

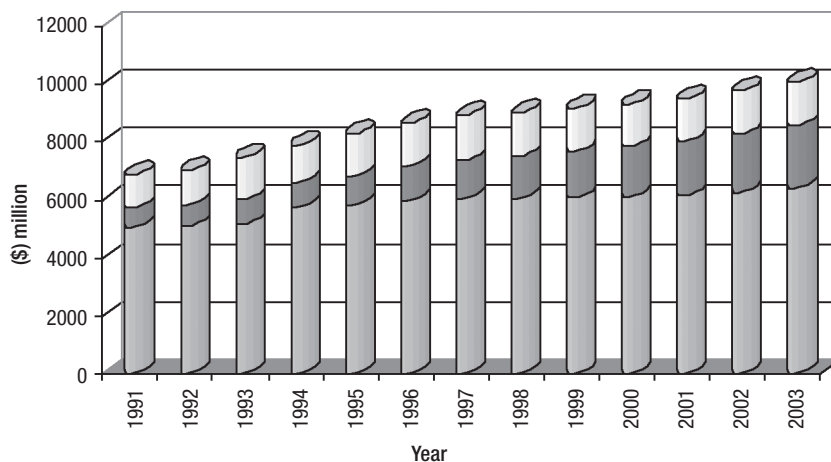
International students in Victorian universities

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Introduction

Since 1988 the Commonwealth Government has encouraged Australia’s higher education system to be more commercially oriented (see Figure 1). The Higher Education Contribution Scheme (HECS) was introduced in 1989 for domestic undergraduate places, and universities were no longer penalised financially for raising private income. Universities were also permitted to set fees for international students at cost or above, and were not constrained in the number of international fee-paying students they could admit.

FIGURE 1: HIGHER EDUCATION REVENUE, AUSTRALIA, 1991 TO 2003
 (1991–1999 actual, 2000–2003 estimated) ^(a)



Commonwealth grants including HECS Fees and charges Other

^(a) Fees and charges do not include estimates for the new Postgraduate Education Loans Scheme that will be implemented in 2002. For comparison purposes all amounts have been expressed in estimated 2001 prices.

Source: Department of Education, Science and Training, 2001.

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Figure 2 illustrates how sources of revenue for universities have changed over the longer term. It can be seen that since the 1950s, State Government funding for higher education had been declining significantly as a proportion of total public funding for universities, and now constitutes between 1 and 2% of university budgets. Conversely, Commonwealth funding increased considerably as a proportion of total funding from the 1940s until the late 1980s after which it too declined. Finally, student contributions have

FIGURE 2: UNIVERSITY INCOME BY SOURCE, AUSTRALIA, 1939 TO 1999 (%)

Source of income	1939	1951	1961	1971	1981	1987	1994	1999 (a)
State Government	44.9	43.7	36.3	35.7	0.8	1.0	1.9	1.1
Commonwealth Government	–	20.5	43.9	43.0	89.3	82.9	60.0	46.9
Student contributions	31.7	16.7	8.6	10.4	0.0	2.3	12.7	19.0
Investments, endowments and donations	16.1	8.5	6.2	5.5	4.4	5.4	2.6	5.0
Other income (b)	7.2	10.5	5.0	5.3	5.5	8.3	22.8	28.0
Total	99.9	99.9	100.0	99.9	100.0	99.9	100.0	100.0

(a) 1999 data are approximate.

(b) Includes fee-for-service activities such as commercial research and consultancy work.

Source: Baker, M, Creedy, J & Johnson, D 1996, *Financing and effects of internationalisation in higher education: an Australian country study*, AGPS, Canberra; 1999 data is from Australian Council of Deans of Education, 2001.

fallen as Commonwealth expenditures have increased, and risen as Commonwealth funding has declined.

In 1999, revenue from international students accounted for \$805 million, or 9% of Australian universities' income, a threefold increase in 10 years.

What did the audit examine?

This audit assessed whether international student programs in Victorian universities have:

- impacted on access to university for Victorian students;
- impacted on the academic standards of universities;
- been of financial benefit to universities and the Victorian economy; and
- been adequately regulated and monitored.

Three universities were selected for detailed examination: Monash University, RMIT University, and The University of Melbourne. Together, these universities accounted for 75% of all full fee-paying international students in Victorian universities in 2000.

The audit's methodology included: interviews with a range of key stakeholders; an examination of management data held by the three universities; an Internet-based survey of 711 university academics (50% responded); cost-benefit analysis; and the analysis of secondary data held by the Commonwealth Department of Education, Science

and Training² and the Australian Vice-Chancellors' Committee³.

Key audit conclusions

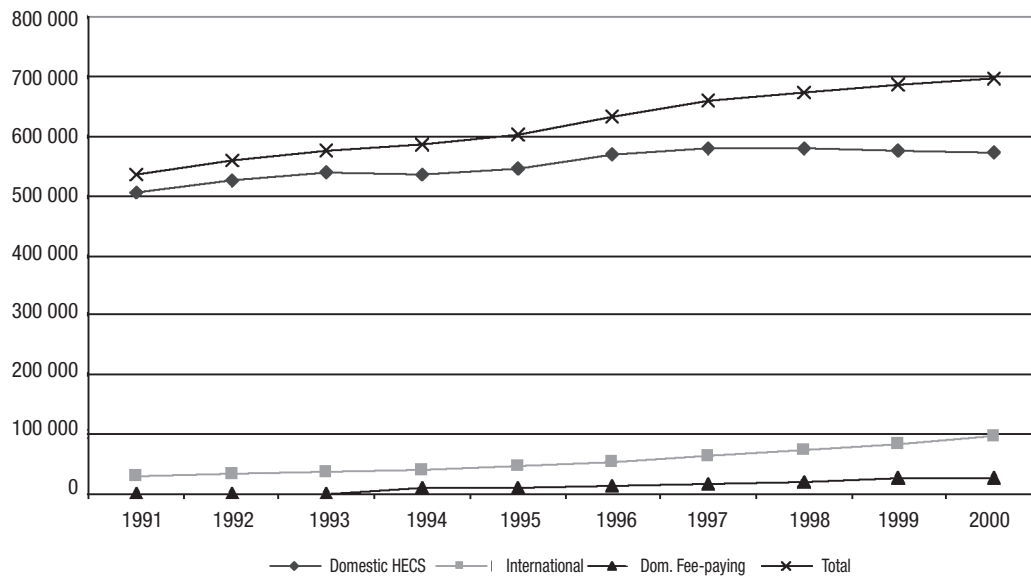
Student access

Victorian students access university through Commonwealth-funded HECS places and, in more recent times, fee-paying places. Direct displacement of domestic HECS students by fee-paying domestic or international students is both protected against, and regulated, by the Commonwealth's higher education policies.

However, over the past 15 years, changes to Commonwealth educational policy and funding arrangements have altered the financial incentives faced by universities, such that the relative proportion of marginally funded domestic HECS students has reduced and the proportion of full fee-paying domestic and international students has increased (see Figure 3 on following page). Victorian universities have been particularly responsive to these new arrangements.

Around 19000 eligible domestic university applicants in Victoria could not be offered a university HECS place in each of the two years 2000 and 2001. This gap was substantially larger in Victoria than in any other State. Although it is argued that marginal funding by the Commonwealth for over-enrolments of domestic undergraduate HECS students allowed for growth in these places, there is a greater financial incentive

FIGURE 3: TOTAL STUDENTS, AUSTRALIA, 1991 TO 2000 (ENROLMENTS)



Source: Department of Education, Science and Training, 2001.

for universities to enrol full fee-paying domestic students or international students, rather than marginally funded HECS students.

The capacity of international students to succeed in their courses is affected by their English language proficiency. Our survey results show that a significant proportion of university teaching staff have concerns regarding the English language proficiency of both domestic and international students. More specifically, only 30% of academics considered that international students in their classes had adequate English language proficiency, compared with 75% for domestic HECS students.

Academic standards

Academic standards are affected by a range of factors including student-entry criteria, course curriculum, student-to-staff ratios and assessment practices. Student-to-staff ratios and the workloads of academic staff have increased in most university courses due to cost pressures and efficiency imperatives.

University assessment practices are changing in all faculties, irrespective of whether they have high or low numbers of international students. Our audit evidence suggests that:

- while it is common for academics to be lobbied by students seeking a higher grade, where 'soft marking' exists, it is an isolated and occasional incident within universities; and
- there is no evidence to suggest that systematic institutionalised 'soft marking' occurs in any of the three universities examined. On the

occasions when preferential assessment does occur, it arises most commonly where an academic gives a student with underdeveloped English skills the 'benefit of the doubt' on the student's written work.

Student surveys are used to assess the quality of university teaching and the overall satisfaction of students with their course. These surveys show that, over a period of significant international student growth in Victoria, overall student satisfaction with university courses has remained at a high level.

Academic staff have expressed concern regarding their increased workloads, stress levels, low morale and a perceived decline in academic standards. However, academic staff generally perceive international students as having a positive impact on universities.

Financial impacts

International students have been of financial benefit to universities and the Victorian economy. Monash University, RMIT University, and The University of Melbourne have all made effective use of international student programs in order to offset reduced levels of government operational funding per student.

Government regulation

Rapid growth in international students wanting to study in Australia has resulted in a proliferation of both private and public providers of education and training services. This growth has also resulted in strategies being adopted, both by governments and the higher education sector, to monitor and regulate

international student programs. It will be some time yet before these various arrangements are fully implemented, and their effectiveness can be assessed.

Key recommendations

Student access

We recommend that universities undertake research to examine the countries of origin, entry pathways, and courses of study of those international students experiencing English language problems. This will provide a basis for identifying any systemic issues that may be present and for taking appropriate action to improve outcomes.

The Commonwealth Government has a key funding and regulatory role in higher education. Given the level of unmet demand for domestic HECS places in Victoria, the Victorian Government should ensure that current funding mechanisms for higher education are understood and debated by the Victorian Parliament and the community.

Academic standards

We recommend that universities actively monitor changes in student-to-staff ratios and take them into account when allocating resources. We also recommend that universities regularly review their provision of support services to academic staff teaching international students – particularly given the increasing number of international students in Victorian universities.

The audit found that academic staff find it difficult to assess the written work of students with underdeveloped English skills. We recommend that academic staff be given greater guidance on how to assess the work of such students.

Consistent with submissions made to the 2001 Commonwealth Senate inquiry into Higher Education, we also recommend that universities give consideration to further strengthening student assessment practices through:

- making greater use of external examiners to cross-mark the work of a sample of undergraduate students;
- using independent panels of experts to assess the evidence that is used to determine the final grade given to a sample of students; and
- the use of some common examination questions for universities with similar curricula, which will then support cross-institutional moderation exercises.

Notes

- 1 This report was tabled in Parliament on 18 April 2001. A copy of the full report can be downloaded from the Auditor-General's website, <www.audit.vic.gov.au>.
- 2 www.detya.gov.au
- 3 www.avcc.edu.au/policies_activities/resource_analysis/key_stats/index.htm