

# CHAPTER 4

## Higher education: the curious case of Australia

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### INTRODUCTION

**A**t least since the European Middle Ages, universities have been at once both intensely local and international institutions. They are highly located in their particular social and cultural milieux, not least subject to the vicissitudes of local political conditions and sometimes control, and usually also part of an international network of research and people to people contact.

This dual outlook is not without its pressures. Internationally, it can seem as if there is some idealized hypostasis that is the modern university, the performance of which can be measured by leagues tables of various kinds. There is some truth in this. The normative dominance of the self-governing, comprehensive, research and teaching university, the corporate life of which is characterized by a commitment to some notion of academic freedom and the unfettered pursuit of ideas, means that many of the world's great universities are more or less recognizable as such across sometimes quite profound cultural difference. It also means that at meetings of university presidents from very different cultural and political contexts, there is a camaraderie in the challenges of running an institution of just such a type. But local social, political, policy and funding pressures often take profoundly different forms in different parts of the world. Navigating what it means to be both locally rooted and internationally connected can be quite different in the United States, in China, or in Australia.

On the surface, Australia's higher education sector may appear to be in the midst of an extended period of growth and success as part of an economy

now in its 27th year of consecutive growth, a feat unparalleled across the OECD. Despite Australia's relatively small size and geographic isolation, our top universities perform strongly in international rankings and we are the second most popular destination for international students globally, behind only the US. However, a closer examination of our sector's situation reveals some fundamental structural weaknesses in the way Australia supports higher education and research.

Our success in international education has created challenges in two distinct but related areas. First, our universities are increasingly over-reliant on revenue from international student fees. Second, the students we attract are drawn from a small number of countries and tend to study in a narrow range of courses. This creates a "double concentration risk", which has both financial and educational consequences.

Australia's recent experience provides a cautionary tale for those in other jurisdictions looking rapidly to expand their international education activities. This paper discusses the curious case of Australia's higher education sector through the example of the University of Sydney.

## THE AUSTRALIAN ECONOMIC MIRACLE

In late 2018 the *Economist* ran a feature about the Australian economic miracle of 27 consecutive years without a recession. Except for a passing reference to how one university helped the economic resilience of a regional economy after the closure of a major factory during the Global Financial Crisis, the article was silent on the role that our higher education sector has played in supporting this run of internationally unprecedented continuous economic growth. As the *Economist* noted: "The last time Australia suffered a recession, the Soviet Union still existed and the internet did not. An American-led force had just liberated Kuwait, and almost half the world's current population had not yet been born. Unlike most of its region, Australia was left unscathed by the Asia crash of 1997. Unlike most of the developed world, it shrugged off the global financial crisis, and unlike most commodity-exporting countries, it weathered the resources bust too. No other rich country has ever managed to grow so steadily for so long. By that measure Australia boasts the world's most successful economy." (McBride, 2018).

When Australia became an independent nation in 1901, the economy was heavily based around primary industry — agriculture, mining and manufacturing — and just 0.1% of the population attended university. Today, around 1.1 million Australians are enrolled in higher education — more than 4% of the population — while our economy is around 80% services-based: in areas such as health, education, community and personal services, finance,

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engineering, information technology, software design, telecommunications and tourism — all of which require higher education qualifications. The Reserve Bank of Australia has noted that the bulk of Australia’s newest jobs, more than 3.5 million, have been created in these sectors since the early 1990s, compared to just over 500,000 in the goods-producing industries. While Australia’s universities have played an important role providing the highly educated and skilled people our expanding and transforming economy has demanded over the last quarter century, our economic success has been due largely to our proximity to Asia and its rapidly growing demand for our exports. Education alone is now our largest service export earner worth A\$34 billion (AUD) a year in revenue, ahead of tourism and third in overall value within our wider economy.

## WHAT MAKES AUSTRALIAN HIGHER EDUCATION CURIOUS

The challenge of balancing the local and international in a modern research-intensive university takes a particular shape in Australia. In research, Australia shares the challenge of any small jurisdiction: at least some of our research needs to address local issues that are rarely of interest overseas (such as the history of New South Wales, or the habitat of the bilby), but our research must also be engaged in the global research conversation. Outside areas of purely local interest, it is more crucial than in some larger jurisdictions that our work be jointly authored with Northern Hemisphere authors if it is to gain an international readership. In the area of research, the local and the international need to find an appropriate balance.

But it is in the context of our work as educators that the challenge of bringing the local and international together takes on a distinctive characteristic. This distinctiveness can be seen in the Australian higher education funding model, our size and breadth of disciplines, and the international composition of our student mix. They, in turn, generate this “double concentration risk”.

Educating Australian students is, with some exceptions, more or less a break-even activity, while funding for university research falls well short of meeting the full cost of supporting that activity. At the University of Sydney, for example, we estimate that for every dollar of externally funded research, we need to find at least another dollar from other sources. Australian research-intensive universities are, by international standards, not well-endowed, and essentially operate from our profit and loss statements. At Sydney, we have just completed Australia’s first A\$1 billion fundraising campaign, but it will take quite some time to accumulate the kind of endowment that can sustainably maintain our status as a world-class research university.

Given the current inadequacy of domestic tuition fees, research funding and philanthropy in Australia, the only other source of revenue available is fees from international students.

This funding model forces our institutions to become relatively large and comprehensive by international standards in order to be internationally competitive. Five of our top-performing research-intensive universities have well in excess of 40,000 students, more than 5,000 staff and budgets exceeding A\$2 billion. All are still growing. At my university, we have around 70,000 enrolled students (52,000 Equivalent Full-Time Student Load or “EFTSL”), split fairly evenly between undergraduates and postgraduates. Like most other Australian research universities, we are unusually comprehensive and offer programs in both research-intensive disciplines, such as Physics, and less research-intensive disciplines, such as Speech Therapy. Looking through the top 200 universities in the THE Rankings, we find that the University of Sydney is, by field of education, perhaps the most comprehensive in the world. Admittedly, this breadth may disadvantage us in international ranking metrics, but it also provides tremendous opportunities for conducting the multidisciplinary work necessary for fields such as sustainable development.

Perhaps the most striking feature of Australian higher education today is the unusually international composition of our student body, a situation that has rapidly developed over only the last 30 years. In 1991 there were fewer than 100,000 international students studying in Australia across all levels of education, generating around A\$1.2 billion in export earnings. By 2005 this had grown to 350,000 students and A\$10 billion and it now stands at more than 700,000 students generating more than A\$34 billion.

At Sydney, we currently have more than 25,000 international students. They account for around 40% of our enrolments, are drawn from 132 countries and are roughly equally spread between undergraduate and postgraduate courses. The revenue from their fees is our single largest source of income, accounting for more than a third of our budget. This is typical of the Group of Eight Australian research-intensive universities where international students make up between 23 to 51% of their students.

These students are drawn overwhelmingly from one region. Students from China (excluding the Special Administrative Regions and Taiwan) represent over 65% of my University’s international enrolments. This dwarfs the next highest country of origin, the US, which accounts for about 5% of our international student body, mainly through semester-length exchange programs. International students are heavily clustered in a narrow range of courses, with 53% of the total international coursework cohort enrolled in a degree in business and economics or engineering and technology. At an undergraduate level, approximately one in five international students are enrolled in business or economics courses, and one in seven in engineering or technology.

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The concentration is even higher at the graduate level, with 55% enrolled in business or economics, and 15% in engineering or technology.

## FINANCIAL RISKS

Australian universities' dependence on international students drawn disproportionately from one country and into business and technology faculties places our institutions in a potentially precarious situation. While there are predictions that global demand for international education will continue to grow strongly until at least 2030, these predictions assume continuing global economic growth and a stable geopolitical environment, which is by no means assured. A future economic downturn or worsening tension between superpowers around trade and regional security would impact student mobility globally, including Australia.

Australia has a specific vulnerability in the form of our exposure to China, which has been investing heavily in its own higher education sector and research capability in strategic areas. The results of this investment are already evident, with Chinese institutions rising rapidly in all major rankings. While we hope and work to ensure that Australia maintains its share of the international student market, it would be misguided to assume that this will continue indefinitely, given the rise of China and competition from other popular countries such as the US and the UK, and emerging destinations in Asia.

Beyond the higher education sphere, our specific reliance on Chinese international students is a sensitive question in the present geopolitical climate. If tensions between China and the US continue to rise, Australia will find itself in an unenviable position caught between our largest trading partner and our principal military and intelligence ally. Australian universities have always had an important role in building links and understanding between Australia and China. My own University has been working with researchers in modern China since the 1960s, received its first students from that country in 1979, has over 260 staff who work on issues facing the People's Republic, and deep education and research links across the country. Our China Studies Centre and our Confucius Institute both have important, though distinct, missions in public education. We will continue to build and foster strong links between people and institutions across national borders that we hope will weather the ups and downs of political relations, but this is a delicate balancing act.

To manage the concentration risks we face, it is essential that we diversify our international student cohort. At Sydney we are beginning to engage more strategically with India through investment in brand awareness marketing, nurturing agent and partner institution relationships, and leveraging

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undergraduate pathways. This is a challenge given the traditionally very strong preference of Indian students for study in the US and the UK, but we are beginning to see a shift in attitudes. We are also renewing our focus on South East Asia, in which region our considerable academic expertise has not been matched by successful student recruitment. Moreover, we are working to accelerate a shift in the choices of course that international students make (a shift we have been seeing for some time) to courses across the University beyond the traditional destinations in business and technology.

## MAINTAINING EDUCATIONAL QUALITY

The socio-cultural benefits of having a large international student group are significant. International students contribute to the cultural diversity of Australia's cities and the experience of domestic students in the classroom and on campus. Australia is a highly multicultural country. In Sydney, for example, 36% of the population was born outside Australia and nearly 40% of Sydneysiders speak a language other than English at home. At the University of Sydney, almost 40% of our 2018 student cohort are of a non-English-speaking background. In this context it makes sense that Sydney should be a global education hub.

However, the concentration of international students in a limited range of courses creates challenges and risks to the quality of the experience we can provide for all students. Australian universities must grapple with how to maintain a quality student cohort where students can meet and form lasting networks with people from different backgrounds. We must equip our staff to teach and our students to learn effectively in multi-cultural, multi-lingual classes (or in some cases effectively mono-cultural classes in which the dominant culture is not that of the Australian community at large). We must ensure that our international students have opportunities for rich engagement with the host culture, the cultures of their peers, teachers and third-country cultures where additional opportunities might exist.

At Sydney we have and continue to give considerable thought to how to provide an excellent learning environment and student experience for both our international and domestic students. A holistic approach is imperative; small-scale initiatives focused on discreet aspects of the international student experience are inadequate. We cannot merely run a good orientation week, provide additional language resources for students from non-English speaking backgrounds, or have international student liaison officers in the student services team, although of course we do all these things. We have developed an approach that supports our international students as an intrinsic part of the institution.

We are focused on giving each student meaningful engagement with the University and our community, both while they are a student and after

graduation. This thinking flows across three interconnected themes: an innovative in-class curriculum that better prepares our graduates for future work; a reconsideration of out-of-classroom activity to welcome students and engage with their ongoing social well-being; and a long-term support structure to assist post-graduation.

### Within the classroom

We began with a review of an essential part of the student experience: what and how students learn in the classroom and from the curriculum. We identified six critical qualities that our graduates will need in order to be effective global citizens and leaders. These “graduate qualities” are:

Graduate quality	Purpose
Depth of disciplinary expertise	To excel in applying and continuing to develop disciplinary expertise
Broader skills: critical thinking and problem solving communication (oral and written) information/digital literacy inventiveness	To increase the impact of expertise, and to learn and respond effectively and creatively to novel problems
Cultural competence	To work productively, collaboratively and openly in diverse groups and across cultural boundaries
Interdisciplinary effectiveness	To work effectively in interdisciplinary (including inter-professional) settings, and to build broader perspective, innovative vision, and more contextualized and systemic forms of understanding
An integrated professional, ethical and personal identity	To build integrity, confidence and personal resilience, and the capacity to manage challenges and uncertainty
Influence	To be effective in exercising professional and social responsibility and making a positive contribution to society

Source: University of Sydney, Developing a distinctive undergraduate education, Strategic Planning for 2016-20, Discussion Paper No.1, p.10 June 2015

Embedding cultural competence as one of these six graduate qualities is particularly relevant to this discussion of internationalization. As well as being a core competence for graduates, it is an essential part of learning at

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a university with classrooms as diverse as ours. Every field of study at the University has developed or is revising its curriculum to embed cultural competence and its assessment in its programs. In our Business School, for example, where there is both a high concentration of Chinese students and a great interest among all students in business opportunities in China's rapidly growing economy, there are plans to establish a "China Quotient" program in late 2019. This will deepen students' experience in working in diverse global teams with Chinese peers and include rewards to recognize a familiarity with Chinese individuals, businesses and work contexts.

All students, undergraduate and postgraduate, and our staff now have access to a suite of what we call Open Learning Environment (OLE) units of study. These offer students the opportunity to build novel skill combinations and extend their knowledge by exploring other fields of study. Most OLE units are short, modular courses that are supported by online resources and learning activities and allow students to acquire, in flexible ways tailored to their specific learning needs, foundational concepts and methods of other disciplines. One specific unit is dedicated to cultural competence, encouraging participants to learn about their own identities and how that relates to the wider world. It aims to serve as a starting point in the interpersonal journey of staff and students towards being respectful of diversity and encouraging open, inclusive and interactive behaviour.

In addition to this refocus of the curriculum, we have developed a major commitment to experiential learning both at home and abroad, in real-world settings including the natural environment, community organizations, government or business or within industry. Collectively labelled Industry and Community Project Units (ICPUs), these opportunities place a mix of Australian and international students in multidisciplinary teams and ask them to address real-world challenges identified by industry, government and community organization partners in Australia and around the world. The problems upon which these students work are real strategic problems that are identified by the organizations in Australia, China, Asia more generally, Europe and the US. Their task is to find a solution to those problems, demonstrating the relevance of their own disciplines and a capacity to work in a multidisciplinary team. In their deliberate design, we sought to provide all our students with an authentic international education experience in its own right.

We are also exploring different learning pedagogies through a culturally competent and inclusive lens, critically examining the deeply enculturated nature of our existing pedagogy and considering how best to enable students from diverse backgrounds and with diverse learning styles to develop our graduate qualities. A major current project, for example, is looking at interactive learning experiences and the forms of classroom engagement that best facilitate the active participation of students from learning cultures in which

skills such as the ability to speak up and to challenge the teacher are less highly developed than they are among our domestic students.

This overhaul of the curriculum and exploration of pedagogy has presented opportunities to further develop the teaching skills our staff. We provide targeted training on how to put in place evidence-based approaches, facilitate interactions in class between domestic and international students and how to lead inclusive teaching more broadly. We have tripled the number of staff engaging with professional development in teaching through award and “micro-credential” professional learning modules, and continuously highlight inclusive teaching as a core skill for our teachers.

### **Outside the classroom**

Our next challenge has been to create an environment for all students that is welcoming and facilitates and encourage engagement across cultures. As students in Australia typically live off-campus (at Sydney, there are 2,100 beds in dedicated student accommodation on or near campus for a population of nearly 70,000 students), creating a vibrant campus community requires sustained effort. We have redesigned our orientation experience to be more inclusive for students from a wide range of backgrounds. For our international students, many of whom previously reported feeling underprepared for life in Australia and participation in the classroom, we have added in-country pre-arrival sessions focussed on settling into life in Sydney. Our Welcome Week offers a suite of activities not strictly aimed specifically at either domestic or international students but designed to allow each student to design their own experience, with a dedicated app to allow them to develop their personalized schedule. We have also begun to translate our existing support literature into the major languages spoken by our students at home.

As students begin to settle into their new routines within the University, we continue to provide support to smooth transitions and community engagement. Our underlying objectives are to promote greater individual confidence through student social connections, and to support students to develop diverse networks without conscious effort. We have invested in our student organizations to ensure our clubs and societies and their activity programs are accessible and attractive to a diversity of students. In particular, we have promoted discipline-connected societies, so that students with similar academic interests interact with additional co-curricular benefits. We encourage these student groups to run events which focus on industry, civic engagement and career development. We also run a number of peer-led and peer-mentoring programs where senior students support their peers in developing language skills, social confidence and confidence with course materials.

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Our initiatives are not focused solely on supporting students through their studies but adopt a holistic approach to student life. We had a wonderful response to a competition with an alumni-funded prize that invited domestic and international students to team up in groups of two to four to create a short (2-minute) film showing life and people in Sydney with the themes of cultures, connections and student life. Another alumni-supported initiative provided small grants (A\$250-\$2,500) to student-led projects to aid cross-cultural interaction. Students have used the funds for projects ranging from trips to Sydney's famous zoo and an outdoor "sculpture by the sea" exhibition, to designing and painting a mural on a new building on campus, to bringing therapy dogs to campus as part of a promotion for mental health support services. Our staff provide training and practical assistance for successful applicants, so that the students running these programs also benefit in terms of the development of their organizational and project management skills. We have also offered free swimming lessons, social sports, and are expanding the opportunities for musicians to collaborate on campus.

### **Beyond study**

Finally, at my University we take enormous pride from the fact that we are educators for our region and our world, and that students are attracted to Sydney from around the globe. Our global network of alumni and advocates is extraordinary and allows us to maintain a global brand that a university in a Southern Hemisphere country of 25 million people would not otherwise be able to do. As a result, we do our utmost to support our students through graduation and once they become alumni in Australia or overseas.

By our best estimate, Sydney has approximately 70,000 alumni living overseas, with the largest concentration (as many as 50,000) in mainland China. As with most universities, we regularly contact them through catch-up events, publications, social media and alumni organizations (including Alumni Groups, and an Alumni Volunteer network). In encouraging these follow-up networks and opportunities, both professional and personal, we find great value in ensuring that the internationalized, culturally competent mindset remains firmly in the minds of our extended University of Sydney community.

### **CONCLUSION**

While all research-intensive universities need to maintain a delicate balance between complex and often contradictory local and international priorities, the situation of universities in Australia is especially precarious. Perched between competing global superpowers in a domestic context that has bound

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our capacity to fund research inextricably to our ability to attract high numbers of international students, universities in Australia, more than perhaps anywhere in the world, are vulnerable to shifts in the global economic and geopolitical order. As countries around the world, such as Canada and the UK, increasingly look to international student fees as a source of revenue, the situation of Australian universities serves as a sobering example of the inherent risks and limitations of this model.

While most international discussion to date has considered the acute financial risks arising from the “double concentration” issue, the Australian experience has shown that the risks to educational quality and student experience are no less significant. At the University of Sydney, we have thought deeply and invested heavily in developing a unique combination of curriculum, pedagogies and social supports that will meet the needs of an internationalised student cohort, and provide our graduates with the skills, knowledge and values they need to thrive and lead in a rapidly changing world. If we get this right, we may genuinely know what it means to be both a local and a global university, one training our domestic students for life on the international stage, but equally training the future leaders of our region and beyond in an environment that best supports their learning outcomes. It turns out that a situation in which the Australian university system has landed almost by happenstance presents one of the most exciting contexts for higher education innovation in the world today.

## REFERENCES

- McBride, Edward. (2018). “Australia’s economy is still booming, but politics is a cause for concern”, *The Economist*, 25 Oct. 2018.