

2010 Research Agenda: Australian Universities International Directors' Forum

Presentation to Australian International Education Conference

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Introduction

The Australian Universities International Directors' Forum has been carrying out benchmarking studies of the international operations of Australian universities since 2002. Of the 38 universities who were members of the (then) Australian Vice-Chancellors' Committee, 29 participated in 2002, 33 in 2003, 34 in 2004, 34 in 2005, 36 in 2006, 36 in 2007, 37 in 2008 and 37 in the 2009 study which was carried out in 2010. The population has increased from 57,000 commencing students in 2002 to 104,000 commencing students in 2009.

Benchmarking at its simplest is a means of comparing one's performance with that of one's peers. For an education institution, it is the collection of information about an aspect of the institution's operations in a way that enables comparisons to be made with other institutions. The results of the comparison can then highlight areas where improvements are needed, where the institution can learn from others and where problems have to be investigated.

The Australian Universities International Directors' Forum (AUIDF) provides a forum for the benchmarking of international operations of Australian universities.

The focus of the research is on international students on campus in Australia. The research scope does not include international students in off-campus/distance/flexible mode, and does not include international students at offshore campuses.

Each participating university receives an individual report and in each individual report, individual responses are highlighted. Each individual report is different and no participant's individual responses are reported to any other participant.

2009 Findings

For the benchmarking of international operations, a questionnaire was distributed to Australian universities in December 2009, seeking 2009 data, in ten areas

- International Office costs
- Staffing of marketing, enquiries, admissions and compliance
- Admissions policies, procedures and quotas
- International student services
- International student mobility
- Costs of recruiting for key source countries
- Recruitment channels and conversion rates: applications/offers/commencements
- Structure of International Offices
- Scholarships offered to international students
- Accommodation provided to international students.

Universities were invited to participate in all ten aspects, or to cherry-pick those aspects where they wished to participate. A total of 37 universities participated in the study. Results were distributed to universities in March 2010. Members of AUIDF have agreed that some of the high level findings in the report can be provided to this Conference.

The 37 participating universities reported 103,533 commencing international students, a large population that makes the study compelling.

International Office Costs

In 2010, 37 universities reported on both International Office costs and income from international on campus student fees, using actual or estimate or budget figures for 2009. Universities are able to benchmark their performance with that of their peers comparing International Office costs as a proportion of international student fee income.

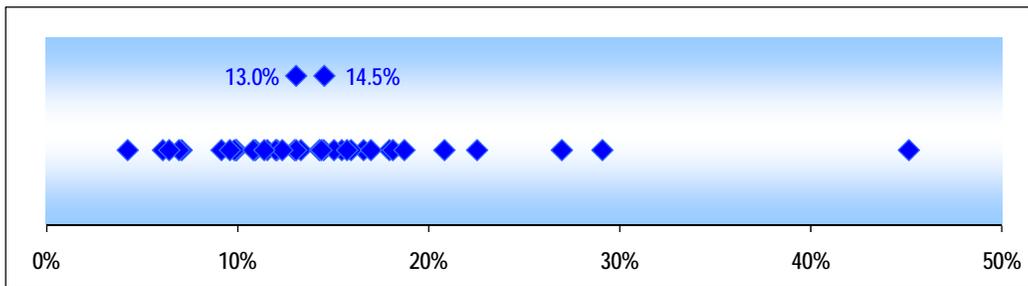
The 37 universities reported aggregate income from international on campus student fees in 2009 of \$3.065 billion, up from \$2.684 billion in 2008.

International Office budgets, excluding commissions, aggregated in 2009 to \$180.7 million or 5.9% of income. Commissions aggregated to \$126.2 million or 4.1% of income. Costs devolved to faculties aggregated to \$19.7 million or 0.6% of income.

The costs of international operations in 2009, including international office costs, commissions and devolved costs, aggregated to \$326.6 million or 10.7% of revenue.

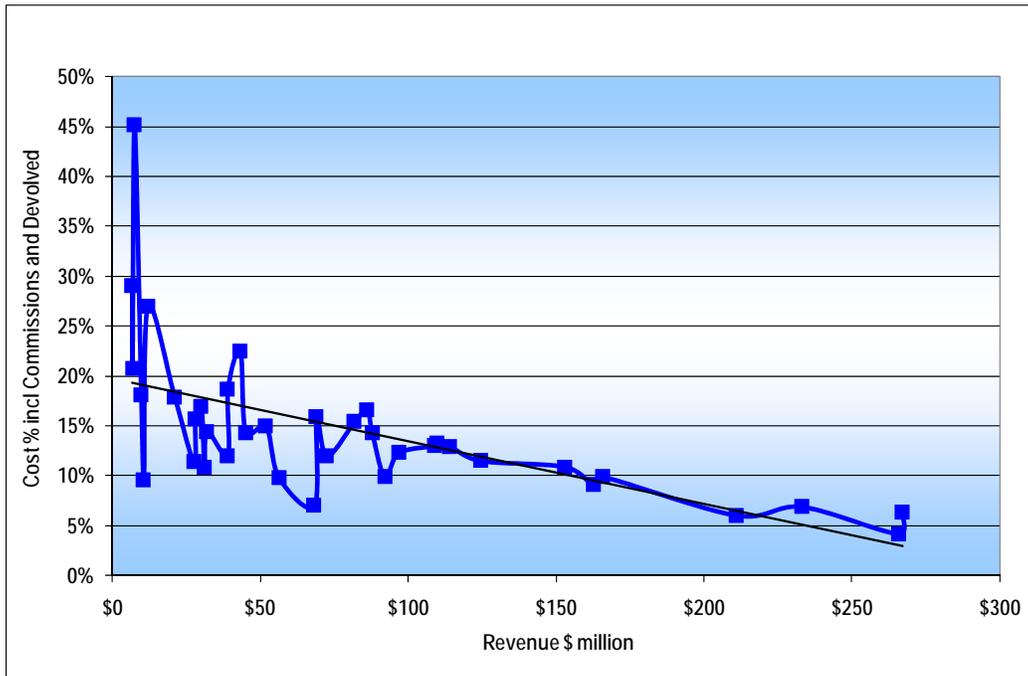
Chart 1 shows **Cost % Including Devolved Costs**. It shows the range of the 37 responses, the average of the 37 responses (14.5%) and the median response (13.0%).

**Chart 1
Cost % Including Devolved Costs**



Across all 37 universities, the aggregate cost of recruiting a student, including commissions and devolved costs, was 10.7% but, among the 37 universities, the average of the responses was 14.5% and the median was 13.0%. As shown in Chart 2 **Size of International Student Program and International Office Costs %**, there appear to be some economies of scale.

Chart 2
Size of International Student Program and International Office Costs %



Charts 1 and 2 provide data on costs of international operations as a proportion of international revenue.

Because international revenue is a function of pipeline and duration, measures of international costs as a proportion of revenue also are a function of pipeline and duration. To minimise the effects of pipeline and duration, costs of international operations, including commissions and devolved costs, have been analysed as costs per commencement.

Thirty-seven universities were able to report both International Office costs and numbers of commencing students in 2009, enabling benchmarking of costs per commencement.

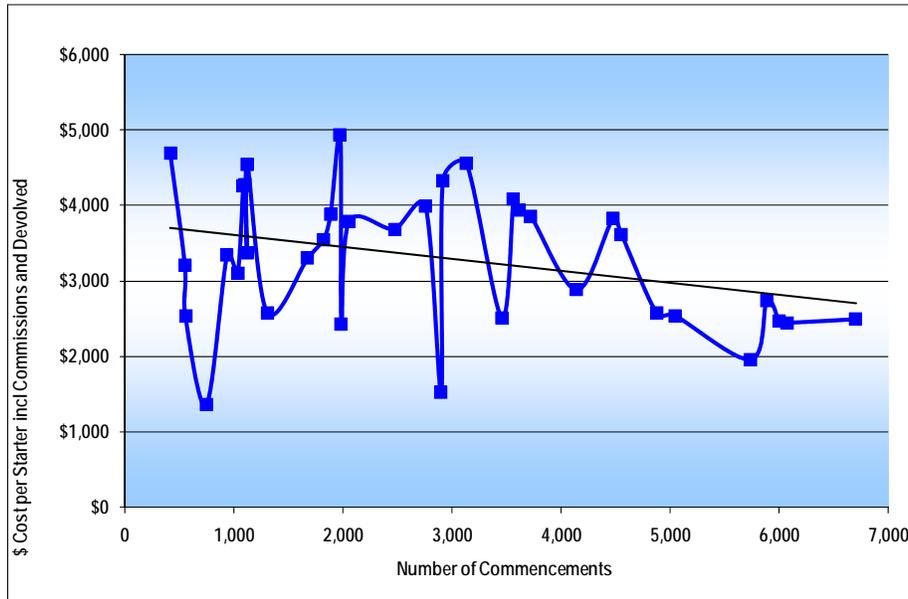
These 37 universities reported 103,533 commencements in 2009. International Office budgets, excluding commissions, aggregated in 2009 to \$180.7 million or \$1,746 per commencement. Commissions in 2009 aggregated to \$126.2 million or \$1,219 per commencement. Devolved costs amounted to \$17.1 million or \$165 per commencement.

The costs of international operations in 2009 aggregated to \$326.6 million or \$3,155 per commencement.

Across all 37 universities, the aggregate cost of recruiting a student, including commissions and devolved costs, was \$3,155 but, among the 37 universities, the average of the responses was \$3,574 and the median was \$3,367.

As shown in Chart 3 **Number of Starters and \$ Cost per Starter**, with duration and pipeline excluded, economies of scale are less obvious.

Chart 3
Number of Starters and \$ Cost per Starter

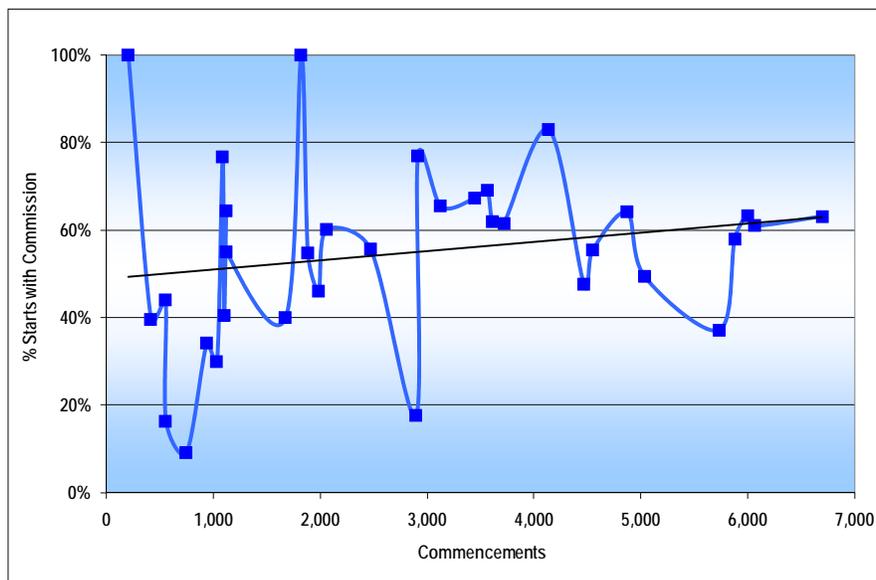


Proportion of Starts with Commission

Thirty-four universities reported both the number of commencements in 2009 and the number of commencements on whom a commission was paid, enabling benchmarking of the proportion of students on whom a commission was paid. The 34 universities reported 97,443 commencements in 2009, with commission paid on 56,123 commencements or 57.6%.

Chart 4 **Number of Starters and % Starts with Commission** explores the relationship between numbers of commencements and proportion attracting commission.

Chart 4
Number of Starters and % Starts with Commission



Staffing of Marketing and Admissions

Thirty-seven universities reported an aggregate 459.1 staff in 2009 dedicated to marketing, and an aggregate 103,533 commencing international students. In aggregate, it takes 4.4 marketing staff to achieve 1,000 international commencements.

Thirty-seven universities reported an aggregate 490.5 staff in 2009 dedicated to admissions, and an aggregate 103,533 commencing international students. In aggregate, it takes 4.7 admissions staff to achieve 1,000 commencements.

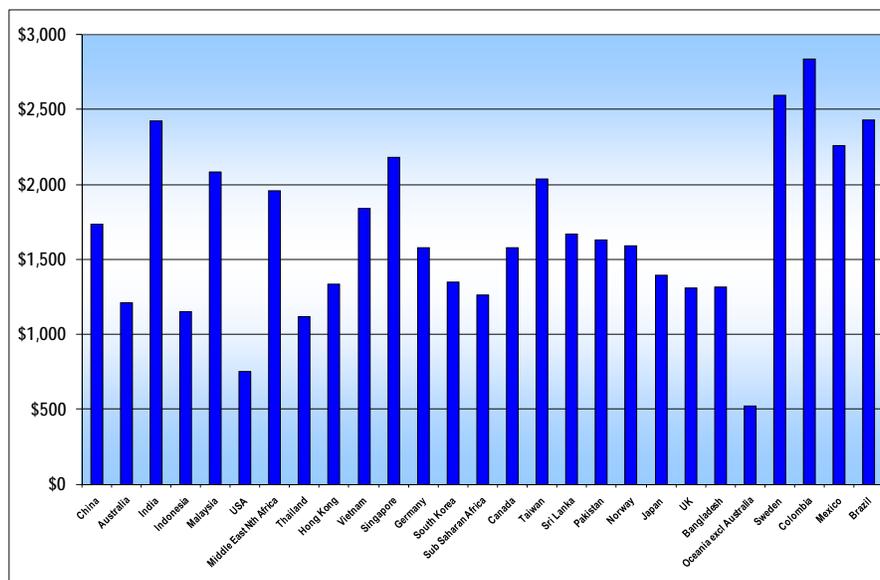
Costs of Recruitment for Key Source Countries

If salaries, publications and scholarships are regarded as **fixed costs** that generally do not vary across countries, then commissions, travel, advertising, exhibitions, freight and the costs of offices overseas are **country costs** that do vary across countries. Commissions, travel, advertising, exhibitions, freight and the costs of offices overseas in aggregate provide a **country cost** of recruiting students from a source country.

In total 27 universities responded, including 16 universities who were able to report on costs in Australia as a source country. For these 27 universities, the country costs in 27 countries/regions aggregated to \$123.9 million, including \$93.2 million in commissions. From these 27 countries/regions, the 27 universities recruited 77,526 international students in 2009 at a country cost of \$1,598 per student. This country cost in 2009 included commission of \$1,203. This commission in 2009 of \$1,203 per student is the commission for every international student recruited, not just those on whom a commission was paid.

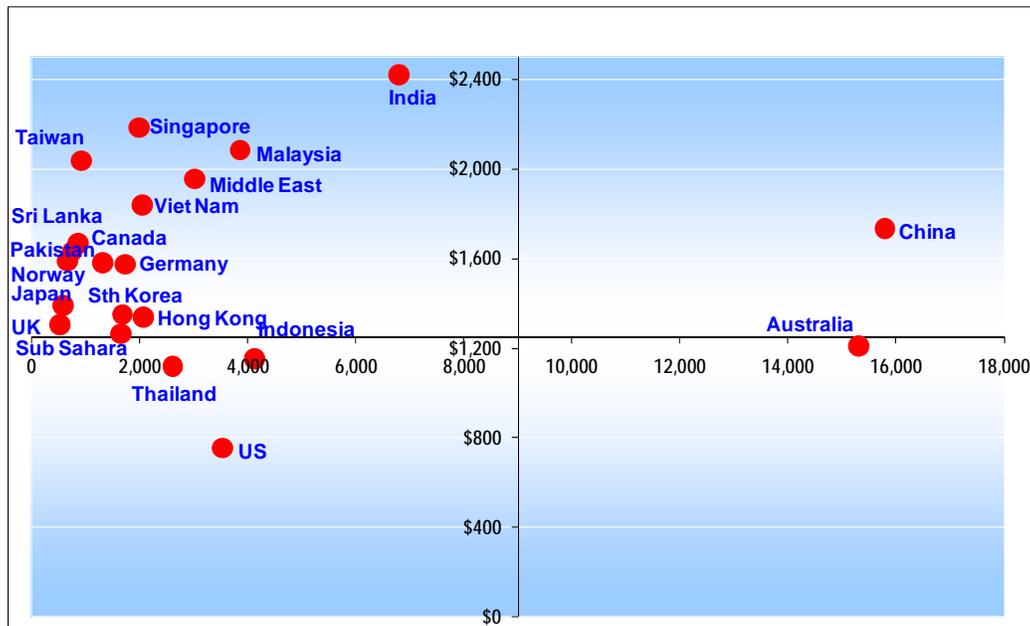
For all 27 universities in aggregate, Chart 5 displays **Country Cost of Recruitment by Source Country**. It shows the country cost of recruitment, including commission cost, for each of the 27 source countries/regions in the study, in order of the size of the country/region as a source country/region.

Chart 5
Country Cost of Recruitment by Source Country



For all 27 universities in aggregate, Chart 6 shows **Cost and Yield: Country Cost and Number of Commencements** for the top 21 source countries/regions, those that were the sources of more than 500 students in 2009. In Chart 6, the countries in the bottom right hand quadrant are those which are large source countries for Australia with relatively low country costs. Ideally, all source countries would be in the bottom right hand quadrant with Australia and, more or less, China.

Chart 6
Cost and Yield: Country Cost and Number of Commencements



Recruitment Channels and Conversion: Applications/Offers/Commencements

Universities were invited to benchmark conversion rates, from applications to offers to commencements, by level of study, or by recruitment channel or by both level and channel.

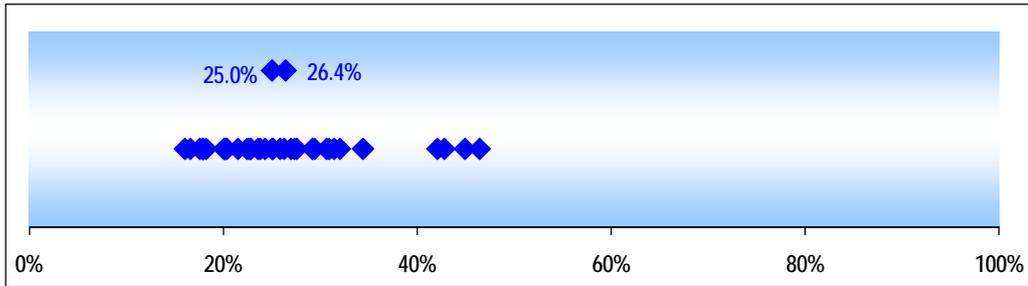
In total, 35 universities provided data for 2009 by level of study, enabling, for each level of study, benchmarking of conversion from applications to offers, conversion from offers to commencements and conversion from applications to commencements.

There is no attempt at the impossible task of matching applications with offers and commencements over different time periods. What is being benchmarked in this study of conversion rates is the number of applications in 2009, the number of offers in 2009 and the number of commencements in 2009.

In aggregate, at all levels in these 35 universities, 371,910 applications resulted in 267,856 offers and 91,042 commencements. Overall, 72.0% of applicants received an offer, 34.0% of those who received an offer commenced and, as a function of those two results, 24.5% of applicants commenced. Conversion rates since data collection commenced have been relatively stable. In 2009, universities processed 4.1 applications to obtain a commencement, compared with 4.1 in 2008, 3.8 in 2007, 4.0 in 2006, 3.8 in 2005, 4.0 in 2004, 4.2 in 2003 and 4.0 in 2002.

Chart 7 **All Levels Starts/Applications %** displays the proportion of applicants for all levels of study aggregated who commence. This is a function of the proportion of offers to applications multiplied by the proportion of starts to offers. The Chart shows the range of the 35 responses, the average of the 35 responses (26.4%) and the median response (25.0%).

Chart 7
All Levels Starts/Applications %



For an Australian university, there are nine recruitment channels.

International students can be recruited from Australia: through the university's own pathway programs in Australia, directly from Australia with no agent, through an agent in Australia other than IDP, or through an IDP office in Australia. Alternatively, international students can be recruited from overseas: through the university's own pathway programs overseas, through the university's own offices overseas, directly from overseas with no agent, through an agent overseas other than IDP, or through an IDP office overseas.

This analysis looks first at the size or relative importance of these recruitment channels.

In total, 26 universities in 2009 were able to provide analysis of the size or relative importance of recruitment channels. The analysis by size or relative importance covers 76,390 (74%) of the 103,533 students in the study.

On the following page, Chart 8 **Recruitment Channels: Size or Relative Importance** shows, for the sample of 76,390 commencing students in this analysis, the size or relative importance of these nine recruitment channels.

This analysis now looks at the efficiency of these recruitment channels in terms of their conversion from application to commencement.

For 2009, 20 universities were able to provide analysis of the efficiency of recruitment channels. The analysis of the efficiency of recruitment channels covers 65,759 (64%) of the 103,533 commencing students in the study.

Again, there is no attempt at the impossible task of matching applications with offers and commencements over different time periods. What is being benchmarked in this study of conversion rates is the number of applications in 2009, the number of offers in 2009 and the number of commencements in 2009.

Chart 9 **Conversion Rates by Recruitment Channels**, on the following page, looks at the efficiency of conversion from application to commencement for each recruitment channel, without any regard to the volumes for each channel.

With the exception of the handful of students recruited through university offices overseas, the relatively smaller pathways channels are, as expected, the most efficient in conversion from applications to commencements. The relatively larger channels are shown to be less efficient in conversion from applications to commencements.

Chart 8
Recruitment Channels: Size or Relative Importance

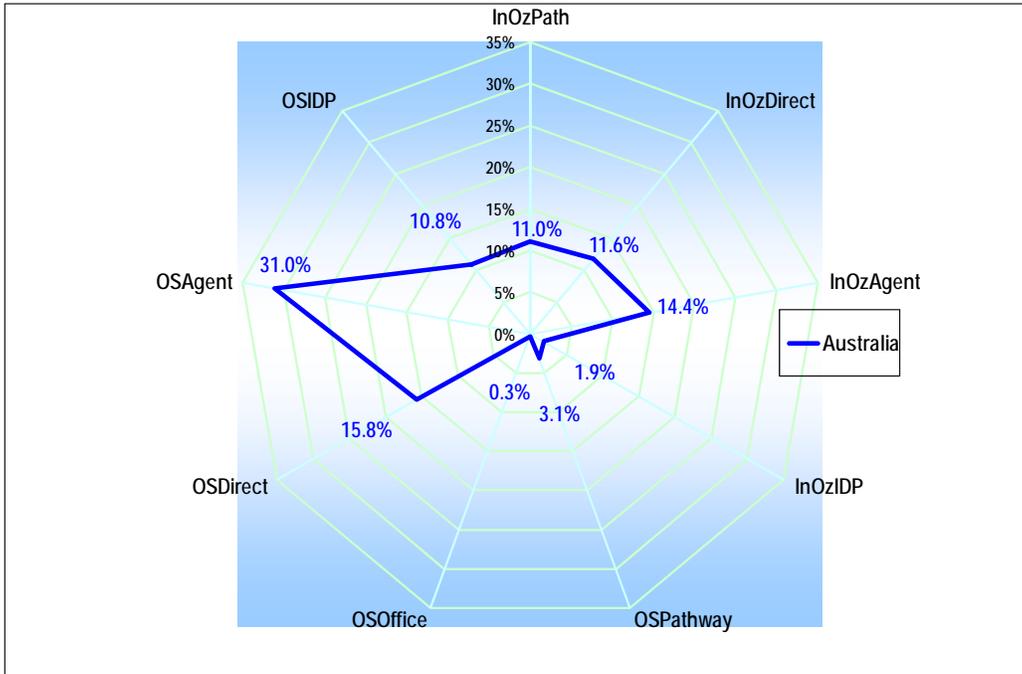
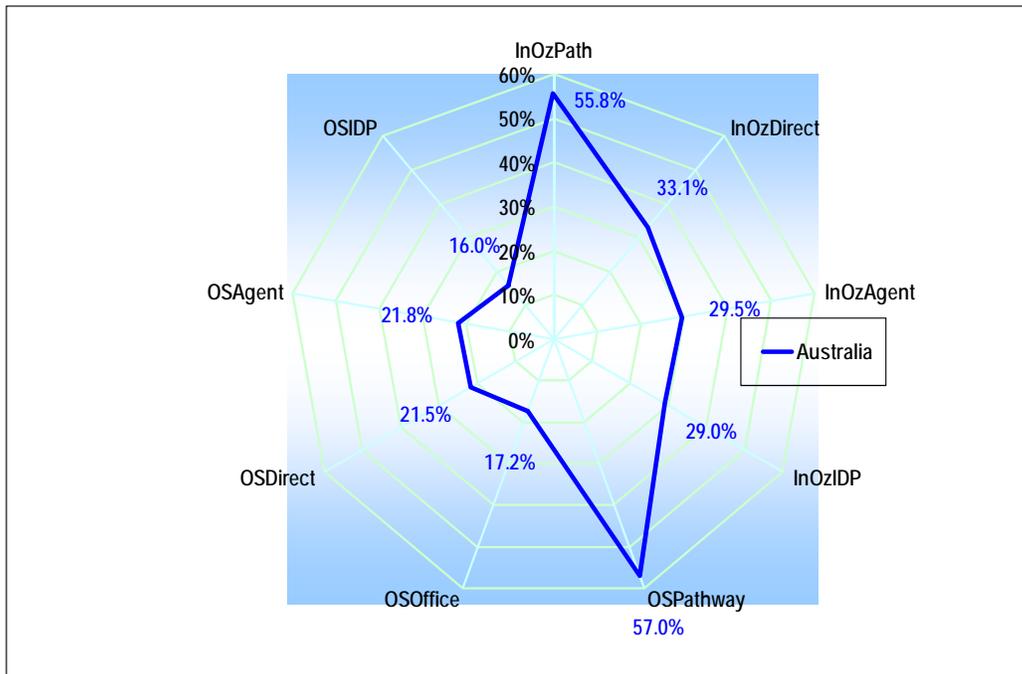


Chart 9
Conversion Rates by Recruitment Channels



Scholarships

Universities were invited to provide data on the scholarships they offered to international students. The survey was limited to scholarships (full or partial), fee waivers and stipends that were

- funded fully by the university, from non-government sources, or by donations that are totally at the discretion of the university
- available only to international students
- offered at the commencement of the student's degree program.

The survey did not cover

- scholarships/stipends for study in transnational education programs
- scholarships/stipends also available to domestic students, such as sports scholarships
- scholarships or travel grants for outgoing mobility
- prizes or awards provided after commencement of degree study in Australia
- preparatory program scholarships/stipends
- scholarships/stipends funded by government or other external funding bodies.

Twenty-six universities responded to this part of the survey, reporting that in 2009 they provided 1,116 **full scholarships** valued at \$63.6 million, covering the full cost of annual tuition fees for the normal duration of the degree program, to commencing international students in 2009. 924 scholarships valued at \$54.7 million were provided to commencing international **postgraduate research** students.

Twenty-one universities reported providing 1,354 **partial scholarships** valued at \$6.5 million to commencing international students, covering tuition fees for a limited period of the program or for a specified portion of the full cost of annual tuition fees. Only 49 partial scholarships, valued at \$1.2 million, were awarded to **postgraduate research** students.

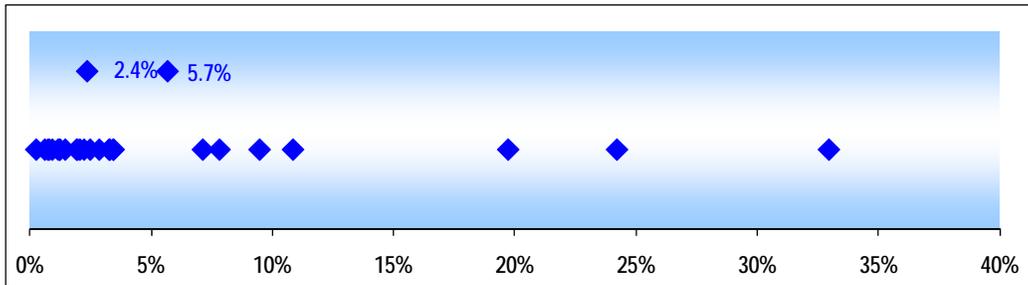
Finally, 23 universities reported providing 1,025 **stipends** valued at \$35.9 million to cover the full or partial cost of living for an international student (and family), to commencing international students in 2009. Of these stipends, 997 valued at \$33.1 million were provided to commencing international **postgraduate research** students.

In aggregate, the 26 responding universities spent \$106.0 million, or 5.0% of international student fee revenue, on scholarships and stipends for commencing international students in 2009, including \$89.1 million, the equivalent of 4.2% of revenue, on scholarships for commencing international **postgraduate research** students.

In aggregate, these 26 universities in 2009 re-invested 5.0% of their international student revenue in scholarships for commencing international students, including 4.2% of international student revenue on scholarships for commencing international postgraduate research students. 5.0% and 4.2% are big numbers, higher than the 4.1% spent by universities on commissions.

Chart 10 **Proportion of Revenue on Postgraduate Research Scholarships** shows the range of responses from the 26 universities, the average (5.7%) and the median (2.4%).

Chart 10
Proportion of Revenue on Postgraduate Research Scholarships

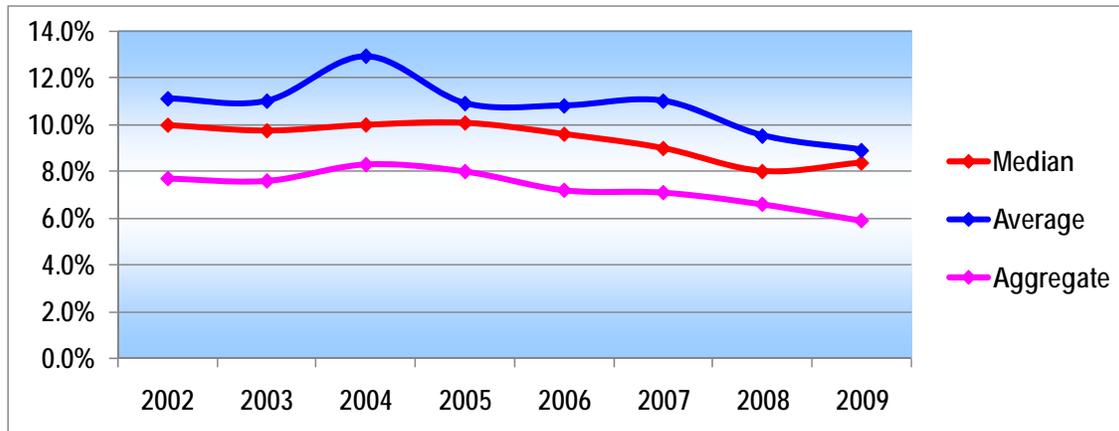


Time Series

The benchmarking study of international operations has now been conducted from 2002 to 2009, enabling some time series analysis.

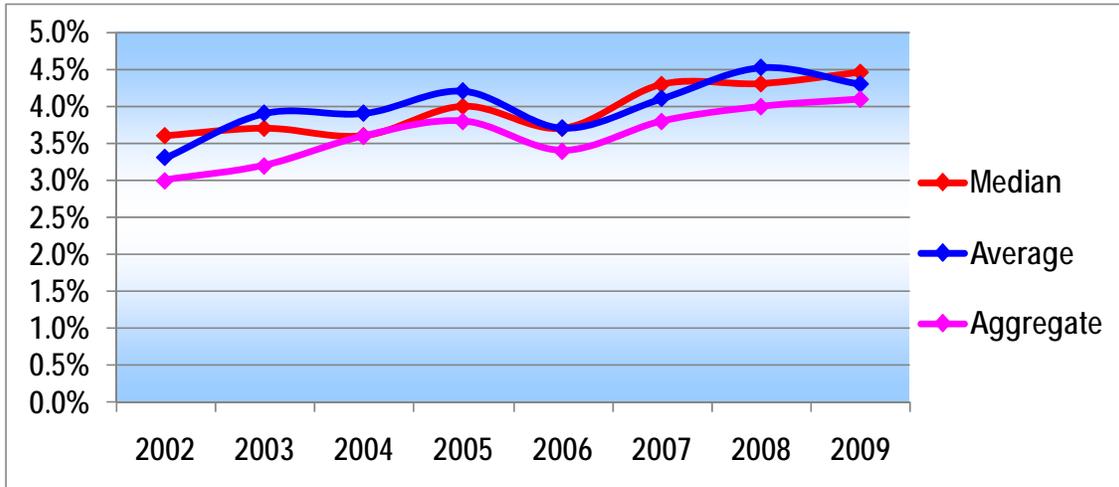
International Office budgets, excluding commissions, aggregated in 2009 to \$180.7 million or 5.9% of income, down from 6.6% in 2008, 7.1% in 2007, 7.2% in 2006, 8.0% in 2005, 8.3% in 2004, 7.6% in 2003 and 7.7% in 2002 as shown in Chart 11 **Cost % Excluding Commissions: Time Series**. The downward trend suggests that costs are being brought under control.

Chart 11
Cost % Excluding Commissions: Time Series



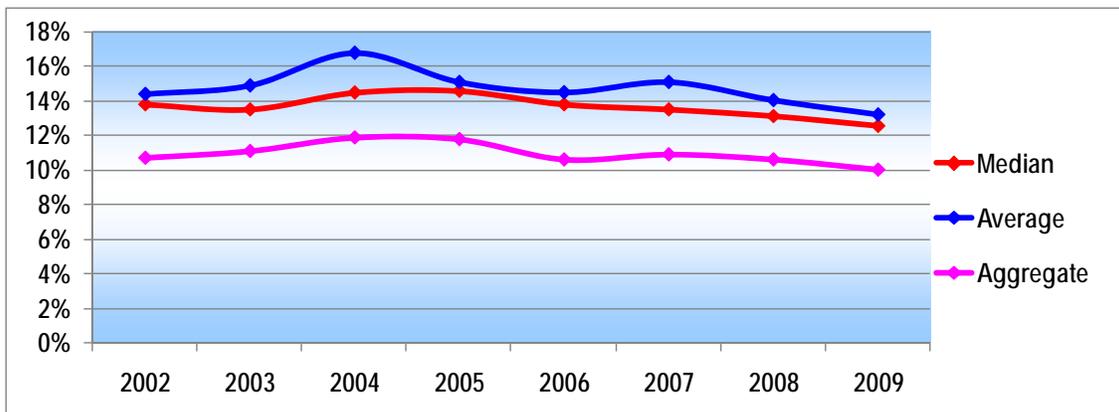
However, while costs as a proportion of income have been falling, commission costs as a proportion of income have been increasing. Commissions in 2009 aggregated to \$126.2 million or 4.1% of income, compared with 4.0% in 2008, 3.8% in 2007, 3.4% in 2006, 3.8% in 2005, 3.6% in 2004, 3.6% in 2003 and 3.0% in 2002, as shown in Chart 12 **Cost % of Commissions: Time Series**.

Chart 12
Cost % of Commissions: Time Series



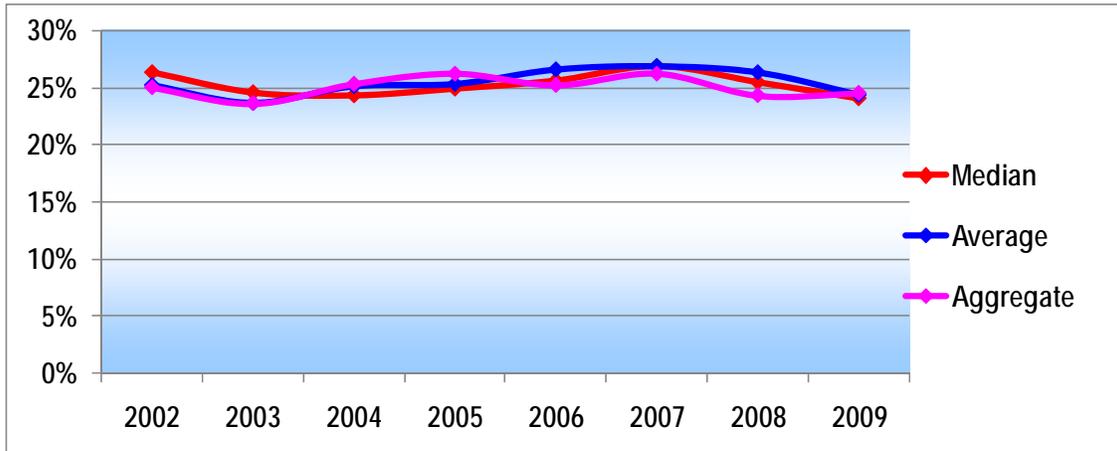
International Offices face the challenge therefore of balancing costs and commissions. Including commissions, International Office budgets have remained relatively stable as a proportion of income over the survey period. In 2009 costs aggregated to \$306.9 million or 10.0% of income, compared with 10.6% in 2008, 10.9% in 2007, 10.6% in 2006, 11.8% in 2005, 11.9% in 2004, 11.1% in 2003 and 10.7% in 2002 as in Chart 13 **Cost % Including Commissions: Time Series**.

Chart 13
Cost % Including Commissions: Time Series



Finally, in this time series analysis, Chart 14 **All Levels Starts/Applications %: Time Series** displays the proportion of applicants for all levels of study aggregated who commenced. This is a function of the proportion of offers to applications multiplied by the proportion of starts to offers. In aggregate, at all levels, 24.5% of applicants commenced in 2009, from 24.3% in 2008, 26.2% in 2007, 25.2% in 2006, 26.2% in 2005, 25.3% in 2004, 23.6% in 2003 and 25.0% in 2002. Universities continue to look for efficiencies in the conversion of applicants to commencements.

Chart 14
All Levels Starts/Applications %: Time Series



Benchmarking from the Public Domain

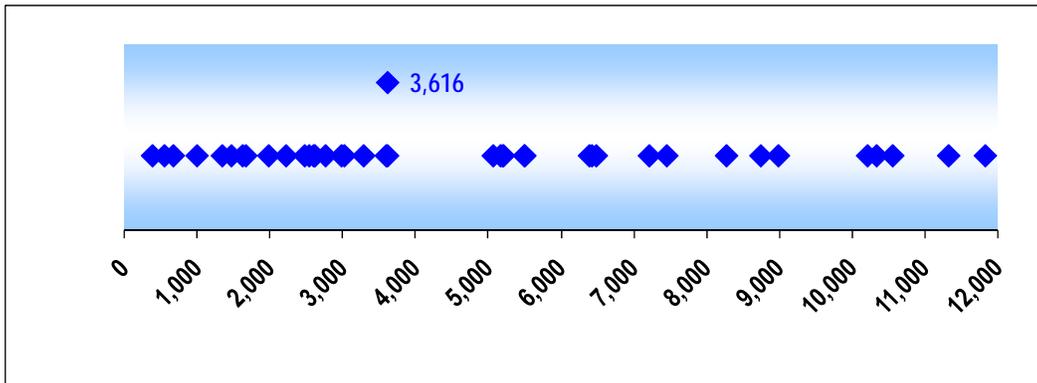
Australia's Department of Education, Employment and Workplace Relations (DEEWR) releases data annually from the higher education statistics collection. In September 2009 DEEWR released data on international student numbers in Australian higher education providers in 2008, covering 106 higher education providers. This analysis edited that data to include only the 39 Australian universities, including Bond and Notre Dame.

From these statistics, from the public domain, it is possible to benchmark for all universities a number of measures of universities' international student programs. Because information is from the public domain, this benchmarking can be provided to universities without the substantial work required of universities where information not in the public domain is being benchmarked.

Reports on benchmarking from the public domain, customised for each university, were provided to universities who participated in AUIDF benchmarking in 2008, covering numbers and proportions of international students, and fields and levels of study of international students.

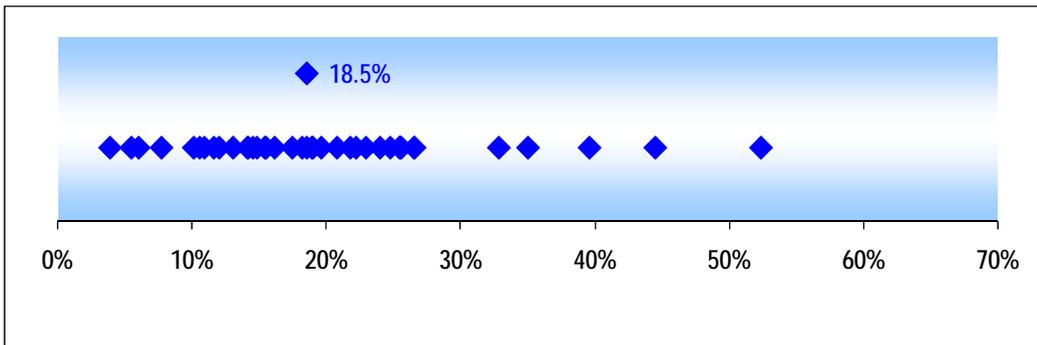
In the 39 Australian universities, there were 188,339 international students onshore in Australia in 2008, from 174,957 in 2007, 168,162 in 2006 and 161,030 in 2005. As in Chart 15 **Numbers of International Students in Australian Universities 2008: Onshore**, the range among the 39 universities was from 381 students to 11,840 students. The median university had 3,616 international students onshore in Australia, up from 3,328 in 2007, 3,495 in 2006 and 3,327 in 2005.

Chart 15
Numbers of International Students in Australian Universities 2008: Onshore



In the 39 universities, the 188,339 international students, onshore in Australia, made up 20.3% of the 928,640 students, onshore in Australia, in the 39 universities, from 19.4% in 2007, 19.1% in 2006 and 18.6% in 2005. As in Chart 16 **Proportions of International Students in Australian Universities 2007: Onshore**, the range among the 39 universities was from 3.9% to 52.3%, with one university over 50%. The figure in the median university was 18.5%, from 17.1% in 2007, 16.3% in 2006 and 15.4% in 2005.

Chart 16
Proportions of International Students in Australian Universities 2008: Onshore

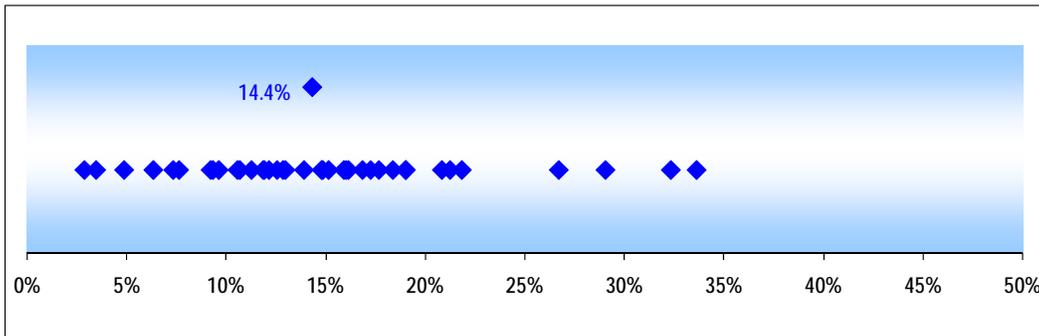


In November 2009, DEEWR released data on finances of 38 Australian universities in 2008, not including Bond.

In the 38 universities, revenue from international student fees in 2008 made up 15.5% of all revenue, from 15.0% in 2007, 15.0% in 2006 and 15.2% in 2005, suggesting that the Australian university sector is not increasingly over-reliant on this stream of funding. The range among the 38 universities was from 2.9% to 33.6%. The median was 14.4%, as in Chart 17 **Proportion of Revenue from International Student Fees 2008**

As at 11 October 2010, there had been no releases for 2009.

Chart 17
Proportion of Revenue from International Student Fees 2008



Outgoing International Mobility of Australian University Students

Universities in 2010 also benchmarked outgoing student mobility, seeking to quantify the international study experiences in 2009 of students at Australian universities.

In 36 Australian universities in 2009, 15,058 students at all levels undertook international study experiences and, in these 36 universities, there were 246,877 completions at all levels in 2009. The number of international study experiences undertaken by students at all levels in 2009 was equivalent to 6.1% of completions at all levels in 2009, suggesting that 6.1% of completing students at all levels in Australian universities undertake international study experiences.

Table 1 **International Study Experiences 2009 by Type** shows these 15,058 international study experiences by type.

Table 1
International Study Experiences 2009 by Type

Type	Number of Experiences
Exchange	6,073
Other Semester or Year Programs	329
Short Term Programs	4,450
Placements or Practical Training	1,790
Research	2,283
Other	133
Total	15,058

The key cohort of importance to universities is domestic undergraduates. How many Australian undergraduates have access to an international study experience during the undergraduate degree? In the 36 universities that participated in this study, 9,703 Australian undergraduate students undertook international study experiences in 2009 and, in these 36 universities, there were 110,185 domestic undergraduate completions in 2009

The number of international study experiences undertaken by Australian undergraduate students in 2009, 9,703, was equivalent to 8.8% of domestic undergraduate completions in 2009, suggesting that 8.8% of completing Australian undergraduates in Australian universities undertake international study experiences.

This Australian undergraduate access figure of 8.8% compares with 10.1% in US. Open Doors in 2009 reported that 10.1% of US undergraduate students studied abroad in 2007/08, up slightly from 9.4% the previous year.

Women dominated international study experiences. Overall, universities provided gender information on 13,108 students with international study experiences in 2009 and 59.1% were women. A 59:41 gender split means that 44% more women than men are undertaking international study experiences.

Universities reported the field of education for 14,140 international study experiences in 2009. Management and Commerce (19%) and Society and Culture (18%) were the most commonly reported fields, with 12.5% from Health.

Universities reported the destinations of 14,783 international study experiences. 36.6% went to Europe, 22.0% went to the Americas, 32.2% went to Asia. Australia as a destination for international student mobility for students at Australian university campuses outside Australia made up 1.9% of international study experiences,

Universities reported that 73% of international student experiences received financial support, for example through a travel grant. 61% of all international study experiences of all types were supported by university funds, or from a combination of university funds with other funding sources. 14% were supported by OS HELP (the Australian Government's Higher Education Loan Program to assist undergraduate students in Australian higher education providers to study abroad for one or two study periods of their degree program) or a combination of OS HELP and other funding sources.

Universities reported in aggregate \$24.2 million in funding for international study experiences in 2009, including \$17.4 million in university funds, \$6.3 million in funds from Australian Government programs and \$614,000 from private funds or foundations in Australia.

Universities reported a further \$11.3 million in loan funds from OS HELP.

Does funding of outward mobility matter? Universities play the dominant role in funding outward mobility. As university funds for outward mobility increase, does access to mobility increase?

Chart 18 **Funding and Access**, on the following page, looks at university funding per domestic undergraduate completion and Australian undergraduate access to international study experiences, for the 33 universities who reported their amounts of university funding.

As university funding per (domestic undergraduate) completion increases, access to international study experiences by Australian undergraduates increases, as is shown clearly in Chart 18.

So funding is sufficient to grow outward mobility opportunities.

But funding is not necessary. Chart 25 shows counter-examples, where two universities have lifted Australian undergraduate access to international study opportunities above 15% with modest amounts of funding.

Chart 18
Funding and Access

