 1999) international education in China has entered a new phase. In the last three years Chinese students have been going abroad in unprecedented numbers. Between 1998 and 1999 the number of Chinese students in Australia grew by 82 per cent. This now represents the seventh largest market of international students in Australia. Secondary school visas is the fastest area of Chinese student visa growth and will soon constitute half of all onshore students (IDP 1999). Gaining significant inroads into the secondary education of Chinese students in the shorter term will position Australia very well for long-term growth of Chinese international student numbers in VET and higher education.

Government school schemes should alleviate some of the concerns of Australian immigration officials by eliminating fears of fraudulent visa applications. The advantage of a government-sponsored scheme with a high degree of integrity is that China is one country in which it has been difficult for international students to secure visas.

**Improving student services**

It is widely acknowledged that uppermost in the minds of international students, when they are selecting the country, city and institutional destination for their overseas study, are two key variables. These are the quality and reputation of the country/institution’s educational standards and employer and government recognition of the institution’s qualifications in the student’s home country. Nevertheless, it is also apparent from many studies that a key determinant of student choice of destination, is recommendations from peers and parents of students who have previously studied in the country (Lewis and Tan 1997).

Students’ willingness to recommend their ‘alma mater’ to others is, in part, based on their degree of satisfaction with both their academic and non-academic experiences in that institution and city/country. There is also an increasing willingness of students to recommend Australia as a place to study and this is partly attributable to the improving quality of student support services on campuses.

Given the infancy of the industry, there is relatively little information readily available on support services in Australia. Australian Education International (AEI) conducted its first Survey of International Students in Australia in 1997 (AEI 1998). This survey touched only marginally on student’s views of support services. In 1999, AEI undertook its second Survey of International Students in Australia, which has several detailed questions concerning support services. This publication is still forthcoming but details regarding these questions can be found in the TIAC (2000) report on the export of education and training services from Western Australia.

These surveys reveal which aspects of education the international students are generally dissatisfied with and where improvements can be made. Not surprisingly, at the time, the issue of cost was a problem. Obviously too, food problems and interaction/friendships with Australians are serious issues for many students. Another recent study (Smart et al, 2000) also highlights the serious social problems on our campuses and is consistent with these findings. Institutions will need to undertake their own analyses of the particular facilities in their sector.

An important point to note regarding the issues canvassed in these surveys is that throughout the past decade the level of support services has been steadily improving across Australia in all sectors. For example, it is widely recognised that, whereas English language and study skills support were rare in most
institutions a decade ago, they are now available in educational institutions with even modest numbers of international students. The improvements are due, in part, to the intense competition for students, both from traditional offshore competitors (US, UK, Canada and NZ) and from institutions within Australia.

Several areas have been routinely identified as deficient and needing significant improvement and these are discussed below.

**Security**

Students, especially female students, have expressed frequent concern about the inadequacy of security on campuses generally, and in group student housing/residential colleges in particular. In some cases they believe institutional security budgets have been cut when they should have been increased. Educational institutions need to take very seriously the concerns of international students about security on campuses. They also need to add their weight to demands that inner cities, including public transport systems, be made safer.

**Work placement assistance**

A recurring theme is the inadequacy of advice and support concerning work placement assistance. The most immediate concern is with the fact that despite a right to work 20 hours per week, students are mostly at a loss in terms of finding part-time work opportunities. This is despite the large number of jobs that appear to be available to young people on a working holiday visa, particularly from Europe. In their view, most educational institutions’ support services are deficient in this area. In general, there is an absence of up-to-date information on part-time employment opportunities and a lack of direct contact with potential employers.

**Mentor schemes**

This issue was raised as a case of a newly emerging support service, which deserves widespread duplication. There are reasonably well-known and highly successful mentor schemes operating on some university campuses. The essence of these schemes is the linking up of a new student with a more senior student, to enable novices to learn and benefit from the experience of the senior student in both academic and non-academic areas. International students regard mentor schemes as being highly beneficial and they should be more widely implemented. A major problem is that these schemes are essentially voluntary and major expansion would require financial incentives to attract more mentors.

**Scholarships and other incentives to attract students**

When quizzed about how Australia might improve its support services in the context of seeking to enhance student recruitment, students frequently expressed concern and surprise at the lack of scholarships provided in Australia, compared to other countries such as the US and UK. Scholarships are a way of attracting good students, lifting a country’s academic image, and drawing additional non-scholarship students. Even relatively small scholarships are enough to tip the balance for students coming to Australia in preference to some of our major competitors.

An idea, which has arisen from focus group discussions with students, is that of airline incentives. International students travelling to Australia for the first time are usually saddled with expensive excess baggage charges as they attempt to bring major possessions, which will remain in Australia for the duration of their 1-5 year stay. A one-off excess baggage allowance of 15 or 20 kilos would be a significant benefit. This might be a talking point for students as they exchange word of mouth experiences about destinations. A modest fare discount scheme is another possible incentive. The Australian Government could negotiate with Qantas and other regional carriers to establish such incentives.

**Commonwealth and State Government Policies**

**Commonwealth strategies**
The Commonwealth Minister for Education and AEI recently received a consultancy report on future strategies for Australia’s international education sector (AEI 1999b). The report contained recommendations such as:

- proposals for the development, during 2000-2001, of an ambitious national quadrennial plan for the doubling of international enrolments by around 2005;
- a much more proactive role by the Commonwealth Minister and a more co-ordinated whole-of-government approach via a new (recently established) interdepartmental committee on international education;
- as with ‘Study in Canada’, senior Commonwealth and State Government ministers should take a more active role in targeted country promotions offshore; and
- the achievement of greater impact and branding of Australian education creating new and more prominent parliamentary and bureaucratic representation.

Changes to ESOS Act

The Commonwealth’s ESOS Act regulates the whole industry. In the wake of the recent Senate Inquiry conducted by Kim Carr, there are disturbing signs that ESOS is about to be redrafted to include fidelity fund provisions which will be both unnecessary and expensive for private institutions (Department of Education Services, Western Australia 2000). Part of the reason for the Commonwealth’s proposed shift to this fidelity fund arrangement is that since 1994 there have been 11 ‘collapses’ or ‘voluntary closures’ of service providers in Australia.

The major objection to the proposed fidelity fund is that it will indirectly encourage the idea that financial mismanagement is inevitable and acceptable in the industry. Some State systems have proven effective and should not be abandoned in favour of an inferior approach.

Also, it will add to the overall costs of the non-exempted providers, which will adversely affect demand for these services and increase the level of risk for these providers. There is also an equity issue, since a provider that is low-risk but from a high-risk State may pay a higher premium than a high-risk provider in a low-risk State. Those in high-risk States, but of low-risk status themselves, will be penalised for the mismanagement of others within their State.

AEI and IDP

Since its establishment AEI has played an important role in providing Government leadership and support for Australia’s international education and training sector, although it is not without its critics in the industry. A new contract between AEI and Austrade that gives AEI access to all Austrade’s offices and networks throughout Europe will significantly extend its global reach. This greatly enhances market intelligence and marketing in new as well as established European markets.

Neither AEI nor IDP have enjoyed the total support or confidence of the industry (TIAC 2000). There are a variety of reasons for this but in both cases the character of the total student market, which is dominated by university students (roughly 60 per cent of the total), is a major contributing factor. The simple history of international students in Australia is that university students came first and have always been the biggest group. As a result, IDP was initially an exclusively university service organisation and AEI has also responded to the market strength of the university sector. So, the VET, ELICOS and schools sectors argue that their needs and services are poorly understood and provided for by both AEI and IDP despite the payment of significant subscription fees. Ironically, in their efforts to address the needs of all sectors, both AEI and IDP have frequently alienated all sectors (even some universities have been critical).

DIMA and visas
Undoubtedly, the single greatest area of frustration with the Commonwealth Government from within the industry relates to student visas, which are issued and controlled by the Department of Immigration and Multicultural Affairs (DIMA). There is a general view that DIMA’s student visa application policies for some source countries often discourage rather than encourage students to study in Australia and compare poorly with competitors (TIAC 2000). Major complaints include the excessive time taken for processing applications, the excessive costs of applications compared to Australia’s competitors, and the imposition of recent regulations concerning the transfer of students.

China has been the single greatest source of concern over DIMA’s visa policies in recent years. As a market it shrunk from around 15,000 students (mostly ELICOS) in 1990 to less than 4,000 in 1996. While some tightening up of visa requirements was inevitable after widespread abuses in the past, institutions have been frustrated in their attempts to access what is clearly emerging as the biggest international student market in the world. Student visas have largely been restricted by DIMA policy to the secondary school and postgraduate student categories — much to the dissatisfaction of the ELICOS, VET and undergraduate providers.

Despite intense lobbying throughout the mid 1990s, institutions were continually rebuffed by the Commonwealth Government and DIMA. However, there are now some emerging signs that the message has finally been heard. Following intense lobbying by the ELICOS sector during the Asian economic crisis, the Commonwealth Government agreed to introduce a pilot Pre Qualified Institution (PQI) Scheme for China, and DIMA has been processing dramatically increased numbers of visa applications in Beijing in the past three years — but primarily in the secondary schools and postgraduate sectors (Smart and Ang 1999).

**Liberalisation of graduate work rights status**

Various threads of national economic and migration policy are coming together in a way which makes it opportune for the education export sector to argue strongly for liberalisation of the rights of international graduates, particularly for certain skill shortage disciplines, to remain and work in Australia, either temporarily or permanently.

Australia and the US currently have major information technology skills shortages. The US has partly reduced its skills shortage by allowing all international graduate students visa rights to work for 12 months after graduation. The US has recognized that in the process of selecting a country to study in, many international students are simultaneously choosing a migration destination and so the US has cleverly adjusted its visa regulations to solve its skills shortage. Australia, similarly, trains many international students for between 3 and 6 years but then obliges them on graduation, to return to their country of origin for a minimum of 12 months before they can apply to return as migrants! Australia’s regulations in this respect, place it at an enormous disadvantage, not only in terms of initially attracting students but also in terms of subsequently developing its information technology economy.

Recent studies on why intending Chinese and Indian postgraduate students in Engineering, Computing and IT do not choose Australia as a destination are illuminating (AEI, 2000c). The studies show that the vast majority of postgraduate students from China and India, in these key disciplines, choose to study in the US, and well over 80 per cent of them remain permanently in the US following completion of their Masters or PhD degrees. There are some 30,000 Indian and 20,000 Chinese fuelling the phenomenal hi-tech R&D boom in Silicon Valley alone.

Most of these students choose the US for two reasons. The opportunity to study in a high quality research environment, linking university study with experience in multinational R&D companies; and the prospect of being able to continue a permanent career in that country on graduation. While it may have been appropriate in the past for Australia to force international graduates to return home, in this new era of global labour markets, it is absurd not to compete on a more level playing field with the US for skilled labour.
In measures, announced in February 2001 and to be implemented in July 2001, the Commonwealth government has shown an awareness of the value of international graduates in providing much needed skills for Australia. However, the measures are modest and relate mainly to IT graduates. The 2000/01 Immigration Program will include an increase of about 8,000 graduates trained in Australia over and above the normal quota in the Skill Stream of the migration program. In addition, overseas students with qualifications in high demand will be allowed to apply for, and be granted, permanent residence without leaving Australia. More than 25 per cent of the applications received for 2000/01 were IT students.

While the recently amended measures indicate some change in Australia’s attitudes to international students and immigration, the size of the number of new places is still very small compared to the total number of students who already hold Australian qualifications and the number of new graduates each year.

Marketing strategies linked with tourism

A number of strategies suggest themselves and seem worthy of implementation or further exploration. An inexpensive proposal is hot-linking tourism to education websites. Similarly, the reverse should apply and, for example, university websites should provide links to accommodation/hotels (for parents of students) and places to visit. There should be greater use of tailored packages for education and tourism. Strong interest has been shown among European ELICOS students in joint-study programs that enabled study in Perth and in the Eastern States (TIAC 2000). Students are often denied the travel experiences they want by institutions, which hold them ‘visa captives’ for their whole stay. Creative collaboration between institutions in different States should be pursued. Many parents of US Study Abroad students join their children for a visit or tour of Australia before the students return to the US. By simple linkage with an experienced travel agent, institutions may be able to advertise assistance with parental tours as part of their initial Study Abroad advertising in the US. Such add-on services may well be a major determinant of extra student enrolments.

The private international training sector

The export of private sector training is an area of considerable potential growth. Potential providers range from single consultants to companies, tertiary institutions, specific industry sectors, public utilities and umbrella service organisations. Although there is a strong intent among providers to expand export training revenue, this intent has not been matched either by an equivalent commitment of resources or by the provision of international business skills to enable implementation (Gallagher 1999).

Success in exporting international training is linked to pursuing those areas that reflect the particular specialisations and industry base of the particular State or city. In order to provide a basis for training and investment in training, a State or city needs the relevant industry first. In New South Wales for instance, private providers and TAFE have been successful due to their links with specific industries. Sydney is a major centre for delivery of training on aircraft maintenance, mainly due to Qantas having a major centre at Kingsford-Smith Airport. Optus and Telstra have also been successful and this reflects the fact that often training packages are linked to the international licences governing software and new technology. It is necessary for each State or city to focus training opportunities in those industries in which it has a comparative advantage.

Specific international opportunities

Throughout Asia, globalisation, technological change and the Asian meltdown have given rise to major political and economic reform movements seeking improved efficiency, transparency and effectiveness in both the public and private sectors. There is unprecedented demand for retraining and up-skilling programs in Asia for workers at all levels but especially in middle management. Australian institutions and organisations which have recently undergone, and provided training for, staff involved in significant reform processes related to devolution and deregulation, are well equipped for this training. Furthermore, substantial sums of World Bank and Asian Development Bank (ADB) funds are available for these and
similar training needs across Asia in similar civil service departments and business organisations. The current range of short course training opportunities in Asia is extensive. The challenge for Australia’s public and private education and training institutions is an entrepreneurial one of finding financially viable opportunities, establishing links, and negotiating contracts.

There are industries that are also yet to fully exploit the possible opportunities for export endeavour. These are located particularly in the personal services sector. This is an area in which Australia has a particular comparative advantage especially in the Asia-Pacific region. With the resurgence of economic growth in the Asian region, demand for personal services, such as aged cared, will grow. South Australia has been successful in exploiting Australia’s comparative advantage in this sector through its investment in training in the area of aged care (TIAC 2000). Other States are ideally placed to export training in many of the personal service areas, especially in health services.

There is a strong desire among international training providers to be involved in expanding their export-training revenue, which has not been matched by investment of the appropriate resources. Training has been aimed at a narrow market range and there has been a low frequency of market penetration and activity. The greatest perceived obstacles to the expansion of export training are; the lack of market information; lack of international business expertise and a lack of exposure in the overseas markets (Gallagher 1999). The cost of addressing these obstacles is too great for most of the smaller training bodies. Consequently, there is a need for a co-ordinating agency, which will provide private trainers with the expertise for tapping in to these potential markets. There are several models for this agency and the appropriate one will need to be developed in partnership with training providers.

**Sustaining export growth: opening new markets**

Australian education and training leaders should be under no illusions about the intense nature of the competition and the importance of staying ahead of competitors. Unless Australia, like the UK and Canada, can persuade the Prime Minister and State Premiers to take up this challenge and back it with resources to showcase and brand education, training and technology products, Australia will lose its prominent position in this field.

**Emerging mega-markets: China and India**

The number of Chinese and Indian students going offshore is growing phenomenally and Australia has been a substantial beneficiary. For example, between 1998 and 1999 the number of Australian student visa applications from China grew by 80 per cent to 10,500 (with 4,100 being granted). The AEI Counsellor in Beijing confidently expects 20,000 visa applications to be processed in 2001. He also anticipates that by 2001 China will once again be Australia’s single biggest source of students (as it was in the late 1980s) with possible 13,000 students onshore and 15,000 offshore (TIAC 2000).

There is enormous demand for offshore programs in China indicating that, prima facie, offshore program opportunities exist for Australian institutions. Indeed, Australia currently has around 5,000 students studying in China. However, market entry costs are high. Entering the offshore program market in China should be a strategic decision. It is unlikely that most institutions will generate adequate short-term income that provides any return to the investment of intellectual property or capital.

For Australia, India is primarily a VET market with 65 per cent of all Indian students in VET. Higher education makes up another 33 per cent - almost 80 per cent of which is postgraduate (AEI 2000c). The school and ELICOS sectors are negligible. Australia should adopt a two or three year high profile government-to-government campaign to address the Indian market. Resources should be devoted to ensuring annual or biannual ‘road shows’ to showcase Australia’s education and training especially in the key cities of Hyderabad, Delhi, Chandigarh, Chennai and Bangalore, from which 60 per cent of students come (AEI 2000a).

It is important to highlight the VET sector especially in relation to offerings in tourism and hospitality, IT and business. In the postgraduate sector IT, Business and Engineering/Computer Science are key areas.
However, Australia is competing against the US and UK so it needs additional incentives such as scholarships, exchange schemes and improved visa opportunities to remain and work in Australia after graduation. Australian universities should invite senior academics from the prestigious ‘big eleven’ Institutes of Technology and Indian Institutes of Science to visit for sabbatical leave, or to undertake joint research projects as a means of building long-term linkages (AEI 2000c).

Other new market opportunities

Apart from the mega-markets of China and India there are several other new markets that ought to be priorities for Australia, namely the United Arab Emirates (UAE), Saudi Arabia, Europe and North America. Regarding the first two of these, the UAE and Saudi Arabia, both are oil rich nations with a strong commitment to upgrading education and training. They send 22,000 students offshore, many on scholarships. Although the US and UK have been the key destinations for such students, the Arab leaders are anxious to divert students to other English language destinations because of concerns about over-reliance, drugs and cultural influences (DOCAT 1999).

Both countries have embarked on major and rapid five year programs of ‘Emiratisation’ and ‘Saudiisation’ to ensure their own nations swiftly replace their current heavy dependence on skilled expatriates in most spheres of employment, especially in the private sector. In UAE only 25 per cent of the population are nationals and in Saudi Arabia only 16 per cent. Presently, in Saudi Arabia, nationals constitute only 5 per cent of employees in private firms and the goal is to increase this by 5 per cent annually — achieving 25 per cent over 5 years. This ‘nationalisation of employment’ program has led to the commitment of huge resources for upgrading education and training including scholarships offshore as well as onshore (DOCAT 1999).

The Asian economic meltdown in 1997/98 forced Australian institutions to diversify into Europe, which had previously been primarily an ELICOS and Study Abroad market. AEI sees great potential in Europe and has decided to specifically target it with a goal to capture market share from the US and Canada, and to double numbers from 8,000 in the year 2000 to 16,000 in 2002 (5,000 of this target is in VET and higher education). The States should utilise AEI’s European campaign to take advantage of Australia’s increased exposure, and at least carefully monitor the success and impact of AEI’s campaigns.

The US Study Abroad market in Australia has expanded rapidly over the past decade. With appropriate strategies it is capable of further significant growth. The Olympic and post-Olympic international media exposure that Australia received provides golden opportunities for intensive marketing. The high value of the US dollar makes Australia particularly attractive to US students.

Knowledge hubs

As globalisation accelerates, key cities around the world are becoming ‘Knowledge Hubs’ — Boston, Singapore, San Francisco — to name a few. The key feature of such ‘hubs’ is the clustering of large numbers of education, training and research organisations together with strong linkages to industry — often associated with technology parks and research and development infrastructure.

With appropriate government leadership, support and resourcing, Australia’s cities need to brand, develop and promote themselves as knowledge hubs. Certainly, one of the constant demands from international students is for much improved and cheaper access to computers, technology and the internet. Asian students, in particular, crave hi-tech, so the brand would be very saleable and would reinforce Australia’s need to grow its technology and knowledge sectors (TIAC 2000).

This hi-tech Knowledge Hub concept, while requiring careful development and refinement, would be very saleable and an excellent way to brand Australia’s capital cities. It would also be an excellent way to pull together and market in one package not only schools, colleges and universities but also to identify and highlight the world class training and research facilities available in areas of comparative advantage in each of Australia’s major cities. Such a concept would provide an excellent umbrella and image brand for the kind of ‘international road shows’ which the States and Territories must inevitably undertake — with
high level Government/Ministerial involvement and resourcing — if Australia is to successfully showcase its capabilities and raise its global profile in the way that countries such as Canada and the UK are doing.

Experience suggests that without enhanced profile and attention to quality, the forces of globalisation will increasingly tend to see students by-pass current second-tier destinations in favour of the genuine quality global knowledge hubs.

**Conclusion**

Australia’s education and training export sector has endured past challenges with remarkable strength. There is a danger that this may lead to complacency in meeting new opportunities and threats. This paper has highlighted a number of these issues and suggested strategies to address them. These include identifying existing and developing new pathways to education and training; improving student services; changes to government policies; developing new markets; and creating synergies between education and training, research and industry.

The paper suggests that each individual institution pursuing its own interest on a competitive basis would be inappropriate in meeting the needs of the sector in a global market place against other more coordinated countries such as UK and Canada.

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