

SPECIAL REPORT NO. 29

• *International  
Student Programs  
in Universities*

NOVEMBER 1993

...ing in sub interest

QUALITY

VICTORIA

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Auditor-General  
of Victoria

**SPECIAL REPORT No. 29**

**INTERNATIONAL  
STUDENT PROGRAMS  
IN UNIVERSITIES**

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*Ordered by the Legislative Assembly to be printed*

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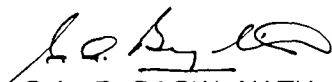
November 1993

The Honourable the Speaker  
Legislative Assembly  
Parliament House  
Melbourne, Vic. 3002

Sir

Under the provisions of section 48A of the *Audit Act* 1958, I transmit the Auditor-General's Special Report No. 29 on International Student Programs in Universities.

Yours faithfully



C.A. BARAGWANATH  
*Auditor-General*

# PREVIOUS SPECIAL REPORTS OF THE AUDITOR - GENERAL

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2	· Works Contracts Overview - Second Report	June 1983
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# PART 1

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# Executive Summary

## OVERALL AUDIT CONCLUSION

**1.1.1** In a very short period of time, the Australian education export industry has grown rapidly and is now recognised as a significant export activity. Aggregate income from enrolment fees charged to international students and expenditure by students on goods and services is estimated to be \$1.1 billion a year.

**1.1.2** The principal benefit derived to date by universities from their involvement in the delivery of programs to international students has been a capacity to generate significant additional revenue to support both recurrent and capital needs.

**1.1.3** Two Victorian universities, Monash and RMIT, generated fee income onshore from international students in excess of \$100 million in the period 1990 to 1992 with Monash, the State's clear leader in the field, earning annual revenue of over \$30 million by 1992. The 2 universities deserve credit for their substantive achievements to date, particularly in view of the industry's complexity and highly competitive nature at both national and international levels.

**1.1.4** The audit review has identified several areas where the 4 universities selected for audit examination need to improve strategic and operational processes relating to the management of their international student programs.

**1.1.5** **Some practices of the universities outlined in this Report, if continued, pose risks to the safeguarding of academic standards. Also, the universities need to upgrade the quality of their marketing strategies, particularly in respect of the engagement and monitoring of overseas agents, and their financial administration of programs. The most significant deficiency in the universities' financial management procedures was their inability to determine total costs incurred in the provision of services to international students.**

**1.1.6** The opportunity has been taken by audit to document in this Report a number of suggestions for the consideration of the Commonwealth Government. The audit suggestions mainly deal with actions which have potential to strengthen, from a national perspective, the future administration of international student programs.

**1.1.7** Finally, in terms of the position of the State Government, the education export industry offers huge tourism potential. Surprisingly, to date, virtually no action has been taken at State Government level in Victoria to systematically capitalise on this potential.



## SUMMARY OF MAJOR AUDIT FINDINGS

### MANAGEMENT OF THE PROGRAMS

Page 25

- ▶ Monash and RMIT have in place well-developed business plans for their international student programs.  
*Para. 4.9*
- ▶ Swinburne and LaTrobe need to develop business plans for their international student programs if the universities are to sustain meaningful long-term progress in the education export industry.  
*Para. 4.10*
- ▶ Neither Swinburne or LaTrobe have marketing plans and there was very little documentation at these universities to support marketing decisions.  
*Paras 4.20 to 4.23*
- ▶ Ineffective preliminary investigations by universities of overseas agents prior to their engagement could adversely affect the reputation of universities through misrepresentation or unethical behaviour by agents.  
*Paras 4.25 to 4.29*
- ▶ Although Swinburne had a policy to enter into formal contractual arrangements with agents, only 2 out of 8 agents had contracts.  
*Paras 4.25 to 4.29*
- ▶ Several questionable decisions were made by Swinburne in relation to the expenditure of scarce university funds for the engagement of agents.  
*Paras 4.25 to 4.29*
- ▶ The joint agency arrangement between Monash and the University of New South Wales constitutes a positive initiative through which their resources can be systematically combined to achieve common goals.  
*Paras 4.30 to 4.32*
- ▶ With the exception of RMIT, the other universities have not been willing to implement procedures for obtaining regular feedback from international students on their satisfaction, or otherwise, with the quality of educational services.  
*Paras 4.33 to 4.37*
- ▶ The most significant deficiency in the universities' financial management procedures was their inability to determine total costs incurred in the provision of services to international students. Without this information, the key measure of performance, the net revenue position or the "bottom line" for each university, is not known.  
*Paras 4.39 to 4.43*
- ▶ Aggregate unpaid international student fees at the 4 universities were in excess of \$1.8 million at 31 December 1992, even though their policies required that fees be paid in advance.  
*Paras 4.44 to 4.45*
- ▶ International VCE students are offered places in tertiary courses before the entry standards for local students are determined.  
*Paras 4.51 to 4.55*

**MANAGEMENT OF THE PROGRAMS - continued**

Page 25

- ▶ Audit examination of 1993 minimum entry standards compiled by Monash, La Trobe and Swinburne identified inconsistencies relative to 1992 VCE cut-off scores.

*Para. 4.57*

- ▶ Inconsistencies in the values assigned by universities to overseas qualifications for determining minimum entry standards for university courses could ultimately erode the safeguarding of academic standards, envisaged in the Department of Employment, Education and Training requirements that international students must generally meet the same entry requirements as Australian students.

*Para. 4.59*

- ▶ There are no uniform standards in Australia for the assessment of overseas qualifications equivalent to Year 12 which can be applied by all universities.

*Para. 4.60*

- ▶ To achieve a more substantial market share, La Trobe had lowered its minimum entry standards in some courses for prospective international students.

*Para. 4.62*

- ▶ RMIT, unlike the other 3 universities, has not published information on overseas Year 12 equivalent qualifications.

*Para. 4.62*

- ▶ Audit examination of a sample of international student admission files for 1993 enrolments at Swinburne and Monash revealed cases where the 2 universities had admitted students at lower than the established minimum entry standard.

*Para. 4.62*

- ▶ All 4 universities do not progressively monitor the academic progress of international students.

*Paras 4.64 to 4.67*

- ▶ The offshore educational programs of universities are not subject to any official external monitoring mechanism and any eroding of academic standards from these activities could significantly affect Australia's reputation in the education export industry.

*Paras 4.74 to 4.78*

- ▶ The Victorian Government should commence action aimed at capitalising on the huge tourism potential offered by the education export industry.

*Paras 4.79 to 4.82***OPPORTUNITIES FOR FURTHER ENHANCEMENTS**

Page 49

- ▶ A number of matters could be considered by the Commonwealth Government which have potential to strengthen, from a national perspective, the future administration of international student programs.

*Paras 5.1 to 5.36*

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# PART 2

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# Conduct of the Audit Review

2.1 Under State legislation, the Victorian Auditor-General is responsible, on behalf of Parliament, for the audit of Victoria's 8 public universities. The universities receive the majority of their funding from the Commonwealth Government and represent a significant investment by Victorian taxpayers.

2.2 The impetus for the audit review of the international student programs in universities was principally derived from an increasing awareness within the community of the importance of the programs and their impact as an export activity on the local education industry.

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## AUDIT OBJECTIVE

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2.3 The principal objective of the audit review of the international student programs was to examine practices and procedures within a selected number of universities in order to determine:

- ▶ whether the programs had been managed in an economic and efficient manner;
- ▶ the extent of compliance by universities with guidance outlined in the *International Students Policy Handbook* issued by the Department of Education, Employment and Training and the *Code of Ethical Practice in the Provision of Full-fee Courses to Overseas Students by Australian Higher Education Institutions* issued by the Australian Vice-Chancellors' Committee; and
- ▶ whether strategies devised by the universities were conducive to the safeguarding of academic standards and the enhancement of Australia's reputation overseas.

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## AUDIT SCOPE

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2.4 The scope of the review was confined to 4 universities namely, La Trobe University, Monash University and the higher education sectors of Swinburne University of Technology and Royal Melbourne Institute of Technology (RMIT). The audit examination of RMIT encompassed Technisearch Limited (subsequently referred to as Technisearch) which is RMIT's commercial arm established to develop and realise business opportunities on its behalf. Technisearch, through its International Services Unit, has responsibility for the administration and marketing of the international student program at RMIT.

**2.5** For the purposes of the audit, the following legislation and guidelines issued by the Commonwealth Government and the Australian Vice-Chancellors' Committee (AV-CC) were regarded as the principal criteria for the evaluation of procedures within the 4 universities:

- ▶ the Commonwealth *Higher Education Funding Act* 1988;
- ▶ the Commonwealth *Education Services for Overseas Students Act* 1991;
- ▶ the Victorian *Tertiary Education Act* 1993;
- ▶ *International Students Policy Handbook 1992* produced by the Department of Employment, Education and Training;
- ▶ *Code of Ethical Practice in the Provision of Full-fee Courses to Overseas Students by Australian Higher Education Institutions* issued by the AV-CC;
- ▶ *AV-CC's Guidelines for Higher Education Institutions Offering Full-Fee Courses for Overseas Students*; and
- ▶ *The Code of Conduct for the Overseas Marketing of Australian Education Services* produced by the Australian Education Council (a Council comprising the Commonwealth and State Ministers for Education).

**2.6** The audit review concentrated on the more significant aspects of the management and operational frameworks established by the universities for their international student programs. In this regard, the audit focused on matters pertaining to strategic planning, marketing strategies, financial administration, academic standards, welfare services and offshore education programs.

**2.7** In planning for the review, audit conducted extensive research. During the review, audit met with representatives of many organisations and government bodies including:

- ▶ Department of Employment, Education and Training (DEET);
- ▶ Australian Education Centres (AECs);
- ▶ Victorian Tertiary Admissions Centre (VTAC); and
- ▶ Victorian Department of Education, Office of Higher Education.

**2.8** Representatives of Commonwealth Government organisations, particularly DEET, and the 4 universities provided significant support and assistance throughout the course of the audit. I wish to acknowledge the contribution that such assistance made to the preparation of material for this Report.

**2.9** Following conclusion of the audit field work, individual audit reports were provided to each university detailing the findings of the audit. The dates of these reports and the responses from each university are shown in Table 2A.

**TABLE 2A  
DATES OF AUDIT COMMUNICATIONS**

<i>University</i>	<i>Date of report</i>	<i>Date of response</i>
La Trobe	16 September 1993	5 October 1993
Monash	17 September 1993	29 September 1993
RMIT	28 September 1993	11 October 1993
Swinburne	13 September 1993	27 September 1993

**2.10** The universities concerned were subsequently provided with a further opportunity to comment on this Report. The responses included in the Report represent, in summary form, the overall responses of the universities.

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# PART 3

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# Background

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## EVOLUTION OF THE EDUCATION EXPORT INDUSTRY

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**3.1** The education export industry in Australia involves the provision of educational courses to full-fee paying international students by public and private secondary schools, universities and colleges of technical and further education.

**3.2** International students participating in the industry are students who are not Australian nationals or residents, but have been issued with visas which allow them to temporarily reside in Australia for the purpose of obtaining an education.

**3.3** The education export industry evolved from 2 major Commonwealth Government reviews of Australia's international student policy conducted during 1984. These reviews resulted in a shift in policy focus from international education viewed primarily as a tool of international aid, to a significant mechanism for generating export revenue and implementing international policy initiatives.

**3.4** The first review, commissioned by the Commonwealth Minister for Education and Employment, was undertaken by the Goldring Committee, established specifically to examine international student policy. The Committee concluded that the prevailing policy emphasis on subsidisation of international students should continue as part of the national interest. Although the Committee did not specifically reject the notion of education courses on a full-fee cost-recovery basis, it did recommend that such arrangements should not be to the detriment of local students.

**3.5** The second review, commissioned by the Commonwealth Minister for Foreign Affairs, was undertaken by the Jackson Committee. It reviewed Australian overseas aid and proposed a more market-oriented and less-regulated policy towards international students. The Committee considered that the aid aspect of education should be more targeted and that private students should have unrestricted access to Australian education **provided they paid the full cost of services and met academic standards applicable to local students.**

**3.6** The recommendations of the Jackson Committee were ultimately to prevail over those of the Goldring Committee. A new international student policy was released by the Commonwealth Minister for Education in March 1985 who stated that "... *the introduction of full-fee courses for overseas students would reinforce the flexibility and efficiency of the education system and encourage an entrepreneurial spirit amongst institutions...*"

**3.7** In terms of the subject matter of the audit review, the most significant feature of the new policy direction in 1985 was a decision to allow educational institutions to charge full-fees from 1 January 1986 for courses provided to international students.

**3.8** A further significant action by the Commonwealth Government in relation to the industry occurred in 1991 when the Industry Commission completed an inquiry into *Exports of Education Services*. That inquiry examined impediments to the efficient development of the export of education services and the equity of treatment between international students and domestic students in terms of access to higher education in Australia.



3.9 In September 1992, the Commonwealth Minister for Employment, Education and Training issued a major policy statement entitled *International Education in Australia through the 1990s*. This statement outlined the Commonwealth Government's policy focus and initiatives for international education in the 1990s. The statement concentrates on internationalisation of Australian education, education values and quality, geographical focus on the Asia-Pacific region, diversification of educational activities and creation of an international education infrastructure.

3.10 Table 3A shows that the number of full-fee paying international student enrolments **across Australia** has grown from 8 341 in 1989 to 30 116 in 1992, with the number of international students increasing from 5.0 per cent of total enrolments in 1989 to 6.4 per cent in 1992.

TABLE 3A  
HIGHER EDUCATION ENROLMENTS  
BY INTERNATIONAL/LOCAL STUDENT

<i>Student enrolments</i>	1989	1992	<i>Percentage increase</i>
Subsidised international	12 669	3 734	(70.5)%
Full-fee paying international	8 341	30 116	261.1%
Total international students	21 010	33 850	
Local students	420 066	525 515	25.1%
International students as a percentage of local students	5.0%	6.4%	

Source: *People and Place*, Australian Forum for Population Studies, 1993.

3.11 Table 3B indicates that Malaysia, Hong Kong, Singapore, Indonesia and China continue to be the major sources of international students in Australia. Of particular interest is the significant increase in the numbers of students from Singapore, Hong Kong and China, which reflects the strong emphasis now placed by Australian education institutions on marketing strategies in those countries.

TABLE 3B  
HIGHER EDUCATION ENROLMENTS OF  
INTERNATIONAL STUDENTS BY HOME RESIDENCE

<i>Home residence of international students</i>	1989	1992	<i>Percentage increase</i>
Malaysia	7 020	7 820	11.4
Hong Kong	2 490	7 000	181.6
Singapore	2 290	4 390	92.0
Indonesia	1 570	2 530	61.1
China	940	2 010	114.9
Other	6 700	10 100	50.6
<b>Total</b>	<b>21 010</b>	<b>33 850</b>	

**3.12** Aggregate income for Australia from the export of education (comprising enrolment fees and expenditure on goods and services) is now estimated by DEET to be \$1.1 billion a year. In a very short period of time, the provision of education courses by universities to international students on a full-fee basis has become a key element of the Commonwealth Government's overall international education policy.



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## GUIDANCE AVAILABLE TO UNIVERSITIES

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**3.13** Guidance available to universities to assist their management of international student programs consists of Commonwealth and State legislation and extensive information documented in codes and other material issued mainly by government bodies. A summary of the legislation and guidance follows:

- ▶ The Commonwealth *Higher Education Funding Act 1988*.

The Act outlines the Higher Education Contribution Scheme (HECS) and related fees and administration guidelines and defines the parameters within which fees are charged to international students.

The principal purpose of the relevant sections of the HECS and associated guidelines is to ensure that provision of education to international students benefits all students, i.e. local and international students. The guidelines set the indicative minimum fees for courses to be offered to international students.

- ▶ The Commonwealth *Education Services for Overseas Students Act* 1991.

This Act deals with registration of providers of education and makes provision for the establishment of special bank accounts to handle the fees paid by international students to private providers. As such, the Act is mainly concerned with private providers of education rather than universities.

- ▶ The Victorian *Tertiary Education Act* 1993.

This Act provides for the official endorsement of educational courses by the Victorian Government Courses Committee. Endorsement of courses by this Committee is a pre-requisite for registration of educational courses on the Commonwealth Register of Institutions and Courses for Overseas Students administered by DEET.

- ▶ The DEET *International Students Policy Handbook*.

This Handbook provides a statement on the Commonwealth Government's policy on international students in the context of Australia's international education activities.

- ▶ The AV-CC's Code of Ethical Practice and Guidelines.

The Code and Guidelines were formulated by the AV-CC to "... ensure that the potential benefits of full-fee paying overseas students who choose to study in Australia are fully realised for both the students and the host institutions". These documents provide guidance on a range of subjects including institutional infrastructure, fee approvals, promotional activities overseas, offshore visits by institutional representatives, management of overseas agents and provision of welfare services to international students.

- ▶ The Code of Conduct issued by the Australian Education Council.

This Code includes guidance to universities on academic standards and marketing practices.

**3.14** Based on the above information, the education export industry in Australia would appear to be adequately regulated with Commonwealth and State legislation supplemented by 2 separate codes of practice and specific policy guidelines from DEET. **However, the audit review of the 4 Victorian universities has found that there is little external monitoring of universities in this field, with the result that the universities have virtually unlimited autonomy in their management of international student programs.**

## BENEFITS REALISED BY THE UNIVERSITIES

**3.15** The principal benefit derived to date by universities from their involvement in the delivery of programs to international students has been a capacity to capitalise on the substantial growth in numbers of international students seeking full-time education in Australia. As a consequence, the universities have been able to generate significant additional revenue to support both recurrent and capital needs. The universities have also been able to utilise the additional revenue to assist funding over-enrolments of local students, i.e. enrolments in excess of DEET funding levels.



*Office of the International Student Unit at Swinburne.*

### Enrolment and revenue growth

**3.16** Table 3C shows the number of international students enrolled at the 4 universities in 1992 and new enrolments for 1993.

**TABLE 3C**  
**INTERNATIONAL STUDENTS ENROLLED AT THE 4 UNIVERSITIES**

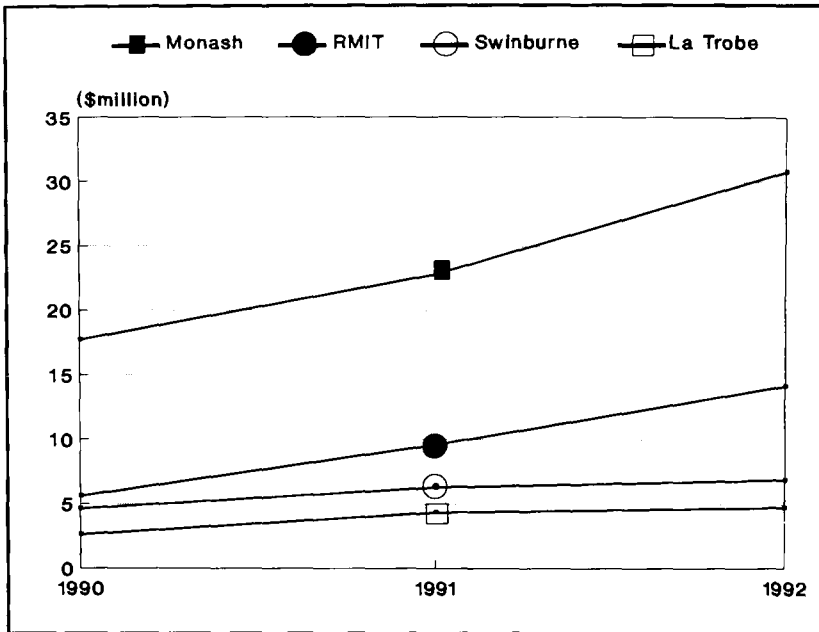
<i>University</i>	<i>Total international student enrolments for 1992</i>	<i>New international student enrolments in 1993 (a)</i>
Swinburne	950	300
La Trobe	500	300
RMIT	1 940	530
Monash	4 000	1 000
<b>Total</b>	<b>7 390</b>	<b>2 130</b>

(a) Figures at March 1993.

3.17 The universities were unable to provide audit with details of the number of international students who completed their courses of study at the conclusion of the 1992 academic year.

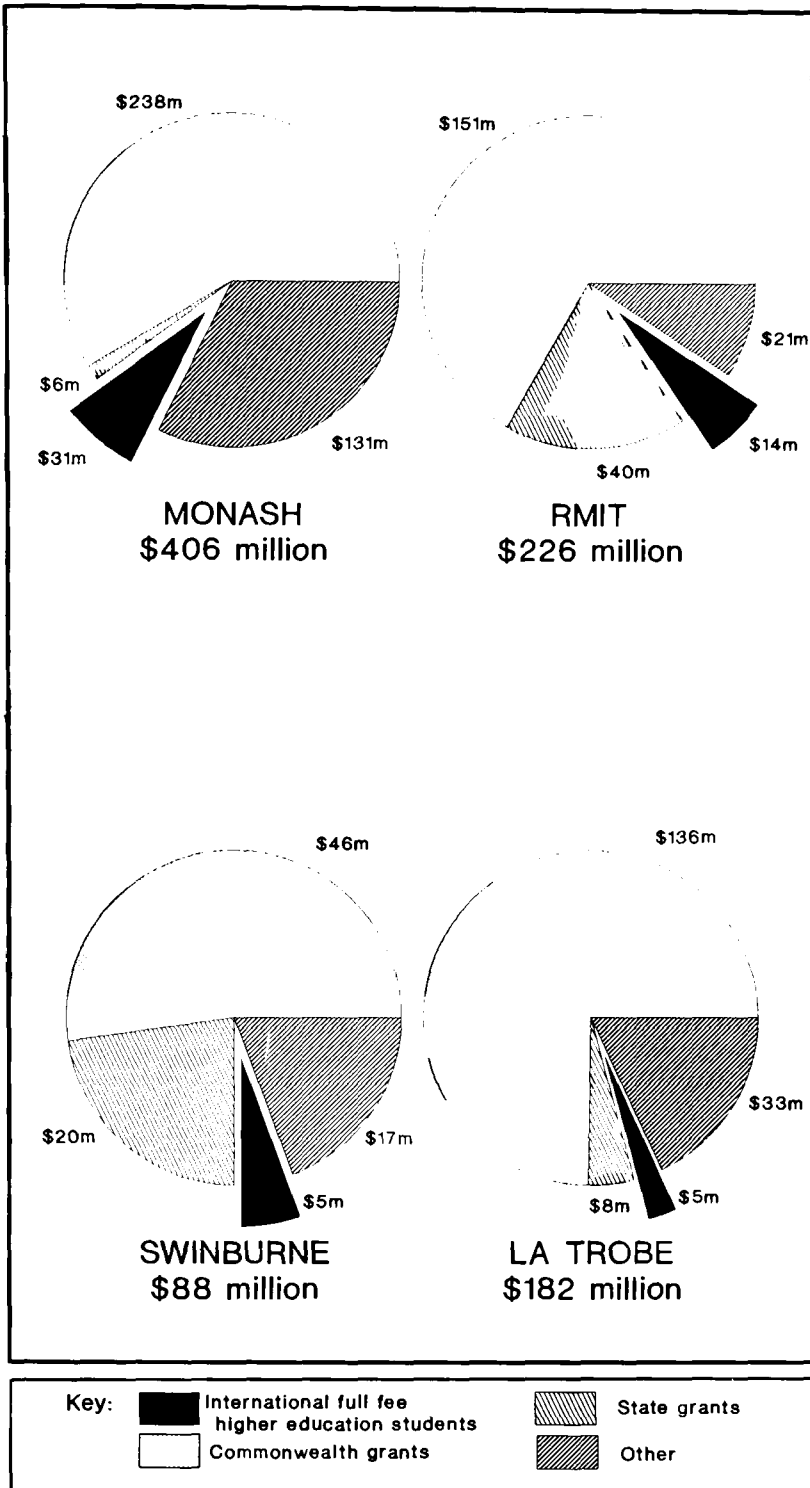
3.18 The level of revenue generated by the 4 universities since 1990 from onshore international student programs is illustrated in Chart 3D.

**CHART 3D  
REVENUE GENERATED BY ONSHORE  
INTERNATIONAL STUDENT PROGRAMS**



3.19 The significance to the universities of the additional revenue streams derived from onshore international student programs is further illustrated in Chart 3E which depicts for 1992, total revenue from that source compared with total revenue received.

**CHART 3E**  
**UNIVERSITIES' REVENUE COMPOSITION, 1992**  
 (million)



**3.20** The revenue achievements to date of Monash and RMIT have been so substantive that **both universities featured in the Australian Business Monthly 1993 list of the top 500 exporters in Australia**. In this regard, total export revenue of Monash and RMIT for 1992 (from both offshore and onshore international student programs) totalled \$41.2 million and \$20 million, respectively.

### **Funding for additional local students**

**3.21** Periodic funding to universities from DEET is based on a specific student enrolment level. It has been common practice for universities to offer places in courses to a greater number of students than the number covered by the DEET enrolment level. This practice is followed on the assumption that not all prospective students will accept offers or complete their first year of study. In recent years, the universities have underestimated the number of acceptances and actual retention rates have been higher than in the past. Because of these 2 factors, a small proportion of local students enrolled at the universities have not been provided for in DEET funding and the costs associated with their education have had to be met from extraneous (non-government) resources of the universities.

**3.22** The implication of over-enrolments to a university is that it is required to bear the total costs of all such additional students as they progress through their courses.

**3.23** A positive outcome of the international student program has been the ability of the universities to utilise revenue from the program to assist the funding of over-enrolments.

**3.24** One of the conclusions reached by the Commonwealth Industry Commission in its 1991 report entitled *Exports of Educational Services* was related to the question of displacement of local students. The Commission explored the concern of the Commonwealth Government that there be no displacement of local students as a result of enrolling international students. The Commission concluded that *"... in an overall sense there can be little or no displacement because the Government determines how many domestic students will be Government funded ..."*

**3.25** In essence, because universities are enrolling more local students than the number of students specifically funded by the Commonwealth Government, and international full-fee paying students do not compete for local places, there cannot be any displacement of local students.

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# PART 4

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# Management of the Programs



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## OVERVIEW

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**4.1** The rapid evolution of the education export industry involving international student programs has created a range of new challenges and opportunities for Australian universities.

**4.2** Although universities have traditionally had substantial educational and research links overseas, involvement in the provision of education services to full-fee paying international students presented a new and demanding commercial activity.

**4.3** Because the industry was highly competitive at both national and international levels, the universities needed to move swiftly to have in place sound strategic and operational processes if they were to successfully capitalise on the emerging opportunities and benefits.

**4.4** Before commenting on the manner in which the 4 universities examined by audit have responded to the emerging demands, it is important to emphasise that in the very early stages of the industry there was minimal official guidance available and limited liaison between universities. In essence, the extent of early growth and achievement in the area was very much dependent upon the level of initiative and drive within each university.

**4.5** The generation of revenue from international students of over \$100 million in the period 1990 to 1992 in respect of onshore courses conducted by Monash and RMIT, **with Monash the State's clear leader**, is a credit to the universities in that they have been able to successfully respond to the challenges of this unique industry.

**4.6** The purpose of this part of the Report is to identify the manner in which the 4 universities have responded to date to the challenges of the export education industry and to provide constructive suggestions to assist the universities to further build on their past achievements and prepare for the future critical years of the industry.

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## STRATEGIES DEVELOPED TO MEET THE CHALLENGES

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**4.7** In order to effectively manage international student programs and to comply with external guidelines and codes, it has been necessary for the universities to develop comprehensive management and operational frameworks. The audit review concentrated on the more significant aspects of these frameworks, namely:

- ▶ strategic planning;
- ▶ marketing strategies;
- ▶ financial administration;
- ▶ academic standards;
- ▶ welfare services; and
- ▶ offshore programs.

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## STRATEGIC PLANNING

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### Business plans

**4.8** The development of clearly stated objectives supported by detailed strategic goals and targets are key elements of a well-managed planning process.

**4.9** The audit review found that Monash and RMIT had in place well-developed business plans. It became clear to audit that, by having these plans, Monash and RMIT had established a sound base from which to operate their international student programs.

**4.10** In contrast, Swinburne and La Trobe did not have business plans, a position which audit considered adversely impacted on the overall quality of the administration of their programs. Virtually all of the management tasks associated with the international student program were controlled by one individual at each of these 2 universities. **In order to sustain meaningful long-term progress in the education export industry, it will be important that the 2 universities move swiftly to develop and implement business plans.**

**4.11** At the completion of the audit review, Swinburne advised that it had commenced the development of a formal business plan to support its international student program.

### Performance indicators

**4.12** In addition to the development of business plans, it is important that universities develop and implement a range of performance indicators for their international student programs and regularly measure program outcomes against such indicators.

**4.13** Monash, La Trobe and RMIT have developed a basic range of performance indicators addressing such areas as student enrolment targets, budget achievement, financial results and level of demand. Technisearch, on behalf of RMIT, has also documented qualitative and quantitative performance indicators which it regularly reviews and evaluates.

**4.14** To improve their ability to evaluate the outcomes of their international student programs, Monash and La Trobe should endeavour to broaden the scope of performance indicators to include the use of more sophisticated measures such as student retention rates and periodic surveys of levels of student satisfaction with university services.

**4.15** To date, Swinburne has not developed any performance measures covering its international student program. **The University should move to rectify this position in conjunction with the current development of its business plans.**

- *RESPONSE provided by Vice-Principal, La Trobe University*

*"The Pro Vice-Chancellor (International)" has now presented the International Office Business Plan to the Vice-Chancellor and the recently appointed Director, International Office. The draft has been discussed and the Business Plan will be implemented during 1994, including the formulation of short and long-term marketing strategies and an expanded range of performance indicators.*

- *RESPONSE provided by Deputy Vice-Chancellor, Swinburne University*

*This has always been done by discussion and informal procedures. It is now done through the business plan and annual budget submitted by the International Student Unit.*

## MARKETING STRATEGIES

**4.16** The guidelines and codes of practice issued by DEET, the AV-CC and the Australian Education Council identify the importance of effective marketing strategies within universities for international student programs.



*Participation by RMIT in an overseas exhibition.*

**4.17** The AV-CC Code and Guidelines set the following parameters for marketing practices by universities:

- ▶ a clearly enunciated policy covering the universities' role in the marketing of education services overseas;
- ▶ marketing of education services to be consistent with the maintenance of academic standards in Australian institutions, and the safeguarding of the interests of both Australian and overseas students;
- ▶ accurate and honest promotion of Australian education in terms of its quality, standing and availability;
- ▶ a need for sound practice in order to maintain good relations with other institutions;

- ▶ differences between Australian higher education institutions to be portrayed in a comprehensive, comprehensible and accurate way, so as to project a co-operative marketing image; and
- ▶ in planning promotional exercises overseas, co-ordination of activities with bodies such as the International Development Program, AUSTRADE, Australian Diplomatic Missions and State agencies.

**4.18** DEET's Handbook emphasises the importance of ethical behaviour when undertaking marketing and promotional activities in order to enhance Australia's reputation overseas. Institutions are urged to act responsibly and use the Australian Education Centres to co-ordinate their activities.

**4.19** The Australian Education Council's Code of Conduct states that:  
*"Institutions will market their educational product with integrity, accuracy and professionalism. These activities will be consistent with the educational, cultural and regulatory systems of countries in which institutions seek to market and will not detract from the reputation and interests of other Australian institutions."*

## Marketing plan

**4.20** If the universities are to develop effective marketing processes in line with the significance identified in the external guidelines and codes, they will need to have in place a strategic marketing plan.

**4.21** The plan should involve evaluation of priority areas for the provision of education services and formulation of appropriate strategies.

**4.22** Neither Swinburne or La Trobe had marketing plans and there was limited documentation at these universities to support marketing decisions. As a result:

- ▶ there is little opportunity for faculties and other interested parties within the universities to provide input to the marketing directions;
- ▶ there are no targets against which marketing strategies of the program could be evaluated;
- ▶ the 2 universities are not in a position to fully identify and exploit their competitive strengths;
- ▶ marketing campaigns may not be properly co-ordinated; and
- ▶ critical marketing information could be lost if key personnel ceased their employment with the universities.

**4.23** With the progressive development of the industry, the need for long-term planning has become more crucial within the universities. Without properly developed long-term planning processes, the increase in competition and growing pressures to generate greater revenue from sources independent of government could ultimately result in a lower involvement in the industry by poorer performing universities.

**4.24** For the above reasons, the development of effective strategic marketing plans for the industry at Swinburne and La Trobe should be viewed as warranting priority action.

■ *RESPONSE provided by Vice-Principal, La Trobe University*

*A written, detailed marketing strategy is being progressively developed in conjunction with recently appointed senior officers including the Pro Vice-Chancellor (International) and the Vice-Chancellor. It is not accepted, as suggested, that there is little opportunity for academic input as to marketing directions. The University's Committee for External Programs is based on academic representation and provides the official conduit for such inputs and information flow.*

■ *RESPONSE provided by Deputy Vice-Chancellor, Swinburne University*

*There is ample opportunity for faculties, TAFE schools and other interested parties to provide input to marketing discussions. Since the audit review, Swinburne has commenced the development of a marketing plan. Marketing strategy is regularly discussed at the Vice-Chancellor's Committee which has a membership comprising senior academic and administrative staff and is representative of all areas of the University. In addition, the Associate Dean (International Students) reports to the Corporate Division Advisory Committee on the commercial aspects of marketing.*

*Marketing targets are included in the Business Plan submitted to the Deputy Vice-Chancellor and the Finance Committee.*

*All these areas have had to be considered in developing our successful international student recruitment program. Bearing in mind the competitive nature of the operations and the need for business confidentiality we will document appropriate procedures in our Business Plan.*

## Agents

**4.25** Overseas agents are used by many higher education institutions for promotional purposes associated with their international programs. In most cases, agents are paid an annual retainer together with either a fixed fee per enrolled student or a percentage of the first year's enrolment fee paid by students. Currently, the 4 universities are concentrating their marketing efforts throughout Asia by the use of agents.

**4.26** It became clear as the audit progressed that the well-established universities attract a large number of international students by virtue of their reputation alone. The smaller, less known or newly-established universities have had to take a more active part in the market place to attract international students and were more reliant on the use of overseas agents.

**4.27** The AV-CC Code advocates the following approach for universities in the engagement of overseas agents:

- ▶ *"... before entering into a contractual arrangement with an agent, an institution should establish to its complete satisfaction that the agent is competent, well informed, reputable and will act at all times in the best interests of applicants and the institutions;*
- ▶ *agency agreements involving fees paid by institutions and by potential students should be carefully scrutinised;*

- ▶ *the overseas Mission [Australian Diplomatic Mission] and DEET should be kept informed of any relationships with agents an institution may have. DEET should be advised in the event of any misrepresentation by agents;*
- ▶ *an institution should ensure that the agency's operations and the institution's relationship with the agent comply with local laws and regulations."*

**4.28** The audit identified a number of deficiencies in the manner in which the universities have managed their agents. These deficiencies are summarised below:

- ▶ The universities had not developed formal assessment processes for prospective agents in accordance with the AV-CC Code prior to engagement of agent services. Although each university claimed to have carried out extensive preliminary investigations of agents, none were able to provide documented evidence that this action had in fact been taken. The universities advised audit that details of investigations of agents were not documented as reliance was placed on verbal exchanges of information between universities on the performance and suitability of agents. **Ineffective preliminary investigations of agents could adversely affect the reputation of universities through misrepresentation or unethical behaviour by agents.**
- ▶ Although Swinburne had a policy to enter into formal contractual arrangements with agents, only 2 out of 8 agents had contracts. RMIT had instituted a system of *letters of agreement* to fulfil the role of contracts, however, these letters do not include important provisions such as the nature of agency arrangements, period of appointment, indemnity against liability or methods for settling disputes.
- ▶ In 3 universities, La Trobe, Monash and Swinburne, evaluation of agents' performances had not been documented which meant there was limited assurance that adequate services had been delivered to the universities.
- ▶ Several questionable decisions were made by Swinburne in relation to the expenditure of scarce university funds for the engagement of agents, in that:
  - Despite the availability of many agents in Singapore, the University contributed \$25 000 towards the establishment costs of a new agent in that country during 1992. At September 1993, the agent had only recruited 12 students;
  - Although an AEC office is located in Thailand and provides agency services, a Melbourne-based agent was engaged to recruit students in Thailand and was paid travel costs from Melbourne; and

- An ex-employee of the University was paid \$34 000 to act exclusively as an agent in Hong Kong during 1991 and 1992 for the purpose of visiting schools, conducting seminars, helping at exhibitions and furnishing information on market trends. The ex-employee was not required to recruit students. In addition, the parties did not enter into contractual arrangements and no documentation was maintained at the University to confirm that the ex-employee had performed the specified duties.

**4.29 There is clearly scope in each of the universities, and Swinburne in particular, to upgrade the quality of management practices in respect of the engagement of agents.**

■ *RESPONSE provided by Vice-Principal, La Trobe University*

*The recruitment of agents for this University is a very recent initiative and will be reviewed annually. The need for pre-contract assessment and periodic review is endorsed and is now in place and documented.*

■ *RESPONSE provided by Vice-Chancellor, Royal Melbourne Institute Technology*

*Effective preliminary investigations are carried out for all agents. RMIT has detailed letters of agreement with agents which fulfil all conditions that we require. RMIT is considering introducing a more formal evaluation process and a formal appointment assessment process for agents.*

■ *RESPONSE provided by Deputy Vice-Chancellor, Swinburne University*

*Contracts are now documented and submitted to the Deputy Vice-Chancellor for approval. All agents have signed contracts and have been appointed following authorisation by the Deputy Vice-Chancellor.*

*Performance appraisal of agents will be undertaken and reviewed by the Chancellor.*

*Swinburne does not accept the auditor's opinion that the decisions were questionable. In relation to the Singapore appointment it was our considered judgement that the quality of existing agents in that country was variable. It was our decision that we would be best served by appointing a Swinburne graduate with proven expertise in media studies and communication. This decision has been vindicated, in our view, by her success in recruiting students in a highly competitive market.*

*With regard to Thailand it is our view that the AEC office is not necessarily the best marketing vehicle. Again, exercising our commercial judgement, we opted for the appointment of a highly credentialed educationalist whose business partner is based in Thailand.*

*In our view it was entirely appropriate to appoint a Swinburne staff member who was returning to Hong Kong to carry out specific marketing activities. As a result of this appointment we have maintained market share in a declining market.*

### Joint agency arrangements

**4.30** In 1993, Monash and the University of New South Wales jointly entered into an agreement with an agent in Hong Kong under which the agent acts as the sole official representative for the 2 universities.

**4.31** The universities have carefully defined the role of the agent to ensure that a wide range of functions are performed on their behalf including the recruitment of students and the development of local marketing strategies. The move by the 2 universities to establish sole agency arrangements constitutes a positive initiative through which their resources can be systematically combined to achieve common goals.

**4.32** **Monash is to be commended for its forward thinking in this area. Other universities should investigate the feasibility of embarking on similar joint agency arrangements with agents.**

### Market research - customer service

**4.33** Audit noted during the review that the 4 universities relied heavily on past international students to promote their educational facilities to prospective students.

**4.34** The AV-CC Guidelines refer to the importance of feedback from students and state that "*... students should be given opportunities to discuss their own evaluations of their experiences ...*"

**4.35** Despite their heavy reliance on past students to promote their facilities, audit found that with the exception of RMIT, the other universities have generally neglected the area of on-campus market research. In this regard, the universities were not willing to implement procedures for obtaining regular feedback from international students on their satisfaction or otherwise with the quality of educational services.

**4.36** A 1993 survey conducted by DEET identified that 81 per cent of surveyed students would recommend study in Australia to a prospective student from their home country.

**4.37** **It would clearly be in the interest of the universities to become much more active in obtaining regular feedback from international students so that early remedial measures can be implemented in the event of any signs of falling satisfaction from students.**



## EFFECTIVENESS OF FINANCIAL ADMINISTRATION

**4.38** Although the involvement of universities in international student programs has been a significant and expanding feature of their operations, the audit identified that there was scope for improvement in the quality of the financial administration of the programs in all 4 universities.

### Weaknesses in costing procedures

**4.39** Audit considered that the most significant deficiency in the universities' financial management procedures was their inability to determine total costs incurred in the provision of services to international students. In this respect, the universities had not undertaken detailed costing exercises as a specific management task.

**4.40** For fee setting purposes, the universities had taken the view that levying of a fee in excess of DEET's funding level per local student would ensure that fees would be competitive in the market place and that the cost of educating an international student would be fully recovered. This approach contrasts with DEET's guidelines on fee setting which require that fees charged "... are designed to reflect full economic costs having regard to teaching services, administration and capital facilities".

**4.41** A further significant consequence of the universities' approach to costing is that, without information on aggregate costs incurred in connection with the international student program, it is not possible to form accurate judgements on the overall performance of the universities in this field.

**4.42** While data on levels of revenue is regarded by the universities as an acceptable indicator of performance, the absence of total costs prevents identification of the net revenue position, i.e. the bottom line for each university which, in audit opinion, would constitute the key measure of performance.

**4.43** **Costing procedures in universities need to be upgraded to provide an adequate basis for important management decisions on fees. The availability of net revenue details is essential for meaningful evaluation of the universities' periodic performances in the international student program.**

- *RESPONSE provided by Vice-Principal, La Trobe University*

*The Department of Employment, Education and Training sets the minimum fee which is designed to cover actual costs. The University is encouraged to be competitive in setting a price above the minimum fee.*

*A representative La Trobe University working party presented a report on this matter to the University Finance Committee on 8 November 1993 addressing these matters in detail. The report will be considered by the University Council on 6 December 1993.*

- *RESPONSE provided by Vice-Chancellor, Monash University*

*Data provided to the audit team shows that overall there is a clear excess of fees over costs. Further, it is the case that fees for all courses are above the DEET indicative minimum.*

■ *RESPONSE provided by Vice-Chancellor, Royal Melbourne Institute Technology*

*It is RMIT's view that it is a matter for management judgement about the relative benefit/cost of undertaking of massive costing exercise when fundamental concerns about subsidy can be met in other ways.*

*The detailed costing of courses is a difficult exercise with no accepted methodologies existing for this purpose. Indeed, it should be noted that in developing the Relative Funding Model, DEET itself used 3 different methodologies and concluded that the "expenditure surrogate" method was as useful as any other method (i.e. the 80/20 rule). In reviewing its cost levels for the purposes of ensuring that fee levels are appropriate, RMIT has adopted this methodology. In all cases RMIT receives more by course fee than for the same courses from DEET. From this, RMIT has deduced that it is operating these courses at a surplus and does not believe that the significant effort that would be required to undertake the detailed costing for all courses would be worth the effort.*

*The main objective of ensuring that there is no cross subsidy of international students can be assured by the above means.*

*The price levels charged currently are set with reference to both costs and market. The continuing high levels of demand for RMIT places does not indicate that RMIT prices are too high. Nor do the relatively high prices charged by RMIT suggest that RMIT prices are too low.*

*Notwithstanding that RMIT is not engaged in a massive retrospective costing exercise, all new fee paying courses, whether for the international or domestic markets are being costed in accordance with the University's Costing and Pricing Manual.*

■ *RESPONSE provided by Deputy Vice-Chancellor, Swinburne University*

*At this stage we do not believe it is cost-effective to identify expenditure from individual income streams. Following Commonwealth Government policy we are increasing our private income and devolved units operate with a consolidated budget.*

*An analysis of postgraduate program costs in our Arts and Business Faculties show that all costs associated with the program are covered.*

**Other shortcomings in financial management procedures**

**4.44** Other shortcomings in financial management procedures identified during the audit review were:

- ▶ poorly developed budgets at Swinburne and La Trobe, with limited budgetary information made available for scrutiny by responsible committees;
- ▶ inadequate periodic monitoring of budgets by La Trobe and the reasons underlying budget overruns;
- ▶ aggregate unpaid international student fees at the 4 universities in excess of \$1.8 million at 31 December 1992 (of which \$1.4 million related to RMIT; unpaid fees had increased to \$2 million by November 1993) even though all 4 universities had adopted policies which required fees to be paid in advance at the commencement of each semester; and
- ▶ substantial delays of up to 7 months in the furnishing of documentary evidence by 11 officers at Technisearch to substantiate expenditure from overseas travel allowances totalling \$23 000.

**4.45 Swinburne, La Trobe and RMIT should take action to improve the quality of their financial management procedures and all 4 universities need to re-examine their practice of allowing international students to receive education services prior to payment of fees.**

- *RESPONSE provided by Vice-Principal, La Trobe University*

*This view will be communicated to the University Council Finance Committee.*

*Increased monitoring by the Finance Committee is demonstrated by its periodic questions to the Committee for External Programs regarding performance against budget.*

*The Finance Committee of the University Council reviews performance against budget for the International Office. In 1994 the International Office budget will involve a wider range of staff inputs and periodic monitoring, as well as that already undertaken by the Finance Committee.*

- *RESPONSE provided by Vice-Chancellor, Monash University*

*Late payment of fees is not allowed and the matter is pursued in every case. Evidence can be supplied. It is acknowledged, however, that there were substantial weaknesses in the system prior to 1993.*

- *RESPONSE provided by Deputy Vice-Chancellor, Swinburne University*

*We do not believe that the budget presented to the Finance Committee is poorly developed. In our view the documentation is appropriate and is made freely available to the Finance Committee of Council.*

*The collection of fees is now the responsibility of the Manager, Finance Branch and he has appointed a Fees Officer to carry out this task.*

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## ACADEMIC STANDARDS

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**4.46** The complex issue of academic standards is integral to any consideration of international student programs within universities.

**4.47** The importance of academic standards is reinforced in the guidelines issued by DEET and the AV-CC to the universities. These guidelines require that:

- ▶ *"... to gain access to Australian courses, international students must generally meet the same entry requirements as Australian students";* and
- ▶ *"... selection criteria for overseas students should be such as to maintain the institution's academic standards and to encourage a high success rate ... Institutions should be satisfied that candidates selected for admission are suitably qualified both academically and in English and are capable of benefiting from the course ... offers of admission should not be made to overseas students on a less selective basis than those made to prospective home students ..."*

**4.48** The Australian Education Council Code of Conduct states that it is particularly important to preserve academic standards not only for the protection of local students, but to maintain the reputation of Australian education overseas to "... ensure the durability of economic benefits of education export..."

**4.49** Appropriate minimum entry standards constitute an important element of academic standards as they determine whether international students have reached a standard comparable with local students. Such determination is vital given that both local and international students share the same classrooms, their collective performance affects the standard of attention they receive in tutorials, and the overall standard of class groups will be reflected in the marking or assessment system.

**4.50** Prospective international students at the 4 universities comprise mainly those students who have completed the Victorian Certificate of Education (VCE) or at least its overseas or interstate equivalent.

- *RESPONSE provided by Vice-Chancellor, Royal Melbourne Institute Technology*

*This statement could infer that a majority of international students have completed the VCE. The VCE plays a very minor part as an international student qualification at this time. RMIT has a rigorous approach to the recognition of equivalent overseas qualifications.*

## **Determination of minimum entry standards**

### *International VCE students*

**4.51** The selection process for entry to Victorian universities by local VCE students commences with students applying through the Victorian Tertiary Admission Centre (VTAC) and listing a maximum of 8 preferences for tertiary places. VTAC acts as a clearing house for student applications and the making of offers for tertiary places. After VCE results are released, student preferences are distributed to universities which, in turn, decide those students who will receive offers for each course, and establish cut-off scores. These cut-off scores are determined by the number of students applying for a particular course against the number of available places. Depending on the number of acceptances, second and third round offers may be made which will generally lower the VCE cut-off score.

**4.52** Local students who completed the VCE in 1992 received their offers for tertiary admission from VTAC on 29 January 1993. By way of contrast, international students who completed the VCE in 1992 could apply either through VTAC, receiving offers on 14 January 1993, or **directly to the university**. The opportunity available to international students to apply directly to a university avoids the restriction of a maximum of 8 preferences for tertiary places faced by local students and creates the potential for universities to admit international students at standards lower than those applicable to local students.

**4.53** During the review, it became evident to audit that international students are often accepted through direct applications during the academic year **prior to their year of commencement of study and before the VCE results and cut-off scores have been formulated. As the VCE cut-off scores are regarded as an indication of the standard of admission to a particular course for local students, international students could potentially be accepted into courses at a standard lower than that which may ultimately be determined for local students.**

**4.54** It has now been decided by the universities that in future all international students will be admitted by direct application to universities. With this move, the extent to which international students are accepted for admission before standards are actually determined will be even greater.

**4.55** The selection arrangements for the international VCE students are not consistent with the DEET guidance that international students should meet the same entry requirements as local students and as such may not be conducive to the safeguarding of academic standards.

- *RESPONSE provided by Vice-Principal, La Trobe University*

*The University rejects this attempt to denigrate the ongoing academic judgements made by qualified University staff in this highly technical area.*

*The existing special entry scheme and credit transfer schemes with TAFE and other providers would also be vitiated by such an approach.*

*These comments highlight the fact that there are diverse routes and measures for entry to university. Published cut-off/entry scores are not the minimal accepted scores for local students.*

- *RESPONSE provided by Vice-Chancellor, Royal Melbourne Institute Technology*

*Audit have shown that they do not understand the selection process for either domestic or international students. Close to 50 per cent of RMIT courses available through VTAC are not selected by cut-off scores but by a range of measures such as portfolio or interviews which are identical to those for domestic students. The extensive reliance on VCE in the report is unwarranted. Audit has failed in this report or in the detailed RMIT report to show in what way DEET guidelines are not met. In all of its selection processes for domestic and international students, RMIT gives extensive responsibility to experienced academics who are appointed as selection officers to make appropriate academic judgements.*

- *RESPONSE provided by Deputy Vice-Chancellor, Swinburne University*

*The University maintains a selection procedure which encompasses appropriate selection criteria and is equitable to both Australian and international students.*

*Inconsistencies in entry standards for non-VCE international students*

**4.56** Monash, La Trobe and Swinburne have formally documented and published minimum entry standards for prospective international students. This information sets out the average VCE score required for each university course and the corresponding grade required for particular overseas year 12 qualifications deemed to be equivalent to the VCE.

**4.57** Audit examination of 1993 minimum entry standards compiled by the 3 universities identified inconsistencies, relative to 1992 VCE cut-off scores, in the standards established for Year 12 equivalent overseas qualifications. Table 4A illustrates these inconsistencies for a sample of university courses which attract a high proportion of international students.

**TABLE 4A  
COMPARATIVE TABLE OF YEAR 12 OVERSEAS EQUIVALENTS TO THE VCE**

University courses	VCE cut-off score 1992	IB(a)	STPM(b)	Year 13 Ontario	GCE(c) A levels (Singapore)	GCE(d) A levels (Hong Kong)
Bachelor of Engineering - Monash Metropolitan	280	28	BBCC	82	BCC	CCC
Gippsland	280	(e)	CCDD	75	CCD	CCD
La Trobe	286-291	28	CCC	70	BCC	CCC
Swinburne	290	27	CC	65	CD	CD
Bachelor of Computer Science - Swinburne	292	27	CC	72	CD	CD
Monash Metropolitan	295	30	CCD	75	CCD	CCD
La Trobe	317	27	CCD	65	CCC	CCD
Bachelor of Economics/Commerce - La Trobe	292	30	CCC	71	CCC	CCD
Monash Metropolitan	326	27	CCD	65	CCC	CCD

(a) Grade levels - International Baccalaureate (international Year 12).

(b) Grade levels - Sijil Tinggi: Perselolahan (Malaysian Year 12).

(c) Grade levels - General Certificate of Education - A levels - Singapore (Year 12 equivalent).

(d) Grade levels - General Certificate of Education - A levels - Hong Kong (Year 12 equivalent).

(e) Information not prepared.

**4.58** Table 4A shows that there are variations both within and across universities in the values assigned to overseas qualifications (deemed to be equivalent to the VCE) for the determination of minimum entry standards for university courses. For example, although the Bachelor of Engineering courses at Monash metropolitan and Gippsland campuses, had a 1992 VCE cut-off score of 280, there was a substantial variation at each campus in the values applied as minimum entry standards to the Malaysian and Singaporean qualifications.

**4.59** The implication of the information presented in Table 4A is that variations in the application by universities of entrance values to overseas academic grades **could ultimately erode the safeguarding of academic standards envisaged in the DEET requirements that international students must generally meet the same entry requirements as Australian students.** The existence of such variations may also lead to confusion by international students as to a reliable assessment of the Australian equivalent of their overseas qualifications.

**4.60** There are no uniform standards in Australia for the assessment of equivalent Year 12 overseas qualifications which can be accessed and applied by all universities. The variations identified by audit in the minimum entry standards used by universities for overseas qualifications could be avoided if a central body had responsibility for determining the academic standing of overseas qualifications for purposes of determining equivalents to the VCE. In the United Kingdom, a body known as the British Council, which plays an integral role in matters relating to international students studying in the United Kingdom, determines the official equivalents of various overseas qualifications to the UK A levels (the UK year 12 academic standard).

**4.61** There would be merit in evaluating the feasibility of establishing a centralised framework within Australia along the lines of the British Council for the assessment of overseas equivalents to Australian year 12 standards.

■ *RESPONSE provided by Vice-Chancellor, Monash University*

*My general concern is with the comparative table of Year 12 overseas equivalents to the VCE. There is no valid reliable way of aligning scores in different school systems. Any attempts to do so would be full of assumptions and rather than have the outcome you seek (to safeguard academic standards) would, in my judgement, have the reverse outcome. (The reference to the UK system is irrelevant to Australia. As you know the A level system does not produce scores as the Australian system does not uses broad grades.)*

### **Other risks to the safeguarding of academic standards**

**4.62** The audit identified a number of further practices within the universities which have the potential to erode the safeguarding of academic standards. These practices are summarised below:

- ▶ To achieve a more substantial market share, La Trobe had lowered its minimum entry standards in some courses, for prospective international students. Table 4B illustrates the decrease in 1994 minimum entry standards for prospective international students relating to 4 courses at La Trobe.

**TABLE 4B**  
**COMPARISON OF SELECTED 1993 AND 1994**  
**MINIMUM ENTRY STANDARDS AT LA TROBE UNIVERSITY**

<i>Course</i>	<i>Overseas Year 12 equivalent</i>	<i>1993 standard required</i>	<i>1994 standard required</i>
Social Sciences	GCE, A levels (a)	CCC	CD
Commerce	GCE, A levels	CCC	CD
Engineering	GCE, A levels	BCC	CD
Health Sciences	GCE, A levels	BBB	CCD

(a) General Certificate of Education, A levels, Singapore, widely regarded within the industry as equivalent to Year 12.

- ▶ **The lowering of 1994 standards for international students at La Trobe is in direct contrast to the more demanding standards set for local students, as manifested in increasing VCE cut-off scores over recent years.**
- ▶ RMIT, unlike the other 3 universities, has not published information on overseas Year 12 equivalent qualifications. Such an approach provides the University with maximum flexibility in the determination of minimum entry standards. For example, there is potential for the University to vary its entrance requirements based on its assessment of the market place. In such circumstances, decisions taken on student enrolments may be influenced by revenue considerations and not always be conducive to the safeguarding of academic standards.

The practice also means that prospective international students do not obtain complete information on the standing of their qualification.

**RMIT needs to develop written documentation similar to that published by the other 3 universities on minimum entry standards applied to prospective international students.**

- ▶ Audit examination of a sample of international student admission files for 1993 enrolments at Swinburne and Monash revealed cases where the 2 universities had admitted international students at lower than the minimum entry standard.

**This practice constitutes a serious departure from the fundamental requirements of DEET and the AV-CC for the safeguarding of academic standards.**



- ▶ Shortcomings existed in the documentation maintained on student admission files at Swinburne in that copies of documents supporting overseas qualifications and evidence of the translation of documents by an accredited translator were in many cases not obtained.

**4.63 It is important that appropriate remedial action is taken by the 4 universities to address those management practices which currently constitute a risk to the safeguarding of academic standards.**

- *RESPONSE provided by Vice-Principal, La Trobe University*

*It is hard to compare VCE scores pre and post-1993.*

*There are always problems comparing local and overseas performance including UK "A" levels.*

*The Industries Commission report to government emphasises that we should compete vigorously in this field and not set artificially high entry marks. La Trobe University has reviewed its marketing strategy to be more competitive in order to achieve a more substantial market share against the universities long established in this field.*

- *RESPONSE provided by Vice-Chancellor, Royal Melbourne Institute Technology*

*RMIT has a wide range of methods of entry into courses including Intensive Preparatory VCE Foundation Year, TAFE Associate Diplomas and overseas qualifications. RMIT routinely guides students into Associate Diplomas where it is considered necessary. RMIT already publishes minimum entry criteria for all RMIT courses and detailed articulation criteria are provided to students as part of Foundation Year. This information has been provided to audit.*

*RMIT's academic management practices conform to AV-CC and DEET guidelines in the selection of international students.*

- *RESPONSE provided by Deputy Vice-Chancellor, Swinburne University*

*The University does not accept the view that the sole selection criteria is the minimum entry standard. All universities use other criteria for finalising selection of both Australian and international students.*

### **Retention rates and graduation numbers of international students**

**4.64** All 4 universities do not progressively monitor the academic progress of international students.

**4.65** The AV-CC Code of Ethical Practice states that "... entering characteristics describing student profiles should be correlated periodically with student retention and other measures of performance", thus indicating the significance placed on the need to evaluate the academic progress of international students.

**4.66** The universities advised audit that they do not separately monitor the progress of international students as such action would constitute special treatment given to a particular category of student. In audit opinion, systematic monitoring of the progress of international students would provide information to the universities on key outcomes of the international student program. The information would also demonstrate the extent of the effectiveness of the universities' recruitment and selection processes.

**4.67 The 4 universities should periodically monitor and review the performance of international students in accordance with the AV-CC Code of Ethical Practice.**

- *RESPONSE provided by Vice-Principal, La Trobe University*

*The academic evaluation of all students is conducted by the Departments of the University. There is no discrimination in this process between different categories of students.*

- *RESPONSE provided by Vice-Chancellor, Monash University*

*We acknowledge that we do not monitor the performance of international students separately, and that we have resolved to do so in the future.*

- *RESPONSE provided by Vice-Chancellor, Royal Melbourne Institute Technology*

*As part of its quality assurance program, RMIT is establishing a comprehensive statistical survey of international student performance, in addition to the overall student performance evaluation presently being undertaken for all students.*

- *RESPONSE provided by Deputy Vice-Chancellor, Swinburne University*

*The University believes that there should be no differentiation between public and private funded students. The performance of all student cohorts is periodically reviewed.*

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## WELFARE SERVICES

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**4.68** The provision of welfare services to international students constitutes a significant element of the international student program.

**4.69** The DEET Handbook refers to the Australian Education Council's national minimum standards which, among other things, require universities to ensure that international students have access to:

- ▶ adequate orientation activities;
- ▶ accommodation services;
- ▶ counselling;
- ▶ remedial education if required; and
- ▶ welfare facilities (including an effective grievance mechanism).

**4.70** The Handbook also states that the above arrangements need to be sensitive to the cultural and special needs of international students.



*Office of the Overseas Student Association at La Trobe.*

**4.71** The AV-CC Code also contains substantial guidance on the extent and nature of welfare services that should be provided to international students in order to:

- ▶ promote the successful adjustment by students to life and study in Australia; and
- ▶ assist students to resolve problems which could impede successful completion of their study programs.

**4.72** The audit found that the 4 universities have established satisfactory arrangements for the provision of welfare services to international students.

**4.73** Following discussions by audit with welfare staff and international students at the 4 universities, audit has suggested to each university that their existing procedures for welfare services could be further enhanced through the introduction of periodic canvassing of the specific needs of international students and regular assessment of the extent to which identified needs have been met.

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**OFFSHORE PROGRAMS**

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**4.74** Three of the universities examined during the review, Monash, RMIT and La Trobe, are involved in offshore programs with Monash and RMIT as the major participants, each operating in excess of 10 programs.

**4.75** The offshore educational programs of the universities fall into 3 principal categories, namely:

- ▶ distance education, under which students undertake courses by correspondence in their home country with limited tutorial support from the university;
- ▶ twinning programs, whereby students complete part of a course of study at an institution in their home country under a partnership arrangement between the institution and the Victorian university, and undertake the remainder of the course in Australia; and
- ▶ educational programs, under which international students complete the whole of the course of study offshore at a partner institution.

**4.76** During 1992, the 3 universities earned a combined total of approximately \$5.4 million (RMIT, \$2.7 million and Monash, \$2.6 million) from their involvement in offshore educational programs.

**4.77** The AV-CC Code comments on offshore programs in the following terms:

*"... to the extent that it is relevant, this Code is also intended to apply to institutions which offer courses offshore through twinning arrangements, distance education or other modes."*

**4.78** Notwithstanding these terms of the Code, Australian Governments do not have any jurisdiction over the offshore programs of universities and as a result, these activities are not subject to any external monitoring mechanisms. Because students who successfully complete offshore activities are awarded academic qualifications by a Victorian university, any **eroding of academic standards from offshore activities could significantly affect the reputation and standing of the university and the wider Australian education export industry.**

- *RESPONSE provided by Vice-Chancellor, Royal Melbourne Institute Technology*

*All offshore programs are subject to normal academic accreditation processes and to a 6 monthly review by the Academic Board. The inferences drawn by the recommendation are unwarranted.*

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## TOURISM POTENTIAL FOR VICTORIA

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**4.79** During discussions with representatives of the 4 universities, it became clear to audit that the education export industry offers huge tourism potential for Victoria.

**4.80** **Surprisingly, to date, virtually no action has been taken at State Government level to systematically capitalise on this potential.**

**4.81** Given the value of the industry to the Victorian economy, it would be beneficial for the State Government to identify those areas where the tourism potential of the industry to the State can be pursued. Such areas could include:

- ▶ tourism-related promotions designed to attract prospective international students and their parents, families or friends to Victoria; and
- ▶ development of a State-focused marketing approach involving all sectors of the industry.

**4.82** Audit has raised this subject with Tourism Victoria. It is understood that the agency intends to examine this area in the light of the recently announced State Tourism Strategy.

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# PART 5

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# Opportunities for Further Enhancements

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## OVERVIEW

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**5.1** In Part 4 of this Report, audit drew attention to inconsistencies in the standards established for Year 12 equivalent overseas qualifications and concluded that such inconsistencies could erode the safeguards to Australian academic standards. Audit suggested there would be merit in the establishment of a centralised framework within Australia, along the lines of the British Council, for the assessment of overseas Year 12 equivalents to Australian Year 12 standards.

**5.2** Any action in this area would be a matter for determination by the Commonwealth Government through DEET, as the principal government body responsible for higher education in Australia.

**5.3** In addition to the above issue, a number of matters came to audit's attention during the course of the review which DEET might wish to consider in the context of the future administration of the international student program.

**5.4** A summary of the matters is presented below:

- ▶ scope for more direct participation by the State's education bodies and educational institutions in the consultative processes of the National Consultative Committee for International Education and Training Services;
- ▶ opportunities for greater assurance at Commonwealth Government level on the integrity and quality of services provided to international students;
- ▶ important benefits would flow from the development of specific operational guidelines which directly reflect the needs of universities;
- ▶ need to examine the feasibility of establishing a national marketing strategy; and
- ▶ scope for adoption of a national approach to the provision of cross-cultural training and development for university staff.

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## NATIONAL CONSULTATIVE COMMITTEE

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**5.5** In 1990, DEET established the National Consultative Committee for International Education and Training Services (NACCIETS). The Committee's objectives and functions are to:

- ▶ provide a national forum for discussion and information exchange on policy and operational issues concerning international education and training services in Australia;
- ▶ ensure that the promotion of Australia's education and training overseas is properly co-ordinated in all educational sectors; and
- ▶ advise the Commonwealth Minister for Employment, Education and Training on developments concerning Australia's involvement in international education and training services.

**5.6** The membership of NACCIETS comprises 25 representatives from government and non-government bodies connected with international education, with the States and territories having representatives drawn from their respective educational bodies. Australian universities are represented on NACCIETS by 2 members from the AV-CC and the International Development Program. In such circumstances, there is no direct representation of personnel involved in the day-to-day management of international student programs in universities.

**5.7** NACCIETS is effectively the only independent body which provides a consultative forum in Australia for all sectors of the education export industry. Examples of significant output from the organisation in recent years have been:

- ▶ the production of a report on English Language Proficiency which provided discussion on the advantages and disadvantages of English proficiency tests currently in use in Australia; and
- ▶ the undertaking of community consultations across States to obtain feedback on proposed amendments to the *Education Services for Overseas Students Act 1991* aimed at strengthening provisions relating to private providers of education services to international students.

**5.8** The membership structure of NACCIETS provides for one State representative to liaise throughout the public education sector in each State on those matters dealt with through NACCIETS. The current Victorian representative is employed at the Office of Training and Further Education. In discussions with this representative during the course of the review, audit was advised that the magnitude of the tasks associated with this position severely restricted the extent to which all sectors of Victoria's public education and training industry could be adequately represented on NACCIETS. In addition, the key managers of international student programs in universities are effectively distanced from the important strategic discussions and conclusions reached by NACCIETS on international education and training services.

**5.9** **The education export industry would benefit from the establishment of a framework which provides for more direct participation by State education bodies and educational institutions in the consultative processes of NACCIETS.**

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## DEET'S INTERNATIONAL BRANCH

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**5.10** The International Branch within DEET is responsible for the development and implementation of Commonwealth Government policy and other aspects of the Australian education export industry. The Branch is based in Canberra and is responsible for a range of important functions associated with the industry including:

- ▶ the promotion of the integrity, quality and growth in the provision of Australian education and training services to international students;
- ▶ development of DEET's *International Students Policy Handbook*; and
- ▶ establishment of the operational framework for NACCIETS.



**5.11** Apart from the handling of any external complaints concerning the 4 universities, there is little monitoring by the Branch of the universities' activities within the industry. In such circumstances, it is difficult for the Branch to reach meaningful conclusions on the integrity and quality of educational services provided to international students by the universities.

**5.12** Audit was advised by the Branch that the limited attention directed to the procedures and practices of the universities was due to 2 principal factors, namely:

- ▶ as the administrator of the Commonwealth Register of Institutions and Courses for Overseas Students, DEET places reliance on the State to ensure that all of the legislative requirements set out in the Victorian *Tertiary Education Act* 1993 dealing with the pre-requisites for State endorsement of courses are met by the universities; and
- ▶ resource constraints which required that the Branch's priorities focus on private sector providers of education services to international students.

**5.13** As a consequence, it has been necessary for the Branch to adopt a reactive rather than pro-active approach to issues of quality and integrity of services by universities.

**5.14** Audit was advised that in practice, universities receive automatic endorsement of courses of study at the State level, so the extent of confidence that DEET could derive from this area would be minimal. Part 4 of this Report identified important matters dealing with the potential for the erosion of academic standards arising from certain university practices and the need for universities to develop more effective marketing strategies.

**5.15** If opportunities do arise to widen the Branch's ambit of activity to incorporate some form of regular monitoring of universities, greater assurance would be obtained at the Commonwealth level on the integrity and quality of services provided to international students.

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## REVIEW OF EXISTING GUIDELINES AND CODES

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**5.16** As mentioned in earlier paragraphs of this Report, a number of codes of conduct and guidelines dealing with the education export industry have been issued by DEET, the Australian Education Council and the AV-CC.

**5.17** While the AV-CC's code and guidelines apply solely to the universities, the material issued by DEET and the Australian Education Council is directed to the whole of the industry without recognition of any unique features or characteristics of particular segments of the industry. In this regard, there is no distinction made between private education providers and universities. Issues relevant to Monash's international student program (which comprises 4 000 students at 4 campuses) will differ enormously from those faced by a private college providing English language diploma courses to 200 students.

**5.18** From the viewpoint of the universities, there is no obligation to comply with the codes and guidelines and there are no external monitoring mechanisms in place. As such, the distributed material is primarily viewed by the universities as a source of information to assist decision-making in the industry, with the extent of adoption a matter for discretion of local management.

**5.19** In fact, the only specific regulatory measures that apply to universities are contained in the Education Services for Overseas Students Act, most of which is more relevant to private providers of education services to international students rather than universities.

**5.20** While it is important that personnel within universities responsible for day-to-day management decisions of international student programs are not unduly restricted by specific laws and rules, the existence of some common operational requirements for universities would facilitate development of consistent practices which reflect the specific characteristics of the universities.

**5.21** The 4 universities examined during the audit review indicated that they would welcome a more definitive framework to support the operation of their international student programs.

**5.22** **The development of specific guidelines which directly reflect the needs of universities could constitute specific industry standards for universities and become the basis of a quality assurance marketing tool to enhance Australia's reputation overseas in the education field.**

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## **DEVELOPMENT OF A NATIONAL MARKETING STRATEGY**

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**5.23** In view of the highly competitive nature of the education export industry, it will be critical for Australian education institutions to be able to sustain a reputation overseas for provision of quality education services, if they are to maintain current performance levels or increase market share in the industry.

**5.24** In Part 4 of this Report, when commenting on inconsistencies in entry standards for non-VCE international students, audit referred to the work of the UK body known as the British Council, in the determination of official equivalents of various overseas qualifications to the UK Year 12 academic standard. The functions of the British Council extend beyond this area to encompass responsibility for a range of matters relating to international students studying in the UK. In this regard, the British Council, which is jointly funded by the UK Government and universities, is responsible for all national marketing activities aimed at attracting international students to the UK. These activities include exhibitions in overseas countries, educational counselling services in the Asian region and direct access for international students to its centralised application facilities.

**5.25** In short, the British Council projects an official and unified image to international students on behalf of universities in the UK.

**5.26** The activities of the British Council with its national focus can be contrasted with the work of the Australian Education Centres (AECs) established by the AV-CC's International Development Program. Unlike the British Council, AECs are not government bodies and have no monitoring responsibilities for matters such as overview of activities of overseas agents and regulating the number of visits by Australian educational institutions to particular countries.

**5.27** Establishment of a framework in Australia similar to that of the British Council would assist universities to collectively market their services with an emphasis on those features of the Australian environment which would be attractive to prospective international students (and their parents or families). These features of the Australian scene could include proximity to Asia, low crime rate, the right to work up to 20 hours per week, climatic conditions and relatively low inflation costs. Such action would also be conducive to a more co-operative marketing approach across universities through the identification of mutually-beneficial goals and outcomes. Some useful progress has been made on this latter point by NACCIETS through the establishment of a separate working group on ethical marketing.

**5.28** There are sufficient potential benefits to warrant examination of the feasibility of establishing a national marketing strategy for the Australian education export industry. The recent consideration given by DEET to the establishment of the Australian International Education Foundation to replace the AECs and provide DEET with a formal vehicle for its international education and training policy objectives would seem an appropriate means for introduction of a national marketing strategy.

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## STAFF TRAINING AND DEVELOPMENT

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**5.29** The training and development of staff, both academic and non-academic, are important elements of international student programs within universities.

**5.30** The AV-CC Code of Ethical Practice states that institutions should "... ensure that all staff involved with overseas students are competent to deal with their special circumstances. Institutions should develop training programs appropriate to the different levels of involvement and responsibility among staff."

**5.31** Many international students are accustomed to quite different methods of learning to that experienced in Australia. Also, some international students may be required to adjust to a new social environment under which customs and behaviour vary markedly from their home countries. These circumstances reinforce the importance of universities having in place satisfactory levels of training and support for staff.

**5.32** All 4 universities examined by audit during the review, were found to have a strong philosophical commitment to the provision of cross-cultural training for staff, although the emphasis with this commitment was very much on academic staff. Also, audit found that staff support for cross-cultural training was relatively poor, with often only a small number of courses offered to staff and some courses cancelled due to lack of interest.

**5.33** While cross-cultural training is not a significant issue for those staff experienced in teaching or dealing with international students, it becomes highly significant for non-academic staff such as those in student administration areas and libraries, whose contact with international students can be limited. Such staff within this latter category require soundly-based training and development processes to enable positive interaction with international students.

**5.34** Within the UK, an organisation known as the United Kingdom Council for Overseas Student Affairs (UKCOSA) acts as a lobbyist to the British Government, co-ordinates international student welfare services, and provides advice and staff training to institutions. UKCOSA receives approximately 45 per cent of its funding from the UK Government.

**5.35** Australia does not have a body similar to UKCOSA and, as a result, individual institutions are required to resource and manage all staff training associated with international students. Also, there is a limited capacity for institutions to fully benefit from the experiences of other institutions in training and development programs.

**5.36** There would be merit in considering adoption of the UKCOSA model to the Australian education export industry. A useful first step in this process would be the co-ordination of a national training needs analysis of those staff involved in the provision of services to international students.