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## From aid to industry : a history of international education in Australia

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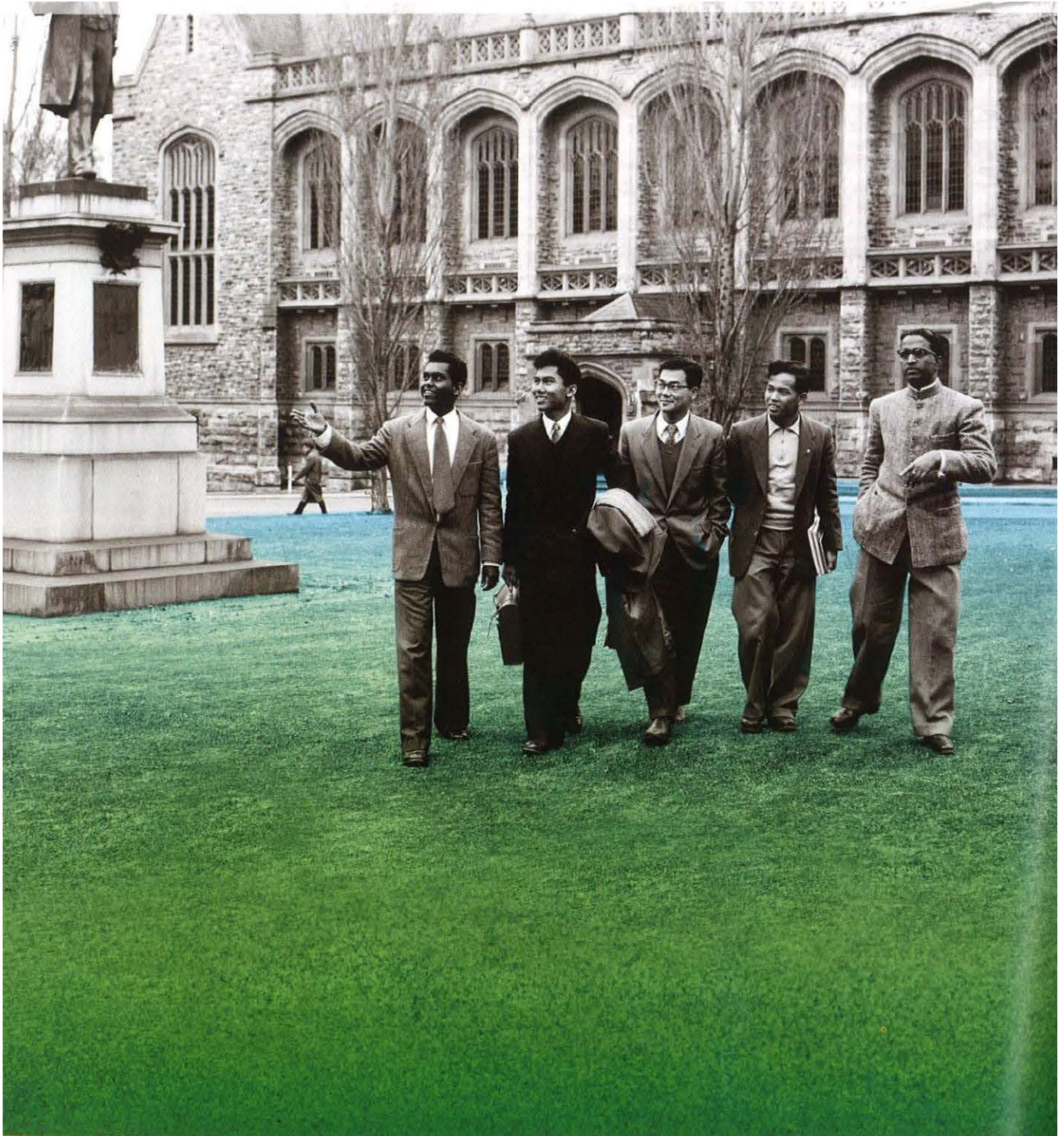
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CHAPTER 2 FROM AID TO INDUSTRY:  
A HISTORY OF INTERNATIONAL  
EDUCATION IN AUSTRALIA

ERIC MEADOWS

## Introduction

The history of international students in the Australian education system goes back at least until the early twentieth century, but it was only from the inception of the Colombo Plan for Cooperative Development in South and Southeast Asia in 1951 that a discussion began in the Australian community about the place of international students in schools and tertiary institutions. International students, more often called ‘overseas’ students before 1990, were an important part of Australian universities in the 1950s and 1960s and more so because the wider society was essentially monocultural. With the growth in private students in the 1970s and then the rapid expansion of numbers with the introduction of the full-fee program from 1986, international students became a very common sight in most Australian educational institutions. Indeed, the opening to trade in educational services which the recruitment of full-fee international students represented constituted the most tangible way in which schools, colleges and universities participated in the larger economic and social movement of the period bundled up in the term ‘internationalisation’. The institutions took the lead from the Government’s change of policy in 1985 and achieved outstanding results in a remarkably short space of time. By this program alone Australian educational institutions forged a practical public diplomacy on which the Australian Government has been able to build.

This chapter provides an overview of the history of international education in Australia. As such, it necessarily includes references to Australian Government policies and the role they played in shaping international education in Australia. The focus in this chapter is on the impact of these policies. Chapter 4 provides more detail on these policies and the rationale underpinning them.

## The earliest period

Australia’s educational institutions were not an obvious choice for students from Asia prior to World War II. For one thing, most of Asia was colonised and, to the extent that Asian elites were educated overseas, the institutions of the colonising powers were a more obvious choice. Moreover, Australian universities were still in their infancy; there was for instance, no PhD in any university until 1945 when the University of Melbourne created the first in the country (Macintyre & Selleck, 2003, p 100). It should be noted, however, that the DLitt and the DSc were available in specific disciplines in some universities much earlier. Sir Ragnath Paranjpye, the first Indian High Commissioner to Australia, noted

SOURCE From the collection of the  
National Archives of Australia



No. 21/20295.

24th October, 1921.

Dear Sir,

I regret that I have been unable to reply sooner to your letter of October 6th.

I entirely corroborate Mr. Riley's statement as quoted by you. I think this University, together with the School of Mines and Roseworthy College, to be very well equipped for training those Mesopotamian students in Medicine, Engineering, and Agriculture. Against our advantages there has to be set the very serious disadvantage that the University is without a residential college, which would be responsible for their behaviour. I think Mr. Riley is right in making it essential that the students should be under responsible control. If other difficulties in the matter are overcome, however, I shall be happy to bring this one before the University Council.

In my opinion it would be all a gain to Australia if its Universities were sought by the type of youth in question.

I am,

Your obedient Servant,

Vice-Chancellor.

The Secretary,  
Home and Territories Department,  
Melbourne.

University of Adelaide correspondence, 1921  
SOURCE University of Adelaide Archives Series  
200, Registrar Files, F1921/639



Malayan boys being met at Circular Quay, Sydney, by an Ivanhoe Grammar School staff member and his wife, 1941  
SOURCE Ivanhoe Grammar School

in his reports to the government in New Delhi in 1945 that the Australian universities compared unfavourably with Allahabad or Lucknow which had more eminent people in their academic staff (Paranjpye, 1 June 1945). Paranjpye was in a position to judge. A distinguished mathematician he had been Senior Wrangler, the student with the highest marks in mathematics, at Cambridge and had held a number of important academic positions in India. He doubted the value of sending postgraduate students to study in Australia because the universities were not active in research and essentially teaching only

institutions. In 1946 he wrote to Prime Minister Nehru suggesting that professors from India come to Australia so that Australians 'may have a better appreciation of Indian intellect' (Paranjpye, 25 September 1946).

Nonetheless, overseas students were present in Australian universities prior to the Colombo Plan program. One account has it that the first student was in 1904 (Goldring, 1984, p 29), while the University of Adelaide received an inquiry about taking students from Mesopotamia in 1921. Student entry was designed to foster cultural exchange and trade with Japan, India and China. Most of the students who were admitted were the relatives of Chinese residents of Australia and thus student entry was mostly the result of pressure from Chinese traders already in Australia. The numbers were small; in 1937 there were only 140 such students in Australia and in 1940, 225 students. Most of the students were at school level although some did go on to study at tertiary level. Some of the students were able to stay as assistants in their relatives' business, if the employer was entitled to have an assistant as set out in the immigration regulations (Palfreman, 1967, pp 8 & 40–41). Government did, however, control entry of students carefully to prevent it becoming a back-door means of immigration to Australia by large numbers of Asian residents.

From 1945, the training needs of countries newly freed from Japanese occupation or about to obtain independence became more pressing. Paranjpye, for instance, was asked to find places in suitable institutions for Indian students. By 1946 fourteen Indian students were studying geology at the University of Melbourne. Indian students were sent to the Gordon Institute in Geelong to study wool and textile technology. In some instances fees were waived by Vice-Chancellors. Nurses were sent to train in hospitals.

## The Colombo Plan

The need for something more coordinated was recognised even as the war was ending. Sir Iven Mackay, Australia's first High Commissioner to India, proposed a scheme in May 1944 to send Indian students and technicians to Australia for further education. The Indian Government even offered to pay (Chapman, 1975, p 297). His idea does not seem to have been acted upon in Canberra – there was acute pressure on places for returning service personnel – but a number of ideas to encourage educational exchange were in the air in the heady days of international idealism following the creation of the United Nations organisation. Labor supported nationalist movements in Southeast Asia and regarded economic deprivation as the cause of instability there (Lowe, 1994). It thought that cooperation between governments in fostering trade and aid would make the ground less fertile for communist insurrection. The Secretary of the Department of External Affairs, Dr John Burton, drove much of the thinking on this. In preparation for the first meeting of foreign ministers of the British Commonwealth in Colombo in January 1950, Burton had his department draw up briefing papers on Australia's relations with its immediate north. These stressed the growing interdependence between Australia and the wider region and the importance of economic and technical assistance in helping to establish stable and moderate governments as the colonial powers withdrew.

The Liberal/Country Party had been critical of Labor's internationalist views while in opposition. In general it saw communism, rather than economic deprivation, as the root cause of the growing agitation in Southeast Asia. Elected to government in December 1949, its first international act was attendance at the Colombo meeting in January 1950. Percy Spender represented Australia armed with Burton's briefing. The meeting was not called to discuss an aid program as such. Spender wanted to discuss communism, policy towards the newly formed People's Republic of China as well as the economic and security needs of the region. He had in mind the needs of Indonesia, not a Commonwealth country, and so one of his overriding aims was to involve the United States in future planning and any aid commitments, although this was not achieved until 1951. During the course of the meeting several proposals were advocated for long-term assistance to the countries of the region, but the creation of what came to be called the Colombo Plan Consultative Committee was charged with putting flesh on commitments to provide credit for productive projects, and to give high priority to the region's financial and technical needs. The initial recipients were to be Ceylon, India and Pakistan.

Although Spender was successful in obtaining £13 million as Australia's contribution to the aid package, there were constraints on

Occasion of the Commonwealth Conference on Foreign Affairs in Colombo, January 1950.

Front row (l-r): Rt Hon Lester Pearson (Canada), Rt Hon Sir Percy Spender (Australia), Rt Hon Ghulam Mohamad (Pakistan), Shri Jawaharlal Nehru (India), Rt Hon DS Senanayake (Ceylon), Rt Hon Ernest Bevin (Britain), Sir FW Doidge (New Zealand) and Rt Hon Philip Noel Baker (Britain). Immediately behind Mr Senanayake is Hon JR Jayewardene (Ceylon).

SOURCE Colombo Plan Secretariat (Sri Lanka)



what could be provided. Australia itself needed many of the goods that were in short supply in the region such as steel, fertilisers and agricultural machinery. Australia had wheat flour it could supply, but at first that was not required. Moreover, there was firm opposition to redirecting Australian trade patterns away from Europe to uncertain markets in Asia. Within Australia there was a singular lack of enthusiasm for engagement with Asia in the manner envisaged by the Colombo proposals. Newspapers editorialised that while being friends with Asia was important, there was ‘no reason to dance to an Eastern piper’s tune’, while in language reminiscent of justifications for the restrictive immigration policy, *The Bulletin* commented that it was folly to imagine that Australian activity could have any impact in solving Asia’s problems (Lowe, 1996, p 108).

From the start, the ‘technical cooperation program’ under which students from Commonwealth countries went overseas to study, administered by the Department of External Affairs, began to take on greater significance for Australian aid planners than other aspects of the Colombo Plan, although more was spent on capital aid projects (Oakman, 2002, p 89). By 1955, wheat and machinery had been provided to the three South Asian members of the Commonwealth. Reports from Australian High Commissioners were, however, unenthusiastic. There was little publicity associated with the gifts, and they appeared to have little practical impact. Australia’s contribution under the Plan was proportionally less than that of Canada or even New

Zealand. Cabinet remained unenthusiastic too, and Richard Casey, by this time External Affairs Minister, found his aid budget was repeatedly slashed. Technical cooperation, in contrast to capital aid projects, was inexpensive, comparatively, and appreciated by the universities and it had the desirable effect that much of the expenditure was channelled back into Australia. So, by 1954, over one hundred students had come from each of the South Asian countries to study courses such as agriculture, engineering and public administration. By October 1955, when the scheme had been broadened to non-Commonwealth countries, a thousand students had been sent to Australia and technical experts in town planning, nursing and agriculture had been sent to various countries to give advice. The reports from Australian diplomatic representatives were, by contrast, encouraging of the impact in good will flowing from this work. Walter Crocker, Australia's High Commissioner in India, noted in 1953: 'The only political value which Australia has got out of its Colombo Plan efforts has been from the students' (Oakman, 2002, p 91).

By the middle of 1959 the technical cooperation program had grown considerably: some 2650 students, nominated by their home governments, had been educated in Australia and some 360 Australians had been expert advisors in Asia (Lowe, 1996, p 115). Casey saw the program as a way of engaging with Asian elites at a formative stage of their lives, breaking down misunderstandings and prejudices on both sides. This had not been foreseen in 1950 but Casey could see the public relations significance inherent in satisfied returned students. It was a risky strategy given the monocultural nature of Australian life



New Colombo Plan students being shown around the University of Adelaide campus, 1957  
source From the collection of the National Archives of Australia



Sir Arthur Tange, Secretary, Department of External Affairs, presents the 4000th student to come to Australia under the Colombo Plan, Mr Prasit Srivichit from Thailand, with a kangaroo hide briefcase as a memento of his arrival in Australia, 1962  
SOURCE From the collection of the National Archives of Australia

at the time, but in 1956 a former Colombo Plan student had become a Cabinet minister in the Malayan Government and Casey was anxious that further contact between possible leaders in Asia and Australian elites be fostered. Moreover, the steady growth in numbers throughout the life of the scheme did much to prepare Australia for the inevitable end of its restrictive immigration policy. For their part, Asian diplomats kept closely in touch with their students in Australia. While highly critical of Australia's immigration policy, the Indian High Commission, for instance, regularly reported that there was no evidence of prejudice against Indians living in the country.

Colombo Plan students did well academically and by 1963 their average pass rate was 79 percent, higher than that achieved by Australian

students (Oakman, 2002, p 95). In 1966 the Department of Education and Science (DES) introduced a standardised English language competency test for all intending overseas students, the Short Selection Test, which was to remain in place for over twenty years although constantly modified. Prior to this the Commonwealth Government had no means of testing the English language standard of student visa applicants. DES, and its predecessor the Commonwealth Office of Education, was explicitly responsible for the welfare of all sponsored students but there were no clear guidelines for private overseas students (see below). In time a network of coordinating committees for overseas students was set up to liaise with local communities and provide support. These did much to foster the strong personal links between sponsored students and private citizens which were such a feature of the memories of many of the students in later years. Accommodation for the growing numbers of sponsored students was a constant problem in the early days of the scheme. Eventually, using Colombo Plan funds, International House in Melbourne was built as a place where Australian and overseas students could live and work together. Others were to follow.

## Other sponsored schemes

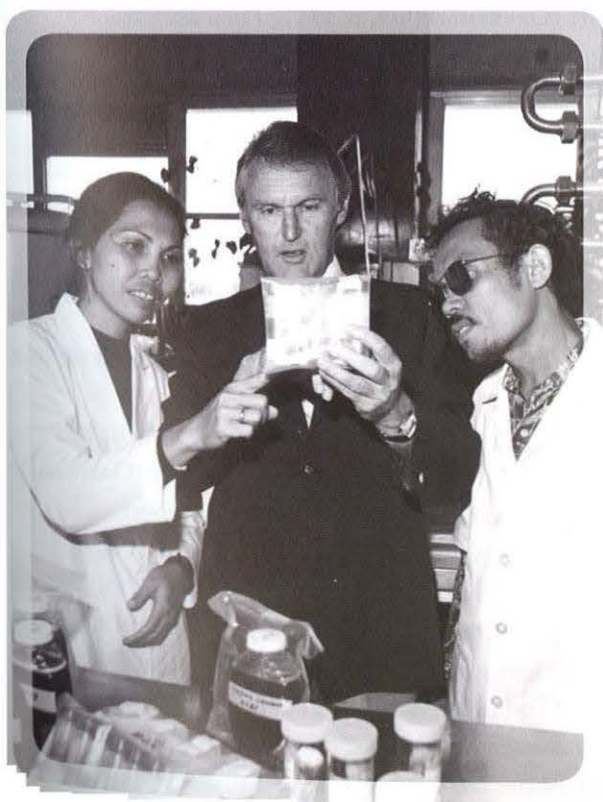
The Colombo Plan was not the only scheme bringing overseas students to Australia funded by the Australian Government, but it was by far the largest. By 1985 some 20 000 students had been sponsored under it (Oakman, 2003, p 1) although some authorities put this figure as high as 40 000 (Auletta, 2001, p 9). Other schemes included the Australia Papua New Guinea Education and Training Scheme, the Australian

International Awards Scheme, the Special Commonwealth African Assistance Plan and the Commonwealth Cooperation in Education Scheme. In-country training was also provided under the aegis of the South East Asian Ministers of Education Organization (SEAMEO), to which Australia was admitted in 1973. Australian teachers were sent to its Regional English Language Centre in Singapore and to the Regional Centre for Science and Mathematics in Penang.

The most important of the other schemes involved in international education and sponsoring students, in the long run, was that of the Australian-Asian Universities' Cooperation Scheme (AAUCS) which eventually became IDP, the International Development Program. AAUCS began after discussions over a period of years between the Indonesian Minister for Higher Education, Australia's Ambassador in Jakarta, and the Australian Vice-Chancellors' Committee (AVCC) (Lazenby & Blight, 1999, p 69). Three professors of agriculture were sent to Indonesia to explore possibilities and eventually, in 1969, the AVCC exchanged letters with the Department of External Affairs to create an inter-universities body to foster 'the scientific, technical and socio-economic aspects of food production'. The focus was initially on Indonesia, Malaysia and Singapore, and most of the work was aimed at developing teaching and research in plant and animal sciences in specific regional institutions. Australian academics took to the scheme with enthusiasm and by

1976-77, 84 of them had spent 12.2 person-years working in eight universities throughout Southeast Asia and more than half of this time was provided with no charge to the scheme. The emphasis on capacity-building soon required the scheme to provide broader based training in English language, technician training and lab maintenance, basic sciences and library services, but the main focus was the improvement of graduate staff and by 1980, 160 postgraduate fellowships had been awarded (Lazenby & Blight, 1999, p 71). In 1982-83, the budget, mostly by grant from the Australian Development Assistance Bureau (ADAB), had risen from its initial \$0.1 million in 1969-70 to \$2.8 million, or 11 percent of ADAB's expenditure on educational aid. By this time, AAUCS had begun to expand its work in the Pacific and in Papua New Guinea, in particular. In 1981 the name was changed, for a brief period as it transpired, to the Australian Universities International Development Program (AUIDP). More than the name had changed. AAUCS had expanded into

Indonesians study food technology at the University of Sydney, 1984  
SOURCE National Library of Australia



educational consultancy work beyond its 'Core Program' and started to win contracts; it was registered with the United Nations Development Program, the World Bank, the Asian Development Bank and the Kuwait Development Fund. Its academic programs had long since moved beyond the foundation discipline of food science. By 1982–83, 15 percent of the Core Program was devoted to basic science, 13 percent to medicine and 11 percent each to social sciences, commerce and English language training.

## The private student program

While the Colombo Plan program of sponsored students paid for by the Australian Government grew, so too was there a parallel growth in private student numbers from the late 1940s. These students paid local fees and applied for their places alongside Australian applicants. Many of them came to Australia to enter the schools system. Even as early as 1949 it was recognised that private students needed assistance if they were to achieve as well as they might (Lowe & Oakman, 2004, doc. 43). The program grew steadily without much conscious policy except that guiding visa issue (Megarrity, 2007, p 97). The visa rules permitted students as young as ten to enter for study. In the popular mind private students were often confused with those sponsored under the Colombo Plan but there were five times as many of them and they did not receive the same level of support (Oakman, 2004, p 179). Their welfare, before 1966 when a more explicit policy was introduced, was left to the institutions. Even in the early 1950s there was concern about the social isolation of overseas students and reports of student suicides and unsatisfactory accommodation began to surface. Casey was concerned: troubles of this sort might expose the students to communist influence and thus cut across the aim of the student program in general which was to present Australia in a positive light (Oakman, 2004, pp 183–184). Church and non-government providers moved quickly to provide accommodation hostels and developed networks of private homes willing to take overseas students.

The overseas student population expanded during the 1960s; by 1965 overseas students were five percent of the student body (Oakman, 2004, p 179). With the retirement of Prime Minister Sir Robert Menzies in 1966, modification of the restricted immigration policy was successfully introduced by the new Minister for Immigration, Hubert Opperman (Megarrity, 2007, p 101). As part of his reforms the purpose of the private overseas student program was explicitly defined as increasing the number of qualified people in courses of value in the students' homelands. Government welfare services were extended to private students, which had the effect of making the distinction between

sponsored and private students even harder to determine. Stricter guidelines on entry meant overseas students could not start before senior high school and had to be proficient in English to enrol in tertiary study. This requirement stimulated the growth of English language colleges with the first such college catering specifically to international students, Woods English Teaching Laboratory, established in Sydney in 1965.

The private program, in particular, grew steadily in the remainder of the decade. In 1966, John Gorton as Minister for Education and Science tried unsuccessfully to introduce a quota, which would have capped numbers as they were in that year. University Councils opposed such a move. Faced with pressure over scarce university places, the Whitlam Government (1972–75) placed a ceiling of 10 000 on numbers of overseas private students in universities and dropped any justification that the private program and its implied subsidy was a part of Australian development assistance. There were two main criteria for entry to Australia: whether the course was available in the intended student's home country; and whether the applicant was a genuine student or intending ultimately to apply for migration (Goldring, 1984, p 31).

The abolition of university fees by the Whitlam Government led to increased demand from overseas as no student was charged fees from January 1974. This increased demand, despite the Government's bona fides test, was also driven by immigration expectations following the final abolition of the last vestiges of the White Australia policy in 1973; in the 1970s some 75 percent of private international students were granted permanent residence (Goldring, 1984, p 33).

By 1979 it was clear that some more conscious policy guidelines were needed for the private program. Departments in Canberra were in dispute about the utility of the private overseas student program: was it simply providing a back door to migration or did it fulfil important foreign policy objectives? In September 1979 the Fraser Government announced a major restructuring of the program (Jones, 1986, pp 71–77). This introduced the Overseas Student Charge (OSC), which, from 1980, imposed an annual fee of between \$1500 and \$2500 depending on the course being studied. The overall quota was removed and instead, informal country quotas introduced which specified the number of visas available from each country each year; in effect this liberalised entry to Australian education. A more flexible approach was taken to the spare capacity within institutions. They could take students from overseas provided there was no significant displacement of Australian students. The program was, once again, conceived of in terms of Australia's aid and foreign

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policy objectives: 'the advancement of Australia's interests in countries of particular importance to Australia (especially ASEAN, Papua New Guinea (PNG), the South Pacific and the Middle East) by improving communication, understanding of and sympathy for Australia's policies, and to promote cultural exchange' (Goldring, 1984, p 29). Students were required to return home on completion of their degrees and wait for two years before applying for migration. In addition, in 1980 a more flexible approach was adopted towards the entry of private secondary students by permitting overseas students to apply to enter junior secondary school.

The result of these changes was considerable growth, from 6745 tertiary and post-secondary students in 1979 to 13 047 in 1984 (but not including students undertaking non-formal studies such as English language, estimated in 1983 at 3050); secondary student numbers also grew, from 1422 in 1979 to 5141 in 1984. The rate of application for permanent residence dropped too and by 1983 it was less than 10 percent (Goldring, 1984, p 33). The policy changes had coincided with the introduction within Britain of charging full fees for students in 1979 and part of the growth in Australian demand can be attributed to this as Australia, even with the OSC, was considerably cheaper.

Inevitably, there were pressures on institutions and imbalances quickly arose. Some universities over-enrolled and some had far fewer than might have been expected. Some courses were more popular than others: engineering at Monash, for instance, had some 50 percent overseas students. In response to the demand spurt, the Government introduced a cap on numbers: in 1984 students entering Australia would total 3500 of which 2000 would be secondary students. In addition, the OSC was steadily increased until it was capped at 45 percent of the full average cost of all courses, at \$4666 by 1987. This led to administrative complexity in DES and in institutions. Several departments were involved in the administration of overseas students in Australia at a time when administrative cost cutting was important in public policy and there was growing criticism of the nature of the program. The 'subsidy', or that part of the fee which was borne by the Australian taxpayer, was counted against the aid budget from 1984-85, which in that financial year was \$98.6 million (Jones, 1986, p 9). The majority of private students were, however, ethnically Chinese as they had been since the program started: 50 percent of total numbers were from Malaysia alone and 94 percent from the Asia-Pacific region. There was criticism, shown later by the Goldring Committee to be unfounded, that the students were rich and hardly in need of taxpayer assistance. Allegations continued to surface that Australian students were missing out on places because overseas students were taking them. Universities, in particular, had been forced to accept funding cuts since 1975 but the increasing demand for places was creating unsustainable pressure on them. There was also pressure to

increase participation rates in higher education by Australian students. Complaints were made that the private students were under-prepared for tertiary study and dragged down the pace of learning at university in particular; many of these criticisms have become a stock in trade of later programs.

## Changes to international education in the 1980s

The intermittent discussion in the early 1980s about the aims of the private student program, often called the subsidised program, was held against a background of changing social and economic circumstances for Australia. In 1983 the Labor Government under RJ Hawke was elected. Committed to a high growth strategy in the economy and a compact with the trade unions to ensure wages increased, it was aware of a growing current account deficit but did little about it at first. The Australian economy, long used to the comforts of protectionism, was unable to compete with the rest of the world and when commodity prices collapsed in the early 1980s, the stage was set for a decade in which Australia needed to boost its productivity and its export earnings if its standard of living was to be maintained. From February 1985 until August 1986 a newly floated Australian dollar depreciated by 40 percent. Cutting public sector expenditure, trying to boost domestic savings so that there was less borrowing from overseas, and convincing the union movement to accept real cuts in wages, were some of the measures put in place to make the Australian economy more able to withstand the pressures of an increasingly inter-dependent world.

In addition, in 1984 there was a surprising debate about the value of multiculturalism and the direction of the migration program. Were there too many migrants from Asia? Was the immigration program leading to a fundamental change in the composition of Australian society? The Labor Government had signalled its wish for increased Australian involvement with Asia, but what would this mean in practice? The nature of Australian aid had been under discussion since the 1970s. The Whitlam Government had signalled a desire to direct expenditure to the basic needs of people, which included training and education. Lobby groups such as Community Aid Abroad and the Australian Council for Overseas Aid emphasised the basic needs of the poor as the main focus of aid. In 1975 the Whitlam Government brought together aid programs administered by various government departments, but in particular those of Foreign Affairs and Education, into one statutory authority, the Australian Development Assistance Agency (ADAA). This signalled a partial move away from an aid policy, which had been geared towards achieving Australian political and diplomatic ends in Asia, towards a policy more broadly conceived

in development terms. ADAA did not last long, for with the change of government in 1975, it was reduced to a bureau – the Australian Development Assistance Bureau (ADAB) – within the Department of Foreign Affairs, where it has remained ever since although with subsequent name changes and a junior minister within the Foreign Affairs portfolio.

For some time, short courses and more practical training had been growing as an element in the sponsored student program. Undergraduate sponsorship declined and in practice it was confined to students from Oceania. There was considerable growth in the early 1980s in sponsored

trainees: more junior and senior level officials attended courses, termed Development Assistance Courses, conducted at ADAB's International Training Institute located in Sydney. Generic courses in rural development planning, media management, in-service programs for teacher educators, were among some of the many offered (Jones, 1986, p 24). In addition, short courses specifically designed for the needs of individual countries were developed in conjunction with universities and colleges of advanced education to provide specialist training for up to three months

for senior professional staff. Examples included highway engineering and mining for Indonesia, advanced English for Thai public servants, rural development and project planning for the Philippines, and financial management for Nigeria.

Growing pressure on institutions from overseas demand, debate about the utility in public policy terms of the subsidised fee, and an economy under increasing strain was, then, the immediate context for the first Parliamentary review of the private overseas student program called by the Minister for Immigration and Ethnic Affairs in 1983. The Committee of Review of Private Overseas Student Policy, chaired by the Professor of Law at Macquarie University, John Goldring, had wide terms of reference, including examining how the admission of overseas students served Australia's interests in education, trade, aid policy, immigration, and 'international understanding and cultural exchange' (Goldring, 1984, p viii). The Committee was to look at the extent of the hidden aid subsidy and recommend the balance between the student's cost and that of the taxpayer. Encouragement of entry was not to be at the expense of Australian students and the Committee was asked to consider the option of full-cost recovery. It was to examine the fledgling English language (ELICOS) sector too (see chapter 5). Any recommendations were not to involve additional public sector outlays and would have to consider the implications for relations with foreign countries. It was, in other words, a complete review of the effectiveness of the program.

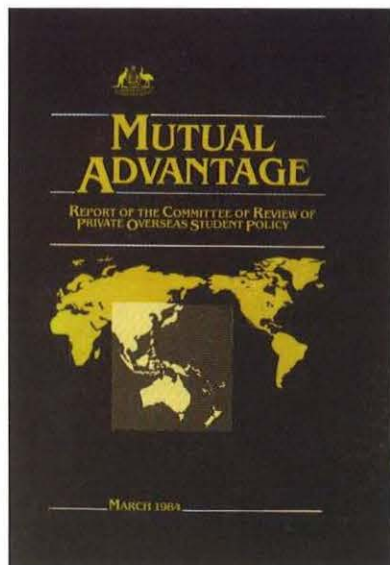
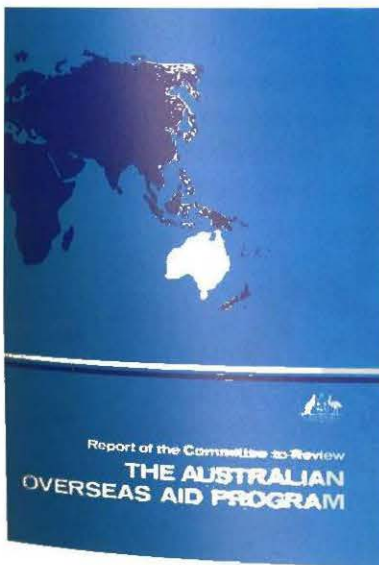
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At the same time, a Committee to Review the Australian Overseas Aid Program had been appointed by the Minister for Foreign Affairs. Its terms of reference required a complete evaluation of the aid program including its geographic distribution; the appropriate balance between bilateral and multilateral aid; how aid related to Australia's overall external priorities; and the effectiveness of the administration of the program (Jackson, 1984, p 245). Chaired by Sir Gordon Jackson, a prominent businessperson and member of the Board of the Reserve Bank, the Committee's task was, in other words, to recommend the most effective way of distributing the aid dollar. Significantly, Goldring's terms of reference included consultation with the Jackson review.

The Jackson Committee reported a few weeks before Goldring. It was enthusiastic about education as a key part of Australian aid, which it saw as alleviating poverty through economic and social development. Although it saw a distinction between aid and trade policy, it nonetheless noted that 'a coincidence of aid and commercial interests can be served without sacrificing the integrity of either' (Jackson, 1984, p 115). It recommended a concentration of Australian aid, by grant, and an expansion of educational assistance. It noted that rapidly developing countries in Asia such as Malaysia and Singapore required less aid.

Importantly, and exceeding its terms of reference, it called for unrestricted entry of overseas students who were able to pay the full cost of their education; 'the overseas student charge should gradually be increased to full cost levels' (Jackson, 1984, p 11). In addition, it recommended that institutions be allowed to make their own judgements on the appropriate mix of overseas students and collect fees directly. It was explicit that in so doing it was recommending the development of the export potential of education. This would open Australian education to the market and lead to greater efficiency. It also recommended that the sponsored

program continue at the same level but that, in addition, a generous merit scholarship program be introduced as well as scholarships for disadvantaged groups. The money for these programs should come from the expenditure saved as a result of the decline in the subsidy over time, as private students progressively moved to the



i Jackson and Goldring reports

full-cost program. It recommended that the subsidy be counted as part of Australia's aid expenditure from 1984–85.

The Goldring Committee, on the other hand, recommended against a full-cost recovery approach to overseas students, which it said could not readily be accommodated within the current Australian education system. 'A market-based approach could also upset the many educational, cultural, foreign policy and other interests which surround the program, based as it is on a view of education as a commodity ...' (Goldring, 1984, p 85). The Committee thought it would be unpopular overseas and doubted the capacity of large numbers of students to pay. Instead, it reaffirmed the value of the subsidised program to Australia's wider interests and recommended that the Overseas Student Charge continue to be levied at a subsidised rate, but in a way that gave intending students financial certainty. It recommended a progressive increase in the charge to something in the order of 30 to 40 percent of average full cost. It also suggested that the population of overseas students within the tertiary system should be allowed to grow so that by 1990, 5 to 10 percent of all undergraduate students would come from overseas; no course should have more than 25 percent of overseas students. It also recommended the creation of an Overseas Student Office to coordinate policy and administration of the student program across the public service.

## Creation of the full-fee program

The Government was thus faced with two alternative approaches to private overseas student entry and established an inter-departmental task force to resolve the matter. The result was a compromise. There was pressure in Cabinet to cut expenditure on the subsidy to overseas students and suggestions that fees for Australian students should be introduced to enable universities to grow. The Minister for Education and Youth Affairs, Senator Susan Ryan, resisted this pressure but gave way on arguments favouring Jackson's full cost recovery approach for overseas students with the important proviso that there was no suggestion that the subsidised program would eventually be abolished (Ryan, 2010, personal communication). Goldring's recommendations, then, were largely adopted: the subsidy would progressively be increased to 45 percent of the full cost of a place by 1987; an overall ceiling of 10 percent of total student numbers and 20 percent in any one course would be introduced; separate quotas for individual countries would be set. If the subsidised program could not fill the demand, courses at full cost for overseas students would be introduced and guidelines worked out to take students into mainstream courses. The Minister thought the cost would be very high and she doubted, in her statement to the Senate, that the courses would be internationally

competitive (Senate *Hansard*, 1985, pp 630 & 637). Nonetheless, the imposition of a quota on intake in the subsidised program, in effect, was to encourage the growth in numbers of full-fee applicants. Lastly, an Overseas Student Office (OSO) was created within her portfolio to administer the subsidised program and to provide marketing support to institutions wishing to attract full-fee paying students.

The new policy was announced on 22 March 1985 by Minister Ryan and legislation to enable the implementation of the policy was introduced into the House of Representatives on 20 November 1985. The announcement by the Minister of the official guidelines for the implementation of the policy followed in February 1986.

Thus a new export industry had been created and one that represented the future for Australia – services exports in addition to the export of primary produce or manufactured goods. As the Department of Trade (1985, p 2) put it, services constituted 73 percent of Australia's GNP but only 4 percent of its exports. Its first years were confusing as institutions threaded their way between the continuing program and the new one. The guidelines to institutions on how to administer full-fee courses published by the Commonwealth Tertiary Education Commission (CTEC) ensured that rather than less official involvement there was more. For instance, all courses and their fees, directed to full-fee paying overseas students, had to be approved by CTEC to ensure that there was no element of Commonwealth subsidy. There were minimum indicative fees set by CTEC including for public sector ELICOS colleges. A percentage of each fee had to be allocated to capital expenditure to account for taxpayer investment.

There was uncertainty about what role OSO would play and how interventionist it would be in the market. Many of its officers were uneasy about the likely success of the full-fee program although at senior levels there was a commitment to the development of this new export market. The sea change in thinking required was considerable for those on the ground trying to implement policy. Two missions were organised in 1985 to test how extensive the market might be in Asia. Led by the Department of Trade, but including officers from the Department of Education and from educational institutions, they set out to determine the significant areas of demand in key source countries; to recommend to government and to institutions appropriate marketing strategies; and to inform the market of the changes happening in Australia. The missions were enthusiastic about the potential market, especially in Indonesia and Malaysia but also in Thailand and Hong Kong. They recommended that the CTEC Guidelines should be modified to 'optimise the competitiveness of Australian educational courses and services on overseas markets' (Department of Trade, 1985, p 3). Government processes such as health screening and visa application should be

streamlined; diplomatic posts should make available information from providers about education offerings in Australia and assist with inquiries about enrolment. The missions' report also called for an urgent review of the Short Selection Test and called for a number of English language assessment tests to be made available to assist with admission. The report called for marketing strategies which would involve alumni, and suggested that providers would need professional help in developing courses and services for overseas students. The expected success of the new export industry would affect the future of the subsidised program. The report also noted that the export of educational services would not only contribute to the education of students in the region but also increase awareness of Australia. In other words, the report laid out many of the issues which had to be solved if the full-fee program were to become a successful export industry. The close involvement of the Department of Trade at this early stage was a pointer to a future in which Austrade, the Government's externally focused trade organisation, took the lead in assisting providers to gear up for export. As with other parts of the government service, as well as the institutions themselves, it learned on the job, not having experience in education services marketing.

The Department of Trade's initiative in the development of educational services export was further consolidated when the Minister for Trade, John Dawkins, replaced Susan Ryan as Minister for Education in August 1987. There was further tinkering with the administration of the program and in December 1988 Dawkins and the Minister for Foreign Affairs, Gareth Evans, announced that the subsidised program would be phased out by 1992 and that all new private overseas students arriving to start study from 1990 would pay full fees. By this point, some of the overseas student charges had reached the full-fee levels of lower cost courses in the colleges of advanced education (which together with universities formed the binary system of tertiary education in existence in Australia from the 1960s to early 1990s).

## Development of the full-fee program

The full-fee program in tertiary institutions gradually developed momentum in numbers: from 255 in 1986, to 622 the next year, 2641 in 1988 and 6784 in 1989. The real growth, however, occurred in the non-formal sector – business colleges, English language teaching (ELICOS) institutions, and the like. Most of these were privately owned and thus were always able to charge full fees (discussed more fully in chapter 8). From 4284 students in 1986, there were 27 047 in 1989 (Harris & Jarrett, 1990, p 25). It is one of the ironies of the international student program in Australia that any public debate about

it has always been dominated by its perceived most prestigious sector. So, until 1984 'Colombo Plan' was the blanket term used when most students were privately funded; similarly the concerns of universities continue to dominate public discussion about the full-fee program when by far the majority of students have been in the non-formal sector. This rapid growth was facilitated by the ease with which it was possible to obtain a student visa. Such was the demand that by May 1989 there was a backlog of 25 000 students from China waiting for visas to study and the Embassy was struggling to put in place effective screening of the bona fides of applicants (Harris & Jarrett, 1990, p 51). Some toughening of visa regulations did little to dampen demand. Many of the students wanted to stay as permanent residents and large numbers began to overstay their visas. In 1989 some 40 percent of Chinese ex-students were illegally resident. The decision to allow students from China to stay in Australia as permanent residents following the massacre in Tiananmen Square in June 1989, whatever its moral or political merits, did resolve the status of these students. Further tightening of visa regulations soon followed to prevent a recurrence of the overstay problem and student numbers began to drop, which destabilised many of the colleges that had relied on fees from China (Megarrity, 2007, pp 44–45).

The TAFE sector in some states showed entrepreneurial skill in developing full-fee markets in countries such as Taiwan and Thailand. Victoria had the considerable advantage of having, since 1982, a decentralised TAFE sector which meant that each institute of TAFE was run by an independent board and could make its own decisions, rather than being subject to system-wide decisions as was the case in other states. Institutes such as Holmesglen and Box Hill moved into the market quickly and had success with business programs as pathway programs to university entrance. The institutes invested heavily in support structures, both academic and social, and this paid dividends. TAFE had run English language programs for migrants for many years and so it had a natural advantage in language and learning support (David Endean, 2010, personal communication).

Independent schools were active from the start too. Many of them had always enrolled international students under the subsidised scheme and via other means. They were able to be responsive to market conditions. The drop in domestic enrolments that was a result of the recession of the mid-1980s was offset by increased international recruitment. Government education systems were active too, but hampered, at first, by centralised recruitment and admission processes and a tight control on numbers.

There were doubts in Australian diplomatic missions in Asia about whether an export driven approach, without the subsidised program, would work in Australia's interests. The High Commissioner in Kuala

Lumpur warned in 1987 against an approach driven by profit and the covering of costs and suggested that the strategy should be to gain greater market share and build for the long term; were Australian education too expensive students would move to competitor nations such as the UK and the USA. Even with the subsidy Australia's market share of Malaysia was 24 percent compared with 55 percent for the USA. Students only went into engineering in Australia because of the subsidy. With high costs the High Commissioner thought the only market Australia would have would be business studies. Moreover, he warned that there was a need for marketing coordination between providers and some overarching organisation such as the tourism industry had. If the quality of what was provided was not constantly being assessed Australia would lose whatever it might gain.

Vice-Chancellors also had some doubts about whether the Government's strategy would work in the long run. Many of them had experience of studying with Colombo Plan students or had first-hand knowledge of the educational development needs of the Asia-Pacific arising from their work with AUIDP. The new program was seen as a way of encouraging diversity on campus and spreading the benefits of hosting overseas students more widely throughout the tertiary system. At first the fee income was simply a very welcome bonus after years of budget cuts; it was money on top of university budgets, not relied upon. The bureaucracy surrounding the implementation of the program irritated some Vice-Chancellors who took the view, even then, that more devolution of responsibility for the mix of students on campus would encourage more entrepreneurial activity (Ken McKinnon, 2010, personal communication). It was not until the early 1990s that many Vice-Chancellors started to rely on the income and mainstream it within their budgets. Until that happened, in some universities, the international fee income had been used to fund scholarships for international postgraduate students, or for other international activities.

Several universities had large numbers of international students well before the introduction of the full-fee policy. 'New' universities including UNSW, established in 1949 at the time of the launch of the Colombo Plan, and Monash University, established in 1958, were at the forefront in accepting international students including Colombo Plan students.

UNSW first began welcoming international students in 1952, as its founders recognised the opportunity presented by the Colombo Plan to enrol foreign students supported by the Australian Government. By 1960 the University reported to the Australian Government that 10 percent of its student cohort were international students. The cultural and academic benefits of international students on campus were recognised early and the demand for places was high. In some UNSW courses, notably architecture and engineering, foreign students accounted for more than

40 percent of enrolments by the 1970s. In the mid-1980s there were 3500 international students, mainly from Asia, at the University. Monash University also set about attracting outstanding students from overseas at an early stage; in the period up to the 1985 student policy change, 10 percent of its students were from overseas. (Back et al., 1996; O'Farrell, 1999)

These international students were sponsored by the Australian Government under development assistance programs or subsidised through inclusion of international students in the calculation of the operating grant to the University. With the phasing out of the subsidy arrangements from 1990 and the absence of Australian Government grants for international students, UNSW, Monash and other universities with large international student numbers had to replace many million dollars of income by seeking to enrol equivalent numbers of fee-paying international students or scholarship-supported students. Monash and UNSW were successful in their marketing strategies, having established reputations in overseas countries, leading to repeat business as sons and daughters, relatives and friends of UNSW and Monash graduates enrolled in the universities as full-fee paying students. By 1996 RMIT and Curtin had joined these two universities as those with the largest numbers of international students.

## The organisation of an industry

It was clear from the start of the full-fee program that there was potential for bureaucratic overlap and confusion in the marketplace. After all, there were several major government departments involved, inexperienced institutions starting to test the water overseas, and alternative programs to which students might apply. Australian diplomatic missions (ADMs) were soon under pressure from inquiries and with the large number of non-formal students going for short courses there was a high turnover in visa applications. The overstay rate of students increased, which put pressure on staff to be more careful in checking the students' bona fides: no one wanted this program to be a cover for migration. Staffing which had been set up to handle the subsidised program could not cope and DEET responded by appointing Australia-based staff to missions in Beijing, Hong Kong and Kuala Lumpur; this helped but more was needed. AIDAB (formerly ADAB) staff, appointed to handle inquiries for the government-sponsored scheme, found they were also handling full-fee matters and Immigration officials were trying to deal with increased visa applications. Austrade's success in organising trade shows to promote Australian education meant its staff were also handling inquiries from potential students and, inevitably, in most places, the workload of DFAT staff had increased.

Who was to provide counselling on the possible different options for study in Australia, test the applicants' language skills, liaise with institutions, help complete application forms for admission and then for a visa, not to mention the testing of the bona fides of applicants? Many institutions contracted recruitment agencies, which needed to develop trusting relationships with visa authorities in the ADMs; some state

governments, notably Western Australia through its commercial arm, known as EXIM, set up counselling and placement services; and in Kuala Lumpur, the Malaysia/Australia Business Council funded staff to work in an Australian Education Office established within the ADM there. In Bangkok, The Bangkok Bank and the Civil Service Commission provided counselling services. However, it was IDP, under the new name given to AUIDP, which increasingly came to be indispensable as a provider of information and services to assist students through its offices overseas set up initially to facilitate the delivery of its aid work. In Jakarta its existing office, named an AEC, was contracted by DEET to provide all the pre-visa facilitation services for applicants and the ADM referred inquiries to IDP. In Manila IDP ran an office within the ADM although its work was mainly related to IDP's ongoing Core Program



Education Minister John Dawkins (fourth from left) visits the Australian Education Centre in Jakarta, 1988  
SOURCE Professor Ken Back, IDP Executive Director (1986–1990)

of aid work, while in Singapore and Hong Kong IDP set up new offices focused on information for overseas students and representing its institutional clients. IDP offices in other countries in Asia and the Pacific followed. As a part of the AVCC and as a partner with AIDAB, IDP had a quasi-official status and this gave it a market advantage.

Responding to the pressure, DEET set up a task force to recommend the appropriate balance between government and institutions, their representatives and other service bodies in the administration of the program overseas. The task force concluded that in most posts overseas staff could provide basic information and then refer the inquirer to an agent or the institution; this would be on a cost-recovery basis to institutions. In high demand posts it thought 'Australian Education Centres' (AECs) should be created to give a comprehensive service outside ADMs and to give Australian education an identifiable profile

but they were not to be recruiting agents; the example of IDP's role in Jakarta was influential in this suggestion (DEET, 1988, p 4).

The creation by Government of the AECs in July 1988 was a major breakthrough in the promotion of international education for Australia. It brought together two important ideas which had preoccupied policy makers in institutions since the full-fee program had started: how to present a 'one-stop shop' for inquirers and how to build on the work of individual institutional marketing efforts with a generic promotion of Australia and its capabilities, preferably in collaboration with government. The example of the British Council was constantly talked about; the fact that it did not provide a one-stop shop for education or provide placement services was not well understood but its network, libraries, and reach into education through its teaching of English language, and its promotion of British culture more broadly, were all envied. There was no will within the Australian Government at the time to create an institutionalised cultural presence overseas although some senior figures, and the AVCC, were attracted to the idea. Instead there was a pragmatic view that the education sector could pay for its own promotion. So in December 1989 when the AECs were put out to tender and a consortium of IDP and Qantas won there was initially no government subsidy. The AECs were required, in the contract with the Government, to provide information on education in Australia for inquirers and impartial education counselling; liaison with the media and with educational institutions in the country; and, importantly, the processing of applications for study in Australia for those institutions which subscribed to this particular service. By 1990, AECs were open in Bangkok, Hong Kong, Jakarta, Kuala Lumpur, Manila, Seoul, Singapore, Suva and Taipei. To make them financially viable and to comply with the contract IDP, in running the AECs, was representing all parts of Australian education including the private sector.

It almost seemed that no sooner had the new service started than it was being reviewed. The AVCC and The ELICOS Association were firmly of the view that a government partnership with education providers would be the best outcome, with the AECs continuing to be run by IDP. IDP was, of course, associated with universities and colleges and there was resistance in the private sector to its continuing involvement. But IDP had implemented the 'one-stop shop' idea and the AECs – essentially a creation of IDP – run in that way had been successful. After a period of difficult negotiation the Government announced in December 1993 the creation of the Australian International Education Foundation (AIEF). Henceforth the Australian Government would be directly associated with the promotion of education offshore and the active marketing by Australia's educational institutions was, at last, given an official status. IDP would be asked to cede the name 'Australian Education Centre'

and access to its institutional subscriptions to the new body; in return it would be contracted to run them in seven countries as well as be financially compensated. New positions were created in several ADMs to coordinate educational promotion and representation, and funding was on the basis of two parts government to one part institutions. The Minister was briefed to argue in Cabinet for a four to one ratio but there was opposition to the AIEF proposal from the Departments of the Treasury and Finance; it was an achievement to gain Cabinet support for the AIEF even on a two to one funding basis, but the commitment to the funding reflected a growing awareness of the economic significance of international education (Bob Goddard, 2010, personal communication). The creation of seven new education positions in ADMs and the upgrading of the three DEET positions created in 1987 was a major achievement. The AVCC, in particular, was attracted to the concept of the AIEF because it held out the prospect of wider and more senior representation overseas of Australia's culture and science. The downside was the loss of the 'one-stop shop' idea. The AIEF did not wish to be in competition with agents and IDP, which had already developed its own office network, began to perform agency work on behalf of some institutions.

The AIEF was intended to be a formal council of the National Board of Employment, Education and Training and to have direct input from key education sectors; it was to be chaired by a senior business leader, Mr Eric Meyer. This would have given it a degree of independence from government and possibly allowed it to develop as the wider body which the AVCC, in particular, had called for, but the legislation failed to pass. Some Opposition senators doubted the need for such a body and were also concerned about IDP's alleged conflict of interest in running part of the network when it was also acting as an agent. Instead the Council was created as an advisory body, overseeing the AIEF's operations. This body included a range of representatives from all sectors of international education, thus giving institutions some influence in the decisions of the AIEF. The AIEF was launched with great fanfare in November 1994 and most institutions subscribed to its services, but there were doubts about its utility from the start. Newspaper articles suggested that universities had not been happy with its creation and while the AVCC denied this, there was a high level of dissatisfaction within all sectors of what was now increasingly thought of as an education 'industry'. With the election of the Howard Government in 1996 the future of the AIEF was in doubt. The Government's contribution was reduced, withdrawing the two for one funding arrangement, and a review was conducted after which the AIEF was abolished, although the Education Counsellor positions in ADMs remained. A replacement body, Australian Education International (AEI), was created in 1998 within the Education portfolio to undertake

generic international educational promotion overseas. Importantly, AEI was to provide a link between this promotion and the Government's broader objectives in foreign affairs and trade. It had, in other words, essentially the same mission as the defunct AIEF.

Offshore, institutions had rapidly learnt how to market by doing it. Marketing 'collateral' such as banners and brochures and display units became essential accoutrements for travelling academics and sales staff. There was a remarkable degree of cooperation among institutions, public and private, as well as rivalry. Staff had to learn rapidly how to assess qualifications to give advice to prospective students. Could an offer of a place be made on the spot in a student interview? Formal committee processes at home came under pressure to change; general staff were given devolved powers in many cases to make decisions to speed up the application process. Austrade eventually withdrew from running trade fairs by which time IDP had started to run highly successful road shows throughout Asia. The large shows continued to be popular with students and institutions but there were doubts in the university sector about

being involved in large fairs with private colleges offering non-formal training. As a result, state consortia were developed to organise university-specific education fairs. Some of these, CANDIP (an organisation of university international directors in New South Wales and the Australian Capital Territory) in particular, began to specialise in opening new markets such as the Subcontinent and the Middle East. By 1993 it was recognised

that education had in a short period become a major export earner overtaking wool and wheat.

Recruitment success led to interesting developments in product. Some TAFE colleges had created a useful niche in pathway programs into degrees at university from their own diplomas. Some private colleges developed foundation and pathway programs and universities created foundation programs to build on overseas secondary qualifications and assist international students in adjusting to the learning requirements of first year at an Australian university. Diploma programs were introduced by private providers in collaboration with universities, consisting of the first year of a university degree, in areas such as business and information technology. These provided intensive teaching often with additional language support both before and during the diploma studies. They gave a second chance to students who might not otherwise have achieved admission to university study.

A similar motivation influenced the development of offshore programs by Australian institutions. Colleges of advanced education had led the way using their advantage with materials developed for distance

**By 1993 it was recognised that education had in a short period become a major export earner overtaking wool and wheat.**

education to provide an extension of their programs overseas. Darling Downs Institute of Advanced Education partnered with the University of the South Pacific in 1981 and Warrnambool with Kolej Distid in Penang in 1986. Other models followed including the visit of onshore academic staff for periods of intensive teaching offshore. The model which came to characterise ‘transnational education’, as it was later called, was the credit transfer model where an overseas college such as Sunway in Malaysia taught its own diploma, often in academic collaboration with an overseas institution, and students were granted credit for that award into an Australian degree. It had the advantage of cutting the cost of obtaining an Australian award. Later, in 1993, the first offshore campus of an Australian university was established by the University of Wollongong in Dubai, and others were to follow, with mixed success (see chapter 9).



Sector peak bodies lobbied for greater regulation and the Government responded. In 1991 Parliament passed the first *Education Services for Overseas Students (Registration of Providers and Financial Regulation) Act*, known by the acronym ESOS. It incorporated a code of conduct and was a first attempt to assure prospective students that there were processes in place to supervise the viability of colleges. The new Act was soon tested when a major private college in Western Australia, ABC College, failed. Some 1200 students were left without tuition but the 600 international students had all paid their fees in advance. The Minister for Employment, Education and Training, Kim Beazley, secured funding from the Department of Finance to help relocate the students in

alternative colleges and this was done rapidly thus preventing what might have been a worse scandal (Bob Goddard, personal communication). As a result ESOS was strengthened with the creation of a tuition assurance scheme designed to protect the pre-paid fees of international students. The ELICOS Association (now English Australia), the peak body for ELICOS providers, had already established a guaranteed student placement scheme among its members. ESOS, which some had thought of as highlighting that exporting educational services was inherently risky, was shown to have been best practice and a clear message given to parents and students overseas that this industry was properly regulated and quality outcomes were assured.

There was still in the early period much room for improvement in coordination within the Government and between levels of

government. Which level of government, for instance, was responsible for the accreditation of private non-formal colleges? Institutions, too, had to learn that it was important to keep ADMs informed of their marketing plans and to understand how the diplomatic mission viewed local conditions. The main point of irritation was what appeared to institutional representatives as uncooperative visa issuing regimes in some ADMs. Large trade missions could generate considerable interest in studying in Australia only to find that few students passed the tests of bona fides set up by the mission on the basis of long experience with visa overstayers. ADMs began to make educational judgements and reject student applications that contradicted those of the institution. In some cases visa processing took months because applications had to be sent to a regional centre; Australia's market rivals – in particular the UK – seemed to process applications far more quickly. Sometimes there was such a backlog due to lack of staff that with the best will in the world it was impossible to give an answer on a visa application quickly. Students missed the start of term or could not book a flight. The answer lay in collaboration and asking institutions to weed out applicants not likely to secure a visa. Some universities bid for and were awarded Pre-qualified Institution (PQI) status by the Department of Immigration and Citizenship. The AIEF and its successor body, the AEI, struggled to achieve a whole of government approach to this issue and it was not until a major review of student visa arrangements in 2000 by Senator Kay Patterson, then Parliamentary Secretary to the Minister for Immigration and Multicultural Affairs, that these issues were adequately addressed. Senator Patterson herself visited educational institutions to ask them how visa issuing could be improved. By then, the industry had formed an overarching cross-sectoral forum to facilitate a common view, or at least ease of consultation, called the Affiliation of International Education Peak Bodies. There were also complaints about the ever-rising cost of an Australian student visa and a 'pre-visa assessment', but no one ever proved that these fees were a disincentive to study in Australia.

At home there were complaints that state governments did not extend travel concessions to international students except those sponsored by governments or multilateral agencies. The policy justification of this lay at the heart of the funding arrangements for the full-fee program: that there was to be no element of public subsidy of these students; government expenditure on education was only for Australian permanent residents and those who held scholarships. So ended any larger policy justification for the program as contributing to the expansion of ties between Australia and student source countries. The full-fee program, in particular, had gone full circle, through being a policy afterthought, to being the subject of an intensive review which

decided it had merit in aid and foreign relations terms, to being regarded purely in terms of its capacity to earn foreign exchange.

## Commercial success and public diplomacy

In fact the full-fee program from its inception contributed to Australia's public image in Asia for good and ill. There were criticisms of Australia's policy as being too commercial by some policy makers in the region and outside. Where were the links for the exchange of students or research collaboration? Exchange programs were encouraged although the pull of North America and Europe far outweighed the attractions of Asia for most undergraduate Australian students. The success of the University Mobility in Asia and the Pacific (UMAP) scheme from 1996 showed what could be done with seed funding from government to encourage links with Asian institutions, as did the Targeted Institutional Links Program which encouraged joint projects overseas in applied research. Some universities started to send teams of academic research staff to build links with counterparts in Asia and managing delegations from foreign institutions became a normal part of life in many Australian educational bodies. There was an increase in media reports about developments in Australian education, in particular in newspapers in Malaysia and Singapore. Judgements about which institution to send students to became well informed, if only because the commitment to education overseas by families required considerable outlay.

An early corrective to the domestic and international criticism of the program as overly commercial was a statement in September 1992 by the Minister for Employment, Education and Training, Kim Beazley. The statement introduced the terms 'internationalisation' and 'international' as reflectors of a more open and regionally engaged education system. As well as accepting international students, Australian education was now making its courses and teaching methods more internationally competitive through links with businesses, governments and institutions overseas. There were three contexts for judging Australia's international educational activity: whether it delivered quality education at home; how it contributed to Australia's diplomatic and trade relations; and how it assisted Australia's economic performance. Australia's reputation overseas had been damaged by abuses of the migration program and the failure of some private colleges, which had over-extended themselves in a rush to expand the market. All institutions were implicitly criticised for a lack of coordination in their overseas marketing, a theme which would be more insistent from government as the decade went on. In short, the statement was both an attempt to face the problems that had arisen in the first years of the program and an outline of the broader context in which

it would prosper in the future (Beazley, 1992).

Nonetheless the very commercial success of the program swamped other concerns. It grew beyond all expectations in the 1990s. Between 1992–93 and 2000–01 earnings from the export of Australian educational services across all sectors rose by 150 percent to \$4.2 billion (DEST, 2002, p 3) and income from fees became essential to institutions by the mid-1990s. Between 1994 and 2000 there was an increase of 85 percent in numbers onshore to approximately 153 000 and in 2000 the top source countries were Singapore, Hong Kong, Malaysia, Indonesia and China, in that order (DEST, 2002, pp 18–19). The rapid growth in numbers had some institutions scrambling to provide appropriate support on campus and there were inevitably complaints about students who existed entirely in a home language environment and whose English language skills were not adequate. Internationalisation had occurred at the level of teaching and administration, and an awareness of the importance of managing relations with source countries effectively had developed. In the award program classroom teachers were often faced with an entirely international cohort and this required an awareness of different ways of learning and different teaching styles. Australian

students may have benefited from better facilities on campus paid for by international fee income, but it is doubtful whether their learning in class was in any sense ‘internationalised’. The sheer numbers of international students meant that class interaction often failed and attempts at internationalised curricula stumbled on the requirements of professional accrediting bodies for particular tranches of knowledge delivered without the capacity to increase teaching hours.

In the last decade, the link between education and immigration motives made explicit in 2001 led to major growth in all sectors, but especially in privately run colleges providing vocational education (see chapter 8). It also led to a change in the character of the market. The countries on which Australian institutions had built their markets – Malaysia, Singapore and Hong Kong, in particular – decreased in relative importance to China and India. Most institutions had been concerned, from the beginning of the program, to have a wide diversity of countries represented in their classrooms. This was seen as good for classroom dynamics including encouraging the use of English informally. It was also prudent business practice to spread risk. The dominance of China and India, and the narrowness of the marketing pitch, based on security and price, meant that Australian institutions were exposed should costs increase or violence against students become an issue. Both happened in 2009.

**In fact the full-fee program from its inception contributed to Australia’s public image in Asia for good and ill.**

The rapid growth in numbers of international students led, however, to the provision of more housing for them especially in inner-city areas. Developers built apartment blocks sometimes in collaboration with institutions specifically designed for them and their visiting families. Goods and services sprung up catering to the needs of international students but having the benefit of adding to the diversity of life around institutions.

For the Australian Government, the growth in international student numbers in Australia meant that educational links were a vital part of developing a bilateral relationship. Once these matters might have been relegated to the desk of the third secretary in an ADM; now they preoccupied the head of mission as they tried to build a constituency for Australia. If Australia's organised program of cultural links with Asian countries, its public diplomacy, inevitably impacted only elite decision-makers, the student program reached wide into the homes of middle-class families in the region who now had a more informed view of Australia. The growth in migration and tourism on the back of the student program meant that far greater numbers of citizens had a reason to be interested in Australia. From being on the edge of the Asian landmass in 1950 both culturally and in terms of foreign policy, by 2000 Australia had demonstrated that it could adapt with flair to the aspirations of the people of the region and in the process begin to change itself.