

Chinese students and the higher education market in Australia and New Zealand.

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Abstract

The purpose of this paper is to observe the nature of the relationship between the Australian and New Zealand higher education systems on the one hand and the Chinese student market on the other. There is a significant difference in the nature of the flows of Chinese and other international students to Australia and New Zealand, which is largely due to differences in visa regulations and the relative attractiveness of Australian and New Zealand universities. New Zealand's over dependence on the Chinese market is one that leaves the industry vulnerable in the near future.

Introduction

In recent years there has been a steady growth in the number of students seeking to study abroad in tertiary education. In 2004 it was estimated by the OECD that there were about 2.65 million students studying in tertiary education institutions (higher education plus vocational education) outside of their home country. Of these students a significant proportion of them are students from China (in 2004 14.4 percent of the total international students Table 1).

Traditionally the United States and the United Kingdom were the two most important destinations for international students including those from China. In recent years, however, countries like Australia and New Zealand have also become important destinations for Chinese students.

When deciding on to study outside their home country, students are influenced by a number of factors. These factors might include such things as the reputations of universities, the cost of living and fees in the possible destination countries, changes in exchange rates, the availability of places in educational institutions in their home country, the ease of entering the destination country and finally the possibility of migrating to the destination country.

In the Australian and New Zealand cases studies have found that international students (including Chinese) are influenced by a range of factors most importantly the cost of living and immigration rules (see IDP 2001, 2004 for Australia and Asia 2000 for New Zealand). The impact of some of these factors can be illustrated by the fact that the cohort of students that travel to both Australia and New Zealand are quite different, a reflection of the impact of some of these factors.

The purpose of this short paper is to compare the nature of the groups of students – including Chinese students - to study in Australia and New Zealand in order to determine if there are any differences in the two groups. In doing so it will be possible to determine the degree to which they are influenced by the special characteristics of the two countries.

Background

Over the past ten years there has been a steady increase in the number of students seeking to study outside their country of origin. Traditionally the most popular destination for international students is the United States followed by the United Kingdom. Other important destinations are Germany, France, Canada, Australia, and New Zealand (see Table 1). The origins of international students are less concentrated than those of the destination countries, although Asian countries such as China, India and Japan are particularly important (see Table 1).

In the case of China the rapid growth in the economy and incomes in that country over the past twenty years, coupled with a sharply rising level of high school participation and

lagging supply of places in state universities and colleges in China led to a surge in the numbers of Chinese students seeking educational places abroad.

Table 2 provides data on the number of students from China studying abroad in higher education as well as in China itself. As can be seen from the table both amounts increased rapidly in the late 1990s and early 2000s. As well the participation rate of young people in higher education rose sharply from 6 percent in 1999 to 19 percent by 2004.

In the last few years there has been a very substantial investment in Chinese higher education by both state authorities and private entrepreneurs and the growth of these numbers of Chinese students seeking an education abroad will perhaps taper off because of it.

In the case of Australia and New Zealand the growth of the international student numbers was quite swift in the ten-year period up until 2004. From a figure of 128,906 international students enrolled in Australian educational institutions (at all levels) in 1998 this rose to 344,815 by 2005. In New Zealand international student numbers rose from 26,021 in 1998 to peak at 115,197 in 2003 (Table 3).

As well as attempting to attract students to home campuses, Australian universities have also promoted the growth of international enrolments through the use of offshore provision and distance education. In doing so Australian universities have been involved in such thing as twinning programmes, the teaching by home staff in overseas institutions, and in the development of offshore campuses. These developments have meant that Australian universities now have a direct presence in a number of countries including Malaysia, Hong Kong, China, Singapore, Fiji, South Africa, the Gulf States and indeed in New Zealand. In May 2003 the Australian Vice Chancellors' Committee listed 1,569 programmes provided by Australian universities overseas; the bulk of which were in Singapore, Malaysia and China (including Hong Kong) (Australian Vice Chancellor's Committee, 2003). In the New Zealand case the universities have not been as active in this sort of activity.

In the case of Australia and New Zealand the presence of international students in those two countries have become an increasingly important part of the higher education sectors in the two countries. Figure 1 provides the number of international students in Australian higher education and New Zealand tertiary education as a percentage of total students between 1994 and 2005. As can be seen in both cases there has been a substantial increase in international student numbers as a proportion of total students in both countries.

In both cases the two countries now find that they are heavily dependent upon the income generated by international students. Table 4 provides the percentage figures for 2004 in higher education for a range of countries. Although the two countries do not have large share of the world international student market (6.4 and 2.6 percent respectively) they are

important components of each countries' student mix (24.2 percent and 10.2 percent respectively).

The presence of international students in New Zealand and Australian educational institutions is by no means only a recent phenomenon. From the 1950s through to the late 1980s both countries hosted a significant number of students in its universities. Some of these students came to both countries under formal assistance schemes such as the Colombo Plan while others came privately, mainly from Malaysia and Singapore (Ministry of Foreign Affairs 2001). In the New Zealand case these students benefited from the subsidisation of courses. In 1989 amendments to the *Education Act* in New Zealand made a clear distinction between domestic and international students for the first time. The Act also required institutions to charge fees on a full cost recovery basis (Asia2000 2003). Australian universities from a much earlier date sought to recover the full cost of educating international students.

Through the 1990s universities in both countries attempted to recruit full-fee paying students from overseas. At the same time vocational education institutions, secondary schools and English schools also began to attempt to attract international students from overseas as well.

As mentioned previously students when seeking to study ousted their home country are influenced by a variety of factors. One study on the comparative costs of higher education in Australia, New Zealand, Canada, the United States and the United Kingdom found that Australia and New Zealand both had lower average fees and living costs than those in the other countries. New Zealand had marginally lower average fees and living costs than Australia's (IDP, *Comparative costs*).

A lower cost of study in the two countries is one of the attractions to international students. Another study of the attitudes of Chinese students found that Australia and New Zealand both had reputations as low cost education providers compared to the United States and the United Kingdom. Their universities were also perceived as being of lower quality than those in the United States (Li 2004).

Student mix

Although growth in the number of students in the two countries has followed a similar path over the past ten years the composition of student numbers in the two countries is by no means the same. Table 6 provides information on student numbers in 2004 for New Zealand and 2005 for Australia. From the figures it is possible to see that the largest group of students (47.5 percent) in Australia are enrolled in higher education (almost all in universities). In the New Zealand case the largest group are enrolled in English language schools (51.8 percent), with higher education lagging behind. In fact if you combine the pre-tertiary education level categories (school and English language) and compare them to the tertiary level categories you find that in the New Zealand case 65 percent of students are studying at the pre-tertiary education level compared to only 25 percent in Australia.

The main difference between the two countries then is that it appears that New Zealand has a disproportionate level of attraction for English language and school students compared to its size. The English language schools in New Zealand, therefore, are a much more prominent part of that country's education export industry than they are in Australia.

Another aspect that differs between the two countries is the composition of the student's respective countries of origin. Although the most important country of origin in the case of both countries is China (Table 5) the reliance on Chinese students of New Zealand is over twice that of Australia (50.7 percent compared to 19.0 percent). In both cases the number of students travelling from China to Australia and New Zealand grew strongly through the late 1990s and early 2000s.

Tables 2 also provide the numbers of students in New Zealand tertiary education and Australian higher education from China. As can be seen in the New Zealand share of Chinese students rose steadily in the early 2000s. This substantial inflow of Chinese students has meant that they are now by far the most important group of international students in New Zealand (59.3 percent) by 2004. In the Australian case Chinese student numbers rose but not to such a dominant position. The tapering off of growth in New Zealand international student numbers and fall in 2005 is almost entirely due to a reduction in the number of Chinese students wishing to study in New Zealand. Although numbers travelling to Australia from China are also tapering off the more diversified mix of origin of students has cushioned from this somewhat.

Obviously there must be some reason why large numbers of students are attracted to studying pre-tertiary level studies in New Zealand that are absent from the Australian market. Furthermore there must be a reason why Chinese students are so much more predominant in the New Zealand as compared to the Australian case.

Immigration and student visas.

In the case of the international education one of the most important factors that influences the demand by students for a particular country's education is the immigration and student visa laws. If it is relatively easy for students to be granted entry to a particular country compared to other countries then there will be an advantage to studying in that country. Furthermore students might also be influenced by the degree to which international students are allowed to work in a particular country when they are on student visas as well as the extent to which their education assists them in migrating to that country.

Generally speaking immigration laws governing those who wish to immigrate to a particular country are determined more by the general politics of a country and its labour force requirements. Despite being primarily determined by labour force requirements changes in these laws may impact on the attractiveness of a country to international

students. Many potential, young immigrants are attracted to Australian and New Zealand universities as a first step toward immigration to those countries.

Even though immigration laws are generally determined by factors quite separate from the concerns of education institutions from time to time governments may decide to modify immigration requirements in such a way to promote the attractiveness of a country to international students. In the Australian and New Zealand cases both countries give higher recognition to the qualifications of their own countries when potential immigrants apply for residency than those of overseas qualifications. This has the affect of encouraging young potential immigrants to study in both countries even if they have prior qualifications from their own home country.

From an immigration policy point of view there are a number of rational reasons for giving preference to international students who have studied in a country and are graduates of Australian and New Zealand universities. First of all these potential immigrants have a number of years of study, which can help them to acclimatise to the local environment. When they first arrive in either of the two countries the educational institutions to which they are attached generally assist them with finding accommodation etc in their first days in the country. During the course of their studies they become established, may work part-time and raise their English language levels to a reasonable level. Of course this is advantageous to the educational institutions as well who presumably attract a fair proportion of international students for purely immigration rather than educational reasons.

As well as the normal regulations determining immigration to a country the regulations governing the granting of student visas can have a profound influence on the numbers of international students seeking to study in country and the type of students attracted. The easier it is to be granted a student visa and the less onerous the conditions once granted the easier it will be for universities to attract international students.

Visa requirements may explain some of the most important differences between the origins of students in Australia versus New Zealand. One striking difference between the groups of international students in Australia and New Zealand is the greater importance of the secondary school and English language sectors in New Zealand compared to Australia (see Table 6). Another related difference is the greater reliance of the New Zealand industry on Chinese students (see Table 5). In the New Zealand case a fairly large proportion of students are from China and are studying in New Zealand secondary and English language schools. The main reason for this is that simply it is easier for a Chinese student to enter New Zealand to study at a secondary or English language school. In the New Zealand case there is no English standard for entry whereas in the Australian case a student from China must have an IELTS score of 5.0 to enter an English School for secondary school 4.0 if the student is 16 years and over.

This gives the New Zealand universities an advantage compared to their Australian counterparts in that there is a relatively large unattached pool of international students studying in New Zealand at pre-university level, which they can recruit students from. In

the Australian cases many universities are setting up offshore programmes in the countries of the students origins in order to increase their attractiveness to students, both in terms of lower costs and in order to avoid travel restrictions imposed on students. One anomaly that has arisen in the attraction of investment of Australian universities to New Zealand in order to take advantage of that countries' more liberal treatment of students with lower levels of English.

It would appear, therefore, from the figures that Australian universities have a greater and wider attraction to international compared to their New Zealand counterparts. The New Zealand universities on the other hand appear to be far more dependent upon the Chinese market, and reliant to a degree on the less stringent visa requirements that allow Chinese students to study in New Zealand and not Australia.

The relative costs of studying in the two countries are fairly similar and have advantages over countries such as the United States and the United Kingdom. Australian universities appear however to have been better able to market themselves in a wider range of markets and invest in off shore facilities. New Zealand universities seem to be more dependent upon Chinese students, easier visa requirements and the efforts of English language and secondary schools in New Zealand.

This would appear to not bode well for the future of New Zealand's export education industry. If the source of students coming from China stagnates then New Zealand will be greatly affected. Already it appears the international student numbers studying in New Zealand has tapered off and even fallen because of a drop off in students from China.

Conclusion

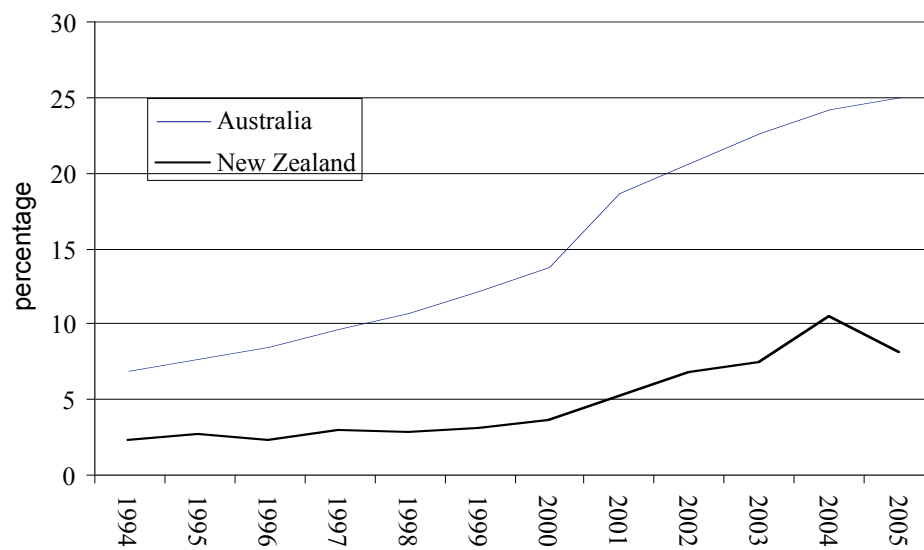
In recent years Chinese students have become increasingly important to the higher education sectors of both Australia and New Zealand. Despite their attraction to the two countries their motivation for travelling to these two countries are not entirely the same.

Australia would appear to be a more attractive place for higher education students, not only from China but from other countries in Asia as well compared to New Zealand. New Zealand's education system is far more dependent on Chinese students compared to that of Australia.

New Zealand also appears to be more attractive to English language and pre-tertiary level study compared to Australia. This is largely in part due to the reduced restrictions of entry into that country placed on students of the English language.

Finally immigration appears to be a prime motivation factor in both cases.

Figure 1: Proportion of international students in total higher education in Australia and tertiary education in New Zealand



Source: Australia, DEST. New Zealand, Ministry of Education.

Table 1: International students tertiary education; home and destination countries 2004

Destination country			Home country		
		%			
United States	572,509	21.6	China	381,330	14.4
United Kingdom	300,058	11.3	India	129,627	4.9
Germany	260,314	9.8	Korea	98,103	3.7
France	237,587	9.0	Germany	61,845	2.3
Australia	166,955	6.3	Greece	61,845	2.3
Canada	132,982	5.0	Japan	61,437	2.3
Japan	117,903	4.4	Morocco	58,038	2.2
Russian Federation	75,786	2.9	France	57,231	2.2
New Zealand	68,904	2.6	Turkey	54,381	2.1
Belgium	44,304	1.7	United States	46,547	1.8
Spain	41,734	1.6	Italy	44,892	1.7
Italy	40,641	1.5	Malaysia	42,054	1.6
Sweden	36,458	1.4	Canada	39,278	1.5
Switzerland	35,705	1.3	Hong Kong	36,816	1.4
Austria	33,707	1.3	Indonesia	33,877	1.3
Malaysia	30,407	1.1	United Kingdom	25,691	1.0
Netherlands	21,259	0.8	Thailand	24,677	0.9
Ireland	12,698	0.5	Singapore	21,163	0.8
Other	421,233	15.9	Other	1,372,312	51.8
Total reporting	2,651,144	100	Total reporting	2,651,144	100.0

Source: OECD

Table 5: Chinese students in higher education

	Chinese students in Australia	Chinese in Australia %	Chinese students in NZ	Chinese in NZ %	Chinese students abroad	International students	Chinese as % of international students	Chinese higher education students	Participation rate %
1999	4,578	na	247	na	na	na	na	6,365,675	6
2000	5,008	na	1,133	na	na	1,875,567	na	7,364,111	8
2001	8,006	6.1	3,338	2.5	131138	1,946,378	6.7	9398,581	10
2002	17,343	9.5	8,481	4.7	181684	2,230,165	8.1	12,143,723	13
2003	23,448	9.2	16,479	6.5	255450	2,458,212	10.4	15,186,217	15
2004	283,09	7.4	24,215	6.4	381330	2,651,144	14.4	19,417,044	19

Source: UNESCO, *Institute of Statistics*.

Table 3: International students in New Zealand and Australia

	New Zealand	Australia
1998	26,021	128,906
1999	26,229	133,384
2000	32,535	153,372
2001	48,886	190,606
2002	79,343	273,552
2003	115,197	304,326
2004	112,672	322,230
2005	97,745	344,815

Source: Education New Zealand. AEI – International Education Network.

Table 4: International students in tertiary education 2004

	Share of all international students	International students share of total enrolments
United States	21.6	3.4
United Kingdom	11.3	16.2
Germany	9.8	11.2
France	9.0	11.0
Australia	6.4	24.2
Japan	4.4	2.0
Canada	5.0	10.6
Sweden	1.4	8.5
New Zealand	2.6	10.2
OECD average	na	7.3

Source: OECD

Table 5: International enrolments in New Zealand and Australia – home country

Australia			New Zealand		
		%			%
China	81,884	19.0	China	49,569	50.7
Hong Kong	21,184	7.8	Korea	12,962	13.3
Korea	26,259	7.3	Japan	8,480	8.7
Indonesia	16,042	6.7	Thailand	2,655	2.7
Malaysia	19,342	6.5	Taiwan	2,068	2.1
Japan	19,031	6.3	India	3,346	3.4
Thailand	16,496	5.6	Switzerland	295	0.3
India	27,661	4.7	Hong Kong	1,283	1.3
USA	12,452	4.0	Vietnam	1,414	1.4
Singapore	9,885	3.9	Germany	1,191	1.2
Bangladesh	6,759	1.7	Malaysia	1,652	1.7
Norway	3,332	1.5	Brazil	494	0.5
Vietnam	5,296	1.3	United States	2555	2.6
Brazil	7,052	1.2	Indonesia	701	0.7
Germany	4,841	1.2	Fiji	970	1.0
Sri Lanka	3,878	1.1	Russia	740	0.8
France	2,351	0.7	Cambodia	310	0.3
Canada	3,803	1.0	Canada	545	0.6
Czech	2,558	0.9	United Kingdom	884	0.9
Slovakia	1,781	0.8	Saudi Arabia	482	0.5
Other	52,928	17.0	Other	5,149	5.3
Total	344,815	100.0	Total	97,745	100.0

Source: Education New Zealand. AEI – International Education Network.

Table 6: International student enrolments in New Zealand and Australia

	New Zealand 2004		Australia 2005	
		%		%
Higher education*	21,525	22.0	163,930	47.5
VET*	7,526	7.7	66,086	19.2
English language	50,594	51.8	24,542	7.1
School	14,477	14.8	64,966	18.8
Other	8,032	8.2	24,291	7.0
Total	102,154	100	344,816	100

Note: Higher education in New Zealand includes university and college of education student but not those enrolled in polytechnics in agree level courses. VET in New Zealand includes all students enrolled in polytechnics. Source: Education New Zealand. AEI – International Education Network.

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