# AUSTRALIA AND NEW ZEALAND: RIVALS OR ALLIES?
## Strategic marketing issues in international education

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*This paper considers the role of Australia and New Zealand in the world market for international education services. Traditional allies in many aspects of international activity Australia and New Zealand have begun competing to attract overseas students. Australia's international education industry has grown substantially since the mid-1980's and is viewed as a significant generator of export revenues. New Zealand has entered this industry somewhat later than Australia, but is moving to increase its market share.*

*Recent research suggests that the international education market may be maturing and that competition for students will become increasingly tense. A survey of Australian and New Zealand higher education institutions found no significant differences between the marketing orientations of these two countries. However, New Zealand institutions appear to lag behind their Australian counterparts in terms of market share and degree of forward integration. A question also exists over whether the two countries should view each other as competitors. The history of Australia's international education sector is over viewed, and some prospects for future cooperation between the two countries are examined.*

## A brief history of Australian higher education

The higher education environment in Australia has experienced significant change in the past thirty years. The first Australian universities were established in the 1850's (Sydney, 1850 and Melbourne, 1853), with one in every Australian capital city by 1911 (Everett & Entrekin, 1987:40). Despite this early progress, *ad hoc* arrangements of private benefaction and government funding at state and federal levels slowed the development of universities during the first half of this century (MacMillan, 1968:13). The need for research during World War II led to the establishment of the Universities Commission in 1943. This was followed in 1945 by further federal government legislation which resulted in regular Commonwealth funding for research and infrastructure (MacMillan, 1968:14).

Between 1955 and 1970 the Australian higher education sector grew strongly with a trebling in student numbers and a corresponding increase in institutions (1945 - 6 universities; 1971 - 15 universities and 50 Colleges of Advanced Education) (Harman & Smith, 1972). Federal government funding of higher education grew from 25per cent in 1957 (via Commonwealth Scholarships) to 100per cent by 1972 (Meek & Goedegeburne, 1989:23). In the 1960's the social trends towards democratisation, participation and access clashed with the fuel crisis of the 1970's. Higher education was required to reconcile moral and social issues with the hard realities of inflation and unemployment (OECD 1987:9). With the reduction of resources for education and the greater participation of over thirty-year-olds in education (Dawkins, 1988:15), came the reduced trust in authority, the push towards bureaucratic accountability procedures and the need for higher education to be relevant to the work place (OECD 1987:99). During the 1980's the process of transformation was advanced with the establishment of the Technical and Further Education (TAFE) college system and the transition of university education from an elitist to a mass system (Sharpham, 1993).

Encel (1988:19), observes that the Green and White Papers were predicated on the following perceived deficiencies of the Australian higher education system:

1. Comparatively low participation rates (c.f. other OECD countries);
2. Low graduation rates;
3. Excessive duplication of institutions and courses.

The Federal Government's 1987 and 1988 discussion and policy papers on higher education, commonly known as the Dawkins Green and White Papers, brought pressure for co-ordination and mergers (Meek & Goedegeburne, 1989:23). Under the reforms introduced by the Australian Federal Government during the 1980's the so-called "binary system" (where universities and Colleges of Advance Education (CAE) were funded at different levels) was dismantled. It was replaced with the Unified National System (UNS). All institutions received research funding on a non-recurrent basis through a specially created Australian Research Council - previously universities had received a higher level of general and research funding, because of their supposed emphasis on research activity (Williams, 1988:2).

The end result of this reform process was the merger of many CAE's and the establishment of a number of new Universities throughout the country. A further reform was the introduction of the Higher Education Contribution Scheme (HECS) to ease the burden on the Australian fiscal system (Hogbin, 1988:54). The effect of these reforms can be gauged by the fact that where there had been 70 higher education institutions in Australia in 1986, by 1991 there were only 35 (ABS, 1992:22).

These reforms were based on the assumption that the higher education system had failed, and that there was a direct correlation between national economic performance and the proportion of people who received tertiary level training. These assumptions have been disputed by

Smart (1986), who points out that the Government's own 1986 inquiries (the *Review of efficiency and effectiveness in higher education*) vindicated the industry, and that Australia's economic woes stem from a multiplicity of structural and environmental factors.

Whatever the reality, by the mid-1990s the Australian higher education system today caters for some 590,166 students and employs 33,115 teaching and research staff (Short, 1994). The size of Australia's higher education institutions also grew significantly. Whereas the average student enrolments for each institution in 1986 was 5,400, this figure had risen to 15,000 per institution by 1991 (ABS, 1992). In 1998, there were 672,000 students enrolled in 39 universities, a 60 per cent increase over the past decade (Karmel, 1999). In the four most populous states of NSW, Victoria and Queensland, the average number of student enrolments per institution was 28,454 in 1991 (ABS, 1992).

**The rise of the international education industry**

The 1980s were a watershed for the commercialisation of education throughout the world. Following the Second World War the flow of students studying outside their home countries grew rapidly, doubling each decade from 1950 to 1980 (Kemp, 1990; UNESCO, 1995). By the late 1990s there were in excess of 1.5 million international students studying abroad, this represented a substantial increase over the 373,935 students recorded in 1970 (Zikopolous, 1994, UNESCO, 1995).

This growth in international student numbers reflected a lack of adequate higher education opportunities within many developing countries. Many of these students sought educational opportunities in developed countries in particular the United States, France, Germany, the United Kingdom, and Canada. By 1979 the United Kingdom was the host of slightly in excess of 90,000 international students (Williams, 1987). These students were subsidized by the British tax payer at an estimated figure of 100 million pounds per annum (Woodhall, 1989).

When the Thatcher government came to power in Britain in 1979 it moved quickly to address what it viewed as an unnecessary burden on the taxpayer. From 1980 onwards, the British government introduced fees for international students while also removing the subsidies (Williams, 1987). This led to a dramatic decline in the number of international students studying in the U.K. with numbers falling to 55,500 by 1984 (Kinnell, 1989). Many of the international students in the United Kingdom came from British Commonwealth nations, in particular Hong Kong and Malaysia. The introduction of fees provoked a "Buy British Last" campaign in Malaysia and protests from other affected countries (Woodhall, 1989).

Faced with declining student numbers and a short fall in revenues, British universities commenced marketing education internationally in a coordinated manner (Moore, 1989). They were assisted in 1983 with what was known as the "Pym Package", after Foreign Secretary Francis Pym. This provided government assistance to international students from specific countries (eg. Hong Kong, Malaysia), and funded the British Council to undertake the promotion of higher education abroad (Williams, 1987).

During this same period the Australian higher education system was experiencing the transformations discussed above. Australia had traditionally provided assistance to international students under the Colombo Plan to study there. By 1980 there were 8,777 international students studying in Australia (UNESCO, 1992). Many of these students were non-sponsored private individuals from South East Asia, in particular ethnic Chinese from Malaysia. The lack of higher education opportunities for these students at home resulted in increased flows to Australia (Morrison, 1984).

Faced with a rising demand for higher education places from both domestic and international students, the Australian Federal Government commissioned a series of reports into international education (Morrison, 1984; Jackson, 1984; Goldring, 1984). The outcome was a shift towards charging full-fees to international students and the gradual commercialisation of education in Australia (Nesdale *et al* 1995). This process commenced in 1985 following an announcement by the Federal Minister for Education (Dawkins, 1985a).

Peter Karmel (1999) observes that ‘recent trends in public policy have placed emphasis on market solutions and the minimisation of government expenditure.’ As in the United Kingdom many Australian universities who already had large numbers of international students were faced with a short fall in funding. They were provoked into charging fees and commenced active recruitment programs within overseas markets. Other institutions quickly joined them, motivated both by a desire for financial gain, and the benefits accruing from the internationalisation that overseas students bring.

In 1996 Australia was host to 143,067 full-fee paying overseas students (DEET, 1997). Most of these students were drawn from Asia, particularly Korea, Indonesia, Malaysia, Japan, Singapore and Hong Kong. With each student spending an average of $21,000 per annum on fees, books, accommodation, household items, food and transport (DCT, 1993), the annual value of Australia's international education industry in 1996 was estimated to be $3 billion (DEET, 1997), growing to $3.18 billion in the 1998/99 financial year (*The Australian*, Tysome, 1999). The fee revenues generated by Australia's education institutions, from international students, are now a major source of funding. Many of Australia's largest universities would experience losses of tens of millions of dollars and hundreds of staff if they lost their international students (Mazzarol, 1997).

New Zealand has emerged as a supplier of international education somewhat later than Australia. In 1990 the New Zealand Government's Trade Development Board formed an alliance with the higher education sector to establish the New Zealand Education International Ltd (NZEIL). Headed by Stuart Rose, a former senior executive with IBM, the NZEIL was responsible for the coordination of international marketing of New Zealand's education services (Smart & Ang, 1992). During August 1991 a major education trade mission toured South East Asia promoting New Zealand education (Kennedy, 1991). This was hailed as the beginning of a plan to substantially increase New Zealand's enrolments of international students (Frew, 1991).

Like Australia, New Zealand has targeted Asia and is an active participant in regional Trade Fairs. A survey of Singaporean prospective students viewed New Zealand as a "safe place to study", with lower costs than Australia, the United States or Britain (Smart & Ang, 1992). However, visa restrictions on part time work and some sensitivity over recognition of New Zealand qualifications were viewed as negatives. A further survey of prospective international students and their advisers conducted in Asia, Europe and North America, found New Zealand was "not perceived to be a significant competitor" in the international education market (AGB, 1992).

Although New Zealand has entered the international education industry later than Australia both countries face competition from other countries, most notably the United States, United Kingdom and Canada. America remains the favoured choice for most Asian students, attracting approximately one-third of all international students (Zikopolous, 1994). Both Canada and Britain have experienced a loss of Asian students to Australia in recent years although both continue to rank in the top five as supplier countries (Zikopolous, 1994).

An examination of international student flows over the past three decades suggests a slowing down in the world-wide market for international students (Kemp, 1990). This slowing down is resulting in a saturation of some markets, a development noted by many higher education institutions in Australia, Britain, Canada, New Zealand, and the United States (Mazzarol & Hosie, 1995). A British government commissioned review gives far more optimistic estimates, predicting the long-term global demand for higher education will double from 48 million in 1990 to 97 million in 2010 (*The Australian*, Tysome, 1999).

**A comparison of Australian and New Zealand higher education**

Generally Australian higher education institutions tend to be larger than those in New Zealand. Table 1 provides a comparison of Australian and New Zealand universities. The seven New Zealand universities are shown together with the seven largest Australian universities in terms of student enrolments.

| Top 7 Australian Universities by size | | | | New Zealand Universities | | | |
|---|---|---|---|---|---|---|---|
| | **total students** | **teaching staff** | **research grants** | | **total students** | **teaching staff** | **research grants** |
| Monash U | 36,467 | 2,333 | $ 7.2m | Massey U | 28,000 | - | $ 8.9m |
| U Sydney | 30,343 | 2,088 | $12.3m | U Auckland | 23,600 | 1,304 | $17.0m |
| U Melbourne | 30,182 | 2,362 | $11.3m | U Otago | 16,000 | 782 | $20.8m |
| UNSW | 26,073 | 1,696 | $12.9m | U Canterbury | 13,030 | 493 | $ 5.3m |
| QUT | 24,695 | 967 | $ 1.3m | Victoria U | 12,450 | - | $ 8.1m |
| U Queensland | 24,680 | 2,004 | $ 8.8m | U Waikato | 11,714 | 350 | $ 4.8m |
| Deakin U | 24,403 | 947 | $ .7m | Lincoln U | 3,600 | 232 | $ 2.2m |

**Table 1: Australian and New Zealand Universities 1993**

(Source: *The Australian*, Short, 1994; Bell, 1994; DEET, 1994)

The Australian higher education sector consists of 35 universities, the Australian Defence Force Academy and the multi-campus Australian Catholic University. In addition there are a series of Technical and Further Education (TAFE) Colleges located throughout the country and managed on a state basis. The Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS) represents all those institutions registered to accept international students. In 1994 there were 17 TAFE Colleges listed in CRICOS, some of these were statewide TAFE systems. The New Zealand Higher education system consists of seven universities, 25 polytechnics, five colleges of education and two Maori houses of learning (Espiner, 1995). This has grown to a total of 36 higher educational institutions by 1999.

As in Australia, the New Zealand higher education system has been experiencing a process of expansion and transformation as it shifts from an elitist to a mass system. Retention rates in New Zealand seventh form increased rapidly over the 1980's. Whereas, only 67 per cent of New Zealand students finished high school in 1984, 83 per cent did so in 1994 (Bell, 1994). The recent Todd taskforce review promises to affect New Zealand higher education in the same manner as the "Dawkins Reforms" did in Australia during the 1980's. Furthermore, the process of commercialisation of higher education in Australia has been occurring steadily throughout the past decade and a half (Smart, 1986; Sharpham, 1993). This is a trend consistent with other OECD countries (Marceau, 1993) and is likely to increase the pressure on higher education institutions in both countries to fund themselves from fee-paying students.

## A survey of Australian and New Zealand institutions

In 1994 a survey of Australian and New Zealand higher education institutions was undertaken as part of a wider investigation into international education marketing. The survey was targeted to persons within the institutions who were engaged in the marketing of international education.

| Institution type | Australian Sample | % of total population | NZ Sample | % of total population |
|---|---|---|---|---|
| Universities | 22 | 60% | 5 | 71% |
| TAFE Colleges/ Polytechnics | 13 | 81% | 6 | 24% |
| Total | 35 | | 11 | |

**Table 2: sample size compared to total population**

[There are 35 universities in Australia and 16 TAFE colleges listed in the CRICOS. In New Zealand there are 7 Universities, 3 Institutes of Technology and 25 Polytechnics.]

Table 2 shows the size of the sample in relation to the total population of institutions in Australia and New Zealand. From table 2 it can be seen that the sample, although small, was highly representative of the total populations of institutions in both countries.

The majority of respondents described their primary function as either marketing (60%) or administrative (40%). Fifty five percent of Australian and sixty per cent of New Zealand respondents reported having been engaged in education for over ten years. The average length of time the Australians had spent in their current positions was six years, while the New Zealand group average was three years. Ninety per cent of Australian respondents within the universities said they were frequently engaged in strategic planning decisions regarding international marketing. The proportion of New Zealand university respondents was 100 per cent. Among the TAFE and Polytechnic group the proportions were 85 per cent and 83 per cent respectively. This suggests that respondents represented in had considerable sample with sound experience in the field.

A broad range of issues was canvassed in the survey relating to the marketing activities and outlook of the institutions. An examination of the responses from the Australian and New Zealand samples, using chi-square analysis and t-tests of differences in means, found few significant variations between the two countries. In terms of market share (as measured by total enrolments of international students) Australian institutions were significantly larger than their New Zealand counterparts. Table 3 shows these results.

| Market Share (international students) | Australian Universities and TAFE Colleges | New Zealand Universities and Polytechnics |
|---|---|---|
| Low (0-99 students) | 9 (26%) | 6 (55%) |
| Medium (100-499 students) | 7 (20%) | 4 (36%) |
| High (500 + students) | 19 (54%) | 1 ( 9%) |

| | | |
|---|---|---|
| Total | 35 (100%) | 11 (100%) |

**Table 3: Australian and New Zealand institutions market share**

Not surprisingly, the majority of Australian universities (90%) had been engaged in taking full-fee paying overseas students for approximately 5 to 10 years. By comparison, most New Zealand universities (60%) had less than 5 years experience in the industry.

In terms of target markets, some differences emerged between the Australian and New Zealand higher education institutions (both universities and TAFE/Polytechnics). Respondents were asked to rank eighteen regions in order of importance to them as markets from which to recruit students. In table 4 a comparison of the ranking's of Australian and New Zealand institutions is shown by mean score.

An examination of the differences between the means using t-tests for independent samples found significant differences in the Australian and New Zealand ranking's of Hong Kong, Indonesia, Japan and the Pacific Islands. Australian institutions ranked Hong Kong and Indonesia as of greater importance than did New Zealand institutions. By contrast, New Zealand institutions ranked Japan and the Pacific Islands of greater importance.

| **Australia sample** | | **New Zealand sample** | |
|---|---|---|---|
| Mean score | Target Market | Mean score | Target Market |
| 2.7 | Hong Kong * | 2.3 | Malaysia |
| 2.8 | Indonesia * | 2.4 | Japan * |
| 3.0 | Malaysia | 2.9 | Pacific Islands * |
| 3.6 | Singapore | 4.1 | Thailand |
| 3.6 | Japan * | 4.4 | Singapore |
| 4.2 | Korea | 4.6 | Indonesia * |
| 4.4 | Thailand | 6.6 | Taiwan |
| 4.8 | Taiwan | 6.8 | Korea |
| 5.0 | Pacific Islands * | 7.5 | Other ASEAN countries |
| 5.3 | India, Pakistan & sub-continent | 8.2 | China |
| 5.5 | China | 8.7 | Hong Kong |
| 5.8 | North America | 9.3 | India, Pakistan & sub-continent |
| 6.4 | European Union | 9.5 | Africa |
| 6.5 | Africa | 9.5 | European Union |
| 6.8 | Other ASEAN countries | 9.7 | South & Central America |
| 8.8 | Middle East | 10.0 | Eastern Europe & Russia |
| 8.8 | Eastern Europe & Russia | 10.3 | North America |
| 9.3 | South & Central America | 14.0 | Middle East |

**Table 4: Ranking of overseas markets by Australian and New Zealand samples**

[* Represents a significant difference in the mean score between the two samples to a 0.05 level]

Although Australian and New Zealand institutions held similar marketing strategies, a difference was found in the degree of forward integration undertaken. This refers to the establishment of offshore teaching programs and recruitment offices. Research into services marketing suggests that a competitive advantage can be achieved by moving forward into the export marketing channel (Soutar & Mazzarol, 1995). A comparison of the Australian and New Zealand samples found a higher proportion of Australian institutions had established offshore teaching programs. Table 5 shows the results.

| **Type of program:** | **Australian sample *** | **New Zealand sample** |
|---|---|---|
| Solely owned facilities | 1 | |
| Joint ventures | 18 | 3 |
| Licence agreements | 8 | 1 |
| **Total** | **27** | **4** |

**Table 5: Australian and New Zealand institutions with offshore programs**

[* Includes universities and TAFE Colleges and involves multiple responses from institutions]

As shown in table 5 the most common type of offshore teaching program was a joint venture. This usually involves a *twinning* partnership with an overseas institution where the international students undertake their degrees in their own country often completing the final year abroad. Australian institutions have commenced offshore programs in order to enhance their market presence and increase market share. Students studying at home can reduce the cost of an international degree (Smart, 1988:28). It can also make the course more accessible and may provide a means of securing market share in saturated markets. This is particularly relevant in Malaysia where the Government has recently proposed boosting their own higher education sector (Powell, 1994), and freezing the approval of new degree programs offered by private institutions (Ng & Ho, 1995).

A significant difference was found between Australian and New Zealand institutions in their responses to the importance of having offshore teaching and recruitment offices to their overall success in international markets. Table 6 shows the results of a chi-square analysis of the responses of the two samples.

| **Importance of having offshore teaching programs % of sample** | | | **Importance of having offshore recruitment offices % of sample** | | |
|---|---|---|---|---|---|
| Importance | Aust sample | NZ sample | Importance | Aust sample | NZ sample |
| Low | 33% | 9% | Low | 17% | 9% |
| Medium | 52% | 91% | Medium | 42% | 91% |
| High | 15% | - | High | 42% | - |
| chi-square value = 6.19; DF = 2; p = .045 | | | chi-square value = 10.0; DF = 2; p = .007 | | |

**Table 6: Importance of forward integration to Australian and New Zealand institutions**

When asked whether they considered the international education industry to be expanding both Australian and New Zealand institutions were generally positive. Fourty three per cent of Australian universities and 80 per cent of New Zealand universities expressed strong agreement with the notion that the industry was expanding. The proportions among TAFE Colleges and Polytechnics were 69 and 83 per cent respectively.

Despite this optimism there was a degree of concern over the level of saturation in both existing and potential markets. When asked to consider whether their existing markets were saturated, 38 per cent of Australian universities strongly agreed and 62 per cent were equivocal. The response from New Zealand universities was almost identical with 40 per cent in strong agreement and 60 per cent equivocal. In considering the saturation of those markets not yet targeted by them, half the Australian universities felt strongly that saturation had already occurred and the other 50 per cent were equivocal. Eighty per cent of New Zealand universities were equivocal on this issue, while 20 per cent strongly agreed that their potential markets were likely to be saturated. Australian TAFE Colleges and New Zealand Polytechnics echoed these views although these institutions tended to be more equivocal on both issues.

The institutions were then asked if they felt that future growth in the industry depended on careful segmentation of the markets. None of the institutions disagreed with this proposition. Of the Australian universities, 48 per cent strong agreed with the need for future segmentation to achieve continued growth, the remaining 52 per cent were equivocal. New Zealand universities responded in a similar manner, 40 per cent strongly agreed with the need for segmentation while 60 per cent were equivocal. Among the TAFE Colleges and Polytechnics the need for segmentation was even more strongly supported. Sixty nine per cent of Australian TAFE Colleges and 67 per cent of New Zealand Polytechnics strongly agreed with the need for segmentation.

**Australian and New Zealand Higher Education - Rivals or Allies ?**

The main competitors to Australia and New Zealand are higher education institutions in Britain, Canada, and the United States. Of the 1996-7 market share of higher education students, the United States had 61 per cent (458,000), Britain 26 per cent (198,000) Australia 8 per cent (63,000) and Canada 4 per cent (34,000) (*The Australian*, Tysome, 1999). These countries continue to attract significant numbers of students, and in the case of Britain and the United States are perceived by many prospective students as offering superior qualifications (AGB, 1992). The emergence of Australia and now New Zealand into the international education industry has eroded the market share of these supplier countries. Enhanced marketing by institutions in North America or the United Kingdom within the already possibly saturated markets of Asia will pose a significant challenge to Australian and New Zealand institutions.

The importance of international students to the higher education systems of many countries such as Australia, New Zealand, Canada, Britain and the United States in both financial and non-financial terms is now well recognised. Business schools in the United Kingdom acknowledge the need for increasing their international student body, as well as increasing their international links via faculty (Arkin, 1991). New Zealand is seen by the British Council as a likely future competitor "following the marketing pattern of Australia and Canada" (*The Australian*, Tysome, 1999: 38). In the United States international student enrolments in engineering programs grew from 40,772 in 1980 to 50,292 in 1989. By the late 1980's some 55 per cent of doctorates awarded in engineering went to international students (Khafagi, 1990). A similar growth in international students in Public Administration programs in the United States was noticed during the 1980's leading to moves to enhance the usefulness of the programs for them (Ryan, Raffel & Lovell, 1987).

Considering the importance of Asian students within the total pool of international student numbers attracted to Australia and New Zealand, it is worth noting that the United States attracts the majority of Asians. A recently completed study by the Luigi Bocconi University, Milan of international student flows to Europe and the United States found that four times the number of Asian students chose to study in America than Europe (*The Economist*, 1995).

The reasons for America's attractiveness to international (particularly Asian) students are numerous. Many students wish to undertake studies in English, which is now the international language of business. A review of the higher education market, commissioned by the British Government, boldly asserted that there is "an insatiable demand for high-quality, cost effectively delivered tertiary education in English" (*The Australian,* Tysome, 1999: 38). Another reason is the approach taken by United States institutions in offering vocationally oriented courses (*The Economist,* 1995). The reputation the United States enjoys as a centre of excellence in such fields as business, engineering and computer science also explains its attraction (AGB Australia, 1992).

A study of international students in the United States enrolled at Clarion University of Pennsylvania identified - cost of living; availability of scholarships; opportunities for part time employment and entry requirements - as the four most important factors in determining institution choice among international students (Stewart & Felicetti, 1991). Many of the larger state universities in the United States represent the most significant competitors to Australian and New Zealand universities (Mazzarol, 1997).

Australia's recent success in attracting international students from Asia has not gone unnoticed in the United States. Cavusgil (1994) recently highlighted the rapid growth in Australia's international education sector and the proliferation of MBA programs. This "Asianisation" of the student body on Australian higher education campuses was noted along with a concern over shortages of facilities, staff and resources. Furthermore, the current Asian markets of Singapore and Hong Kong have become highly competitive. In 1994 there were 34 MBA and other graduate management programs offered in Hong Kong and Singapore by British universities, compared to 10 from Australian institutions (Hamill, 1994).

In considering future strategies for Australian and New Zealand higher education institutions engaged in international education, the question must be asked whether these two countries should treat each other as rivals or allies? Faced with saturated markets and the likelihood of increasing competition from North American or British competitors, a cooperative approach would appear to have merit.

A starting point for such cooperation would be the sharing of experience. To this end New Zealand institutions can learn from Australia's past performance in international education. One important lesson is the need to maintain a well-coordinated national marketing approach. During the 1980s Australian institutions launched themselves into overseas markets often with little planning and with an equal lack of national coordination. Institutions competed against each other using private recruitment agents, some of whom engaged in less than scrupulous practices (Davis, 1989).

The collapse of the China market in 1989 following the Tiananmen Square incident, and subsequent tightening of visa regulations caused the collapse of a number of small private colleges in Australia (Nesdale *et al* 1995). Attempts to develop a nationally coordinated marketing effort based on Australian Education Centres (AEC's) located throughout Asia have been less than successful (Rees, 1993). The establishment of the Australian International Education Foundation (AIEF) in 1993 was an attempt to bring the marketing of international education under national strategic coordination (Beasley, 1993). The AEC network will now seek to provide "generic" information on Australian international education and serve as "one stop shops" for prospective students (DEET, 1993). The success of these measures will not be known for several years.

The close economic and social ties between Australia and New Zealand make cooperation in international education a sensible long-term strategy. International students represent not just a source of financial benefit, but an opportunity for these two antipodean partners to integrate themselves into the Asia-Pacific region. A survey of 2,019 international students at Australian universities in 1991 found that nearly half (47per cent) intended to immigrate to Australia at some later date (Nesdale *et al* 1995). The most cited motivation for wanting to immigrate was political and social conditions. This linkage between international education and immigration is an important one for Australia and New Zealand. A loosening of immigration restrictions in either country is likely to result in an increase in international student applications. Once a student is settled in one country their ability to move to the other will be high. The international education policies of Australia can therefore impact on New Zealand and vice versa.

Unlike Australia, New Zealand does not suffer from a federal system in which government policy is divided between Commonwealth and State administrations. There are nine legislative authorities administering eight separate public education systems in Australia and a system of private schools. While universities are the responsibility of the Federal Government as regards funding, each of these is largely autonomous in their management. The TAFE system is controlled at a state and territory level.

Australia therefore has nine legislative authorities administering eight separate public education systems and a system of private schools and colleges. State and territory education departments control government primary and secondary schools. Legislation governing international education in Australia encompasses seven Commonwealth Acts and six Federal Government Agencies. This situation is both complemented and complicated by State and Territory legislation (DEET, 1992). To a large extent Australian government policy has been playing catch up with the international education industry.

## Conclusion

In conclusion, New Zealand can learn from Australia's mistakes while also taking advantage of its success. Further, New Zealand education institutions can also target fee-paying Australian students who may seek to complete their education there. In the early 1990s there were 4,457 Australian's studying in New Zealand (UNESCO, 1995). Given the trend in Australian Higher Education toward up-front payments and full-fee postgraduate programs a cost competitive New Zealand higher education sector could secure a significant segment of the Australian market.

Improved coordination of government policy is one area of future cooperation between the two countries, which may have long term implications for immigration policy. Greater cooperation in the marketing and recruitment of international students may also prove of benefit to both countries. New Zealand has recently taken a lead over Australia in the development of a multi-media interactive CD-Rom aimed at promoting its higher education. As noted earlier, Australian institutions are well positioned in many Asian markets with strategic alliances and offshore programs. There would appear to be scope for the development further alliances in the area of staff exchanges, course credit transfer and joint research activities across the Tasman.

It is unrealistic to expect Australian and New Zealand higher education institutions to overcome existing rivalries and work together in perfect harmony. However, the benefits of cooperation in the increasingly competitive international education market appear to outweigh the costs. . Such cooperation may be in the form of greater institutional cooperation and collaboration. This would increase market reach and reduce the confusion amongst students deciding between study destinations.

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