Australian Government

Australian Education International

The International Education Market in Thailand

A report commissioned by Australian Education International, Australian Government Department of Education, Science and Training

Research undertaken by SGS Economics and Planning.

AUSTRALIAN EDUCATION INTERNATIONAL

About this report

Australian Education International (AEI) commissioned this study for the Australian Government Department of Education, Science and Training (DEST) in November 2005. The study aimed to aid the strategic positioning of Australian education offerings in Thailand.

About AEI and DEST

DEST is an Australian Government Department tasked with providing national educational leadership. DEST works in collaboration with the States and Territories, industry, other agencies and the community in support of the Government's objectives.

AEI works within DEST to integrate the development of international government relations with support for the commercial activities of Australia's education community.

For further information, please visit www.dest.gov.au or www.aei.dest.gov.au

SGS Economics and Planning Pty Ltd

SGS Economics and Planning Pty Ltd (SGS), an Australian research firm, undertook the study in association with Professor Brian Corbitt.

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Acknowledgements

AEI would like to thank SGS for undertaking this study and all individuals who contributed by agreeing to interviews, supplying data and information, and assisting otherwise.

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Executive Summary

Australia remains the leading provider of international education services to Thailand, with a total of around 16,500 student enrolments in 2005 (AEI, 2006a). The demand for international education in Australia by Thai students remains strong. This research shows that although some sectors of the Australian international education industry have experienced reductions in the rate of market growth, the long-term prospects for growth are encouraging in all sectors.

Underpinning demand for international education in Thailand is the domestic labour market, where the demand for internationally educated, English-speaking Thais, continues to grow. Chief Executive Officers (CEOs) and managers with hiring responsibilities in both multi-national and Thai companies universally indicated a requirement for such personnel, particularly those possessing postgraduate degrees from English-speaking countries.

The reasons for Australia's current slowing of growth in Thailand's market for postgraduate degrees, and for Master's degrees in particular, are multi-dimensional. This research has been able to isolate several crucial elements. One such factor is that the strategies currently employed by Australian education providers to both promote Australian education and to recruit international students are not as effective as they might be. The research documents the adverse effects of dated practice, unsustainable increases in price, uncoordinated client relationship management, and less than effective strategies to influence perceptions around the quality of Australian education generally.

If Australian institutions, particularly within Higher Education and Vocational and Technical Education (VTE), are to meet growing demand, efforts must be made to match Australian programmes with the workforce needs of the Royal Thai Government (RTG) and their industry and labour planning policies. Partnerships with multinational companies and Thai institutions would be one way to progress Australian participation in this process.

The same is true for the English Language Intensive Course for Overseas Students (ELICOS) sector. The demand for English language courses is increasing, but there remains a deficiency in the capacity of Thai teachers to deliver English language training of the required standard in Schools, Vocational Colleges, Rajabhat and Rajamongkol institutions and universities in Thailand. Australian providers have the opportunity to deliver offshore in Thailand by partnering with Thai institutions and by developing relationships with the RTG Ministry of Education's commissions for the improvement of English language provision. Australian ELICOS providers also have the opportunity to deliver English training in-house within Thai and multi-national companies.

Australian education is officially represented in Thailand by Australian Education International (AEI) which also has an Australian Education Centre (AEC) located in the Australian Embassy in Bangkok. The effectiveness of the work of AEI in Thailand is recognised to be substantial in its support of Australian education institutions in all sectors: Higher Education, VTE, Schools and ELICOS.

AEI maintains strong relationships with foreign countries through cooperative arrangements such as Memoranda of Understanding (MoUs), outlining a framework and direction for future collaboration. Through a series of MoUs on Education Cooperation since 1994, a number of co-operative activities have since been developed, including amongst others, the development of a National Qualifications

Framework in Higher Education, the E-Learning Digital Curriculum project which is exchanging expertise in the design and development of digital curriculum resources and the Thai VTE Amalgamation Project, to facilitate the amalgamation of more than 400 vocational colleges into twenty-eight multi-campus institutes. AEI has also supported high profile academic speakers and researchers in key areas such as TESOL, public science awareness, biotechnology, e-health and bioinformatics, fashion and creative design, and film to attend high profile public events.

Notwithstanding this activity, Australian education institutions are perceived to be more commercial than their Anglophone counterparts in the United Kingdom (UK) and USA. Thai culture is one of 'connections' and 'relationships' and the UK and USA are generally considered to have understood this well; with a focus on scholarships, capacity-building support and institutional partnering, often mixing educational agendas with cultural, economic and social events. Australian institutions are perceived to have lost this intensity of contact. Australian education providers may need to change their approach to the Thai market, with a view to establishing long-term relationships of mutual benefit. Maximising the use of Australian alumni in Thailand is one component of this strategy.

Of equal importance is the perception among Thais that Australia's price advantage over USA and European competition has diminished in recent years, notably within the ELICOS and Higher Education sectors. With an increase in the volume and diversity of domestic supply, as has occurred in the past 5 years, competition within Thailand's price sensitive market is only likely to increase. In addition, changes in the structure of the Australian economy have seen the Australian Dollar (AUD) appreciate against the Thai Baht relative to the United States Dollar (USD). Combined with course fee increases the perception that Australian education is value for money has been threatened. Australian education institutions need to address this perception through strategies that focus on quality rather than price advantage.

The manner in which education agents in Thailand introduce Australian education services is a concern. The Thai International Education Consultants Association (TIECA) has endeavoured to manage provision to potential clients through a members' code of ethics. However, some education agents (not always members of TIECA) are allegedly engaged in anti-competitive practices; fuelling cynicism within the Thai marketplace about the role of agents. Furthermore, the practice of Australian institutions is to engage multiple agents, who regularly attend the same round of education fairs and seminars, causing confusion among Thai students over whose information they should trust. For many prospective Thai students there is real confusion over who represents Australian institutions, and where they can go for authoritative, reliable information.

The Australian Higher Education, Schools and ELICOS sectors in particular are generally regarded by Thais to be 'third tier'; behind USA and UK competitors considered to be either more technologically advanced and modern, or more prestigious. Most students cannot differentiate the relative quality of Australian institutions, but can for the USA and the UK. Similarly, the social networks of Thai society mean that established alumni of USA and UK universities play a key role in reinforcing the perceptions of technological advancement and prestige usually associated with these institutions.

The Thai government has established key priorities in its industrial development policy, focusing on five key industries. The Ministry of Labour and the Ministry of Information and Communication Technology have analysed labour needs and qualifications and have a clear understanding of what qualifications are needed in Thailand over the next 5 to 10 years in order to sustain economic growth. This report finds little evidence that Australian institutions, especially from the Higher Education and VTE sectors

are targeting key areas of labour skills shortage *en masse*. The evidence suggests that Australian education institutions are neither systematic nor strategic in their process for recruiting students, either directly through agents or indirectly through the development of research partnerships or joint programmes. Parts of the Australian VTE sector are working with AEI and the RTG Ministry of Education to address shortages in some vocational areas, but more needs to be done at the level of Higher Education if advances are to be made in this sub-market. The UK has a number of universities working on collaborative research projects with Thai universities in areas such as biomedical research, aquaculture and environmental science, and there is evidence that this is beginning to positively affect student perceptions. Australian universities' cooperative programmes are less intense, with little publicity that might influence Thai perceptions of Australia's educational contribution to Thailand's development.

Summary Recommendations

Within the conclusions and recommendations section of Chapter 6, strategic activities have been themed to represent the threats and opportunities to the Australian education industry identified in this report. In summary these are:

1. Strategic Activity Area 1: Branding, Promotion and Communication

For all sectors, while being the leader in terms of Thai student enrolments, Australia tends to be a less well known destination compared to the USA and UK, which have established historical links to Thailand. Given that choice of 'country' rather than choice of 'institution' was a primary determining factor for focus groups, it is apparent that Australian providers should do more to raise the profile of the quality of Australian education and training and its competitive strengths within Thailand. This means building on an awareness of Australia generally as a sophisticated knowledge intensive economy (with world class cultural and human resources) as well as promoting the merits of Australian education and Australian education institutions (with world class teaching and research capabilities).

2. Strategic Activity Area 2: Pricing and Market Segmentation

Australian education has historically been considered good value for money when compared to other international providers such as the UK and USA. The challenge to Australian education providers is the widespread perception from stakeholders in Thailand that course fee increases have been too drastic, especially when coupled with an appreciation of the Australian dollar against the Thai Baht.

3. Strategic Activity Area 3: Networking, Linkages, Presence and Partnerships

With respect to education quality, Australian Higher Education is perceived to be 'third tier' compared to the UK and USA. Given Australia's international reputation in fields such as physical and medical science, the standing of Australian education in the opinion of prospective Thai students could be improved through targeted promotion. For maximum effect, the Australian education industry must recognise the importance of status and social networks when seeking to influence perceptions within the Thai market and where possible utilise distinguished Australian individuals to promote Australian education at public events in Thailand. Relationships might also be developed with influential members of Thai society, including Thai-Australian alumni, business leaders, academics and university presidents.

The development and promotion of meaningful relationships between Australian and Thai Higher Education institutions are essential in this regard, since personal relationships established through ventures such as joint research, joint programmes and staff exchanges, heavily influence perceptions. More needs to be done to promote the strong education relationship that is already in place.

4. Strategic Activity Area 4: Matching Industry and Labour Force Requirements

Thailand's skilled labour shortages are acute. Thai employers place a premium on graduates with an international education. This, coupled with the growing demand for Higher Education and the appeal to Thai students of an international education, presents a continuing opportunity for the Australian education industry to support the Thai market and to train Thailand's future skilled workforce.

The continuing transformation of the Thai economy, away from 'old economy' agriculture and low cost manufacturing to the 'new economy' sectors of advanced manufacturing, tourism, software engineering and IT, business services and the creative industries present opportunities for Australian education and training providers who have the expertise to match Thailand's skills flow with industry requirements.

1 Introduction: Changing Demand for Australian Education in Thailand

1.1 Purpose of this Study

The purpose of this study, as stated in the project brief, is to "*…Provide Government and Industry with an improved understanding of the key developments and trends affecting the demand for international education in Thailand and the likely impact on future demand for Australian education.*" Given the importance of education service exports to the Australian economy, developing an understanding of the nature of demand in specific markets is crucial if the Australian education industry is to capitalise on future market opportunities.

This analysis of the market for international education in Thailand is intended to inform the development of country-specific strategies for the supply of international education by Australian stakeholders; based upon intelligence regarding short, medium and long-term market dynamics.

The approach taken is to consider the implications for Australian international education provision of key economic, social and attitudinal factors affecting the Thai market and the preferences of Thai students. On the demand-side, these factors include:

- Trends within Thai society around changing demography and consumer wealth;
- Trends within the Thai national economy relating to the development of the labour market and specific industry sectors; and
- Trends within the development of Thailand's domestic public and private education system.

On the supply-side, these factors include:

- The activities of competing international education providers in areas such as pricing, immigration policy, quality assurance and marketing; and
- The attitudes and perceptions of different social groups towards competing education providers.

Investigation of these trends will enable stakeholders to better understand the prospects for growth in the demand for international education in Thailand generally, and for each of the four Australian education sectors in particular[1].

- Higher Education – Those courses provided by public and private sector universities (or other non-university accredited bodies) leading to the award of an Associate degree, Bachelor's degree, Graduate Certificate, Graduate Diploma, Master's degree or Doctoral degree.
- Vocational & Technical Education (VTE) – Other post-compulsory education providing candidates with work-related knowledge and skills, leading to a competency based award such as a National Vocational Qualification (NVQ). VTE providers in Australia include the state and territory TAFE (Technical & Further Education) systems, adult and community education providers, agricultural colleges, the VTE operations of some universities and schools, various private providers, industry skill centres and commercial and enterprise training providers.

[1] Definitions taken from various sources including the Department of Education, Science & Training (DEST, 2006) and English Australia websites (EA, 2006).

- Schools – Public and private sector providers accepting candidates up to Year 12, leading to a Senior Secondary Certificate of Education.
- English Language Intensive Courses for Overseas Students (ELICOS) – A variety of award and non-award courses offered by providers in the Higher Education, VTE and Schools sectors within both the public and private sectors, including specialised English language colleges.

1.1.1 Significance of the Thai Market

The significance of the Thai market and its attractiveness as an investment prospect for the Australian education industry is evident in Thailand's underlying socio-demographic and economic trends and prospects. All indicators suggest that Thai demand for education, and for international education in particular, is strong and will continue to grow.

A developing nation with an estimated population of around 64 million people, Thailand is currently in a rapid phase of economic, social, cultural and political 'modernisation'. Thailand's current economic growth trajectory is supported by a suite of Thai government policies and programmes designed to enhance the competitiveness of Thai industry and to engage Thailand with the global economy. Since the onset of the Asian financial crisis of 1997, Thailand has undergone a significant economic transformation punctuated by high rates of growth in Gross Domestic Product (GDP) and some trickling down of national wealth, particularly to the upper middle classes. By all accounts, this is set to continue with forecast rates of economic growth in excess of 4% per annum between 2006 and 2010 (World Bank, 2005a).

Thailand's changing population characteristics are indicative of a growing market for international education. This includes a slowing of population growth (indicative of more developed nations, something Thailand is aspiring to), accompanied by growing household incomes, a rural-urban drift, higher levels of education attainment, a more educated workforce and lower rates of unemployment. These factors, plus Thailand's prospects for future economic growth and development, all have a positive influence on the demand for international education.

Thailand's economic development is not a recent phenomenon, but a process that has taken place over many years, and which according to various forecasts, will continue into the foreseeable future. The Thai government's current economic policies - to transform and modernise Thailand's traditional industries, to identify opportunities for new industries, to 'skill up' the labour force, to deliver the infrastructure required to support a competitive and healthy economy, to develop export markets and to achieve a greater distribution of wealth among Thai citizens – coupled with observed socio-economic trends, all indicate a healthy and growing demand for international education services. For the Australian education industry, Thailand presents a significant opportunity to continue to grow Australia's market for international education.

1.1.2 Australian-Thai Relations

Any response by the Australian Government and education industry to the changing pattern of demand in Thailand must be seen in the context of Australia's strengthening political and economic relationship with Thailand as a whole. According to the Australian Government Department of Foreign Affairs & Trade (DFAT, 2005a), Australia's bilateral relationship with Thailand has "*matured into a strong and close partnership*" in recent years. As two established democracies with interests throughout the Asia-

Pacific region, bilateral cooperation exists across a range of fronts including trade and investment, security, migration, tourism and education.

Regional stability is a key area of mutual interest and the two countries are in close dialogue regarding regional security issues. Cooperation in multilateral forums is a feature of this strategy, but also reflects mutual concerns over global trade. Both Australia and Thailand are committed to carrying forward the Doha Round in the World Trade Organisation (WTO) and are active members of the Cairns Group established to promote agricultural trade liberalisation.

In terms of trade and investment, these links have deepened in recent years following the signing of the Thailand-Australia Free Trade Agreement (TAFTA) on 1 January 2005. TAFTA aims to increase two-way trade and investment, improve business mobility, corporate governance, and promote bilateral cooperation and capacity building in a range of areas including customs procedures, government procurement, competition policy and intellectual property protection.

Through TAFTA, bilateral trade between the two countries increased by over 30% in 2005, while Australian exports increased by almost 35%, from AUD $3.1 billion to AUD $4.1 billion over the same period (DFAT, 2005a). Education is a feature of the agreement: stipulating that tertiary education institutions in Thailand operated by Australian interests must specialise in science and technology and be situated outside the Bangkok metropolitan area. Australia remains ‘unbound’ with respect to the cross-border supply of education services.

A treaty-level agreement on bilateral cooperation that supplements TAFTA has also been recently signed. It provides a framework for future bilateral cooperation in non-trade areas, including security and law enforcement, environment and heritage, science and technology, telecommunications, civil aviation, public administration, energy, immigration, education, culture and social development.

Australia's development assistance to Thailand was reduced in 2004-05 at the request of the RTG. Nevertheless, the Australian Government continues to provide assistance to Thailand (estimated at $5.3 million dollars in 2006-07) in areas such as public sector governance and other capacity-building interventions, in addition to providing humanitarian assistance following the Tsunami disaster in 2004-05. The Australian-Asia Regional Program complements Australia's bilateral assistance to Thailand by helping to strengthen regional cooperation and economic integration (AusAid, 2006).

1.1.3 This Report

The methodology employed to undertake this study is documented in Chapter 2. This outlines the scope of work and details the qualitative and quantitative research tasks undertaken, with reference to particular techniques and sources employed, together with their limitations. In Chapter 3 the report documents and discusses those factors affecting the demand for international education, with particular reference to key demographic and economic drivers within Thai society. The analysis continues in Chapter 4 around a discussion of the implications for demand of developments within the Thai domestic education system.

In Chapter 5, the focus of the report switches to a discussion of the implications for the Thai market of the activities of various international education suppliers. In this chapter Australian international education supply is compared to that of the United States of America (USA), the United Kingdom (UK), Canada, New Zealand, France, Germany, the Netherlands, China, Japan, Malaysia and Singapore.

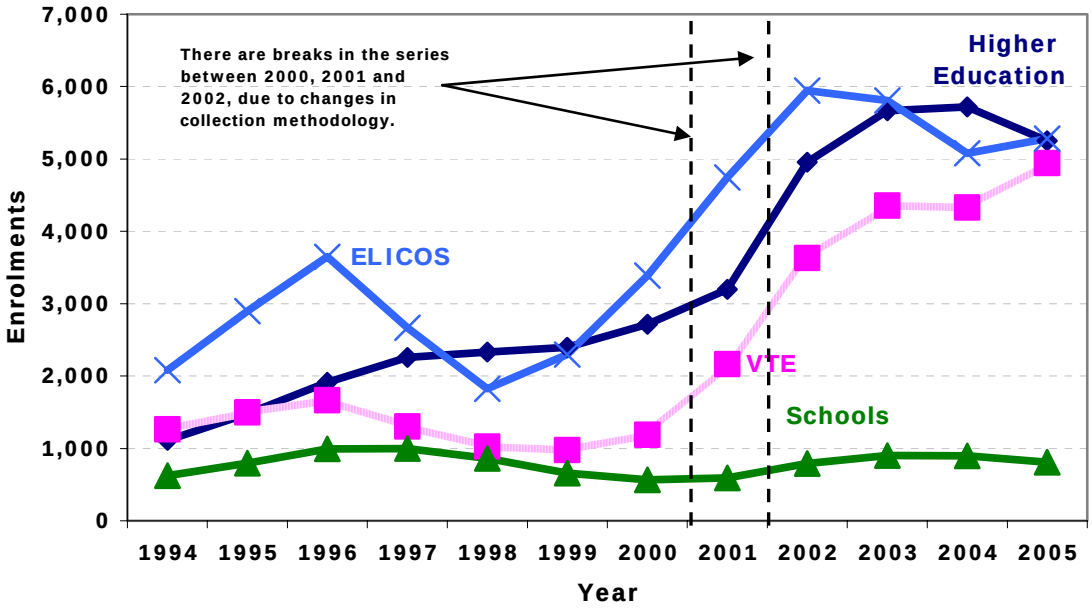
Chapter 6 of the report goes on to provide a summary of the key factors affecting the demand from Thai students for an Australian education, and concludes by providing recommendations as to how the Australian education industry might respond to the changing pattern of demand.

Before proceeding with a more detailed analysis however, it is appropriate to provide some background to the changing pattern of demand for Australian international education with respect to the Thai market.

1.2 Thai Student Enrolments in Australian Education

As shown in Figure 1, the total number of Thai enrolments (for students on a student visa) in Australian institutions is around 16,500, split roughly between the Higher Education, ELICOS and VTE sectors; with approximately 5% in Schools. The total number of Thais consuming Australian education services has increased substantially over the past decade and a half, with enrolments more than doubling in the years from 2000 to 2003. As with total international student enrolments for Australia, there has been a recent decline in the rate of market growth for Thailand. For 2005, Thai enrolments with Australian institutions increased by 1.4%, compared to an average annual growth rate of 12.8% since 1995.

Figure 1. Thai Student Enrolments in Australia by Sector (1994 to 2005)



Source: Australian Education International (AEI, 2006a)

A further breakdown of Australia's Asian market by country (see Figure A1 in Appendix A) shows that this pattern is not untypical of the market for this region, with only China, India and South Korea continuing to outperform the market as a whole. Australian education exports are dominated by China, with over 80,000 student enrolments during 2005. Other growth markets include India and South

Korea, while the rate of growth in markets for Indonesia, Malaysia, Thailand and Japan has reduced in recent years.

Overall demand from Thailand for Australian Higher Education dropped by about 8% between 2004 and 2005, and significantly underperformed compared to the global market for Australian Higher Education as a whole. Much of this decrease occurred within postgraduate education, the dominant international education sub-market in Thailand. The number of Thai enrolments in Graduate Diplomas and Certificates in Australia fell by close to 30% between 2004 and 2005, while the number of Master's enrolments decreased by over 12%. The financial implications of this latter trend are significant. Master's students constitute 62% of the Thai Higher Education market for Australia and contribute more per student to the Australian economy than those undertaking Graduate Diploma and Certificate awards.

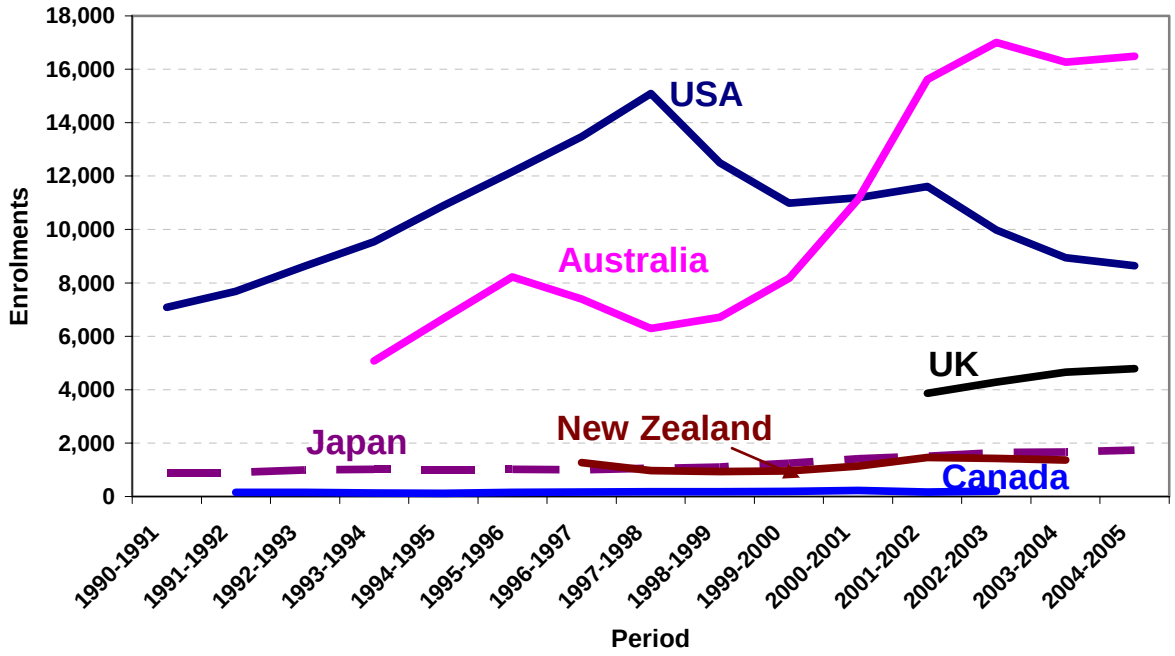
Despite a dip in numbers for 2004, the Australian VTE market in Thailand continues to develop, and grew by close to 14% between 2004 and 2005; broadly mirroring the global trend in VTE demand for Australia. After decreasing in 2004 the data indicates that demand for ELICOS provision is once again increasing, but has yet to reach 2002 levels. As elsewhere in the world, the demand for Australian Schools has continued to decrease, with a drop in enrolments of close to 10% between 2004 and 2005 (albeit from a low absolute number).

1.3 Thai Student Enrolments: All Countries

Historically the USA, Australia and the UK have been market leaders in the provision of international education for Thai students; measured by the number of onshore student enrolments in Australia across all sectors. Figure 2 below shows the pattern of total enrolments for all major providers for whom data is available[2]. Up to the year 2000, the USA was the most popular destination, with a peak of over 15,000 enrolments in 1988. Since this time the number of Thai enrolments in the USA has declined, to well under 9,000 in 2005. Around the year 2000, Australian enrolments overtook those of the USA, and despite a fall of around 700 from a peak in 2003, Australia is now the leading provider of international education to Thai students, with almost 16,500 enrolments in 2005.

[2] A more complete time-series was unavailable for the UK and New Zealand. Furthermore the UK enrolments figure does not include Thai ELICOS and School students, for whom disaggregated data was unavailable. Although there were a total of 4,921 student visas granted for 2005 according to the British Embassy in Thailand, the 2005 UK figure of 4,784 represents the number of Thai enrolments in Higher Education and VTE.

Figure 2. Onshore Thai Student Enrolments for Selected Countries, All Sectors



Source: Institute of International Education (IIE, 2005); Australian Education International (AEI, 2006a); Higher Education Statistical Agency, UK (HESA, 2006); Learning and Skills Council, UK (LSC, 2006); Ministry of Education, Culture, Sports, Science and Technology, Japan (MEXT, 2005); Ministry of Foreign Affairs, Japan (MOFA, 2006); Ministry of Education, New Zealand (MENZ, 2006); Statistics Bureau of Japan (SBJ, 2006); Statistics Canada (SC, 2006)

Statistically at least, the drop in Thai student enrolments to the USA cannot be explained by increased UK or Australian competition, since the rate of market growth for these countries has also declined in recent years. If we consider the total number of Thai student enrolments for the USA, UK and Australia, student enrolments as a whole were down by roughly 1,500 from 2003 to 2005. This aggregate drop for all market leaders would indicate that any expected increase in Thai demand is being taken-up either domestically or from countries elsewhere. Other destination countries for Thai students include China, Japan, New Zealand, France, Malaysia, and Singapore, and it is worth describing the enrolment pattern for these countries over the period that USA, UK and Australian enrolments declined.

The data shows that New Zealand also experienced a downwards trend in the number of Thai student enrolments, with a 4% reduction from 2003 to 2004. The number of Thai student enrolments for Japan increased, by 100 enrolments; while France also experienced an increase, in the region of 130 Thai student enrolments[3]. The 'missing' 1,500 enrolments cannot therefore be accounted for by these countries, since despite year-on-year increases their pattern of enrolment growth remained normal during the period of Anglophone enrolment decline.

[3] There are around 1,000 Thai students enrolled in France, 636 of which are in Higher Education. France had 555 students in Higher Education in 2003; an increment of 15% in two years. If we apply the same rate of increase in all sectors there would be a total increase of 130 student enrolments.

The possibility remains that the decrease in Anglophone student enrolments can be explained by regional market players such as China, Singapore and Malaysia, but unfortunately comprehensive data for these countries is not publicly available.

1.3.1 Market Value Estimates

The majority of Thai student enrolments for Australia are roughly equally distributed between the ELICOS, VTE and Higher Education sectors, with Schools representing a relatively low proportion. However, these proportions are not repeated with respect to market value. The Thai international education market was worth AUD $261 million for Australia in 2005[4]; with the Higher Education sector representing 52% of this value (34 percentage points of which are for Master's awards), the VTE sector 32%, ELICOS 10% and Schools 6%.

Since Thai student enrolments decreased in Higher Education and Schools, but increased in VTE and ELICOS during the last year, the market value of these sectors has accordingly adjusted. For Higher Education as a whole there has been a market value reduction of 8% since 2004, and for Schools a reduction of 10%; while the market values for ELICOS and VTE have increased by 4% and 14% respectively.

Although Australia is the clear market leader in terms of total Thai student enrolments, Australia is not the market leader by value.[5] The Thai market for international education is calculated at roughly USD $775 million[6], based upon IDP living cost data and available enrolment data from Australia, China, Germany, Japan, Malaysia, United Kingdom and the USA[7]. Although Australia has almost double the student enrolments of the USA, the two countries have similar shares of the Thai market by value, at around 34%. This is a consequence of the large proportion of 'high-value' postgraduate students enrolled in the USA, together with the disparity in tuition fees between Australian and USA courses. A similar phenomenon occurs with respect to the UK, whose approximately 5,000 students represent around 20% of the Thai market by value.

[4] SGS calculation based on student enrolment data and study costs sourced from the Study in Australia website (AEI, 2006b) at 2005 constant prices.

[5] This report uses two methods to calculate the value of international education in Thailand. The first uses tuition fees and living costs from the Study in Australia website (AEI, 2006b) in AUD. The second uses tuition fees from IDP (IDP, 2004) in USD. Although the first method is more accurate, its results cannot be compared internationally. This report therefore refers to the second calculation method when comparing market value by competitor country.

[6] At the current (October 2006) exchange rate, AUD $261 million is equivalent to US $194 million, which is approximately 25% of the total market for international education in Thailand of US $775 million (noting also that there is two years difference in the data sources). However, because the data sources and methods used for calculating the value of international education for Australia and its competitors differ (refer previous footnote), Australia's estimated proportional share using the AUD $261 million figure from the Study in Australia website, while accurate, underestimates Australia's market share when compared to the international data. Therefore, this report refers to the second calculation method referred to above when comparing market value by competitor country.

[7] Since data for several provider countries is unavailable, the figure is likely to be underestimated.

1.4 Thai Marketplace by Sector

1.4.1 Higher Education

Although the most popular destination for Thai international students overall is Australia, the USA had more Thais enrolled in Higher Education than Australia in 2003. As Table 1 shows, for Higher Education at least, the USA is the clear market leader, followed by Australia, the UK, China, Japan, Germany, Malaysia, France, New Zealand, India and Canada.

Thai student enrolment trends for Higher Education as a whole are similar to the trend in overall (all sector) enrolments, with the primary difference being that the USA is the market leader. One notable trend however, is that while the USA and Australia experienced a decrease in 2004, Higher Education enrolments to the UK increased by 5.5%. Thai Higher Education enrolments have also been steadily increasing in Japan, Germany and France; although from a lower base than the UK.

Table 1. Thai Student Higher Education Enrolments for Selected Countries (2002 to 2003)

Rank	2002/2003[8]	
1	United States[9]	7,315
2	Australia	5,667
3	United Kingdom	3,610
4	China[10]	1,554
5	Japan*	1,390
6	Germany*	794
7	Malaysia*	761
8	France*	555
9	New Zealand*	468
10	India*	293
11	Canada	205

Source: Institute of International Education (IIE, 2005); Australian Education International (AEI, 2006a); Higher Education Statistical Agency, UK (HESA, 2006); Ministry of Education of the People's Republic of China (MOE China, 2006); Ministry of Education, New Zealand (MENZ, 2006); Statistics Canada (SC, 2006); * UNESCO (UNESCO, 2006)

[8] The 2002 to 2003 period is the latest for which comparable data is available. There remains some variation in the time series between countries however, since Australian enrolments are recorded from January to December, while enrolments in the USA are recorded from July to June. The Australian figure records Thai Higher Education enrolments for the full year of 2003.

[9] The number of Thai enrolments in USA Higher Education is overestimated. IIE includes VTE enrolments and some ELICOS enrolments on courses at undergraduate Higher Education institutions within its Higher Education statistics. Estimates for ELICOS and VTE enrolments defined as undergraduate have been subtracted from a known total figure of 9,257 for the 2002/3 period. The number of Thai VTE enrolments in the USA defined as undergraduate is deduced to be less than 1,000 (999). The number of Thai ELICOS enrolments in the USA defined as undergraduate is assumed to be 943.

[10] The number of Thai students enrolled in Chinese Higher Education is also overestimated since we know that the total number of Thais enrolled in all sectors is 1,554 for 2003.

The Postgraduate Market

The postgraduate market in Thai students for Australia is valued at approximately AUD $93 million for 2005; a decrease from 2004 of roughly AUD $12 million. This decrease is largely the result of a fall in the number of enrolments of around 12%, or approximately 500 enrolments. If we consider the Thai postgraduate enrolment data for all countries (Figure A2 in Appendix A), we see that the market leader is the USA, with 5,708 student enrolments for 2004. Australia and the UK maintain an important share of the market, with 3,861 and 3,170 student enrolments respectively in 2005.

Looking at the Anglophone countries in more detail, the number of Thais enrolling to study a postgraduate degree in Australia and the USA declined by more than 1,050 students in just one year during 2004. Given the trend in enrolment data for the UK, which had 650 more student enrolments in the 2001 to 2002 period, there is some evidence to suggest that a proportion of the 'missing' Australian and USA students are being taken-up by the UK. However, since the rate of market growth for postgraduate student enrolments in the UK shrunk in the last year, from 9% to 6%, it is apparent that some other market force is at play. The rate of market growth in the UK is too small to account for the reduction in Australian and USA enrolments.

Thai postgraduate student enrolments in the USA declined for research and doctorate programmes as well as for Master's awards. For Australia, Thai postgraduate enrolments declined for Master's, Diplomas and Certificate Degrees; while the number of PhDs and Higher Doctorate qualifying programmes increased slightly. These trends correspond to a fall of around AUD $1.8 million in the market value for Australia in Diplomas and Certificate Degrees, and AUD $10.7 million for Master's degrees (with a marginal increment in the order of AUD $120,000 AUD for PhDs and Higher Doctorate qualifying programmes).

The most popular fields of study for Thais enrolling in the USA are business and management programmes, followed by engineering, mathematics and computer sciences. Similarly, the most popular area of study for Thai postgraduate students in Australia is business administration or management. The number of Thai students enrolled on these courses decreased in the last year for Master's, Diplomas and Certificate Degrees but not for PhDs and Higher Doctorate qualifying programmes. Despite a declining market value for postgraduate Thai students in Australia, the approximated market value is AUD $76.8 million for Master's degrees and AUD $4.4 million for Diplomas and Certificate Degrees in 2005. Thai students in Australian PhDs and Higher Doctorate qualifying programmes also made an important contribution to the Australian economy of roughly AUD $11.7 million.

The Undergraduate Market

The market leader for undergraduate education is indeterminate: Australia had 1,345 Thai Bachelor enrolments in 2004, compared to under 1,465 enrolments in the USA (down from 2,074 in 2001)[11].

[11] Recorded Thai undergraduate enrolments for the USA are over estimated. IIE include in its undergraduate definition students enrolled on VTE courses and some ELICOS courses at undergraduate Higher Education institutions. SGS estimates for Thai Bachelor's enrolments in the USA are derived for 2001 by subtracting a known number of VTE enrolments from the total undergraduate figure (only where these enrolments exceed 1000 is the number published). For 2004 (when the number of VTE enrolments was less than 1000), an upper estimate of 999 VTE enrolments is subtracted. Since the number of ELICOS enrolments defined as undergraduate

In the UK, the number of Thai Bachelor enrolments increased at a constant rate from 750 in 2001 to 975 in 2005. Unlike for the postgraduate sector, the number of Thai enrolments in Australian Bachelor's degrees has also steadily increased in recent years, from 1,126 enrolments in 2002 to 1,391 in 2005. The estimated value of the Thai undergraduate market for Australia was AUD $31.1 million for 2005.

1.4.2 Vocational & Technical Education

Australia is the market leader in terms of VTE provision with 4,944 Thai students enrolled in Australia in 2005. This is followed by the USA, estimated to have less than 1,000 enrolments in 2004, down from more than 1,100 in 2001 (see Figure A3 in Appendix A). The further education system of the UK had 644 Thai enrolments enrolled during the period 2005, a slight drop from 678 enrolments in 2003, and 730 in 2004.

Thai VTE enrolments have increased for Australia, with an expansion rate of 14% from 2004 to 2005. This is mainly due to growth in the service, hospitality and transport related programmes, which more than counterbalance the drop in vocational IT enrolments. Our estimate for the value of the Thai VTE market to Australia is greater than that for the postgraduate market, at roughly AUD $96 million in 2005.

1.4.3 ELICOS

Australian education institutions are the market leaders in the ELICOS sector for Thailand, followed by New Zealand and the USA (see Figure A4 in Appendix A). Data for the UK from the British Council and other institutions was unavailable. Thai enrolments in ELICOS for Australia declined from 5,945 in 2002 to 5,081 in 2004. There has been a recent rejuvenation in the market during 2005, with the number of Thai enrolments increasing to 5,280 by the end of 2005. According to the New Zealand Ministry of Education, the number of Thai students enrolled in an ELICOS course in New Zealand was 2,944 in 2003 and 1,511 for 2004.

The USA also experienced a large drop in the number of Thais studying within the ELICOS sector; in 1996 there were 2,206 enrolments, by 2003 there were little more than 900. Similar to the trend for Australia, the USA has recently experienced a small increase in the number of enrolments from 943 in 2003 to 1,088 in 2004. Although this report does not include ELICOS enrolments for the UK, Thai ELICOS students in the UK are expected to be lower than in Australia or the USA. Taking other foreign languages into consideration, France also has an important position in the market, with around 300 Thai students enrolled in French courses in 2005. Thai enrolments in Chinese language courses are unknown, but may be in the hundreds given the influx of Chinese language teachers into Thailand (see section 5.7.1 of this report).

(that is, enrolments on courses of 15 hours or more per week) is unknown for both years, no ELICOS enrolments are subtracted.

1.4.4 Schools

The data for Thai enrolments in overseas schools is limited. However, there is known to be a significant number of Thai school students enrolled in New Zealand (911 students in 2004), Australia (808 in 2005) and France (100 in 2005) (see Figure A5 in Appendix A)[12]. Thai School student enrolments are estimated to account for less than 5% of the total number of enrolments for all sectors, and 5.6 % of the total value of the Thai international education market for Australia. The number of Thais enrolling in Australian Schools has decreased significantly in recent years, with a decrease of around 90 enrolments (roughly 10%) from 2004 to 2005. The estimated loss in income for the Australia economy is around AUD $1.4 million.

Although New Zealand has more Thais enrolled in Schools than Australia, the trend in enrolments for Australia and New Zealand are similar. Both countries experienced a drop in enrolments from 1997 to 1999. From 2000, when the Thai economy started to recover from the 1997 Asian financial crisis, the number of Thai school student enrolments increased, by the same proportion, until the 2003 peak. In recent years, the number of Thai school student enrolments has decreased in both Australia and New Zealand, although figures to 2005 for New Zealand are unavailable.

1.4.5 Distance Education & Offshore Provision

Most countries do not publish data on distance education or offshore enrolments, and where available usually only covers Higher Education. The number of Thais on UK correspondence courses however, is known to have increased from around 45 individuals in 2002 to around 55 in 2005. With respect to Australia, total offshore enrolments in Thailand have decreased from 224 in 2002 to 168 in 2004. Offshore distance education, which comprises the majority of this provision, dropped from 214 enrolments to 156 over the same period. Onshore distance education enrolments for Australia did however, increase slightly from 29 to 37 student enrolments (DEST, 2006).

1.5 Market Summary

Total Thai enrolments for the USA, UK and Australia combined decreased by roughly 1,500 from 2003 to 2005. Although overall this trend has recently begun to reverse for Australia (as a result of VTE and ELICOS growth), because of a sustained downturn in the postgraduate market, total economic returns have continued to decline. The VTE sector had the highest gain in revenues for Australia, up AUD $10.7 million during 2005. This is followed by the market in Bachelor's degrees, up AUD $1 million. The market for postgraduate Diplomas, Certificate Degrees, and for Schools experienced reductions in revenue; although the most significant reduction was for Master's degrees, with an estimated fall of AUD $10.7 million in 2005.

In the Thai international education market, Australia is the leader measured by enrolments; particularly in the VTE and ELICOS sectors. In the case of Bachelor's degrees, there is not a clear country leader due to the lack of information and the tightness of the market, although the lead country is likely to be the USA or Australia. In the postgraduate market the USA is dominant, but essentially in the Doctoral-research programme market, rather than for Master's programmes, where Australia continues to lead with more than 3,000 enrolments. Schools data for countries such as the

[12] No UK Schools data was available for this study.

USA or the UK is largely unavailable; however, Australia is unlikely to be the principal provider for this sector over New Zealand.

2 Approach & Research Methods

This study takes a multi-disciplinary approach to the investigation of the market for international education in Thailand. It combines desk-based qualitative and quantitative research with qualitative research undertaken in the field. The objective was to gather intelligence on a range of indicators affecting the demand for, and supply of, international education in Thailand. These indicators were developed in consultation with AEI and representatives from each of Australia's four education sectors.

In respect to Australian based desk research – in addition to basic literature searches - the study uses descriptive statistical techniques to contribute to an understanding of: Thai economic development, development of the Thai education system, and to compare the costs of obtaining an international education across multiple providers for each education sector. Australian competitor countries are selected on the basis of past performance in the Thai market and to include potential new competitors in Asia and non-Anglophone Europe.

In respect to Thai based field work a series of 20 focus groups[13] and a total of 119 interviews were conducted, from November 2005 to January 2006. The following sections of the report document the methods of inquiry and their limitations in more detail.

2.1 Desk-based Research

2.1.1 Qualitative Methods

Web-based searches and other desk-based literature searches were used to gather intelligence for describing the products and services of international education suppliers in Thailand. Attempts were made to use the most authoritative sources available, such as the websites of government agencies or official industry representatives. However, in cases where these sources were unavailable or in a native language other than English or Thai, alternative industry sources were used. Since this risked the integrity and timeliness of some information, attempts were made to clarify uncertainties through intelligence gathered at interview.

2.1.2 Quantitative Methods

The quantitative data used in this study came from a variety of sources ranging from multilateral organisations, Thai government agencies, non-government organisations, and Australian educational institutions. Some of these sources, such as the World Bank, UNESCO, AEI and the Thai National Statistical Office (NSO) have been cited frequently.

Socio-Economic Data

The World Development Indicators (WDI) produced by the World Bank is one of the main sources used. It contains time-series statistical data for a variety of social and economic development indicators for

[13] Includes one set of six interviews with 'parents', using the focus group protocol.

Thailand from 1960 to 2005. Use of the WDIs enabled cross-country comparisons, although not all Thai specific data sets were available; such as detailed income or other household level data. Where appropriate, proxy data sets have been used.

The NSO of Thailand was able to provide data on many of the variables unavailable from within the WDI dataset. However, these statistics contain gaps in the time-series, making trend analysis imprecise. For some Thai labour market variables the International Labour Organisation (ILO) held more recent data (sourced from the NSO) than is otherwise publicly available. In many cases data from the NSO was supplemented by data from multilateral agencies, although the Central Bank of Thailand is a comprehensive source of up-to-date economic intelligence.

Other sources inside the United Nations system include the Population Division and the Commodity Trade Statistics Database. The United Nations Population Division (UNPD) is responsible for the monitoring and appraisal of a broad range of national population statistics. The World Population Prospects database, maintained by the United Nations Institute for Statistics (UNIS), contains observed population trends since 1950, and population forecasts to 2030. Although the database contains a useful urban-rural split, there is unfortunately no division by region for Thailand, so inter provincial comparisons could not be made. For Thai population projections by region the consultant team calculated approximations for Bangkok, applying the expected rates of urban population growth to census data from the Thai NSO. Fertility rates by level of education are taken from a survey by a non-government organisation, Demographics and Health Surveys, since alternative official sources were unavailable.

The Commodity Trade Statistics Database (Comtrade), also maintained by the UNIS, provides commodity trade data for all available countries and areas since 1962. As the name indicates, this database is for commodities only and does not contain data on exports and imports of services. Full data regarding Thai consumer debt could not be found. However, the consultant team uses a suitable alternative, namely consumer bank debt and the average level of household debt reported by the Thai NSO.

Student Enrolment Data

In respect to student enrolment data, AEI supplied up-to-date enrolment statistics on international education onshore in Australia, based upon student visa reporting mechanisms. Where possible this data set was used as a 'control' for inter-country student enrolment comparisons. The AEI data is limited in that comprehensive statistics for offshore international education provision in Thailand are unavailable, while those Thais commencing education in Australia without a student visa are not picked up in the data.

Comparison of AEI enrolment data to that maintained by other countries is problematic, given various definitional distinctions, poor availability and differing time series'. Where appropriate, the consultant team's own calculations have been used to enable approximate comparisons. Enrolment data for New Zealand, for example, came from various sources within the New Zealand Ministry of Education, and due to differences in collection methods, the numbers of international full fee paying students enrolled in English language schools are relatively over-stated.

More limiting is the fact that some countries do not make their enrolment statistics publicly available. For example, Singapore would not release any enrolment statistics, while China would only provide data for a single year. In cases where country enrolment data is absent the data is sourced from the

relevant UNESCO education statistical report maintained by the UNIS (if available). This data is limited to Higher Education only however, and in certain cases inconsistencies were found with data held by the host country. The differences are minimal however; often the result of rounding for the purpose of confidentiality.

With respect to data regarding offshore provision in Thailand, for sources other than Australia the data is largely unavailable. The USA, UK, Canada and France do not gather such data systematically, while any such data collected for Japan, Malaysia, Singapore and China is not made publicly available. For their part, the New Zealand Ministry of Education defines offshore supply as provision by institutions outside of New Zealand territory, or through partnerships and distance education. This information is not however, available by country. Unless otherwise indicated therefore, offshore data has not been included in any subsequent analysis.

Other data gaps relate to the time series of the prices for international education. The prices of international education are not shared or centrally gathered by the national statistical offices of most countries, and even in cases where data is collected (like Canada) the data is not maintained prior to the mid 1990s. For the purposes of this study therefore, the consultant team uses an alternative, but not preferred variable to approximate price changes over time: a time series of average course fees for the four Australian education sectors provided by AEI.

While accurate, the consultant team's estimates of the market value of international education in Thailand are imprecise, since calculations rely upon student enrolment figures rather than actual student numbers. Moreover, the data is not readily comparable between countries, since some countries log total student expenditures, while others just use student fees. For this reason, in our comparison of country course fees against enrolments (see Section 5.1) an index of fees is presented, rather than absolute dollar values.

2.2 Field Work

Intelligence derived from quantitative sources is triangulated with intelligence from qualitative research undertaken in Thailand.

2.2.1 Qualitative Methods

A total of 119 individual semi-structured interviews were conducted with: Thai and Australian government officials, Thai alumni of Australian institutions, Thai academics, international education agents, Australian education industry representatives, human resource managers and recruitment executives, business leaders and managers in both Thai and multi-national companies, and representatives from each education sector in Thailand. A complete list of interviewees by category can be found in Appendix B. Appendix C contains an attitudinal survey (and results) which compares Thai attitudes to various international education providers. Appendix D contains the study's interview protocol, or list of questions used during interviews.

Interviews were conducted in either Thai or English, according to the degree of comfort of the interviewee. The data was analysed by drawing-out essential themes from statements made by each person. Information from the interviews has been used to inform the conclusions drawn throughout this report. Semi–structured informal interviews were conducted, based on the participant's culture and

their need to feel comfortable and relaxed during interview. This is in accordance with protocols used by Thanasankit (1999) and Fetterman (1989).

Alongside interviews, 19 focus groups were conducted with 114 participants in all. All focus groups were conducted by a project team member in collaboration with a private market research company, using industry standard procedures for market analysis research. In the method of market research, focus group participants were randomly recruited. Unfortunately, the spread of recruits in terms of their intended study destinations is limited, with the vast majority intending to study in an Anglophone rather than Asian country.

Each participant was paid a stipend to encourage attendance (the norm in the Thai market research industry) and focus groups lasted between 90 and 120 minutes. Discussions were conducted in Thai and recorded, and tapes from each session were transcribed and translated into English. Each focus group was conducted in a special focus group room with an observer present, behind a one-way mirror and in contact with the facilitator.

Each focus group participant was asked a series of questions relating to issues emerging from the interviews or otherwise requested by AEI. During group discussion, participants were asked a consistent series of questions about Australia, education in Thailand and the demand for education by sector, according to their perceptions of the various provider countries and their institutions.

In addition, 6 other face-to-face interviews (with parents of school students) were conducted using the focus group protocol. These interviews were undertaken after attempts to recruit attendees for the intended focus group failed.

3 National Economic and Social Development in Thailand: Implications for Demand

This chapter considers national socio-economic trends and prospects in Thailand and their implications for international education demand in Thailand. Particular reference is made to Australian education, both generally and, where applicable, in terms of the implications for each sector of Higher Education, VTE, ELICOS and Schools. The chapter demonstrates that the many factors influencing Thai demand for education (and specifically, Australian education) are not confined to matters particular to the Australian or Thai education systems. Rather, they are much broader in scope, cutting across issues of culture, society and economy. The desk-based research and data analysis findings are complemented by perceptions identified during interviews and focus groups, to better understand how economic trends and prospects are influencing Thai demand for international education. As is the case in other chapters of this report, issues and opportunities presented to the Australian education industry are identified.

3.1 Thailand: An Evolving Economy

A developing nation, Thailand is currently in a rapid phase of economic, social, cultural and political 'modernisation'. Thailand's current economic growth trajectory is supported by a suite of Thai government policies and programmes designed to enhance the competitiveness of Thai industry and to engage Thailand with the global economy. Since the onset of the Asian financial crisis of 1997, Thailand has undergone a significant economic transformation, supported by the Royal Thai Government's (RTG's) dual track economic policy of internal economic stability and export-oriented economic growth. The Thai government's approach is designed to encourage a more stable and competitive economy, characterised by greater economic prosperity for more of its citizens.

While the post-crisis economic reforms of the RTG have certainly played a role in transforming the Thai economy, the data presented in this chapter demonstrates that Thailand's economic development is not a recent phenomenon, but a process that has taken place over many years, and that will continue into the foreseeable future. The Thai government's current economic policies - to transform and modernise Thailand's traditional industries, to identify opportunities for new industries, to 'skill up' the labour force, to deliver the infrastructure required to support a competitive and healthy economy, to develop export markets and to achieve a greater distribution of wealth among Thai citizens – coupled with socio-economic trends and prospects, all play a part in influencing the demand for international education. This chapter considers those influences and their implications for the Australian education industry.

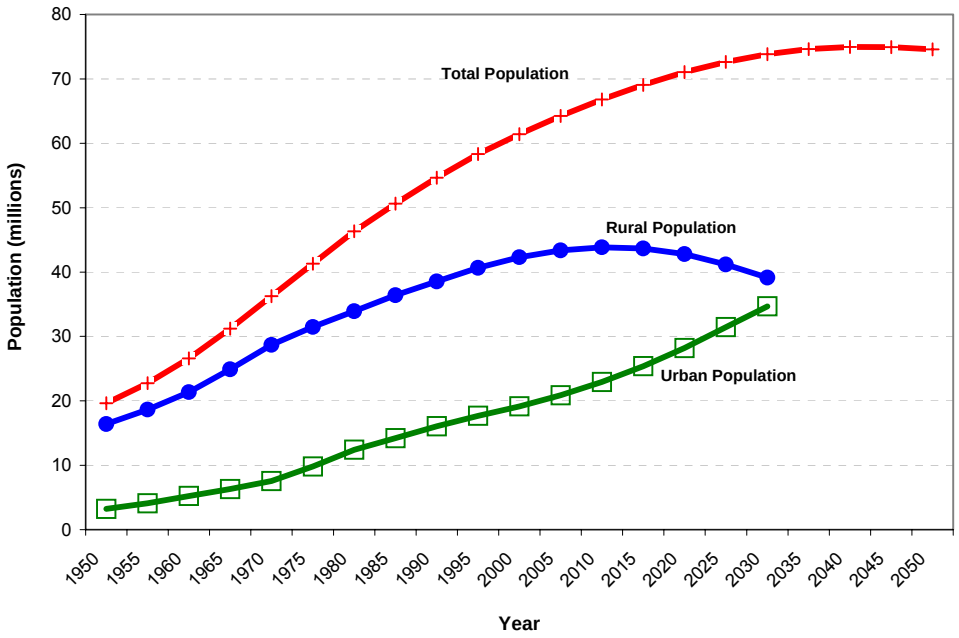
3.2 Thailand's Population Characteristics and Trends

3.2.1 Population Distribution, Age Structure, Growth Trends and Projections

According to the United Nations (UNPD, 2006) in 2005 Thailand had a population of approximately 64 million people, about 12% of the population of South East Asia. Thailand has experienced a steady and significant rate of population growth since the 1950s. However, over the past 25 years, Thailand's rate of population growth has slowed. For example, in the 10 year period to 2005, Thailand's population increased at an average annual rate of 1.0%, compared to a rate of 1.5% per annum during the 1980s, and over 3% per annum throughout the 1950s and '60s.

Thailand is traditionally an agrarian society and in 2005 approximately two-thirds of the population still lived in rural areas. About 13% of the population is concentrated in the capital city of Bangkok with the remainder spread fairly evenly across the country's rural and regional centres (UNPD, 2006). As shown in Figure 3, Thailand's urban population is projected to grow in part at the expense of the rural population, which is forecast to decline in the next 25 years. It is expected that Thailand's urban and rural populations will converge by about 2030.

Figure 3. Population Growth (Actual and Projected) for Urban and Rural Thailand (1950 to 2030)



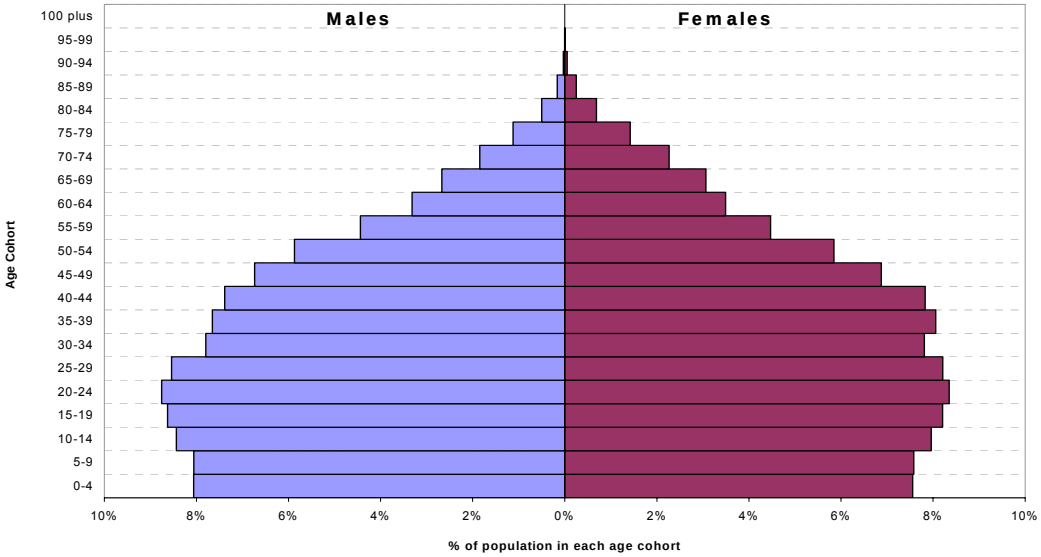
Source: United Nations Population Division (UNPD, 2006)

Although still a developing economy, Thailand's slowing rate of population growth is characteristic of more developed nations and the United Nations predicts that over the next 45 years, Thailand's population will grow at an average annual rate of just 0.3%, reaching almost 75 million by 2050. This trend, coupled with other social and economic indicators (see following sub-sections of this

report), is indicative of Thailand's transformation towards 'developed nation' status. As a result, although the rate of population growth in Thailand is slowing, a greater demand for education services across all sectors – Higher Education, VTE, ELICOS and Schools – can be expected.

Thailand has a relatively young population with close to half (31.22 million) aged in the 15-44 age group. As shown in Figure 4, almost one-quarter (15.29 million) of Thailand's population is under the age of 15 and roughly half (31.57 million people) is under the age of 30, suggesting sustained population driven demand for Higher Education, VTE and ELICOS over the next 10 years[14]. As Figure 5 illustrates, the United Nation's forecast age/sex structure for Thailand in the year 2025 suggests that over the next 20 years, Thailand will experience an ageing population, with the proportion of the population over 40 years increasing from 35.19% (22.61 million people) to 46.29% (33.62 million people) over the period. This does not necessarily mean a declining demand for education over the long-term however, since the Thai economy should continue to develop, while the population (in absolute terms) will continue to grow; reaching an estimated 72.6 million people by 2025. Indeed the data demonstrates that on the basis of population structure alone, there is likely to be a growing market for international education over the next decade or so, as increasing numbers of children enter further education and as adults with Higher Education awards undertake further studies in VTE or ELICOS. Other socio-economic indicators and qualitative information presented in this chapter support this conclusion.

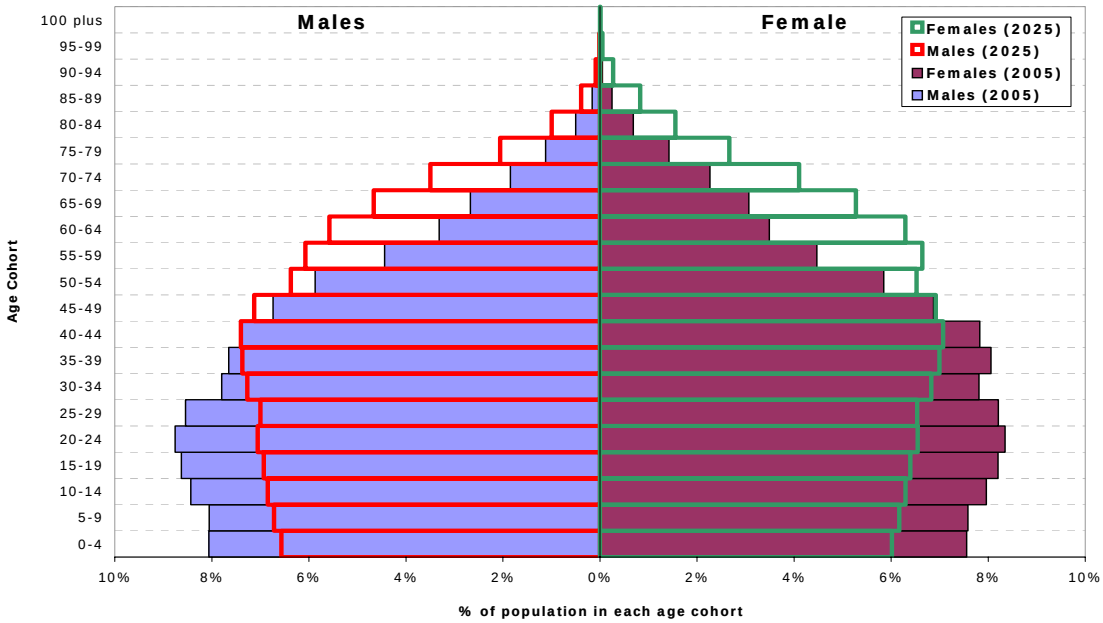
Figure 4. Thailand's Age/Sex Profile (2005)



Source: United Nations Population Division (UNPD, 2006)

[14] Thailand's population age structure is relatively young compared to more developed countries such as Australia. For example, over two-thirds of Thailand's population (41.63 million) is under the age of 40 compared to 50% of the Australian population. Thailand has a larger share of its population in the 0-14 year age group (24%, or 15.29) compared to Australia (21%). And while only 15% of Thailand's population is over the age of 55 (9.58 million), in Australia the figure is 22%.

Figure 5. Thailand's Forecast Age/Sex Profile (2005 and 2025)



Source: United Nations Population Division (UNPD, 2006)

Thailand's urban-rural convergence is another indicator of a transforming economy, one where the new drivers of economic growth – in business services, government services, personal services, retail and manufacturing – are concentrating in urban areas where they have the infrastructure support and market access required to compete. This has implications for the demand for international education; both in terms of the type of education services needed (to meet skills requirements) and in terms of the most suitable location for new education institutions.

Interviews held as part of this study (with academics and representatives of Thai educational institutions) highlight that the location and 'name' of any educational institution in Thailand is a key determinant of student demand for courses at that institution. Hence, Australian education providers considering offshore (in Thailand) provision need to give serious consideration to the location of their facility if they are to be successful in capturing demand.

From the anecdotal evidence gathered through the interviews and focus groups, it appears that Bangkok presents the greatest opportunity for market access and penetration by offshore providers, despite the presence of large population centres in the provinces. The geographical restrictions placed upon Higher Education and post-secondary VTE under TAFTA effectively prevent Australian providers from leveraging such opportunities unless they are in partnership with an existing Thai owned institution or if they have majority Thai ownership.

3.2.2 Household Income

Thailand's average annual household income level has been increasing at a steady rate over the past few years from USD $3,291 in 2001 to USD $4,361 in 2004 (NSO, 2006). Based on this rate of increase it will exceed USD $5,000 by 2010. GDP per capita has also risen, up from USD $1,998 in 2000 to USD $2,356 in 2004 (World Bank, 2005a), with a figure of USD $2,693 forecast for 2010. Using the Purchasing Power Parity (PPP) measure of GDP per capita the figure was USD

$6,178 in 2000, USD $7,890 in 2004, and is forecast to rise to USD $11,890 by 2010[15] (Economist Intelligence Unit, 2006). Thailand's average household income levels are higher than that of neighbouring countries including Malaysia, the Philippines, Indonesia and Cambodia. According to the NSO Household Socio-Economic Survey the ten percent richest households in 2005 commanded around one-third of all household income (NSO, 2006; Reuters Foundation, 2006). Applying this (sample survey) ratio nationally, this means that in 2005 there were 1.8 million Thai households with an income at or above USD $32,000 per year. That is, 1.8 million households with the potential discretionary income to purchase an international education. On a regional (South East Asian) scale therefore, Thailand offers good prospects for Australian education providers seeking to tap into a large and increasingly wealthy market for education services. However, as highlighted in Chapter 5 of this report, despite growing incomes, Thailand remains a price sensitive market in which perceptions of 'value for money' remain important.

According to the Australian Government Department of Foreign Affairs and Trade (DFAT, 2005a), private consumption is an important driver of economic growth in Thailand. As would be expected, there was a marked drop in consumer lending by banks and other financial institutions after the Asian financial crisis of 1997; after which a steady increase in lending has been observed. From 2000 to 2003, lending for personal consumption increased at an average annual rate of 3.6%. A closer look at lending for personal consumption over the last two years shows that loans by commercial banks specifically for education purposes (that is, student loans) has increased significantly, up by 51% in 2005 alone (Bank of Thailand, 2006). Private lending for personal consumption on education looks set to continue on this path over the next 2 to 5 years, which is likely to have a positive impact on the demand for international education over this period. That high levels of consumer and government borrowing have fuelled growth in Thailand since 1997, however, could pose a serious risk to future growth; assuming that borrowing has not been invested productively. Thailand's current account deficit stood at only 0.5% of GDP in 2005 (Economist Intelligence Unit, 2006) but was in surplus for all preceding years to 1997. Given the emphasis within the Thai economy on private consumption, should this deficit continue to increase, it is not unlikely that a rise in interest rates coupled with a depreciation of the Baht, will result in a contraction of the Thai economy (following the current boom, in say 5 years time).

There is also evidence to suggest that while the Thai upper middle class may be experiencing improvements in household and personal wealth, thus reducing income inequalities between the middle and upper classes, Thailand's lower-middle and low income groups in rural districts continue to experience relative income disadvantage. According to reports by the Thailand Investor Service Center (TISC, 2006b), several factors have contributed to this, including problems with land reform, development of Thailand's industrial sector at the expense of the agricultural sector, not enough focus on secondary schooling, graduates from vocational schools expecting lower future wages compared to those from universities, and the lack of success of previous Thai government regional development policies to benefit rural populations to the extent intended. Demand for international VTE courses in rural areas will continue to be weak as long as low returns in terms of salary and skilled employment opportunities reduce the incentive to make investments in international education within these areas. In contrast, demand for VTE in growing urban and outlying manufacturing zones, such Chonburi on Thailand's eastern seaboard, remains strong.

[15] PPP measures of GDP per capita are roughly three times greater than standard GDP per capita measures. Although an indicator of relative living standards the figures do not necessarily indicate a greater ability to afford an international education since PPP calculations are based upon the relative affordability of a standard basket of domestic products and services, which excludes imported services such as international education.

At interviews held with a number of prominent Thai alumni of Australian institutions and private sector representatives, it was suggested that Thailand needed to make a greater commitment to regional economic development. It has been argued that Thai universities are not actively contributing to regional development, but could be. It was also argued that Australian institutions could make a greater contribution to education and regional economic development in Thailand by making a commitment to education provision in Thailand's rural areas. This would help to overcome perceptions that Australia's approach to education delivery to Thai students is overtly commercially focused (see also Chapter 5). It would demonstrate a genuine commitment to national development through education delivery and would contribute to the continual development of a sustainable bilateral relationship between Thailand and Australia. A large number of interviewees, in academia, industry and in government, stressed the importance of a sustainable and meaningful bilateral relationship between Australia and Thailand to underlie economic initiatives, including trade in education.

3.2.3 Education Attainment

Thailand's population is more educated now than say 30 years ago. In 1970 only 1% of the population held post-secondary/tertiary qualifications, today 8% of the Thai population is tertiary qualified (UNESCO, 2006). Thailand's more educated population of 2006 compared to 1970 reflects the country's economic growth, its on-going transformation from a developing towards a developed nation, growing household income, greater access for Thais to international education and the provision of more opportunities for education in Thailand.[16]

Thailand's growing consumer wealth and increasingly educated population has implications for the demand for Australian education, in that educated parents are more likely to invest in education services for their children. For example, parents of domestic school students who participated in the focus groups generally voiced concerns about the quality of the Thai education system, and indicated that they will send their children overseas to be educated, to increase their chances of high earning employment. This fact, coupled with the prestige Thais place on an international education provides opportunities for Australian Schools to attract more Thai students to Australia. However, the focus groups highlighted a general preference for Thais to keep their children at home, all things being equal. This presents a clear opportunity for Australian Schools to capture a greater share of Thai domestic demand by providing education services offshore in Thailand.

3.3 Thailand's Economic Growth

3.3.1 Historical Growth Trends

Apart from a significant drop to negative growth associated with the Asian financial crisis of 1997 (refer to Figure A6 in Appendix A), Thailand has experienced a healthy rate of economic growth (by GDP) since the 1960s; of around 6.5% on average each year from 1961 to 2004 (World Bank, 2005a).

[16] More detailed discussion on education provision and attainment in Thailand is provided in Chapter 4.

Compared to the wider (South East Asian) region, Thailand has experienced a higher rate of economic growth since the late 1980s, although the economic shock of 1997 had a more acute impact on Thailand than on other countries in the region. However, since its recovery from the financial crisis, Thailand has experienced strong rates of annual economic growth. According to the World Bank (World Bank, 2005a) Thailand's economy experienced an average annual growth rate of 4.8% between 1999 and 2004, which is above that of the regional (South East Asian) average during the same period. Although difficult to disaggregate by sector, such high rates of growth are a precondition for an increase in demand for international education in circumstances where domestic provision is relatively weak.

3.3.2 Economic Growth Prospects

The prospects for economic growth in Thailand in over the next 2 to 5 years remain good despite recent economic, political and social developments that have placed a brake on growth. According to sources including the World Bank (World Bank, 2005b) and the Asian Development Bank (ADB, 2005), recent developments and events which have subdued Thailand's consistently healthy rate of economic growth include:

- higher international oil prices;
- continuing drought in Thailand's rural and regional areas;
- the avian flu pandemic;
- political unrest in southern Thailand;
- recovery from the effects of the Tsunami;
- rising household and commercial debt (and interest rate pressures);
- the global economic slowdown and a slowdown of growth in Thailand's export markets; and
- growing skill shortages.

Recent comments made by the Secretary General of the National Economic and Social Development Board (TISC, 2006a) suggests that rising global oil prices are the biggest threat to Thailand's economic competitiveness and growth.

The World Bank (2005b) forecasts growth in Thailand's GDP of around 5% in 2006 and 5.2% in 2007. Similarly, the International Monetary Fund (IMF, 2006) expects the Thai economy to grow at more than 5% in 2006, stating that interest rates and higher oil prices will not cause as much inflationary pressure as they did in 2005. Various other sources concur that Thailand is set to continue its high rate of economic growth into the foreseeable future. GDP forecasts by the RTG Ministry of Finance, the Bank of Thailand and the National Economic and Social Development Board range from 4.5% to 5.75%, while private forecasts hover around 5% (TICS, 2006a).[17]

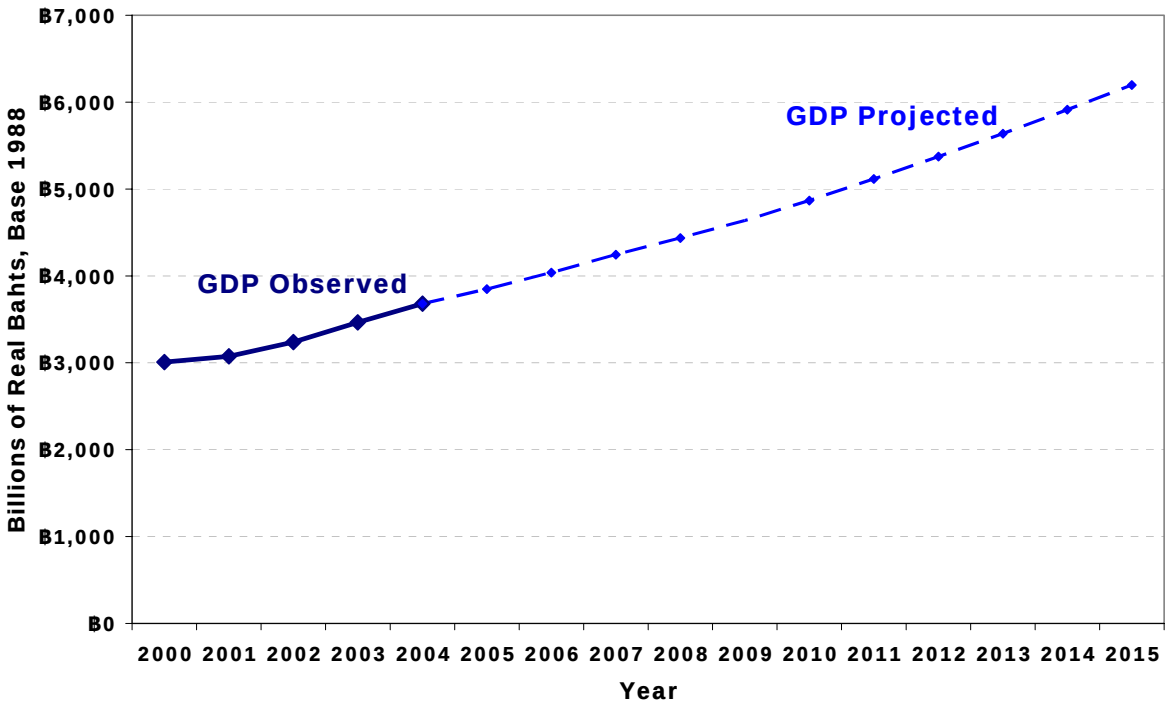
Figure 6 below illustrates Thailand's forecast economic growth over the next few years based on Economist Intelligence Unit (EIU, 2006) projections. It shows that strong rates of growth are set to continue to 2015 and perhaps beyond. This should have positive implications for the demand for international education as Thailand's economy continues to diversify and grow. For the Australian

[17] The significance of Thailand's recent and forecast economic growth is reinforced when it is considered that Australia, a country that is experiencing historically high rates of economic growth, showed a growth in GDP of just under 3% in 2005 and is forecast to grow by 3.1% in 2006 and 3.4% in 2007 (Economist, 2006).

education industry, this means a potential growth in the market across all education sectors, and for a wider range of institutions and courses.

There is general consensus among Thai domestic commentators and economic analysts that the political crisis in the first half of 2006, punctuated by the stepping down of Prime Minister Thaksin Shinawatra and a failure to fill all seats in Parliament after two elections, may have a short-term impact on levels of business confidence and investment. However, any impact on Thailand's economic growth would be negligible at best (unless the political crisis persisted). Nevertheless, some analysts have revised their short-term economic growth trends to the lower end range of their forecasts. A joint committee of three private-sector organisations comprising the Thai Chamber of Commerce, the Federation of Thai Industries and the Thai Bankers' Association have suggested that if political tensions continue, Thailand's GDP could be expected to expand at less than 4% over the next 12 months. Nevertheless, this is still a healthy rate of economic growth.

Figure 6. Thailand's Forecast Gross Domestic Product in Thai Bahts (2000 to 2015)



Source: Economist Intelligence Unit (EIU, 2006)

Prospects for continued economic growth and prosperity suggests that as the Thai economy grows and diversifies, and as consumer wealth continues to accumulate, demand for international education will continue to grow. The nature of demand (by discipline, course and provider) will be influenced by many additional factors, however, future demand is likely to be increasingly sophisticated; reflecting the increased diversity of Thailand's industry structure and consumer consumption patterns. A critical driver of demand is therefore the nature of Thailand's industrial structure (and in particular Thailand's growth industries) and the labour market dynamics associated with this. These issues are the subject of the following sub-sections of this report.

3.4 Thai Industry

3.4.1 Thailand's Industry Trends and Prospects

Economic activity in Thailand is characterised by a strong industrial sector (mining, manufacturing and construction), which according to the World Fact Book (CIA, 2006) accounts for about 45% of the country's total industry output. Figure A7 in Appendix A shows the contribution of each broadly defined industry sector to the Thai economy over the 4 years from 2000 to 2004 (in constant 1998 values). The principal contributor to Thailand's industry output is the manufacturing sector. As highlighted by Porter (Porter, 2003), Thailand's manufacturing strength lies in its automotive manufacturing sector as well as the long-standing traditional sectors of textiles manufacturing and food processing (linked to the country's agricultural sector).

Thailand is continuing to develop and grow its large automotive industry. According to the RTG National Economic and Social Development Board (NESDB, 2006a), Thai auto exports more than tripled over the past five years. This trend, coupled with a Thai government policy which promotes the development of the automotive sector's movement towards higher order, higher value activities, presents challenges and opportunities for the Australian education and training sectors, which must track and match this flow of skills requirements in order to satisfy demand. Other notable contributors to Thailand's industry output include the transport and communications sector and the wholesale and retail trade sector; the latter reflecting the important role that private consumption expenditure plays in driving the Thai economy.

According to the ADB (ADB, 2005), a larger pool of trained employees, especially in the technical fields, is required to help the Thai economy remain globally competitive; a sentiment echoed by a number of interviewees who highlighted a shortage of skilled Thai labour in key industries, including engineering, computer science and finance. As discussed in Chapter 4 of this report, the Thai government is in the process of a series of education sector reforms. However, the process has been slow to satisfy Thailand's labour market demands. As one prominent business leader commented, the obstacle to long-term economic growth in Thailand is the lack of any real reform in the Thai education system. This presents opportunities, particularly for Australia's Higher Education and VTE providers, to capitalise on a growing Thai market for industry focused education and training.

Nevertheless, some of the reform measures have met with success and these too offer opportunities for Australian education providers. As discussed in Chapter 4 of this report, the Thai government is offering scholarships to secondary students to study internationally, with a deliberate focus on poorer rural areas, through the "*One Scholar, One Tambon [district]*" scheme. This mirrors another key economic policy of the Thai government, namely the "*One Tambon, One Product*" scheme, designed to foster rural economic growth through specialisation in manufacturing. The government's focus on equity and quality in basic education reflects a vision of a more knowledge-based Thai society, characterised by a modern workforce engaged with the global economy. This potentially means more Thai graduates, more skilled trainees and higher exit levels from secondary schooling, and an increased use of English. For the Australian education industry, this provides more opportunities to capture a growing market of Thai students looking to advance their qualifications, particularly in (postgraduate) Higher Education, VTE and ELICOS.

Agriculture, once the economic mainstay of Thailand, in 2005 accounted for about 9% of total industry output. Porter (Porter, 2003) notes that Thailand's textiles industry and its food industry are both in decline; both are under threat from low value competitors (such as China) or higher value competitors (such as Austria and Australia). Nevertheless, key sectors of agricultural activity remain important; notably rice, rubber, fruit production and fishing. According to the NESDB (NESDB, 2006a) Thailand is the world's largest exporter of rice, canned tuna, rubber and canned pineapples. These are all sectors which have a heavy reliance on logistics and supply chain management in order to service export markets. One human resource consultancy firm, interviewed as part of this study, suggested that logistics (supply chain management) is a potentially large growth area for the Thai labour market. Apparently – as of January 2006 - there is only one Thai PhD graduate within the logistics and shipping industry in Thailand, despite strong demand for more qualified people in this field.

Furthermore, one academic interviewed suggested that because of the similar environmental ecologies of Australia and Thailand and Australia's research and academic strengths in this area, Australian Higher Education institutions could be more proactive in delivering agricultural science research expertise and training to Thailand. This could also serve to help address one of the issues highlighted throughout this report (refer to Chapters 4 and 5), namely the current lack of sustained institutional research links between Australian and Thai universities.

The growing services sector provides for about 41% of Thailand's economic output. This is dominated by the wholesale and retail trade sectors, tourism (hotels and restaurants) and other services such as personal services, private households employing staff and community services (NESDB, 2005).

3.4.2 Government Policy - Thailand's Focal Industries

The Thai government's Tenth National Economic and Social Development Plan (NESDB, 2006b) outlines Thailand's focal industries for driving the nation's economic competitiveness over the 5 year period from 2006 to 2011[18]. The nominated industry sectors (or economic clusters) recognise Thailand's traditional industry strengths as well as new opportunities for growth (as referred to above). They include:

- Automotive manufacturing;
- Food production & food processing;
- Textiles & fashion;
- Tourism; and
- Software engineering / IT.

The development of these nominated focal industries was generally understood and supported by all those interviewed. Discussions held with government officials, industry players and human resource consultants suggest that, in addition to those industries listed above, there are significant

[18] The Economic and Social Development Board of Thailand produces a National Economic and Social Development Plan every five years. The Plan recognises that the quality of education in Thailand needs to be upgraded and that a strong education foundation in science and technology is needed to stimulate innovation and support the commercialisation of science and technological research and products. The current – or Ninth Plan - will be replaced by the Tenth Plan in September 2006.

growth opportunities in other (related) sectors including finance and engineering. One HR consultant, who specialises in serving the engineering sector, commented that more and more Indian engineering students are flowing into the Thai labour pool to help address an acknowledged shortage of skilled Thai graduates. The financial services sector is competing for a shortage of skilled staff in IT and market research as well as core business, notably financial analysts and financial controllers. It was noted in one interview that a large, Australian-based financial multi-national is now recruiting non-Thais to work in its Bangkok offices. Clearly this presents an opportunity for Australian education providers with capabilities in these disciplines to train Thailand's future skilled workforce.

The Office of the National Research Council of Thailand in its Integrated Research Plan for Fiscal Year 2006 has also identified strengthening the education system for innovation and high level science and technology manpower development as part of its key research agenda in support of Thailand's national competitiveness strategy.

3.4.3 One Tambon, One Product

A prominent policy initiative of the Thai government has been the popular "*One Tambon, One Product*" programme. The programme was initiated to encourage people in Thailand's rural communities to use their local knowledge to develop distinctive products for both domestic and foreign markets, with technical and managerial assistance from the government. The project aims to create jobs and thus increase income for rural people, so that they become self-reliant in local economic development. A number of academics commented that many Thai graduates work for the family business, and many of these are located outside the capital city in rural districts. An advisor in the RTG Office of Small to Medium sized Enterprise (SME) Promotion commented that 90% of businesses in Thailand are SMEs. The *One Tambon, One Product* programme classifies the products created across Thailand's rural districts into five main categories:

- Food;
- Beverages;
- Cloth (textiles);
- Tool Cabinets (furniture); and
- Art Items (ceramics).

Identification of strategic industries and areas for economic development provide opportunities for Australian education providers who can offer the required level of technical education and training necessary to deliver the new skills required in these fields. Australia's VTE providers could offer specific courses designed to address skills development in key technical fields. As suggested by an advisor in the Office of SME Promotion, both Australian VTE and Higher Education providers could provide business management training to Thailand's existing and fledgling SMEs. With export markets clearly on the radar of Thai government policy makers (and with the importance of English language to international trade), it was also suggested that opportunities exist for the provision of English language training to those already in the workforce engaged in export production and trade.

By supporting skills development in these areas, the Australian education industry would also be contributing to regional economic development in Thailand, enhancing bilateral relationships between the two countries. As stated earlier, a widely held view among Thai academics,

government officials and industry representatives is that meaningful, sustainable relationships between Australia and Thailand are critical prerequisites to enhanced trade in education.

The focus group findings shed some further light on where the opportunities lie for the Australian education industry, in matching Thailand's skills flow with industry requirements. The focus groups revealed that in terms of the postgraduate study intentions of Thai university undergraduates, a Master of Business Administration (MBA) is by far the most popular choice of further study. Current postgraduate students showed a strong preference for further study in finance, accounting, economics and business administration, though other 'creative' disciplines such as architecture, textile design and interior design also featured prominently.

The VTE students who participated in the focus groups showed a strong interest in a number of disciplines, but those which stood out include hospitality and tourism and creative disciplines such as graphic design, marketing and communication, photography and computer animation. Representatives of the RTG Office of the Civil Service Commission (OCSC) revealed that the Office is in the process of producing a questionnaire to survey the study preferences (by field of study and subject) of RTG employees. While unavailable at the time of writing (June 2006), the results of this survey, if released by the OCSC, would enable Australian Higher Education and VTE providers to tailor courses or pitch the promotion of existing courses to match the preferences of Thai students within the civil service.

3.4.4 Thailand's Trade with Australia – the Thailand-Australia Free Trade Agreement

The TAFTA took effect in January 2005, removing tariffs on 75% of Australia's exports to Thailand. The general sentiment expressed during the consultations is that TAFTA will benefit both Thailand and Australia economically. The Australia-Thailand Chamber of Commerce stated that, since its inception, TAFTA has raised the profile of Australia within the Thai business community. TAFTA's focus is on merchandise trade, however services trade, including trade in education services, is also given due weight.[19]

There is presently no Australian university campus or school in Thailand, and according to the consultations, this is a hindrance to the further provision of Australian education offshore in the country. It is considered (by Australian academics and Thai-Australian alumni alike) that an offshore Australian university presence, in particular, is required to effectively develop local relationships and to demonstrate a real commitment by Australia to education in Thailand. At present, Australia is seen to offer a commercial service without any depth of commitment to education provision in Thailand or to the building of Australia-Thai relationships. The establishment and maintenance of such an underlying relationship is a critical foundation from which to deliver effective education in the country.

[19] A Treaty-level Agreement on Bilateral Cooperation, effective July 2005, has also been signed by Thailand and Australia. According to DFAT, this complements TAFTA by providing a framework for future bilateral cooperation in both trade and non-trade areas, including defence / security and law enforcement, environment and heritage, science and technology, telecommunications, civil aviation, public administration, energy, immigration, culture, social development and education.

Under the terms of TAFTA, Australia is unbound with respect to the cross-border supply of education services to Thailand[20], and up to 60% equity is permitted by Australian investors / service suppliers. However, further conditions do apply, including a requirement that Australian tertiary institutions in Thailand specialise in science and technology (including life science, biotechnology and nanotechnology); that at least half of the members of the University Council of the Australian institution must be Thai nationals; and that Australian offshore tertiary education institutions must be located outside the Bangkok metropolitan area (DFAT, 2005b). The Bangkok metropolitan area is that defined by the three provinces of Bangkok, Nonthaburi and Thonburi. This condition is a reflection of the Thai government's policy support for rural and regional development in Thailand.

The provisions outlined above have important implications for the Australian Higher Education and VTE sectors, since data and anecdotal evidence collected as part of this study suggest that the greatest opportunity for Australian education providers delivering services in Thailand is in the capital city of Bangkok, where the bulk of the growing demand is located. The geographical restriction placed upon Higher Education and post-secondary VTE effectively prevent Australian providers from leveraging such opportunities offshore. However, since the location of Thailand's core manufacturing industries is in provincial locations (outside the Bangkok metropolitan area) opportunities remain for Australian VTE providers of engineering and other manufacturing related courses (such as mechanical design and manufacturing, or textiles, clothing and footwear) to locate offshore in provincial districts of Thailand.

School education is not explicitly covered by TAFTA and provisions for offshore Schools services within Thailand are less restrictive. Under the Private School Act (1982), Australian Schools *may* locate in Bangkok; although with respect to Australian direct investment in Schools, private school licensees must be Thai-born nationals. Furthermore, foreign equity participation must be less than 50% and the number of foreign shareholders must be less than 50% of the total number of individual shareholders. The manager of a private school in Thailand must also be a Thai national.

While TAFTA has brought about some opportunities for the provision of Australian education services in Thailand, as highlighted earlier, Thailand has developed or is in the process of developing, a number of free trade agreements with other countries, including the USA. As a result, any current trade advantage held by Australia is likely to be short-lived.[21] This sentiment is supported by comments made by the Australia-Thai Chamber of Commerce. Furthermore, anecdotal evidence collected during the interviews and focus groups, plus data on Thailand's continuing rural-urban population shift reaffirms the fact that the greatest opportunities for Australian education providers in Thailand, are in the capital of Bangkok.

[20] Under TAFTA, Thai Higher Education services can operate in Australia in all modes of supply except in the commercial presence mode of supply.

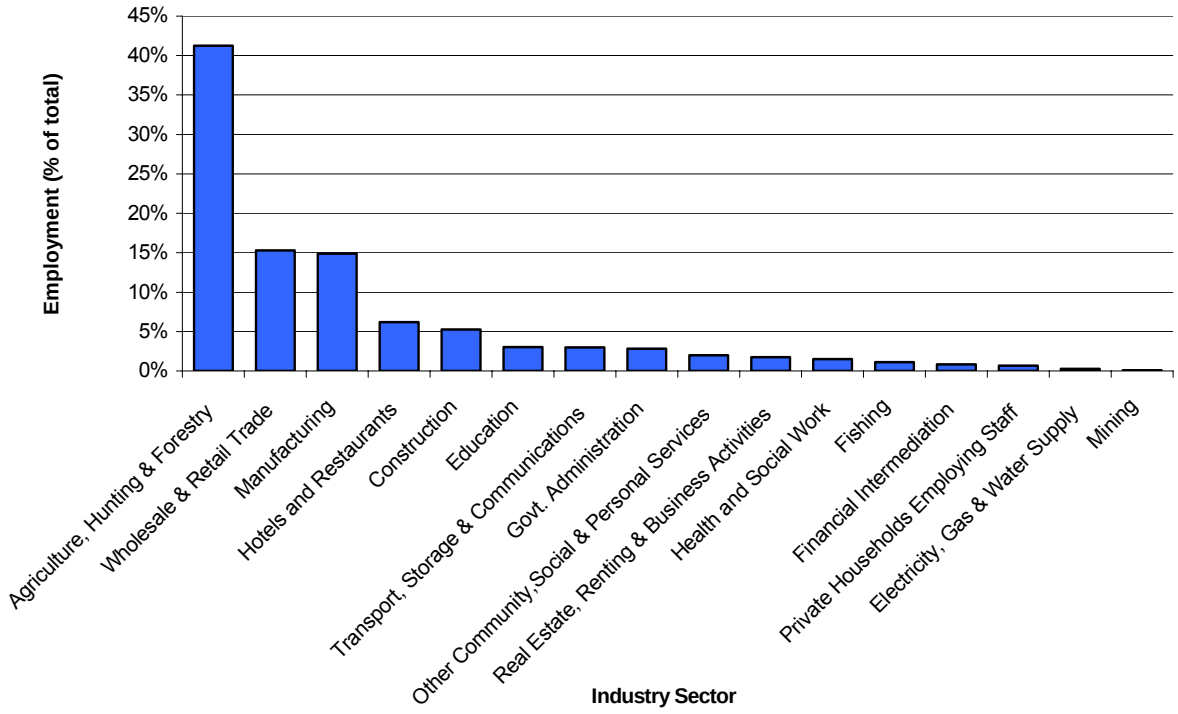
[21] The Thai government's talks with the USA on the proposed bilateral FTA have been a sensitive and publicly controversial topic. Following the resignation of Prime Minister Thaksin in April 2006, the government has put on hold its talks with the USA regarding the proposed FTA.

3.5 Thailand's Labour Force Characteristics

3.5.1 Evolving Labour Force and Skills Requirements

Despite its gradual long-term decline relative to other industries, as illustrated in Figure 7, the agricultural sector still employs, by far, the highest number of workers in Thailand. However, according to some commentators (Porter, 2003) the high number of workers and relatively low contribution to national output generated by this sector indicates the low productivity of agriculture in Thailand.

Figure 7. Employment by Industry in Thailand (%) (2004)

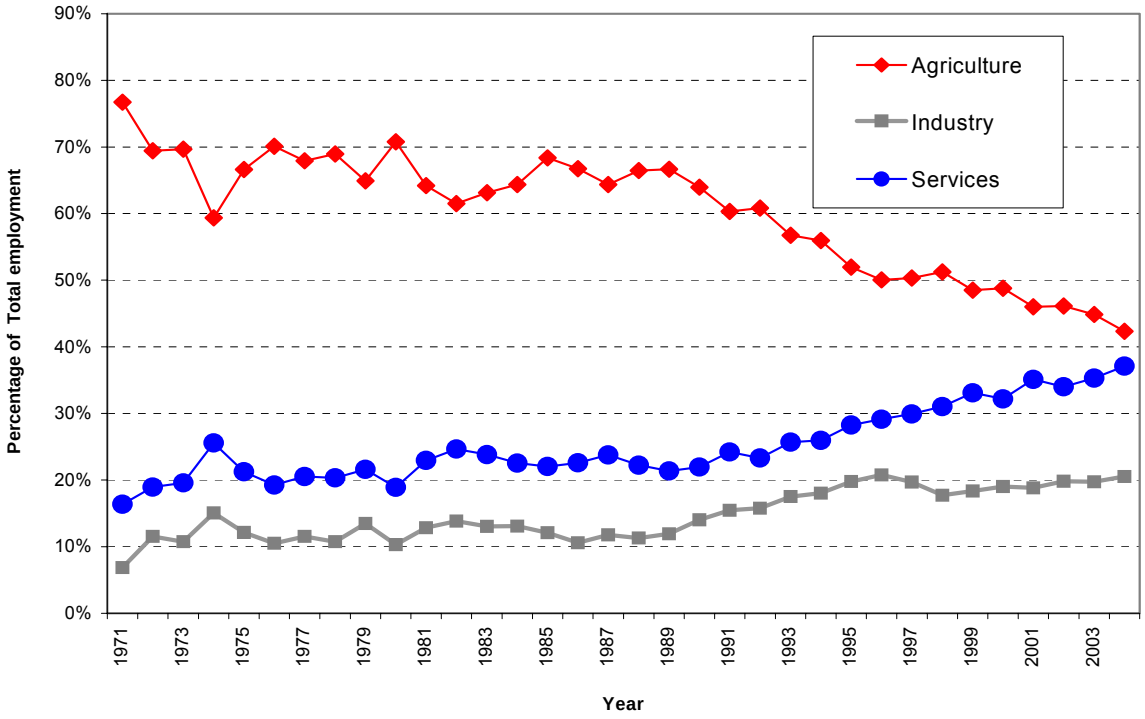


Source: International Labour Office (ILO, 2005); Ministry of Labour, Thailand (2004)

Figure 8 illustrates long-term trends in employment by broad industry classification in Thailand over the last 35 years. It reveals that the agricultural sector has captured a diminishing share of Thailand's industrial employment over the long-term, while employment in industry (mining, manufacturing, construction and utilities) and services has grown, particularly since the 1980s. In the early 1970s, over three-quarters of the Thai work force was employed in the agricultural sector compared to 6% in industry and 16% in the services sector. In 2004, 42% of the Thai work force was employed in agriculture, a drop in that sector's share of employment of 34% over 30 years. By comparison, service sector employment more than doubled its proportional share of the total, to 37% by 2004. Employment in industry (driven by growth in automotive manufacturing, metal product manufacturing, machinery & equipment manufacturing and textiles) increased to 20% over

the total over the same period. The number of Thailand's production / manufacturing workers has increased significantly in the last 15 years (Porter, 2003), but it is still reliant on low cost labour and a supportive exchange rate to compete internationally. Its potential growth will be limited until Thailand significantly improves the sophistication of its production processes and technology. As noted earlier, and highlighted below, the Thai government has responded in its effort to modernise the Thai economy and facilitate its competitiveness on the world stage.

Figure 8. Historical Trends, Employment by Broad Industry Classification in Thailand (%) (1971 to 2004)



Source: International Labour Office (ILO, 2005); Ministry of Labour, Thailand (2004)

These trends have important implications for the demand for labour by way of changing skills requirements. According to the ILO, from a small base, there has been a steady rise in the number of Thai workers employed as professional, technical and related workers, service workers and administrative and managerial workers; particularly over the past 15 years.

3.5.2 Policy Influences on Skill Requirements

The consultation findings suggest that the labour market is not treated very strategically by government policy makers in Thailand. This comment was made by a number of people consulted including local Human Resource companies and some prominent business leaders in Thailand. This makes it potentially difficult for Australian providers (and their competitors) to target the educational requirements of industry in Thailand. However, recent policy developments suggest that this is changing, notably through the National Development Strategy (and the focal industries it promotes) and the *One Tambon, One Product* programme, which encourages business development in Thailand's rural and regional areas.

In discussions with industry and government officials held as part of this study, the notable shortage of labour in key industries, particularly those being promoted by government policy, was a recurring theme during consultations. With the aid of Thai government policy to transform Thailand from a low cost manufacturing and agricultural economy to an internationally competitive knowledge-based economy, the trend away from 'old economy' agriculture to the 'new economy' sectors of advanced manufacturing and services is likely to continue into the foreseeable future.

These industry and labour market trends have implications for Australian education providers, particularly in the VTE and Higher Education sectors, which have the resources to offer the required level of education and training necessary to deliver the new skills needed in, for example, the business and financial services sector, creative industries such as textile and fashion design, software engineering, hospitality and tourism and the advanced manufacturing sectors (for instance, automotive manufacturing and food processing). The tourism, textiles and fashion, automotive and food processing sectors are traditional industries in Australia which continue to evolve and grow, and the Australian education industry has capabilities and course offerings in all of these fields. In support of these opportunities, according to the VTE focus group participants, Australia was seen to be an excellent destination to receive proficient training in short, relatively inexpensive technical courses, particularly in the fields of aviation, hospitality and tourism.

In addition to those 'focal industries' referred to above, which are being promoted by the Thai government, the Human Resource companies consulted in Bangkok stated that there is a shortage of skilled labour in other rapidly emerging industries in Thailand, notably finance and engineering. This presents another possible opportunity that Australian education providers could explore further.

According to the Asian Development Bank (ADB, 2005), over the long-term a major challenge for Thailand's economic competitiveness is Higher Education; in terms of quality and accessibility. A larger pool of trained employees, especially in technical fields, is required to help the Thai economy remain globally competitive. Thai industry will need to work with education and research institutions to upgrade the quality of factor inputs, including skills by creating specialised programmes to address industry needs.

The RTG Ministry of Labour is charged with the task of setting the National Skills Standard in Thailand. According to a government official, the Ministry works closely with the National Economic and Social Development Board on industry development strategies, as the key agency responsible for the National Development Strategy. For Australian education providers, tailoring education and training to meet the particular needs of Thai industry would require explicit reference to the National Skills Standard. In designing courses for the Thai market, the Australian education industry could consider ways to work closely with the Ministry of Labour.

The Office of Vocational Education Commission (MOE) is also moving towards the use of competency-based approaches for application in vocational colleges and has had significant exposure to the quality of the Australian VTE system through a number of bilateral projects since the late 1990s.

3.5.3 Labour Shortages

Over the past 30 years, Thailand has experienced peak rates of unemployment in 1987 (of 5.9%), due in large part to the worldwide stock market crash of that year and in 1998 (of 3.4%) following the Asian financial crisis. Since that time unemployment in Thailand has steadily declined. In the four years to 2004, Thailand's unemployment rate averaged about 2.0% (Ministry of Labour, Thailand, 2004).

According to the NESDB (NESDB, 2006a), Thailand's unemployment rate in November 2005 was 1.2%. Reports by the Thailand Investor Service Center (TISC, 2006a) suggest that Thailand's labour market is tightening as labour shortages continue. As noted earlier in this chapter, a number of interviewees highlighted a particular shortage of skilled Thai labour in key industries, including engineering, computer science and finance. Discussions with Human Resource companies and prominent industry representatives highlighted the premium that Thai employers place on graduates with an international education. This, coupled with the growing demand for Higher Education and the appeal to Thai students of an international education, presents a continuing opportunity for the Australian education industry.

3.5.4 Foreign Language Requirements

Human Resource companies and prominent business persons in Bangkok commented that limited English language skills and a limited grasp of western practices, particularly in business, present barriers to Thai graduates seeking employment with large multi-national corporations. According to one prominent CEO, English will always be an advantage in the Thai labour market, particularly at the 'higher end' of business.

As highlighted in the focus groups, it is considered that the quality of English language training offered in Thailand is, overall, sub-standard at present. Nevertheless, parents will send their children to a 'lesser' international school in Thailand if they have to because they will at least learn some English. The provision of English language training in Thailand is growing but demand outstrips supply and, it is generally conceded by those in the industry in Thailand that it will do so for a long time to come. This presents an obvious opportunity for Australian ELICOS providers, not just in Australia but also in Thailand. There is a clear opportunity for Australian ELICOS providers as Thailand's greater engagement with the global economy (including more international trade and foreign direct investment in Thailand) means that Thai demand for English language skills will continue to grow in the coming years. Australian ELICOS providers could offer English language courses, if not independently, then in conjunction with local institutions, perhaps tied in with local international learning programmes. The opportunity also exists for Australian Schools to provide services offshore in Thailand.

With respect to the demand for foreign languages other than English, it should be recognised that Thais with Chinese ethnicity count for almost 10% of the Thai population and up to 50% of the population of Bangkok. The Thai business elite are largely of ethnic Chinese origin. For the greater part of the twentieth century ethnic Chinese suffered discrimination, for example being excluded from the military officer corps and being forced to adopt Thai surnames if they wished to enter government service. This discrimination also included bans of Chinese language newspapers, the teaching of Chinese language and the operation of Chinese schools.

Over recent decades Sino-Thais have begun to celebrate their ethnic origins and the rise of China as an emergent economic superpower, and a dominant political force in the Asian region, is providing a significant impetus to Chinese language education in Thailand. This can only be expected to increase in coming years.

3.5.5 Employment Prospects for Thai Graduates

The Labour Force Survey conducted by Thailand's NSO (NSO, 2006), shows that over the four years to March 2005, the proportion of employed persons in Thailand with higher level (that is, tertiary) education qualifications has been increasing, along with the number of people holding lower secondary and upper secondary qualifications. There has been a notable decline in employed persons holding less than elementary level education qualifications. This trend reflects a greater demand in the labour market for skilled workers with appropriate training.

The interviews conducted as part of this study revealed that, irrespective of their formal qualifications, Thai graduates are often less than prepared for life in the workforce because of a lack of practical experience. One Thai academic suggested that company internships would help Thai graduates to be better prepared for the workforce. (At present there are a limited number of short internships available, for example a six week internship with a local cooperative for engineering students). The focus groups highlighted the importance that Thais place on the opportunity to gain work experience while overseas. One prospective VTE student for example, said that Thais study overseas primarily to improve their employment prospects. Therefore, course-related work experience is highly valued. This is reinforced by another important driver of demand for international education, that is, that most Thais regard an international education to be superior to a domestic education.

There is an opportunity for Australian institutions to establish a physical presence in Bangkok through joint programmes and offer transfers to Australia to study and to work. Such a programme would provide Thai students with some valuable work experience that is difficult to acquire in Thailand at present.

According to Thai academics and industry representatives interviewed, employment prospects are not as good for those Thai students who fail to acquire postgraduate qualifications. Thai companies and multi-nationals operating in Thailand demand highly qualified graduates. The interviews (with Thai academics, Thai government officials and various private sector representatives) revealed that students who have studied abroad will always have an advantage in the labour market over those who have not. This is because employers recognise the practical experience and initiative that students acquire when living, studying and working overseas, including in Australia. One manager of a Bangkok-based Human Resource company suggested that graduates from Thai institutions tend to lack initiative, the Thai system being such that students are 'spoon fed' throughout the course of their studies from elementary level through to postgraduate studies.

For Australian education providers – in Higher Education and VTE - strategies to recruit Thai students would be more effective than otherwise if they recognise (and respond to) the importance that Thai businesses and Thai students place on work and study opportunities. Promoting the practical learning experience of an Australian education (including opportunities for work

experience in their chosen discipline) could feature prominently in the promotional efforts of Australian institutions targeting Thailand.[22]

TAFTA has provided relaxations of Australian working visa requirements for Thai nationals, which may apply to a certain small number of graduates. Under TAFTA, Thai nationals are permitted to enter Australia and work as 'executives', 'managers' and 'experts' without the need for labour market testing. A MOU has been signed by the Thai and Australian governments on 'Work and Holiday Visas'. This allows for nationals of both Thailand and Australia to undertake 12 month working holidays in the partner country (DFAT, 2005b). Awareness of the opportunity this presents for prospective students would allow Australian education institutions and agents to use this information as part of their promotional and recruitment strategies in Thailand.

3.6 Summary: Implications for Demand

Thailand's socio-economic structure and trends, coupled with the Thai government's efforts to transform and modernise Thailand's traditional industries; to identify opportunities for new industries; to 'skill up' the labour force; to deliver the infrastructure required to support a competitive economy; to capture export markets and achieve a greater distribution of wealth among Thai citizens, all point to a greater demand for education services. While matters concerning developments in the Thai education sector and the supply of international education by Australia and its competitors have both related and discrete impacts on each of the four education sectors, underlying national social and economic forces tend to cut across all four education sectors to varying degrees.

As Thailand's economy grows, if it is accompanied by an increasingly diverse industrial structure and labour market and larger discretionary spending across more and more sections of Thai society, the demand for international education is likely to both grow and become increasingly sophisticated in terms of course and institutional requirements. The challenge for the Australian education industry is to understand the nature of this sophistication in demand (through research and linking with the Thai government) and to adopt strategies that target and differentiate educational service offerings.

Thailand's socio-economic characteristics, trends and prospects indicate to the Australian education industry that there is likely to be an increase in demand over the coming years. Thailand's forecast rate of continuing economic growth (in excess of 4% per annum) coupled with the country's age structure (relatively young population), higher disposable incomes among middle class Thais and increased consumer demand for student loans indicates a strong latent demand for Higher Education and VTE in particular.

Thailand's greater integration with the global economy translates into a growing demand for English language skills. The provision of English language training in Thailand is growing but demand far outstrips supply and, it is generally conceded by those in the industry in Thailand that, it will do so for some time to come. This presents an obvious opportunity for Australian ELICOS providers, not just in Australia but also in Thailand. Australian ELICOS providers could offer English

[22] More information on work-study rights for international students in Australia compared to competitor provider nations to Thailand, along with post-study work rights, is contained in Chapter 5 of this report.

language courses, if not independently, then in conjunction with local institutions, perhaps tied in with local international learning programmes. The opportunity also exists for Australian Schools to provide services offshore in Thailand (subject to the provisions of the Private Schools Act).

The data on Thailand's recent and continuing (forecast) rural-urban drift, industry trends (including greater concentration of key industries in the city) coupled with anecdotal information on social and cultural preferences implies that the demand for education is likely to be strongest in the capital city of Bangkok. TAFTA offers limited opportunities for Australian education institutions to establish a physical presence in Bangkok, although Australian universities and VTE providers could offer their courses via twinning programmes with local institutions, or alternatively, establish a stand-alone presence in Thailand outside of metropolitan Bangkok. (The Bangkok metropolitan area is that defined by the three provinces of Bangkok, Nonthaburi and Thonburi). The opportunity for Australian VTE providers to establish themselves in outlying provinces is great however, given the existence of Thailand's growing manufacturing sector in areas such as Chonburi, Chachoengsao and Rayong.

Furthermore, corporate employer preferences for Thai students who have studied abroad mean that internationally educated Thais will generally have an advantage in the labour market over those who have been educated at a domestic institution. As a significant driver of demand in the Higher Education and VTE markets, Australian education institutions and agents could do more to promote an awareness of this tendency among that proportion of the potential market that might otherwise choose to study with a cheaper domestic provider; with whom relatively high paid employment opportunities are more difficult to come by. One strategy for achieving this would be to further develop relationships with Thai schools so that Australian education can be promoted to students coming into further education.

4 The Thai Domestic Education Sector

This chapter examines the development of domestic education provision in Thailand and assesses how this has affected demand for international education provision in Higher Education, VTE, Schools and ELICOS. The implications for the Australian education industry are outlined.

4.1 Growth in Domestic Education Provision

Education provision in Thailand was once little different from that in other less developed countries, with significant failures in supply being met – in part - through direct overseas assistance.[23] As the education system in Thailand has matured this assistance has become largely technical, while the capacity of the Thai government, and more recently the private sector, to supply education services independently has increased. A number of university presidents interviewed noted that the supply of Higher Education in particular has increased over the past two decades, with significant increases in supply from private universities, from the re-development of Rajabaht, Rajamongkol and Rajamangala institutions[24] and from the increased use of English in courses within international programmes. The liberalisation of education provision (particularly since the 1990s) has also boosted domestic supply within private international schools, English language schools and upgraded Rajamongkol Institutions.

In 2005, there were 24 state sector universities, 59 private Higher Education institutions, 41 Rajabaht Institutes of Technology with university status, 9 Rajamangala Universities of Technology, the Pathumwan Institute of Technology and 17 Community Colleges (Ministry of Education, Thailand, 2005). Other institutions under the jurisdiction of the RTG Ministry of Education include various specialised colleges such as nursing colleges, police and military academies, Buddhist universities, Thai classical arts colleges and other professional training colleges. There are also 70 international schools in Thailand.

The rate of establishment of new institutions since the 1990s has been high, and coincides with the liberalisation of Thailand's economy and the initiation of wide-scale public sector reforms. Taking Higher Education as an example, 31 new institutions were established in the 1990s, with the majority of these (23) being private sector. Since 1999, the rate has slowed, with excess demand subsequently taken-up by revamped Rajabaht and Rajamongkol universities (granted degree awarding status following the 1999 education reforms). Since 1999, only 10 new private Higher Education institutions have opened (Ministry of University Affairs, Thailand, 2002; Ministry of Education, Thailand, 2005). Each of the 59 private higher education universities and 70 international schools teach English; while in several of the institutions, all programmes are taught exclusively in English. This has implications for potential demand for Australian ELICOS providers in particular, since increased take-up in these domestic institutions may threaten supply if improvements to the quality of these programmes are made.

The growth in new establishments has occurred in both rural and urban areas, with many of the urban public universities setting up additional campuses in rural provinces (for example Mahidol University in

[23] For example, the AusAid supported TASEAP Project for 1995 to 2000 (AusAid, 1995).

[24] See Glossary.

Nakhorn Pathom and Kasetsart University in Sakon Nakhon Province). In addition, there are now primary and secondary schools operated by the Ministry of Education in every district of the country (according to the Commission on Basic Education). In the southern provinces of Yala, Narathiwat and Pattani, there are also state supervised Muslim primary and secondary schools. Although education is compulsory for nine years, there are many early school leavers because of labour demands on farms.

Figures on the number of new places available in both the public and private sectors are unavailable, but taking the gross enrolment ratio (GER)[25] for Thailand as whole (see Figure A8 in Appendix A), for the tertiary sector at least, there has been a year on year increase in the proportion of the population enrolling. Thailand's GER for tertiary education is already almost 40%, which is high compared to other Asian and South East Asian countries. Primary and secondary sector enrolments are also relatively high and are set to increase as a result of the increased wealth of rural Thais and deliberate Thai government policies on the eradication of rural poverty.

According to the Ministry of Education this growth will continue well beyond 2010, meaning that the potential market for Australian Schools could be affected, particularly given the 'youth bulge' discussion in Section 3.2.1 of this report. Although the supply of domestic Schools provision is increasing, clearly more and more Thais are entering education. Combined with increased discretionary spending patterns (see Chapter 3) this presents an obvious opportunity for Australian Schools who in the context of increasing diversity of supply could provide niche market offerings in major provincial cities, such as Samut Prakan, Nonthaburi and Udon Thani. The needs of highly affluent Thais will continue to be met by international schools in Bangkok, but overall Schools demand is likely to increase as Thais generally become wealthier and begin to invest in the education of their children.

The demand for English language training will also be affected by Commission on Basic Education programmes to improve the quality of English teaching in schools, since there remains a significant lack of available and trained native English speakers with appropriate qualifications. There is potential for Australian providers to partner with the Thai government and directly with schools to improve the supply of English language teachers needed across the country. This opportunity is one with considerable significance for Australian providers as English is compulsory in all schools and universities, and the numbers of teachers required is likely to be substantial.

In addition, there is some evidence that, within Higher Education at least, the increase in supply in Thailand means that the country is now in a position to offer education services to neighbouring countries in the region. It is expected that many of the rural universities in Thailand will accept students from Laos, Cambodia and Burma, particularly for undergraduate awards in technology and science (Commission on Higher Education). In universities such as Ubon Ratchitani, Khon Kaen and Mahasarakarm there are significant numbers of international students from those countries. Furthermore, there are increasing numbers of international students from Vietnam, Pakistan, Nepal, in urban Bangkok and Chiang Mai (Association of Private Higher Education Institutions of Thailand)[26]. The extent to which this development is a threat to possible Australian offshore provision in Thailand is

[25] GER describes the proportion of individuals enrolled in an education sector as a percentage of the total population in the age group corresponding to that that level of education. A high GER indicates a high degree of participation.

[26] In 2000 there were 387 international programmes offered to domestic and international students by private and public universities in Thailand; while according to a National Office for Statistics survey, there were over 5000 international students in higher education institutions in Thailand in 2004, most of whom were from China, Vietnam and Myanmar respectively (Ministry of Education, Thailand, 2005).

however, likely to be limited. Firstly, the Thai government's strategy has tended to have a provincial focus, whereas the bulk of demand for international Higher Education is in Bangkok; and secondly the market tends to be for courses well below the lower end of the price range for Australian universities where the quality of provision is higher (according to sources within the Commission on Higher Education).

4.1.1 Growth in Government Education Expenditure

Growth in government spending on domestic education is an indicator of Thailand's increased capacity to supply education services. According to World Bank figures, public expenditure on education as a percentage of Gross National Income (GNI) has increased since Thailand's education reform process began in the early 1990s (up from just under 2.7% to over 3.6% in the years from 1990 to 1997, when fiscal crisis curtailed investment growth). This translates to around 30% of total government expenditure in Thailand. There is no evidence from the current Thai government that this pattern is likely to change; highlighting Thailand's sustained capacity to provide education services generally.

As with the majority of countries that have undergone a process of economic liberalisation, the plateau in expenditure (as a proportion of GNI) in recent years can be attributed to the increased take-up in domestic demand by the private sector and the cost reducing effects of public sector reforms, including the slashing of public service jobs. Whist the trend is for flatter investment in education as a proportion of GNI there is evidence within Ministry of Education documentation (Sangnapaboworn, 2003; Ministry of Education, Thailand, 2005) that education expenditure is now more strategically focused than in previous years, with a new found emphasis on standards rather than enrolment numbers.

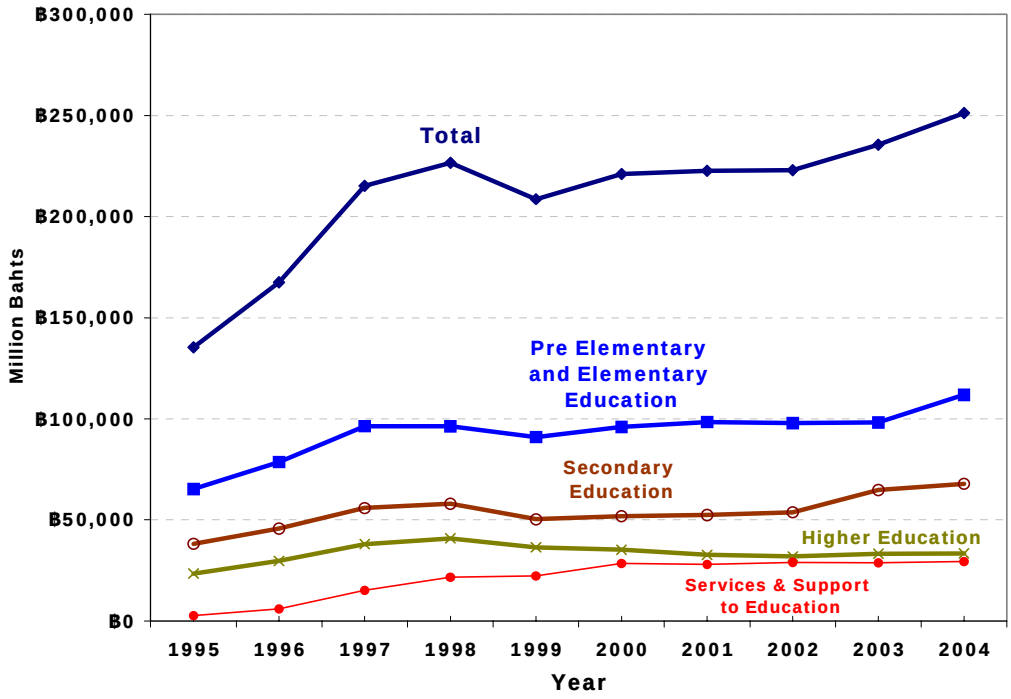
The level of public investment on education in Thailand during the 1990s was consistently higher than the South East Asian average and, in absolute terms, expenditure has continued to increase for all sectors except Higher Education (see Figure 9 below). Although the GER for domestic Higher Education has increased, the relative drop in Higher Education spending by the Thai government can be attributed to the increased take up by the private sector. Similar reductions have not occurred with Schools because of population demands, less private sector influence, and the overall policy of the Thai government regarding social disadvantage. The implication for Australian education providers is that population driven demand for Schools is strong, while the Thai government is shifting towards a policy of private provision in Higher Education. Thai investment in expanding education provision will have little effect on the demand for international education, particularly in Higher Education where (outside of the private sector) investment is focussed on provision of undergraduate courses in the newer and regional universities, filling unmet demand by poor rural and semi urban students (Ministry of Education, Thailand, 2005).

The move towards greater private provision in Thailand is exemplified by the Income Contingent Loan scheme (ICL), introduced in June 2006. The ICL aims to shift a greater proportion of the financial cost of providing Higher Education (specifically Bachelor's awards) onto the 'users' of those services, rather than the State or students' parents. Under the terms of the scheme students pay back the proportion of tuition fees borrowed at a rate contingent upon their future earnings. As with the Australian Higher Education Loan Programme (HELP), the amount repaid is linked to inflation and no real interest is applied. As observed in Australia and elsewhere, the introduction of such a loan scheme has significantly increased the take up of students within State and private universities. Much of the expected spike in enrolments for Thailand is expected to occur within private universities, where entrance is less competitive and fees are generally lower. The loans are not available for overseas

study (Krongkaew, 2005), but are available for entrance to new Australian and Thai 'partnership universities' established under TAFTA.

Since the increase in students will come from those otherwise unable to afford a university education, the introduction of the ICL is unlikely to affect the demand for onshore international education at the Bachelor's level. The reduction in the scarcity of a university degree, as more students gain Bachelor's awards in Thailand, will likely sustain the demand for a more prestigious and high quality overseas education (for those who can afford it); although a small number of students may be tempted to remain in Thailand to take advantage of the tuition fee discount offered to those students who do not take out an ICL and who pay their fees in advance.

Figure 9. Thai Government Education Expenditure by Sector (1995-2004)



Source: National Statistics Office, Thailand (2006)

4.2 Education Reform in Thailand

The National Education Act (1999) provides for extensive reform of education provision in Thailand, in response to widespread concerns over the inability of the education system to satisfy the human resource demands of Thailand's rapidly developing economy. Motivated by a desire to improve the regional and global competitiveness of the Thai economy through the promotion of knowledge intensive labour, and by a general acceptance of the need to downsize its bloated bureaucracy, successive Thai administrations have embarked upon a comprehensive programme of educational reform; to improve the quality and quantity of basic education, to develop the Higher Education sector, and to improve the country's capacity for scientific and technological innovation (Ministry of Education, 2004a). According to the former Minister for Education, H.E. Mr. Pongpol Adireksarn, the central themes of Thailand's educational reforms are 'equity', 'excellence', 'privatisation' and 'modernisation', and the reform agenda itself reflects concerns about the structure and ownership of Thailand's education system; the

management and distribution of financial and staff resources; the content and form of student learning; provisions for quality assurance; and the quality of teaching and management staff.

Changes to the structure of Thailand's public sector in 2002 saw the Ministry of University Affairs and the Office of the National Education Commission amalgamated within a new, streamlined, Ministry of Education. Through its three functional divisions (The Office of the Basic Education Commission (OBEC), the Office of the Higher Education Commission, and the Office of the Vocational Educational Commission (OVEC)), the new Ministry of Education has retained overall responsibility for secondary schooling, higher education, vocational education and teacher training, but despite continuing centrist traditions, various powers and administrative functions have been devolved to the service district and institutional levels (Ministry of Education, Thailand, 2002).

The Office of the Education Council (OEC) and the Office of the Permanent Secretary ensure that the Ministry of Education remains responsible for policy formulation, regulation and liaisons with other ministries and politicians respectively. Changes in the structure of the bureaucracy have also been accompanied by a greater mix of public and private provision, more investment in human resources, and a growing interest in Thailand as a player in the international market place for students and educational expertise. There is potential for Australian educational providers to partner in these activities and to leverage graduates as potential postgraduate and/or research students in Australian universities.

Officials from the Ministry of Education noted that decentralisation of administrative functions is motivated by a need for a more flexible and responsive education system and to offer incentives for teaching and administrative staff. The provision of greater autonomy is conditional upon the capacity of the institution or education district in question. Those institutions wishing to gain autonomy have undergone a process of administrative and infrastructure upgrading, often with money from private sources. In parallel with the devolution of functions and powers to individual public institutions has been an increase in private supply and an enhanced role for non-governmental bodies. As the role of the central bureaucracy in direct education provision has reduced, the independence and mix of institutional providers has increased to take up the short-fall in supply.

With specific regard to Schools, the Thai government had hoped that the reform process would increase confidence in teaching staff and governance by: reducing costs; focusing on teaching quality; improving monitoring and evaluation; and increasing the flexibility of institutions to hire the staff they want (Witte, 2000). However all indications are that the pace of reforms has been slow. Ministry of Education officials noted that other factors like rural unrest in the South of Thailand and the localization of school governance has distracted many teachers and forced many resignations, resulting in high staff turnover and a diversion of focus. In 2005, the Ministry of Education announced that they would change the provisions for teachers to publish reviews of teaching practice as part of the promotion process.

Under the new arrangements for Higher Education a growing number of public universities have been granted independence from central government; the first being Suranaree University of Technology, in 1990, followed by Walallak University and King Monghut's University of Technology in 1998, and Mae Fah Luang University in 1999. Those universities awarded autonomous status continue to receive block grant funding from the Ministry of Education, with enhanced funding for universities offering science, engineering and technology related courses to address the shortage of domestic supply. The size of this grant however, is generally considered insufficient to meet all necessary funding needs and additional funds must generally be acquired at the undertaking of the institution. This situation has

fuelled concerns among educators in Thailand that greater autonomy from government will ultimately lead to wholesale privatisation.

Several institutions have expressed concerns about the off-loading of funding risk from government to individual institutions, which has placed additional pressures on universities to perform at a time when competition from home and overseas has intensified (O'Brien and Morgan, 1998). Moreover, there is a growing feeling that if public institutions continue to lack the resources necessary to attract the best academic staff, they will lose a competitive edge against private (domestic and foreign) providers and fail to keep pace - in terms of the content of curricula – with changing student preferences (Sangnapaboworn, 2003).

Autonomous private universities are also establishing themselves and, according to several university presidents and academic staff in Thai universities, they are improving the quality of academic staff by recruiting new, young, highly educated Thais. The Private Higher Education Institute Act (2003) encourages flexible private provision in areas such as science, where domestic public provision remains weak, and private institutions may establish, independently or in collaboration with their public counterparts. Incentives to private institutions are also provided for through the Revolving Fund for Development of Higher Education Institutions, devised to improve the managerial capacity of new institutions, particularly those established in rural or provincial districts.

The Thai government also continues to support the internationalisation of education delivery through trade liberalisation and education specific measures that provide for the establishment of international private education institutions in Thailand, and joint education provision with international institutions. This initiative is very clearly stated within TAFTA (see Chapter 3). These partnerships, along with participation in bilateral and multilateral forums, are seen as important initiatives in support of the reform process within the Thai education system (Witte, 2000). Australian universities have cooperative arrangements with many Thai universities[27]. However, there has been no strategic move by an Australian university to establish a campus in Thailand such as the Monash University campus in Malaysia, or the RMIT campus in Vietnam. Several Ministry of Education officials said that there is great potential for an Australian university to base itself in Thailand.

Education reform is not however, limited to Schools and Higher Education. Vocational education is also a top priority in Thailand because of the needs allocated with industrial growth and the skills shortages reported by the Ministry of Labour within the manufacturing, IT and services sectors (described in detail in chapter 3). A key operational objective of the education reform process in Thailand has been to establish appropriate quality assurance systems that give students, employers and other stakeholders, confidence in the standard of an award and the institution from which it was obtained. This is intended to enable flexible and life-long learning patterns, as students proactively transfer between places of education and work in response to changing labour market demands within an increasingly global economy.

The principle of worker mobility has even been extended to the sphere of informal education, with plans to enable professionals in business, politics and banking, to gain academic credits during self-study and practical work experience. The intent of the Thai government is to assure the quality of Thai institutions relative to international competitors through the experience of collaborative programmes in the (post-secondary) VTE sector (according to the OVEC). These policies have created the enabling

[27] For example, Wollongong with Assumption University and University Technology Sydney with Mahidol's College of Business.

framework for Australian VTE providers to strategically partner in the delivery of programmes offshore in Thailand.

More generally, a check on the quality of education provision has been emerging since 1996 in the form of a National Education Standards framework, a system of institution monitoring and evaluation developed by OEC in conjunction with the departmental offices responsible for the various sectors. Each agency has developed guidelines for internal quality assurance in the institutions they regulate, while the recently established Office for National Education Standards and Quality Assessment has developed indicators and procedures for their subsequent auditing in schools and universities nationwide. This gives Australian institutions more confidence to seek quality students for VTE and Higher Education programmes onshore in Australia.

Allied to the development of quality assurance systems have been broad based curricula changes across all sectors. In a departure from a system characterised by rote learning, new curricula that emphasise student participation and critical thinking have been designed, in an effort to improve the problem solving skills and creativity of labour. The changes are aimed at modernising the content of the education offered, and ultimately, at improving the productivity and competitiveness of the Thai workforce. Many courses, including domestic as well as international programmes are offered in English at the Higher Education and VTE levels, particularly at flagship public institutions such as Chulalongkorn, Mahidol and Thammasat universities, and at newer private universities like Maharnakorn IT, Shinawatra and Rangsit. The changes are aimed at modernising the content of the education offered, and ultimately at improving the productivity and competitiveness of the Thai workforce. However, many of those interviewed noted that progress has been too slow to meet the needs of a modernising labour force, while the capacity of the RTG Ministry of Education is limited.

To offset these difficulties officials from all three education commissions stated a preference for development through partnerships. The Commission on Basic Education for instance is actively seeking Anglophone partners to assist them with the development of English language programmes. In the Schools sector, the Strategic Action Plan of the Ministry of Education (RTG Ministry of Education, 2004b) was developed to improve governance within schools through local participation, and to increase the number of students transitioning to upper-secondary education. Australian participation in aspects of this strategy through AEI sponsored projects such as the Thai Schools Sector Strategic Planning Project are continuing and reflect the potential of Australian institutions to become involved in assistance projects. In addition, the Commission on Vocational Education, together with the AEI sponsored Technical and Vocational Education Council (TVEC), are also working to strengthen the Thai curriculum and improve the provision of vocational education in Thailand. IDP Australia also works actively with the Office of the Civil Service Commission (OCSC) and with various private sector institutions in Thailand. Their commercial and service focus could be used as a ‘springboard’ for Australian institutions seeking out potential partnerships.

Perhaps most importantly, the benefits of these innovations – characterised by frameworks for workforce mobility and improved education content - are now available free to all Thais at primary and secondary school level for up to 12 years; while the new student loan scheme is intended to provide new opportunities for less privileged Higher Education students. In addition, the Thai government is offering scholarships to Schools and Higher Education students through its *One Scholar, One Tambon* scheme, mirroring a key economic policy of the Thai government to foster rural economic growth through specialisation in manufacturing (see Chapter 3). The *One Scholar, One Tambon* scheme intends to provide international education opportunities to poorer Thai students who might otherwise be unable to access the opportunity. The scheme provides for a total of around 1,000 scholarships and

is managed by the OCSC with funding from the Government Lottery Office (GLO). Exact study destinations are negotiated by the OCSC and the applicant, and there is significant opportunity to influence the choice of study destination through direct lobbying of the OCSC office in Bangkok.

The focus on equity and quality in basic education reflects a vision of a more knowledge-based Thai society, whose modern workforce is able to cope with the vicissitudes of an open economy. This has implications for Australian education providers in that the intended outcome is for more graduates, more trainees with skills, higher exit levels from secondary schooling in Thailand and increased use of English.

4.3 Domestic versus International Competition

Hindered by the slow pace of reform the quality of domestic education in Thailand is not considered to be of a standard that is comparable to international alternatives. The implication for Australian education providers is that despite Thailand's educational reforms, the demand for a quality overseas education remains strong across all sectors. The perceptions of parents and students during focus groups, together with those of Thai academics, confirm this report's conclusion regarding the lack of real quality improvement in domestic education provision in Thailand.

Students in Thailand generally regard public sector universities and some public sector schools to be of better quality than the domestic private sector alternatives. In addition, interview and focus group informants indicated that Thais perceive a public university education will help them build essential future business contacts. Being an alumnus of a prestige university like Chulalongkorn or Mahidol is considered to be important in Thai society. The attitude persists that the best public schools and universities are among the most prestigious in the country, and despite difficulties retaining teaching staff, public institutions are considered to be of a higher quality than many of the private domestic alternatives. The university entrance examination for public universities is competitive (with only a 30% success rate) and is based upon a strict combination of test scores and academic and personal achievement history, determined at the national and institutional level. But despite this reality, the entry requirements for domestic VTE and Higher Education courses are still considered by focus group participants, human resource managers and educational agents to be lower than those required for a European or North American programme.

The take-up of private domestic university places is nevertheless significant, but is frequently attributed to low barriers to entry in terms of price and ease of entry (compared to both the domestic public and international alternatives). One university president described how, to overcome this perception, many private universities have either affiliated with or established an independent school to function as a feeder of students to the university. This strategy is exemplified by Assumption University, a prestige Thai university that is associated with Assumption College (a prestigious school in Bangkok) and Assumption Technical College. The strategy was also understood to be a source of good quality students since the universities are able to monitor the quality of entrants. Despite perceptions of being of relatively poor quality, education agents, principals, teachers and focus group participants reported that private schools and universities are generally very well resourced with teaching staff, technology and other infrastructure.

Private domestic providers compete on price with international providers, especially in respect to middle class Thais who are both price sensitive and who wish to establish business contacts at home, especially those in the SME sector where family networks are strong (Ministry of Labour and Office of

SME Promotion). Continued investment and assistance from overseas could see improvements in quality, but it is unlikely that private suppliers in Thailand will be able to match the best international providers for prestige and educational quality in the foreseeable future. Price and the fact of being based in Thailand will be the overriding determinants of their success.

Fees to study at a Thai university vary and are charged according to the number of credits necessary to complete a course (university administration vice president). Fees at private universities are higher than within the public sector. Table A1 in Appendix A shows the course costs per annum for all disciplines in the various Thai institutions. The cheapest are Rajabhat and Rajamongkol Institutions. The discrepancy between the lowest and highest is a factor of 100 times. For Business and Commerce (the most commonly selected programme by Thais in Australia) there is a significant differential in price between Thailand and Australia. An MBA in Australia costs on average AUD $16,000 per year (at 2005 prices). The equivalent, on average in Thailand, ranges from AUD $300 to AUD $1,800 per year, with some more prestigious programmes up to AUD $12,000 (at 2004 equivalent prices).

Government officials from the Ministry of Education, the Ministry of Labour and the Ministry of ICT all noted that the Thai government sees international education and the trade in education services as an important means of rapidly developing the skills base (both in quality and quantity terms) needed to achieve Thailand's ambitious economic growth forecasts. A shortage of high quality places, especially in industries and disciplines suffering from skills shortages locally, adds to demand. The factors affecting demand for overseas education in Thailand include a continuing propensity for wealthy Thais to regard an overseas education as essential preparation for careers in an increasingly global marketplace, where English is the acknowledged language of commerce and the internet.

Although some improvements in the capacity of Thai Higher Education institutions are occurring, there remains a need for international assistance and provision - particularly in respect to postgraduate studies - in fields such as science and technology. Indeed the World Bank still operates two education sector capacity building projects in the country: the Universities Science and Engineering Education Project, designed to improve the quality of undergraduate science and engineering programmes, and the Secondary Education Quality Improvement Project, attempting to build capacity in secondary education by strengthening teacher training through the provision of scholarships for overseas study in science and mathematics.

From 1995 to 2001 Australia, through AusAid provided over AUD $20 million in support through the Thai-Australia Science and Engineering Assistance Project. The project contributed to the development of teaching and research at the science and engineering departments of 21 public universities in Thailand. Moreover, Griffith University sponsored the establishment and functioning of the Australian Studies Centre in collaboration with the then Ministry of University Affairs. The Centre has recently been reactivated, but such institutional relationships need to be intensified if the perception of Australian absenteeism is to be countered.

The Ministry of Education continues to work actively with regional and international organisations including UNESCO, the Southeast Asian Ministers of Education Organization, ASEAN University Network, the greater Mekong sub-region Higher Education Coordinating Task Force, and the APEC Human Resource Development Working Group, as well as education-related agencies – such as AEI and IDP from Australia, the *Alliance Francaise*, the Goethe Institute, the American Alumni Association (AAA) and the British Council - in various countries worldwide. The substance of these interactions include: education management best-practice exchanges; research sharing; staff exchanges; and exchanges of teacher training know-how. In the case of Higher Education institutions in particular,

closer cooperation has resulted in various academic and auxiliary staff exchanges, the development and teaching of collaborative degree programmes, and the initiation of joint research projects. Several Rajabhat Institutes, specifically, have entered into joint degree programmes with overseas universities. Officials from the Commission on Higher Education noted that where tuition capacity is lacking collaborative degree programmes tend to fill the gap, with close to 50 new PhD programmes running with the assistance of international universities in 2001 and some 20 since. Examples of Australian-Thai university partnerships do exist, such as Curtin University School of Public Health's ongoing collaboration with King Mongkut's University of Technology, and the University of Wollongong's credit transfer arrangement with Assumption University, but the strength of many relationships has diminished over the past 2 to 5 years.

The research capacity of Thai universities has also been expanded through an Asian Development Bank (ADB) funded project (the Higher Education Development Project) to transform seven postgraduate science and engineering departments into national 'centres of excellence', in order to increase the supply of domestic scientists and engineers. Priority subject areas for the RTG Ministry of Education under the terms of the project include: (i) agricultural biotechnology; (ii) chemistry; (iii) energy and environmental technology; (iv) environmental and hazardous waste management; (v) environmental science, technology, and management; (vi) petroleum and petroleum technology; and (vii) post-harvest technology (ADB, 2006).

Despite these initiatives the focus group interviews highlight the weaknesses perceived by Thais with respect to domestic education provision, and support many of the conclusions reported above. Each has implications for Australian education providers. More specifically, the poor standard of teaching within Thai institutions was stressed and Australian Higher Education providers in particular have the potential to demonstrate their capabilities in this area. Through TAFTA, Australian institutions have the structural framework to do this offshore, and thereby reduce prices.

4.3.1 Higher Education

The Thai market for Higher Education is driven by graduate students seeking to gain an award that will improve their chances of employment upon return to Thailand. At the undergraduate level, the majority of Thai students have a preference for domestic study so that they can stay close to family and establish future business contacts. Since the quality of domestic providers remains in question this fact presents an opportunity for Australian Higher Education providers, to establish a domestic presence in Thailand (subject to the terms of TAFTA discussed in Chapter 3) either in partnership with a local provider or independently within a provincial district of the country.

Examples of shared provision of courses with overseas universities are rare but increasing. Several Thai academics interviewed noted that the collaboration of Chulalongkorn University's Sassin Graduate School of Business with the Wharton School and the Kellogg Business School (USA), and Thammasat University's drive to align its postgraduate programmes with those in the USA, added significant value to those degrees and made them popular among Thai students. Similarly, the association between Assumption University and the University of Wollongong is accepted as being one of considerable value. Other Australian Higher Education providers with links to Thai universities have at most just established 'agreements' on staff and student exchanges. The Sassin MBA enables students to study, to varying degrees, parts of their MBA in Chicago. Comprehensive alignment of this sort with any Australian university does not yet exist.

4.3.2 Vocational & Technical Education

Vocational and Technical Education in Thailand is offered at both higher and secondary education levels, but essentially in mainly public vocational colleges; with some more advanced training from Rajabhat and other technology-oriented universities. One typical interviewee recorded his progress from a high school to a vocational college, articulating to a Diploma course at KMIT NB and then onto a Bachelor's degree and a Master's degree in Mechanical Engineering. Institutions offering courses at lower than degree levels include Rajabhat Institutes, Rajamangala Institutes of Technology, public and private vocational colleges, as well as colleges of physical education, dramatic and fine arts.

Office of the Vocational Educational Commission (OVEC) officials were universal in noting that competency based, industry approved vocational education provision in subject areas such as computer studies and engineering is a high priority for the Ministry of Education. In an effort to improve the quality and relevance of vocational education in Thailand, OVEC, with international expertise, is moving towards a new competency based curriculum with the seperation of technical and vocational education courses from academic programmes within the general education system. One significant outcome of these policies has been the establishment of the TVEC; whose mandate to align VTE courses with industry skill needs (in consultation with the Federation of Thai Industries and the Thai Board of Investment), offers international providers the opportunity to align their course offerings with evidence based government policies.

4.3.3 ELICOS

English language schools have flourished in Thailand in the past 20 years. In one area of Silom, there are over 40 English language schools and training centres including one Australian university provider, RMIT English Worldwide and IDP. In the Siam Square District, also in central Bangkok, and close to Chulalongkorn University there are another 50 or so English language schools. Almost all of these English language schools are private providers using expatriate staff. In addition there are English language schools in all major cities and towns throughout Thailand, and in all universities. Most English language provision in Thailand is through universities and other educational institutions, both public and private; while international provision is largely supplied by the British Council, the AAA, IDP and RMIT English Worldwide.

4.3.4 Schools

The demand for English language and global skills sets has fuelled an increase in demand for domestic international schools in Thailand. Although quality is variable, the take-up of places has been substantial from parents eager for their children to have an affordable, ostensibly international, domestic education. These schools offer programmes in English following either the UK or USA school curricula. The Japanese and French also have schools, but there is no international school following the Australian curriculum. Attending such schools, according to both students and parents interviewed, is considered to increase a student's chances of competing for places within international Higher Education.

The Asian financial crisis in 1997 exposed the inadequacy of Thai basic and secondary education, as a movement out of the private sector into the public schools increased the financial pressure on them, exposing pre-existing weaknesses in the quality of provision. Concerns over the quality of delivery in

subjects such as science and technology, mathematics and English language have been particularly acute, although English is now compulsory at primary school level and its teaching is continued in most secondary schools.

Although funding arrangements for schools remain an issue, other 'soft' forms of capacity-building are taking place. As well as attempting to improve the financial efficiency of Schools, The Office of Basic Education Commission (OBEC) is keen to improve teacher quality and teacher training quality, improve the supply of science and technology teachers, and accredit alternative forms of private supply including distance education provision. To assist in these actions OBEC has developed a Schools Sector Strategic Planning Project to help establish a school management and accountability framework that monitors improvements in school administration and checks the success of the decentralisation process. Teachers in Thailand are now better paid and better trained than under the previous arrangements, and there is reportedly a new found focus on teaching quality and education management, backed by a budget for the licensing and development of teaching staff. Sources within the OBEC at the RTG Ministry of Education indicated the ongoing importance of teacher capacity-building to the national education policy, and that given the lack of domestic training capacity in key areas such as Mathematics, Science and English language, such developments present opportunities for Australian teacher training providers both onshore and offshore.

One collaboration project for an Australian School in Chiang Rai province has resulted in the establishment of a school in the north of Thailand. Close collaboration with a key political figure in Thailand also enabled the establishment of the New International School Thailand (NIST) which has an Australian focus. However both schools focus on the International Baccalaureate curriculum and their links to Schools in Australia are based more on personal contacts with previous staff in substantive Principals positions in Victorian private schools. Informants, both students and parents, noted that the impact of the international schools was that most of their students went to universities overseas, notably in the UK and USA. The potential exists for Australian universities and VTE providers to work in this marketplace through existing Australian sister-school relationships.

4.4 Summary of Findings

This chapter shows that there is a clear trend in the take up of education at all levels in Thai education, increasing the potential demand for international education over the next two decades. This chapter also shows that Thailand invests significantly in education, both in infrastructure and human resources. In addition the Thai government is trying to implement reforms in administrative arrangements, teaching and learning and teacher quality. Considering this investment it is not surprising that domestic demand for tertiary education is increasing and similarly that demand for technical and vocational education is perceived as extremely important by the Ministry of Labour, the Ministry of Education and by other government agencies. These reforms include the formation of the TVEC to better align the provision of vocational education to labour needs. The Ministry of Education is assisting in this process through the provision of 'school to factory' cooperation strategies, through investment provisions to encourage the private sector to participate in the delivery of vocational education, and through attuning services from one institution to the services needs of other educational institutions and local provincial needs. Australian providers have not yet become part of the growth in private provision, although an AusAid funded project to be undertaken in 2006 and 2007, aims to increase the capacity of vocational training college directors and senior lecturers in relation to competency-based training, industry standards, curriculum design and English language skills within the hospitality and tourism industry in Tsunami affected regions.

The Ministry of Education through the OBEC is engaged with many projects to improve Schools quality through improved teacher training and increased and better teaching of English in schools (Ministry of Education, 2005). According to the OBEC, there is significant opportunity for Australian providers of teacher training, either through regular in-service training offshore in Thailand, or through short term training courses in Thailand and overseas, to partner with Thai schools and the RTG Ministry of Education to deliver this service.

However, these reforms alone are not enough to stem the growing demand for international education. While many of the factors affecting the growing demand for international education will be dealt with in later chapters of this report, it is of interest here to consider the implications of these trends on potential demand for education in Thailand and, as a consequence, on Australia. Domestic public provision in Thailand continues to suffer from: a lack of policy co-ordination between institutions and the RTG Ministry of Education; a lack of strategic planning between labour market needs and education policy; poor systems of quality assurance; inefficient organisation; and outmoded curricula and teaching methods. In addition the quality of English teaching in Thai schools remains poor, and skills based teaching focused on key areas of labour demand offer significant potential for Australian institutions, in partnership with the relevant Ministry or individual domestic providers in each sector.

5 The Supply of International Education in Thailand: Australia and its Competitors

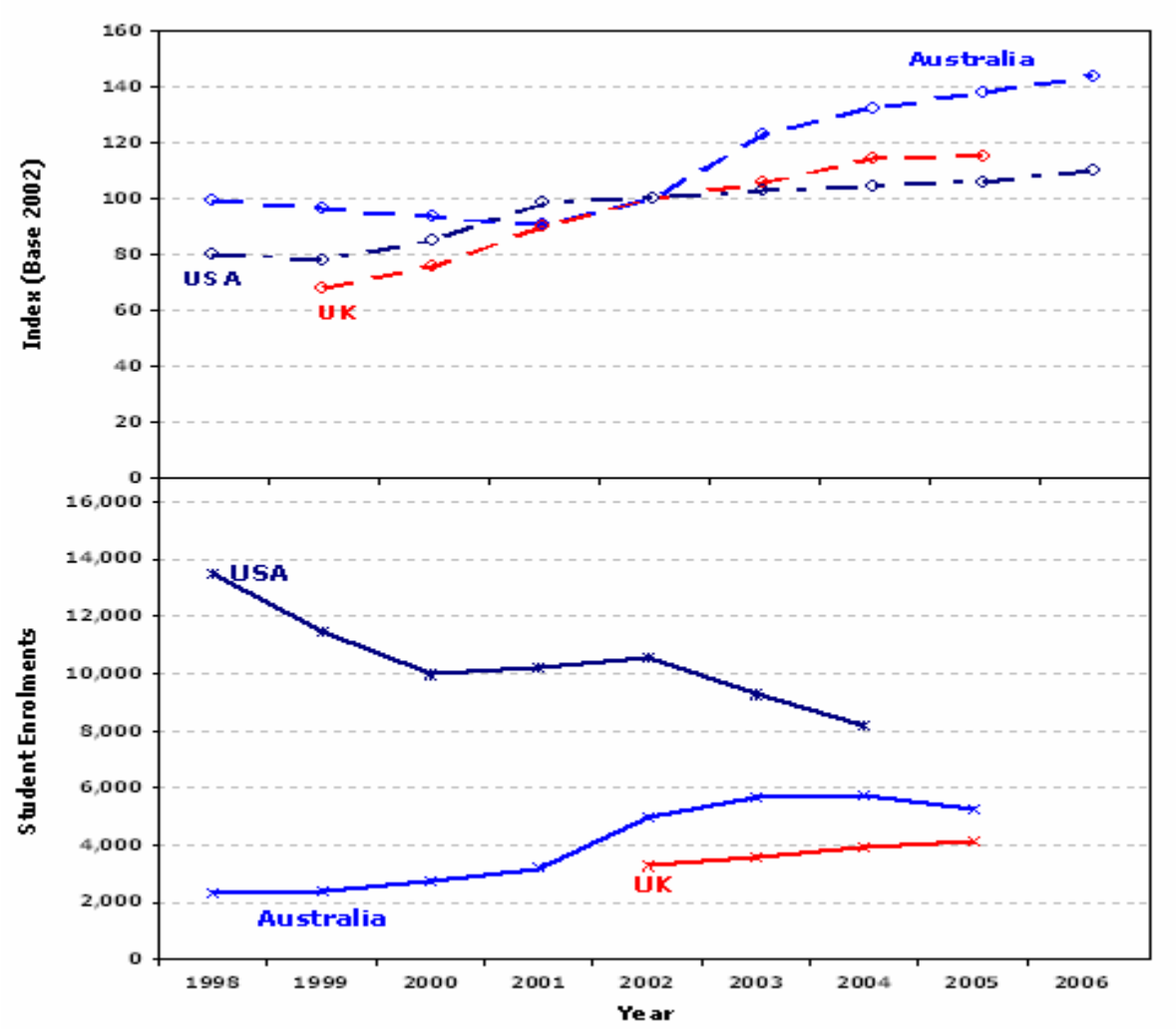
This chapter compares the education industry services offered to Thais by Australian and eleven traditional and emerging competitor countries; namely New Zealand, the USA, the UK, Canada, France, Germany, the Netherlands, China, Japan, Malaysia and Singapore. A comparative analysis is made, addressing a wide range of factors around 'price', 'visa processing' 'foreign language requirements', 'work rights', 'education quality' and the impact of various local marketing activities. The approach combines desk-based research with perceptions documented in the field to develop an understanding of those factors most influencing a Thai student's choice of study destination. As in previous chapters, the threats and opportunities presented to the Australian education industry are identified.

5.1 Price Competitiveness

According to focus group respondents in all sectors, price is an important, but not necessarily overriding consideration for middle class Thais when choosing a study destination. Indeed several parents questioned were of the opinion that price was not a factor at all. This may be the reality for some Thai families, but there are limits to this conviction given the emphasis Thai society in general places upon 'value for money' (according to Thai Australian alumni). There is already evidence that increased fees have had a detrimental effect upon Thai student enrolment numbers in Australia. Figure 10 below uses an index of course fees to plot trends in course fee increases against the enrolments of Thai students in Australian, UK and USA Higher Education. It clearly shows that in the case of Australia, as course fees have increased, the number of student enrolments has reduced. Given the responsiveness of the relationship, with course fee increases being followed by decreases in enrolments in the following year, it is likely that the price increases of 2005 will result in further decreases in Thai Higher Education enrolments to Australia during 2006.

Course fees for international students at Higher Education institutions in the UK and USA have risen less sharply, by roughly 15 and 10 percent respectively from 2002 to 2006, compared to over 40 percent in Australia over same period. For the UK this steady rise has not meant a reduction in Thai enrolments, perhaps because the corresponding reduction in the price competitiveness of Australia relative to the UK has made the country a more attractive proposition; a reasonable conclusion given the perceived desirability of a UK education. With respect to the USA, the fact that Thai Higher Education enrolments have reduced despite relatively small course fee increases indicates that factors other than price have been responsible for a softening in the USA's market.

Figure 10. Index of Higher Education Course Fees for Thai Students Against Higher Education Enrolments, for the USA, UK and Australia (1998-2006)[28]



Source: Institute of International Education (IIE, 2005); Businessweek (2006); University of Virginia (2006); University of Pennsylvania (2006a); University of Pennsylvania (2006b); Cass Business School (2006); Higher Education Statistical Agency, UK (HESA, 2006); Association of Commonwealth Universities (ACU, 1999); Association of Commonwealth Universities (ACU, 2001); Australian National University (ANU, 2006); Royal Melbourne Institute of Technology (RMIT, 2006); World Development Indicators (2006); and SGS Economics and Planning Calculations.

Despite the impact on enrolments of large course fee increases for Australian Higher Education there remains a perception among some Thais, that compared to the USA and UK in particular, an Australian education is more affordable (according to parents and focus group participants in Higher Education, VTE and Schools). Such a favourable view was not held by all informants however, and those interviewees explicitly aware of Australian course fee increases were of the opinion that the concomitant effect of rising living costs (IDP, 2004) had reduced Australia's competitiveness relative to

[28] In order to describe the response of Thai students to changes in tuition fees, an average of tuition fees for a Bachelor in Business/Commerce and an MBA was calculated, based upon course fee data from 5 Australian institutions, 8 UK institutions and 12 institutions in the USA. Each index was constructed by dividing the course fee for a given year by the course fee in 2002. The calculations are based upon conversions to real Bahts and use the CPI of the Bank of Thailand.

countries like the USA and UK (Thai academics and Thai Australian alumni). Appreciation of the Australian Dollar relative to the United States Dollar is also known to have reduced Australian price competitiveness against the USA[29]. Given the influential status of these informants, the risk remains for Australian providers that prompted by further price increases, this more critical viewpoint could filter through to middle class Thais more generally.

In order to compare the actual cost of study in each competing provider country, SGS calculated the total cost of undertaking a course, irrespective of length, in Higher Education, VTE, Schools and ELICOS for eight competing provider countries. The calculations employ a 'total cost of ownership' methodology that takes into consideration course fees, living costs and other variables such as real exchange rates[30] (IDP, 2001; IDP, 2004). The results show that despite recent fee increases for some courses - with the exception of ELICOS and USA public institution PhDs - it *does* generally remain cheaper for a Thai to take a Master's degree, a Bachelor's degree, a VTE course, or attend School in Australia than in any other Anglophone country. In the case of a Master's award, this finding remains true even when taking into consideration the shorter length of a Master's course in the UK.

Table 2. Average Total Cost per Course by Country in US Dollars for 2005

	Total Costs per Course					
	PhD	**Master's**	**Bachelor's**	**VTE**	**Schools**	**ELICOS**
Australia	**$ 81,132**	**$ 45,131**	**$ 67,789**	**$ 29,586**	**$ 72,791**	**$ 5,115**
United Kingdom	$ 95,306	$ 53,257	$ 93,382	$ 50,772	$ 108,852	$ 3,992
USA Private	$ 116,902	$ 81,501	$ 161,257	$ 25,691	$ 89,753	$ 4,146
USA Public	$ 80,621	$ 79,613	$ 82,986	$ -	----	----
China	$ 34,242	$ 37,208	$ 34,988	$ 12,937	$ 44,540	$ 3,149
Japan	$ 94,824	$ 41,756	$ 76,885	$ 31,414	$ 63,290	$ 6,463
Germany	$ 50,507	$ 31,632	$ 66,623	$ 37,453	$ 56,778	$ 7,557
Malaysia	$ 19,929	$ 14,428	$ 36,014	$ 12,916	$ 14,973	$ 1,787
Average	$ 71,683	$ 48,066	$ 77,491	$ 25,096	$ 64,425	$ 4,601

Note: The average course length was applied to all countries considered in the table as follows: 3.5 years for PhD; 1.6 years for a Master's; 3.6 years for Bachelor's; 3 years for Schools; 3 months for ELICOS; and 1.7 years for a VTE course.

Source: SGS Economics and Planning calculations; using updated living cost data from IDP (IDP 2004; IDP 2001), the German Academic Exchange Service (DAAD, 2006) and the Japanese Ministry of Education, Culture, Sports, Science and Technology (MEXT, 2006).

Clearly however, further cost increases will erode this advantage and ultimately alter the popular perception that Australia is a 'value for money' destination. In the case of Master's awards, taking the opportunity cost of attending a longer course into consideration, Australia's positional advantage has already been under-cut when compared to the UK. Although Australian courses are cheaper, since they are on average six months longer, the difference in cost between undertaking an MBA in Australia

[29] The Australian dollar appreciated 2% against the British Pound from June 2002 to June 2006, but appreciated by 31% against the USD (IMF, 2006).

[30] Higher Education fees correspond to a PhD in Business Administration, an MBA, and a Bachelor of Commerce. Fees were taken from the top three and bottom three ranked universities for each country (according to the Times Higher Education supplement). For sectors that are not Higher Education three institutions were chosen at random. Course length was based upon the average for each country. Since living costs were for different years in local currency, the correspondent Consumer Price Index (CPI) has been used to enable comparison for 2005.

compared to the UK was only around USD $8,000 in 2005. Even at Thai graduate salary levels[31] this advantage is marginal when potential lost salaries are taken into account. Although Thais are prepared to pay for quality in the face of poor domestic provision, increased prices relative to the competition will have a negative impact on student numbers.

5.2 Visas and Entry Requirements

5.2.1 Visa Fees, Associated Application Costs & Visa Processing Issues

Visa fees constitute only a small proportion of the total cost of undertaking a course in a particular country. As one might expect, the full cost of obtaining a visa varies according to the length of stay, the structure of the authorisation (entry to the Netherlands, for example, requires both a student visa and either a temporary stay or residence permit) and the occurrence of additional mandatory charges (for security checks or medical examinations). Total application costs in THBs have been recorded for each country where available.[32]

The desk research shows that Australia is one of the most expensive of the twelve study destinations to obtain entry[33], with a student visa costing around THB 12,225 (excluding the THB 10,187 charge for Overseas Student Health Cover). This compares to THB 7,886 for the USA and THB 8,425 for the UK (whose fees include additional charges for security system registration and a mandatory medical examination respectively). Although fees for compulsory medical examinations for New Zealand and Canada are unavailable, this makes Australia one of the most expensive of the five Anglophone countries to obtain entry. Overall, the cost of obtaining entry to Australia is third only to the Netherlands, at around THB 22,703, and Singapore at THB 13,141. While not currently an issue for Thai nationals, any future fee increases for an Australian visa could further erode Australia's fragile price advantage (that is total course cost including expenses) over the international competition.

Of more importance to some Thais is the *process* for obtaining a visa. The time it takes a prospective Thai student to obtain a visa, and the degree of 'difficulty' involved, will vary greatly according to the circumstances of the particular applicant. This makes inter-country comparisons problematic. However, according to several Thai academics and representatives of the RTG OCSC, visa processing issues appear to be less of a concern for entrants to Australia than for those wishing to enter most of the other countries researched. This is a non-trivial finding, since experiences around a country's visa application process will likely colour an individual or group's perception of the 'friendliness' or level of acceptance they will encounter during their stay. Australia's positive image in this regard could be promoted, perhaps through reference in promotional material to Australian e-visa provision.

For instance, there was a tendency among Higher Education focus group participants to hold the view that the USA is a xenophobic and difficult country to enter. A recent requirement for applicants to

[31] One recruitment consultant based in Thailand estimated Thai graduate salaries at between USD $600 and USD $800 per month.

[32] Given the variability of insurance cover, such charges are not included in any calculations.

[33] Calculations are based upon initial rather than recurring costs.

undergo a telephone based security check[34], combined with a requirement to register on a security database will do little to counteract this view. Less commonly stated, but nevertheless reported, is the perception that the UK is becoming an increasingly difficult country to enter for new and non-standard applicants without previous connections to the country (RTG OCSC).

The facility to process an Australian visa instantly online also means that for those with internet access, the process for obtaining an Australian visa is quicker and cheaper than for any other Anglophone country; although 'in-person' processing times can take up to one week, compared to as little as one day for applications to the UK. This compares to around one month for applications to enter New Zealand or Canada.

Detailed information on visa processing issues for China was unavailable, although anecdotal evidence from agents and Thai government officials suggests that – with the exception of Singapore - application processing is relatively short (at around one week) and unobtrusive for Thais wishing to enter other Asian countries.

5.2.2 Foreign Language Requirements

The requirement to meet a minimum standard of competency in the language of study as a condition of entry to an institution applies in particular to Higher Education. Higher Education students intending to study in an English speaking country, or on an international programme taught in English, generally must pass either a Test of English as a Foreign Language (TOEFL) or an International English Language Testing System (IELTS) examination. The ability of Thai students to pass these examinations has clear implications for Higher Education enrolments.

The degree to which English language requirements are a barrier to prospective Thai students will vary according to the requirements of a particular institution or course, making a comparative assessment difficult. Our desk research shows that English speaking countries, or countries for which the language of instruction is English, tend to have similar test score requirements: for undergraduates, between 500 and 550 (paper-based) for TOEFL, and between 5.5 and 6.0 for IELTS; and for postgraduates, between 550 and 575 (paper-based) for TOEFL, and 6.0 and 6.5 for IELTS. English language requirements for the United States tend to be slightly less stringent than for other countries, including Australia, although in circumstances where there is a need to take the Graduate Record Examination (GRE) this 'advantage' tends to be neutralised[35].

When asked during interview whether English language requirements were a barrier to entry for Thai students, one Thai academic (currently mentoring graduate students intending to undertake PhD studies in Australia) stated that English language requirements for some science courses in Australia were *"unrealistic for Thai science students; and unnecessary for scientists"*. This view was also shared by informants at the RTG OCSC, meaning that – for science courses at least – tougher English language tests (such as those reported to be under consideration by Maslen, 2006) could have a detrimental affect upon student enrolments in Australian Higher Education, should Thai student

[34] As of January 19th, 2006, visa applicants for the USA must call the country twice, to obtain a security password and undergo a security check.

[35] For graduate students in the USA, most institutions require that students pass a GRE examination (a formal test of logic), considered by Thai students to be difficult to pass for individuals from a non-English speaking background.

preferences be steered towards courses elsewhere, where English language requirements are less stringent.

Assuming that Thai preferences for a particular course have not yet been affected by tough English language requirements, there is some evidence that the prospect of difficult tests actually has a positive effect upon ELICOS enrolments. For example, several individuals at the focus groups for domestic English language course students and prospective English language course students stated that their decision to take an English language course was the result of a need to improve their general English before applying to undertake a Master's course in an English speaking country. Clearly, this outcome will only be true to a point however, and increasingly difficult English language requirements will eventually be a barrier to some Thais given the general paucity of English language teaching in the country.

Foreign language requirements, where English is not the language of instruction, vary by language with both Japan and China adopting country specific requirements. However, no individual at any focus group expressed an intention to study in an Asian country (other than English speaking India).

5.3 Work Rights

5.3.1 Working While Studying

Focus group findings held for the ELICOS, VTE, and Higher Education sectors indicate that Thai students value the opportunity to undertake part-time work during their period of study. In general such students can be categorised into two groups: those who seek work to develop their English language skills and relationships outside of class, and those who seek to develop extracurricular skills in a work environment. One prospective VTE male student, for example, said that while Thais are flexible and service minded people, they study overseas primarily to improve their employment prospects; therefore course related work opportunities are highly valued. Recognition of the importance of 'work and study' opportunities for Thai VTE and Higher Education students would benefit the Australian education industry's approach to the Thai market in these sectors.

The intelligence around work rights or 'permissions' available to Thai students wishing to undertake full or part-time work during their studies (within a particular host country) applies to all sectors, although in practice has most relevance to Higher Education, English language and VTE students who are both resident within the host country for a period longer than the statutory minimum for obtaining work rights, and who are above the statutory minimum age to work.

The comparison shows that Australia is at least as 'generous' as its competitors regarding its study work rights policy. Higher Education students temporarily resident in Australia may work part-time during term (up to 20 hours per week) and full-time during vacations after obtaining a work permit. These permissions are comparable to those of the majority of European and Anglophone competitors plus Japan[36] and on-balance, less restrictive than arrangements for Canada, the USA and New Zealand (with restrictions for off-campus work and term-time work respectively). All European and Anglophone

[36] Thai students in the UK, USA and Japan may work up to 20 hours per week during term, although in New Zealand it is 15 hours and in the Netherlands 10 hours.

countries plus Japan are less restrictive than Asian competitors such as China and Malaysia, where no specific work rights during study are granted. Higher Education students in Singapore however, may work part-time during term.

Of concern for Australian industry is that focus group findings demonstrate a lack of awareness among Thais regarding such prospects in Australia. For instance, the opportunity to undertake 'Work and Travel' packages in the USA was considered to be a positive factor for undergraduates intending to study there; while reference was also made to part-time study opportunities available to postgraduate students in the UK. Both these opportunities are available to international students in Australia (AEI, 2006b), but no focus group participants indicated an awareness of this. The indication is that Australian industry and government must do more to develop and promote work and study opportunities in Australia; especially those aligned to a specific course of study.

5.3.2 Working Post-Study

The post-study work-rights table compares the work rights available to international students after graduation for various competing provider countries. The research shows that privileges available to Thai graduates in Australia compare favourably with those granted in Europe, North America and Asia; with international graduates eligible to remain in Australia to work full-time upon obtaining a work permit. This situation is similar to the general case in the UK in that graduates may switch to work permit employment without having to leave the country.

Other specific privileges may apply to Thai graduates in Australia qualifying for a skilled migrant working visa, or for those electing to work outside a major urban area. However, unlike Canada and the UK, these options are allied to the work permit application (and therefore a job offer) and are not automatically granted to qualifying students upon graduation. Certain Higher Education graduates may remain in Canada or the UK for up to two years actively *seeking* employment, without actually securing a job.

There is no evidence however that these post-study work incentives are necessarily attractive to Thai students. With the exception of some parents and prospective VTE students the desire to take up post-study work opportunities was not a strong feature of the focus groups. As indicated during interviews with Thai recruiters and alumni, the majority of Thais undertake overseas courses to improve their domestic employment opportunities upon repatriation, rather than as a pathway to gaining full-time employment in the country of study. To the extent that post-study work opportunities are valued, it is with respect to gaining relevant work experience for job applications on return to Thailand. As with work opportunities during the period of study, the opportunity for the Australian education industry lies in developing and promoting short-term course related work opportunities that enable Thai students to gain relevant industry experience.

5.4 Education Standards & Accreditation

Thai perceptions of the quality of an education in each provider country are complex and often contradictory. A solid starting point however, is to recognise that most Thais regard an international education to be superior to domestic provision, while the essential motivation for studying with an international provider is to instil what has been referred to by some focus group participants as a *'developed country mentality'*; the acquisition of which is independent of the specific study destination.

In this sense – outside the space of internationally renowned institutions such as America's Ivy League, UK's Oxbridge, and certain prestige schools – Thai students and their parents generally perceive there to be little difference in the quality of institutions and courses within and between the major provider countries; and all are seen to offer a good quality education.

This general picture accords with a more objective comparison of education standards by AEI-NOOSR[37]. The standard of awards in each sector for all provider countries are broadly equivalent, meaning that in terms of the quality of the final award Australian qualifications are at least as good as those of the competition for the purposes of qualification recognition by employers. Unfortunately there is no equivalent framework by which the RTG Ministry of Education assesses and compares the qualifications of international providers. Each of Australia's market competitors employ similar accreditation systems, with a government regulator overseeing the rules and standards by which decentralised or independent self-assessment occurs[38]. In all cases member institutions are inspected against teaching standards, school facilities, student welfare and accommodation.

That said, a significant minority of Higher Education focus group respondents felt, not withstanding a belief that Australian provision is of good quality, that it is 'third tier' compared to the USA and UK. Despite the international reputation of Australian research, this finding relates both to the fields of science and technology (in which courses from the USA are perceived to be superior) and the humanities and social sciences (in which courses from the UK are considered to be superior). The perception of an international Higher Education hierarchy was re-iterated several times during interviews with business leaders and Thai government personnel alike. Paradoxically, one prospective Higher Education undergraduate even said that he intended to study in Australia because it was an 'easier' alternative than the UK. The Australian Higher Education industry needs to do more in Thailand to counteract this perception through the promotion of its award winning research and alumni, particularly in the physical and medical sciences where Australian research capabilities are strong.

According to focus group findings Australian Higher Education is also perceived to offer less choice than the UK or USA alternatives offering a greater selection of universities, a broader range of courses and a more diverse international student corpus. Higher Education focus group respondents found it difficult to differentiate between Australian Higher Education institutions, although individuals could for both the UK and USA. Again, the Australian Higher Education industry and government needs to do more to market Australia's institutional and social diversity if this homogenous image is to be challenged. The promotion of award winning research (and researchers) at events in Thailand is one way to achieve this and is an indirect means of differentiating Australian provision in the absence of league tables. Without such progress those Thais seeking a rich educational experience will continue to be needlessly put-off by Australia.

5.5 Culture & Prestige

What emerges from the focus groups is that in the absence of specific information about a course or institution, study preferences are primarily based upon perceptions about a country, or else the fact that a family member or friend might be resident there. With the exception of PhD and VTE students, institution and course information was regarded as a secondary consideration for most focus group participants, with the country rather than the institution being the primary influencing factor. In

[37] AEI Country Education Profile(s), various years.

[38] One exception is Malaysia, whose accreditation system is reportedly still in its planning stages.

general Australia is regarded as being a good place to visit and study because of positive perceptions about its 'beach-side lifestyle' and spectacular geography; but for the most part it does not have the level of cultural influence in Thailand afforded by either the UK or USA. Perceptions of Australia as supporting an advanced economy with sophisticated human and infrastructural, as well as natural, endowments were lacking.

The USA is perceived as the new, modern, innovative location for science, technology and business, and it is the first choice for the greatest proportion of students applying for Thai civil service scholarships or other university scholarships. The majority of PhD holders in the Thai Cabinet (about 17) all graduated from the USA and many 'new money' Thais are following this lead.

In general the 'old money' social groups have tended to prefer the UK as a destination; although some 'new money' families for whom prestige is important, and who are disaffected with what they perceive to be an aggressive and xenophobic US government (a view expressed by parents and prospective VTE and undergraduate students at focus groups) also appear to be shifting their preferences in favour of the UK. The UK has over 100 years of educational ties with the establishment in Thailand (dating back to the education of the sons of King Chulalongkhorn in the later 19th Century). These links to a large degree have been sustained and 'old money' families in Thailand still send their children to be educated at prestige secondary schools and then universities in the UK; or at schools in the UK and then back to one of the prestige universities in Thailand (such as Chulalongkhorn, Mahidol, or Thammasat) where business and other social networks are established.

To some extent information about Australian supply will inevitably be less visible in Thailand when compared to the UK and USA, since Australia lacks many of the historical, cultural and economic connections that the USA and UK have so far managed to maintain. Over and above the influence of prestige individuals, it is apparent to any visitor to Bangkok that the public (retail, entertainment and leisure) spaces occupied by Thailand's middle class youth are signifiers of messages about UK, USA and Japanese popular culture, and not messages uniquely attributable to Australia.

In the absence of personal contacts few individuals expressed strong opinions about Australia and tended to default to the USA, followed the UK, as their first choice study destination. Unlike in the case of Australia, even those students not intending to study in the USA or UK had a particular opinion about the country; commonly assuming that the USA is a land of innovation and individual freedom, while the UK is a nation of moderation and conservatism. The choices resulting from these perceptions varied according to the personality of the individual respondent, with some individuals preferring the UK (for what they perceived to be its educational prestige) and others were deterred (as a result of this view) because of a perception of high failure rates among Thai students. Similarly, while the perceived boldness of USA culture attracted some undergraduates, others interpreted this negatively. For the few focus group participants who expressed an opinion about Australia but did not intend to study there, the perception was predominantly negative, with the view being stated on more than one occasion that Australian institutions are *'full of spoilt Thai teenagers.*'

The importance of family or friends being present in a country, and its influence upon the choice of study destination, is confirmed by each of the Higher Education (postgraduate and undergraduate) focus groups. For participants at these discussions the presence of family or friends emerged as the critical influencing factor, but only in so far as it affected the individual's perception of the country as a whole.

One exceptional sector for Australia in this regard is VTE, where our focus group findings demonstrate that Thais tend to be course driven and specific in their selection, requiring a more detailed information base. Australia was seen by participants at the VTE focus groups to be an excellent destination to receive proficient training in short, relatively inexpensive, technical courses; where course relevance and price are more important considerations than prestige. A particular reputation for excellence has been established in areas such as aviation, tourism and hospitality. However, for VTE students with no particular opinion on the comparative merits of different courses or institutions, destination countries were preferred on the basis of general country information, often found during internet searches. This meant that for those individuals without prior experience of Australia, the USA or UK emerged as a preference; while those with prior experience were often influenced by the presence of family or friends, prior to developing an opinion on the quality of Australian VTE provision.

With respect to Schools, Australia, Canada and New Zealand were regarded as preferred destinations because of a perception that they are a safer and more peaceful destination than the USA. Little specific information was known about comparative institution or qualification standards. In the case of ELICOS, the decision to choose one provider over another was rarely based upon an opinion regarding the quality of teaching at a particular institution. For some participants the UK was regarded as a good choice because of its status as the 'origin of English', whereas other participants expressed a preference for the USA or Australia because of the accent.

With regard to non-Anglophone countries the RTG OCSC did state that students placed in Asian countries often find it easier to adapt to life there, compared to an Anglophone alternative; but with this exception, no other interviewee considered Asian competitors to be a major destination of choice on the grounds of culture, prestige, or safety for Thai students. No focus group participant expressed a view contrary to this finding.

In summary, an analysis of the focus group findings reveals that in the absence of specific course or institution information, or meaningful personal connections, individual perceptions of a country are a significant influencing factor for all sectors, with the possible exception of VTE. Although individual outcomes cannot be predicted, the greater influence of USA and UK culture in Thailand presents these countries with a competitive advantage over Australia. To respond to this challenge the Australian education industry and government must recognise the importance of 'country' as a primary influencing factor within the Thai market, and do more to promote the uniqueness of the Australian experience compared to both the USA and UK. More could be done to promote the fact within marketing material that the Australian education industry supports an advanced services economy with highly developed human and cultural resources. The use of online and hardcopy publications will help in this regard, but could be supported by the exposure of more prospective Thai students to leading Australian academics, business leaders and other prestige individuals.

5.6 Student Welfare

With respect to student welfare, the majority of competitor country institutions provide specific assistance to international students in all sectors, and Australia is no exception (AEI, 2005; AEI 2006b). Particular provisions will vary according to the nature of the institution (taking into consideration the age of students and whether or not services such as housing are offered) but in most cases a suite of counselling and information services are offered through an international student advisor.

In the majority of countries the provision of such pastoral services is mandatory. To be able to accept international students in the first instance, each respective ministry of education requires the institution to be registered with the ministry. This generally means that a minimum standard of support services (non-educational services) will be provided.

In respect to healthcare, most countries – including Australia – require international students to obtain private health insurance, adding to the overall cost of education by Australian providers. Notable exceptions to this arrangement are Japan and the UK, where resident international students are eligible for non-elective medical treatment under their respective national health systems.

As one might expect, safety concerns were an issue for parents of prospective school students and the parents of domestic school students, who during focus groups stated that the existence of welfare and safety provisions were a factor in their decision-making. In this regard, both Australian and New Zealand's private schools and Higher Education institutions were considered as safe and 'peaceful' environments. Australasia's reputation among middle class Thais for safety was confirmed by comments made by informants within both the Thai civil service and academic community. The Australian education as a whole would do well to capitalise upon this reputation as part of a broader marketing initiative in which Australia and its social benefits in terms, not just in terms of welfare and safety, are promoted.

5.7 Customer Relationship Management, Marketing & Promotions

5.7.1 General Government Initiatives

Each of the five main international destinations for Thai students, namely Australia, the USA, UK, China and Japan proactively pursue growth in the Thai market place. Perhaps most active is the UK, which according to the British Council has earmarked Thailand as one of its ten priority markets (British Council, 2006). Through the British Council, the UK has established a strong presence in Bangkok, under the whole of industry brand *Education UK*, with two busy education centres in the heart of the city's retail and education service districts.

An emerging component of the UK's strategy for growth in the Thai market is to establish UK owned education services in Bangkok and provincial Thailand. The UK has also actively participated in the development of Thailand's domestic education sector through the provision of various training and consultancy services as part of a sector wide 'Thai-UK Partnership'. Components of these services include: A Framework Agreement in Higher Education (signed in September 2002) which promotes improvements in university management, e-learning and the research capacity of Thai universities; the establishment of a VTE working group with the RTG Ministry of Education, the Federation of Thai Industries and the Thai Retailers Association;[39] and membership of the Foreign Languages Curriculum Committee of the Ministry of Education, established to help schools and their teachers prepare for updates to the curriculum for languages.

[39] The VTE working group aims to develop a pilot Thai Vocational Qualification (TVQ) based on the UK National Vocational Qualification (NVQ).

As a nation, the USA remains culturally influential in Thailand, but discussions with international education agents and informants within the RTG Ministry of Education suggest that USA government activity in Thailand has become less intense in recent years. This contrasts with China, which although not on the radar of education agents, or indeed the private individuals participating at focus groups, continues to develop its profile with public education institutions in Thailand. China is actively engaged in international cooperation and exchanges in the field of vocational education, Chinese language provision, and Higher Education. As an example, in 2005 China's deputy education minister signed an agreement with the RTG Ministry of Education to help train 1,000 Mandarin language teachers every year to work in public schools in Thailand (Ministry of Education, China, 2006).

For its part the Thai government aims to promote the teaching of Chinese language alongside compulsory English, with the intention that by 2010 one third of high school students will be proficient in Chinese (Vatikiotis, 2006). Lending impetus to this initiative, and strengthening Chinese language provision to adults and Higher Education students, is China's recently established 'Confucius Institute'. Modelled on the British Council, the Confucius Institute is an independent, government funded organisation, with the mission of promoting Chinese language, culture and education services. As of 2006 three Confucius Institutes had opened in Thailand (on the campuses of Kasetsart University in Bangkok, Chiang Mai University in Chiang Mai and Mae Fah Luang University in Chiang Rai province), providing Chinese language courses to students and other private individuals, together with training to teachers of Chinese. While it is too early to assess the impact of such initiatives on Australian ELICOS provision with precision, the Chinese government has clearly adopted a two-fold strategy – through the schools curriculum and through provision of private courses – of promoting greater Chinese language provision in Thailand. Should China's cultural influence also be extended (and therefore affect the demand for Chinese language courses) there is reason to believe that over the next 5 to 10 years Australian ELICOS provision will to some degree be threatened.

While not a market leader in Thailand, the New Zealand government is also attempting to develop markets for New Zealand's educational exports, and strengthen the national brand for New Zealand's international education services. Central to achieving this vision is an approach which combines supporting alumni networks of international student graduates with increased support for the development of institutional relationships. In April 2005 New Zealand announced extra spending of NZ $21 million for international education over the next four years, in order to further boost the industry in New Zealand and strengthen bilateral links offshore (AEI, 2005).

AEI maintains strong relationships with foreign countries through cooperative arrangements such as Memoranda of Understanding (MoUs), outlining a framework and direction for future collaboration. Through a series of MoUs on Education Cooperation since 1994, a number of co-operative activities have since been developed, including amongst others, the development of a National Qualifications Framework in Higher Education, the E-Learning Digital Curriculum project which is exchanging expertise in the design and development of digital curriculum resources and the Thai VTE Amalgamation Project, to facilitate the amalgamation of more than 400 vocational colleges into twenty-eight multi-campus institutes. AEI has also supported high profile academic speakers and researchers in key areas such as TESOL, public science awareness, biotechnology, e-health and bioinformatics, fashion and creative design, and film to attend high profile public events.

Despite these initiatives several informants, including Thai-Australian Alumni, RTG Ministry of Education officials and academics expressed strong views regarding the relationships currently existing between the Australian Government and Thai society generally. One issue repeatedly raised was the Thai perception that the Australian Government did not consider Thailand to be an educational partner,

but rather a fruitful source of funds from fee paying students. In the context of Thailand's high rates of poverty and other development needs this was regarded as somewhat cynical, and on more than one occasion the cessation of Australia's development assistance to Thailand was mentioned negatively, with informants obviously unaware that the cessation of assistance was at the request of the RTG. Given the networked nature of Thai society - heavily dependent upon social networks, patronage and prestige relationships – it is apparent that the Australian education industry needs to develop stronger social and cultural networks in Thai society and do more to promote the strong education relationship that is already in place as well as Australian culture more broadly, particularly through the media.

5.7.2 Institutional Relationships

Each of the five market leaders for international education services in Thailand support direct relationships between educational institutions at home and in Thailand. These relationships serve to promote growth in international education provision both directly, through joint programmes, and indirectly, through the establishment of mutual respect and understanding. Some areas of possible co-operation are staff exchanges, various capacity building initiatives, research co-operation, qualification recognition, and development of twinning programmes.

As of 2003, Australian Higher Education institutions maintained 153 'active' (not expired) individual cooperative arrangements with institutions in Thailand, often with multiple arrangements occurring between particular institutions (Smith, 2003). One hundred and thirty nine of these active arrangements were academic (often involving research collaboration) as opposed to student exchange or study abroad programmes that might influence the market for international education more directly. Those Australian institutions with more than ten agreements in place with one or more Thai institution are Monash University (with 14), the University of Canberra (with 13), Curtin University of Technology (also with 13),and Griffith University and Edith Cowan University (both with 12). The University of New South Wales has also recently signed (June 2005) an international agreement with Thammasat University to enable engineering students there to complete the final year of their degree in Australia.

Our map of the extent of institutional relationships between competitor country institutions and institutions in Thailand is incomplete: a comprehensive survey of Thailand's international institutional relationships is beyond the scope of this study, while no central index exists. However, sources within the RTG Ministry of Education stated that in recent years relationships between institutions in Europe and the USA have intensified with their counterparts in Thailand. In contrast, those with Australia were seen as in need of revival if existing agreements were to be actioned as meaningful projects.

A lack of investment in strategic relationship building on the part of Australian institutions has emerged as a major theme in this analysis, particularly in regard to Higher Education. Despite a solid reputation for quality in education, there is a feeling among prominent Thais that this alone is not enough for prospective students to be attracted to Australia. By way of illustration: according to the Marine Science community in Thailand, Australia has an excellent reputation in this field but will fail to attract post graduate students unless more is done to promote collaborative research and staff exchanges; activities which the UK, Japan and even Korea are actively promoting in this area.

Higher Education institutions in the UK, France, Germany and the Netherlands were considered to be intensely active within pan-European networks aimed at developing institutional relationships with Thailand. Most notable are the 30 projects in Higher Education coordinated by the European Commission's Asia-Link Program since 2002 (Asia-Link, 2006). Each of these projects is current,

involves multiple institutions, and range from joint programme development, through joint research efforts, to various capacity-building initiatives.

It was also noted that the USA has particularly strong relationships with institutions in Chiang Mai, where a US education resource centre provides the USA with an established physical presence (USA Embassy, 2006). In 2004, the USA also initiated the East-West Community College Partnership programme, which focuses on development of the nascent community college system in Thailand through the facilitation of funded staff exchanges.

Given the networked manner in which Thai society works, the Australian education industry needs to be seen to be making more of a commitment to developing and sustaining meaningful institutional relationships with Thailand if its reputation is to be improved. Staff exchanges, joint research and joint programmes taught in English are three obvious strategies.

5.7.3 Grants & Scholarships

A number of countries offer grants and scholarships to international students generally and to Thai students in particular. These are often provided on an institution-by-institution basis, although the governments of several countries - including Australia – run government-funded merit-based schemes, largely for postgraduate awards.

Australia's scholarships scheme is less well known than either the USA Fulbright programme or the UK Chevening scholarships. During focus groups and interviews in February 2006, no Thai student or parent indicated an awareness of the existence of Australian government scholarships, and even business leaders and politicians were of the understanding that no Australian grant based award was currently available to Thais. Activities associated with the promotion of the new Australian Scholarships initiative, which was announced in April 2006, may go some way to redress this perception[40].

The USA Fulbright programme also has specific components targeted at Thais: the Thailand-United States Educational Foundation provides grants under its University Staff Development Program to qualified lecturers from provincial universities intending to study for a Master's or PhD; while the Junior Research Scholarship Program enables junior university staff to gain six months research experience in the USA as a part of a doctoral programme insert (USA Embassy, 2006).

The emphasis on grants and scholarships as a means of attracting students and strengthening government relationships has also been recognised by China, who – in addition to its previous commitments – will offer 100 scholarships for Thai students to study Chinese in China during 2006 (Vatikiotis, 2006). Moreover, the Chinese government continues to offer a limited number of free university places to low income Thais (Ministry of Education, China, 2006).

[40] The Australian Government launched the $1.4 billion Australian Scholarships initiative in April 2006, incorporating three elements: the Australian Development Scholarships, the Endeavour Programme and the Australian Leadership Awards. Thailand is eligible for the latter two elements, which provide scholarships and fellowships to high achieving students, researchers and professionals from the Asia-Pacific region, including Thailand.

5.7.4 Education Centres & Other Promotional Activity

Thailand is a congested marketplace for international education and the promotion of host countries and the offerings of individual institutions are competitive. The promotional activities of most international education providers tend to combine a direct marketing approach with other cultural, scientific, business and inter-governmental activities that help to promote each particular country. The difference in the approach between countries tends to lie in the emphasis given to each of these two strategic components. The response of prospective Thai students and their parents to these activities has important implications for Australia's approach to marketing in Thailand, which brings into question both the *effectiveness* and *value* of promotional strategies that emphasise direct over indirect marketing activities.

In the case of Australia, the weight of evidence suggests that there is currently an over-emphasis on direct marketing using fairs, agents and the dissemination of promotional material, which may be both ineffective and counter-productive in attracting Thai students. As a consequence the Australian education industry, especially Higher Education and English language provision, is generally regarded as being too commercially focused and seemingly more interested in extracting money from Thailand than on producing well-educated Thais (according to Thai academics, alumni and Thai government officials).

In regard to the effectiveness of Australia's marketing activities it emerged from the focus group discussions that few individuals felt they had 'easy' access to information about Australian education. Several focus group participants queried the visibility and accessibility of information about Australian education supply and there appears to be considerable confusion in the marketplace about who officially represents the Australian education industry. Students, parents and even some academics actually think that IDP and not AEI is Australia's official representative. According to those students questioned, particular intelligence about Australian education – such as where to go for information as a starting point, how institutions might be distinguished and what benefits an Australian education might offer – is not as readily or unambiguously available as it is for Australia's UK and USA competitors. Views expressed during focus groups attended by parents of prospective school students and prospective Higher Education postgraduates are telling in this regard since none of the attendees felt they knew anything in particular about education in Australia, and would not know where to go for information should they wish to.

The difficulties students and parents have accessing the AEC in the Australian Embassy is one contributing factor.[41] It is reasonable to propose that in addition to a lack of awareness about the centre, the Embassy's poor location and obtrusive security deters prospective students from visiting. Finding similar information and receiving a consultation about UK education from the British Council is

[41] AEI provides CRICOS-registered institutions with the opportunity to promote themselves on the Study In Australia (SIA) website and to display their promotional brochures in the Australian Education Centre (AEC) at the Australian Embassy in Bangkok. At the AEC, international students can view an institution's promotional material and use computer terminals to access further information. Generic group counselling sessions for prospective students are also provided. This component of an overall marketing strategy is similar for each of Australia's competitors. The USA runs several education advisory centres in Bangkok, and according to the USA embassy website, hopes to increase the amount of course and country information available through the centres. The British Council is also prominent and in addition to a detailed and up to date website in Thai, its activities include a variety of promotional events and talks for both prospective Thai students and those about to depart to the UK.

a much more welcoming experience. The offices of the British Council are at the heart of two of Bangkok's most fashionable centres for retail and leisure, affording high visibility adjacent to fashionable shops and bookstores. Siam Square district is the location of over 100 'cram schools' for high school students and the focus of social activity for middle class urban Thais. In addition, it is located at the entrance to the most prestigious university in Thailand, Chulalongkhorn; less than 100m from a main node of Bangkok's modern rail transport system.

Confusion over where to access information about Australian education is enhanced by the almost universal lack of strategy demonstrated by Australian universities, Schools and English Language providers in respect to their use of education agents. Almost all institutions use multiple agents who – acting on behalf of the same institutions - each compete for the same pool of available students. The absence of official rankings for Australian institutions may be counter-productive in this regard, since without additional information Thai students lacking prior knowledge of the Australian education system have little means of differentiating between institutions.

As well as encouraging aggressive commercialism, this strategy means that prospective students are unsure exactly whom to deal with. At exhibitions, for example, up to eight agents might represent one university. In addition, there is a concern among those agents registered with TIECA that with nearly 300 agents operating in international education in Thailand, without any government control, some agents are indulging in practices outside of TIECA members' ethical standards. Accusations of such practices from agencies working for competitor countries are almost exclusively directed towards agents acting on behalf of Australian institutions.

In regard to the value of promotional strategies that emphasise specific institutions over strategies that emphasise a host country experience as a whole, the evidence suggests that general country-based information and perceptions more readily influence student preferences than specific details about institutions and courses. In only a small number of cases did an individual express an educational preference on the basis of a particular course, for example a particular cookery course in the UK in case of a prospective VTE female, or a particular tourism course in Australia in the case of a prospective VTE student male. Much more common was for a student or parent to order their preferences according to the country of choice first and a particular course or institution second.

For English language qualifications, and certain VTE qualifications where prestige is less of a consideration, it was common to find individuals expressing a preference for the USA, for instance, because they liked American film, or the UK because of a love of soccer. At the prospective Higher Education undergraduate focus group, those intending to study in Australia had not looked for detail on specific institutions; they simply chose the country they felt most familiar with because of the presence of relatives they had visited. Even in the case of specialist courses such as veterinary science the choice of country preceded the choice of institution; in this case based upon a perception that the UK is a country of animal lovers.

The focus group members indicated that in general they base their study destination preferences according to the country of choice rather than a particular institution. On the surface this would indicate that the dissemination of information about particular courses at particular institutions needs to be balanced by a greater emphasis on general information about the culture and lifestyle options available. However, the focus group findings also indicate that this recommendation applies more to individuals lacking alternative sources of information, such as information from peers, family and friends. Although a major determining factor, the focus group findings show that few individuals made

country-based preferences in the absence of other determining factors such as the existence of family or friends in the destination country.

A great deal of qualitative evidence suggests that while various forms of passive information may help to raise the profile of Australia and Australian education, Thais are more likely to be influenced in their educational decisions by indirect marketing through opinion formers such as VIP alumni, visiting professors or other influential individuals. Public advocacy and relationship building by Australian education institutions, for instance universities strategically targeting and sustaining links with Thailand's prestige schools, can be an important component of such an approach.

5.8 Summary Competitor Analysis

For all sectors, Australia tends to be a less well-known destination compared to the USA and UK, which have established historical links to Thailand. Given that choice of 'country' rather than choice of 'institution' is often a primary determining factor, it is apparent that – supported by the Australian Government – the Australian education industry could do more to raise the profile of Australia within Thailand. New promotions should emphasise the links between Australian education and the country's sophisticated services economy over 'known' characteristics such as climatic and geographical endowments, within marketing material and at prestige social events. Such 'national' promotion could also be supported by a re-launching of the AEC along the lines of the British Council, Confucius Institute or *Alliance Francaise,* which operate as cultural institutions as well as one-stop information centres for the education industry.

A corollary of the general lack of awareness in Thailand about Australia is the belief among Thai students that information about Australian education specifically (its institutions and courses) is inaccessible and less visible than the competition. The re-launching of the AEC in a more accessible and commercial district of Bangkok will improve student awareness around information availability and will help differentiate the role of AEI from that of IDP.

Our findings do however, caution against an overemphasis on direct marketing techniques that aggressively use agents, brochures and education fairs to attract students. Given the importance of relationships and social networks within Thai society, effort must also be invested in more indirect approaches to marketing; through alumni, prestige events and other fora. Such events should be driven by the Australian education industry and co-ordinated by AEI for maximum cross sector advantage.

Finally, through its visa and student work rights policies the Australian Government has laid the structural foundations for Thais to efficiently apply for a student visa and later take advantage of work and study opportunities available in Australia. Given the importance Thai students place on the opportunity to gain work experience while overseas, the Australian education industry should do more to advertise the existence of these benefits in Australia. To maximise this appeal, paid work experience opportunities should be further developed in co-operation with the Australian business community; offering relevant work experience to the large proportion of Thai students seeking to improve their employability before returning home.

5.8.1 Higher Education

Australia remains a cheaper study destination than its Anglophone competitors for all sectors except ELICOS. However, large fee increases for Australian Higher Education are beginning to challenge the perception that Australia is a value for money study destination for Thai students. The statistical evidence for this is compelling, with drops in student enrolments occurring as prices have increased. Australia is now only marginally less expensive than the UK or USA to study for a postgraduate degree, and taking into account the opportunity cost of undertaking a longer course compared to the UK (in the case of a Master's award) may already be less economical. A review of Australia's pricing relative to the USA and UK is recommended.

With respect to education quality, Australian Higher Education is perceived to be 'third tier' compared to the UK and USA. Given Australia's international reputation in fields such as physical and medical science, the standing of Australian education in the opinion of prospective Thai students could be improved through targeted promotion. For maximum effect, the Australian education industry must recognise the importance of status and social networks when seeking to influence perceptions within the Thai market, and where possible leverage personal contacts with influential individuals within Thai society. The development and promotion of meaningful relationships between Australian and Thai Higher Education institutions are essential in this regard, since personal relationships established through ventures such as joint research, joint programmes and staff exchanges, heavily influence perceptions. More sustained high-level networking and relationship building could be done, backed by concrete commitments. One means of doing this would to establish a presence in Bangkok through using an institutional representative in-country who can broker relationships on behalf of an institution. Some Australian universities have moved to this model using an education agent to handle the recruitment activities and also employing an institutional representative (possibly a former alumni) who has links into Thai universities and research networks and can work on collaborative partnerships as well as organise alumni activities.

As with Australian education as a whole, Thais have reportedly struggled to access information on Australian Higher Education, which – as with information from the UK and USA - enables them to differentiate the quality of one institution from another. If Australian providers are to avoid a reputation for sameness, in the absence of league tables, alternative ways of promoting differences between institutions must be developed. The promotion of award winning research (and researchers) coming out of some Australian universities will help in this regard; disambiguating those institutions from the 'pack' whilst indirectly promoting the benefits of the Australian education industry in general.

Stringent English language requirements remain a challenge for many Thai students wishing to enter Higher Education. In the case of science students in particular, there is a growing concern within the Thai academic community that a further rise in requirements will create an unnecessary barrier to entry for Thai students. We recommend that the position of Australian Higher Education with respect to English language test requirements be reviewed, and that Higher Education institutions re-consider their requirements for some science courses.

5.8.2 Vocational & Technical Education

In the case of VTE, choice of course rather than choice of country is a primary influencing factor. The promotion of course specific information in areas of study either relevant to Thailand's labour market needs or which reflect Australia's competitive advantage (in eco-tourism or aviation for example) is

recommended. The Thai market for VTE is additionally dominated by graduate students keen to gain a vocational qualification that will improve their chances of employment upon return to Thailand. A focus on marketing to Thai students within Thai and Australian universities would therefore be an effective approach.

5.8.3 ELICOS

Australia is now the most expensive ELICOS provider in Thailand, and although Thai student enrolments have continued to increase, these conditions will threaten Australia's reputation for value for money as domestic provision improves and becomes more widespread. We recommend that the Australian ELICOS industry review its pricing policy relative to Thai domestic, UK and US ELICOS provision in Thailand.

The increasing of availability of Chinese language provision within Thai domestic schools and through newly established Confucius Institutes is also emerging as a threat to Australian ELICOS provision; assuming China's increased supply of language courses is accompanied by an increase in cultural influence relative to Anglophone nations.

Given the link between Higher Education and ELICOS enrolments within the Thai market (whereby Thai students take an ELICOS course in order to gain entry to international Higher Education) more could be done to promote Australian ELICOS within Thai schools and universities. Re-launching the AEC in a more commercial district of Bangkok will help in this regard, but as with the Australian education industry as a whole, indirect approaches through the establishment of personal contacts are critical.

5.8.4 Schools

Australian Schools have historically not been able to develop the Thai market on a scale commensurate with its potential. Prestige schools in Thailand have traditionally adopted UK and USA models, while the Australian school calendar is out of sync with European and North American terms. Despite these obstacles, the Australian Schools industry has a reputation for quality and safety within the Thai market, and remains cheaper than its Anglophone competitors. More could be done to promote these characteristics among Thai parents, while schools Alumni should be leveraged (in accordance with the importance of recommendation within Thai society). More should be done to promote Australian schools in Thailand as safe and affordable environments in which Thais can become fluent in English and maximise their chances of accessing Higher Education in a more developed country.

6 Conclusions and Recommendations

The research and analysis presented in this report provides the Australian education industry, in all sectors - Higher Education, VTE, ELICOS, and Schools - with key intelligence upon which to base decisions to help grow the already established market for international education in Thailand.

This final section of the report draws on the findings presented in earlier chapters to identify conclusions and recommendations for the Australian education industry. Recommended actions are categorised into four 'strategic activity areas' that form the basis of an overarching strategy for the industry to enhance Australia's market for international education in Thailand.

The strategic activity areas are appropriately themed to represent the issues and opportunities identified in this report. They are:

- *Strategic Activity Area 1: Branding, Promotion and Communication*
- *Strategic Activity Area 2: Pricing and Market Segmentation*
- *Strategic Activity Area 3: Networking, Linkages, Presence and Partnerships*
- *Strategic Activity Area 4: Matching Industry and Labour Force Requirements*

The key conclusions and associated recommendations are presented under each strategic activity area. Within each strategic activity area recommendations are made for the Australian education industry as a whole and for each of the four sectors. Importantly, a number of the recommended actions could apply to more than one strategic activity area. This highlights the need for a highly integrated approach by the Australian education industry in its further development of the Thai market. It also highlights the important coordinating and facilitating role that AEI and other partner agencies and organisations in government and in the education industry (such as the Australian Vice-Chancellors Committee) can play.

The strategic activity areas (and actions) are not presented in any particular order of priority.

Strategic Activity Area 1: Branding, Promotion and Communication

For all sectors, while being the leader in terms of Thai student enrolments, Australia tends to be a less well known destination compared to the USA and UK, which have established historical links to Thailand. Given that choice of 'country' rather than choice of 'institution' was a primary determining factor for focus groups, it is apparent that Australian providers could do more to raise the profile of the quality of Australian education and training and its competitive strengths within Thailand. This means promoting an awareness of Australia generally as a sophisticated knowledge intensive economy (with world class cultural and human resources) as well as promoting the merits of Australian education and Australian education institutions (with world class teaching and research capabilities).

Recommended Actions

All Sectors

1.1 It is recommended that the Australian education industry review the application of the Australian international education brand in the Thai context. Given that choice of 'country' rather than choice of 'institution' is often a primary determining factor, it is apparent that the Australian education industry could do more to raise the profile of Australia within Thailand. New promotions should emphasise the links between Australian education and the country's sophisticated services economy over 'known' characteristics such as climatic and geographical endowments, within marketing material and at prestige social events. Such 'national' promotion could be assisted through a re-launching of the AEC along the lines of the British Council, Confucius Institute or *Alliance Francaise*. These agencies operate as cultural institutions as well as one-stop information centres for their respective country's education industry in Thailand. The Australian brand could be adopted by all education providers and AEI to clearly articulate to the Thai market Australia's advantages regarding quality, excellence, prestige, advancements in science and technology and popular culture.

1.2 It is recommended that the Australian education industry avoid a potential overemphasis on direct marketing techniques that aggressively use agents, brochures and education fairs to attract students. Australian institutions could be strategic about the use of agents to avoid confusion in the marketplace. Given the importance of relationships and social networks within Thai society, effort could also be invested in more indirect approaches to marketing; through alumni, prestige events and other fora.

1.3 Given the importance that Thai employers place on internationally qualified graduates, and the importance that Thai students place on the opportunity to gain work experience while overseas, the Australian education industry could do more to advertise the existence of these benefits in Australia. To maximise this appeal, paid work experience opportunities could be further developed in co-operation with the Australian business community; offering relevant work experience to the large proportion of Thai students seeking to improve their employability before returning home. It is recommended that Australian education institutions and agents promote awareness of, and opportunities for, paid work experience as part of their promotional and recruitment strategies in Thailand.

Higher Education

1.4 It is recommended that promotion and marketing strategies by Australian universities are focused on what each university excels in. The industry could assist prospective Thai students by communicating to them in the Thai market what is meant by the 'Go8' or the 'ATN' and what these groups purport to do. In the Thai market, any identification of excellence and prestige in any one or more university will benefit all Australian universities, especially in the key areas of industry growth identified in this report (including science, technology and biotechnology).

1.5 The present situation of 'atomised' university marketing by Australian universities promotes a confused marketplace. This strategy is not utilised by the UK or USA education sectors. In

the USA, and in particular in the UK through the British Council, the emphasis is on a strong 'country based' brand which leverages popular personalities and leaders in the fields of business and sport, as well as academia, to promote the UK brand as a whole. The Australian education industry could consider a similar strategy, though co-operation with AEI, to promote a coherent country brand focused on areas of excellence as well as individual university branding.

Vocational & Technical Education

1.6 Thailand's vocational colleges, Rajamangalas and Rajabahts are not providing the type of programmes that students seek. Australia is seen by Thais to be an excellent destination to receive proficient training in short, relatively inexpensive technical courses, particularly in the fields of aviation, hospitality and tourism. Thai demand for VTE in Australia has the potential to grow and Australia's VTE providers could better promote their individual capabilities, and their practical application to Thai skill requirements as part of their future marketing efforts in Thailand.

1.7 In the case of VTE, choice of course rather than choice of country is a primary influencing factor. The promotion of course specific information in areas of study either relevant to Thailand's labour market needs or which reflect Australia's competitive advantage (in eco-tourism or aviation for example) is recommended.

1.8 The Thai market for overseas VTE studies is dominated by graduate students keen to gain a vocational qualification that will improve their chances of employment upon return to Thailand. A focus on marketing to Thai students within Thai and Australian universities would therefore be an effective approach.

1.9 It is recommended that the VTE sector develop a unified marketing strategy and action plan to reduce potential confusion among Thai students regarding course offerings and their relevance to Thai industry, and focus on the advantages that the VTE sector as a whole offers.

ELICOS

1.10 Given the link between Higher Education and ELICOS enrolments within the Thai market (whereby Thai students take an ELICOS course in order to gain entry to international Higher Education) more could be done to promote Australian ELICOS within Thai schools and universities. Re-launching the AEC in a more commercial district of Bangkok will help in this regard, but as with the Australian education industry as a whole, indirect approaches through the establishment of personal contacts are critical.

Schools

1.11 Australian schools have historically not been able to develop the Thai market on a scale commensurate with its potential. Prestige schools in Thailand have traditionally adopted UK and US models, while the Australian school calendar is 'out of sync' with European and North American term timetables. Despite these obstacles, the Australian Schools industry has a reputation for quality and safety within the Thai market, and remains cheaper than its

Anglophone competitors. More could be done to promote these characteristics among Thai parents within promotional material and through delivery of talks to parents of primary School students.

Strategic Activity Area 2: Pricing and Market Segmentation

Australian education has historically been considered good value for money when compared to other international providers such as the UK and USA. The danger to Australian education providers is the widespread perception from stakeholders in Thailand that course fee increases have been too drastic, especially when coupled with an appreciation of the Australian dollar against the Thai Baht.

Recommended Actions

Higher Education

2.1 Despite cost of living differences and differences in the exchange rate, Australia is now only marginally less expensive than the UK or USA to study for a postgraduate degree (when the cost of living is included), and taking into account the opportunity cost of undertaking a longer course, may already be less economical when compared to a UK Master's by coursework award (of 12 months duration). It is recommended that Australian universities examine the provision of Master's by coursework Degrees in terms of length of study currently required in Australia and at overseas universities.

2.2 As with Australian education as a whole, Thais have reportedly struggled to access information on Australian Higher Education, which – as with information from the UK and USA - enables students to differentiate the quality of one institution from another. If Australian providers are to avoid a reputation for sameness, in the absence of league tables, it is recommended that alternative ways of promoting differences between institutions be considered. The promotion of award winning research (and researchers) coming out of some Australian universities will help in this regard; differentiating those institutions from the 'pack' whilst indirectly promoting the benefits of the Australian education industry in general.

2.3 It is recommended that Australian universities revise their individual promotional and communication strategies (consistent with an industry-wide strategic approach to the Thai market) to exemplify and highlight quality, excellence and prestige where it exists.

ELICOS

2.4 Australia is now the most expensive provider of onshore ELICOS courses to Thailand, and although Thai student enrolments have continued to increase, these conditions will threaten Australia's reputation for value for money as domestic provision improves and becomes

more widespread. It is recommended that the Australian ELICOS industry examines its pricing arrangements relative to Thai domestic, UK and USA ELICOS provision in Thailand.

2.5 It is recommended that Australian education providers examine the development of different pathways for pre-course and within-course English language programmes where appropriate.

Strategic Activity Area 3: Networking, Linkages, Presence and Partnerships

With respect to education quality, Australian Higher Education is perceived to be 'third tier' compared to the UK and USA. Given Australia's international reputation in fields such as physical and medical science, the standing of Australian education in the opinion of prospective Thai students could be improved through targeted promotion. For maximum effect, the Australian education industry must recognise the importance of status and social networks when seeking to influence perceptions within the Thai market and where possible, utilise distinguished Australian individuals to promote Australian education at public events in Thailand. Relationships might also be developed with influential members of Thai society, including Thai-Australian alumni, business leaders, academics and university presidents.

The development and promotion of meaningful relationships between Australian and Thai Higher Education institutions are essential in this regard, since personal relationships established through ventures such as joint research, joint programmes and staff exchanges, heavily influence perceptions. More needs to be done to promote the strong education relationship that is already in place.

Recommended Actions

All Sectors

3.1 There is a belief among Thai students that information about Australian education specifically (its institutions and courses) is inaccessible and less visible than the competition. The AEC could be moved out of the Australian Embassy. The re-launching of the AEC in a more accessible and commercial district of Bangkok (such as Siam Square) would improve student awareness around information availability and would help distinguish the role of AEI from that of IDP.

The re-located AEC should take steps to ensure that stronger sustainable institutional linkages between Thai and Australian providers are developed.

3.2 The Australian education industry and Australian alumni could consider activities with the Australian Embassy in Bangkok to extend its engagement with alumni beyond education to reflect the important role that alumni play in Thai social, cultural and institutional life. While AEI is now linking education activities to cultural events, a more holistic strategy by the

Embassy to raise the profile of Australia in Thailand would be to more effectively engage the participation of Australian alumni with cultural, trade and other events.

Higher Education

The development and promotion of meaningful relationships between Australian and Thai Higher Education institutions are essential, since personal relationships established through ventures such as joint research, joint programmes and staff exchanges, heavily influence perceptions. More sustained high-level networking and relationship building could be done, backed by concrete commitments. One means of doing this would be for institutions to establish a presence in Bangkok through using an institutional representative in-country who can broker relationships on behalf of an institution. Some Australian universities have moved to this model using an education agent to handle the recruitment activities and also employing an institutional representative (possibly a former alumni) who has links into Thai universities and research networks and can work on collaborative partnerships as well as organise alumni activities.

3.3 Australian Higher Education institutions, supported by AEI's network in Thailand, could promote those areas of academic and applied research expertise that Australian institutions excel at, as part of a broader program of strategic partnering with Thai universities.

3.4 It is recommended that Australian universities collectively, rather than individually, use the two existing national alumni associations as well as their institutional alumni associations in Thailand to develop a stronger network of existing Australian alumni and develop strategies to leverage those alumni to establish long term relationships with research institutes, universities, Rajabahts, and commercial enterprises. These relationships could be developed to encourage greater research collaboration, for the improvement of teaching and learning (on and off shore) and for the marketing of programmes.

3.5 Rather than university–based alumni, it is recommended that the Australian Higher Education sector consider forming an Alumni Association with a regular plan of events working with AEI, and the Australia-Thai Chamber of Commerce. This would work to promote Australian education in Thailand in a more holistic sense and would contribute to the development of broader, more meaningful and sustainable bilateral relationships.

3.6 It is recommended that Australian Higher Education institutions research and then organise targeted academic visits/lectures at Thai institutions. This would demonstrate a stronger commitment to Thailand from the Australian Higher Education sector, enhance academic relationships and encourage students to study in Australia or with Australian institutions.

3.7 It is recommended that Australian Higher Education institutions with an interest in the Thai market consider an offshore (in Thailand) Australian university presence, to effectively develop local relationships and linkages and to demonstrate a real and sustainable commitment by Australia to education in Thailand. At present, Australia is seen to offer a commercial service without any depth of commitment to education provision in Thailand or the building of Australia-Thai relationships.

3.8 From evidence presented in this report, Bangkok presents the greatest opportunity for market access and penetration by Australian Higher Education providers. Under the terms of TAFTA, Australian tertiary education providers can only operate in the Bangkok metropolitan area if they are in partnership with an existing Thai owned institution or if they have majority Thai ownership. (The Bangkok metropolitan area is that defined by the three provinces of Bangkok, Nonthaburi and Thonburi). The Australian Higher Education industry should continue to engage with the TAFTA to ensure it provides the conditions for further expansion of education opportunities with respect to education. This report finds that growth in demand for private domestic provision is strong.

3.9 It is recommended that Australia's Higher Education institutions look seriously into the opportunity presented by TAFTA to establish a physical presence in Thailand. By contributing to skills development in rural and regional areas, the Australian education industry would also be contributing to Thailand's regional economic development. This is one means for the Australian education industry to contribute to continual development of meaningful and sustainable relationships between Thailand and Australia, something the research has highlighted as being fundamental to Australia's prospects for future trade in all goods and services with Thailand, including education.

Vocational & Technical Education

3.10 It is recommended that Australian VTE institutions consider taking action to further develop partnerships and alliances with the Commission on Vocational Education in collaboration with AEI in Bangkok.

3.11 It is recommended that Australian VTE providers investigate the possibility of establishing a physical presence offshore in Thailand. TAFTA provides opportunities for Australian (post-secondary) VTE providers to locate outside of the Bangkok metropolitan area. In provincial districts currently undergoing industrial growth, such as Chachoengsao and Rayong, this presents an opportunity to providers of relevant industry tailored courses (in fields such as engineering, manufacturing and design).

ELICOS

3.12 The provision of English language training in Thailand is growing but demand outstrips supply and, it is generally conceded by those in the industry in Thailand that it will do so for some time to come. This presents an obvious opportunity for Australian ELICOS providers, not just in Australia but also in Thailand. It is recommended that Australian ELICOS providers consider offering English language courses, if not independently, then in conjunction with local institutions, perhaps tied in with local international learning programmes. The opportunity also exists for Australian schools to independently provide services offshore in Thailand.

Schools

3.13 The research finds that there is a general preference for Thai parents to keep their children at home, all things being equal. This presents a clear opportunity for Australian schools to capture a greater share of Thai demand by providing services offshore in Thailand. From

evidence presented in this report, it is concluded that Bangkok presents the greatest opportunity for market access and penetration by Australian providers, although opportunities do also exist in provincial capitals. It is recommended that Australian Schools with an interest in the Thai market consider and investigate means for providing schooling in Bangkok through direct approaches to potential Thai partners within OBEC, existing private Thai international schools and to Thai academics and alumni with contacts in the Schools sector. Both the Australian Embassy in Bangkok and the Thai-Australian Chamber of Commerce are useful starting points in this regard.

3.14 It is recommended that the Australian Schools industry emphasise in promotional material to the Thai marketplace Australia's advantages vis-à-vis price and safety, in an environment where Thais can become fluent in English and maximise their chances of accessing Higher Education in a developed western country. Thais value education not only for the employment opportunities it can provide, but also for reasons of personal development that should also be referred to.

Strategic Activity Area 4: Matching Industry and Labour Force Requirements

Thailand's skilled labour shortages are acute. Thai employers place a premium on graduates with an international education. This, coupled with the growing demand for Higher Education and the appeal to Thai students of an international education, presents a continuing opportunity for the Australian education industry to support the Thai market and to train Thailand's future skilled workforce.

The continuing transformation of the Thai economy, away from 'old economy' agriculture and low cost manufacturing to the 'new economy' sectors of advanced manufacturing, tourism, software engineering and IT, business services and the creative industries present opportunities for Australian education and training providers who have the expertise to match Thailand's skills flow with industry requirements.

Recommended Actions

All Sectors

4.1 It is recommended that Australian education providers collaboratively develop a strategic marketing plan focussed on the key industrial priorities and labour force needs identified by the Thai government.

4.2 Much of the evidence acquired through this study highlights the opportunity for offshore provision of Australian education. Thai students value an international education and wish to study abroad; however, the general consensus is that they do not like to be away from home for too long. When Thai students do acquire their international qualifications, they prefer to take those qualifications with them to work at home in Thailand. It is recommended that Australian education institutions explore the prospects of establishing a

physical presence in Thailand. Australian institutions in Thailand could offer transfers to Australia to study and to work, providing Thai students with some valuable work experience.

4.3 Australian education providers tailoring education and training to meet the particular needs of Thai industry would require explicit reference to the National Skills Standard. In designing courses for the Thai market, it is recommended that the Australian education industry consider working closely with the RTG Ministry of Labour as well as the Ministry of Education.

4.4 Around 90% of enterprises in Thailand are small to medium sized enterprises (SMEs). Many of these are family-owned businesses. As many of these firms in the cities and in rural districts take advantage of government policy to develop local and international trade in Thai products, Australia's Higher Education and VTE providers have an opportunity to provide business management training and other services to both fledgling and established SMEs. It is recommended that these opportunities be investigated and considered by Australian education providers.

Higher Education

4.5 Higher Education providers in Australia could promote their industry-relevant capabilities to Thai students, government departments and employers in all promotional and communication efforts. The research shows that those areas where Australian institutions have particular strengths, and where there is a clear demand from Thai students, include finance, accounting, economics and business administration, as well as the more 'creative' disciplines of architecture, textile design, marketing and communication, computer animation and interior design. These sectors are also promoted by the Thai government as priority or 'focal' industries to be encouraged in order to enhance Thailand's global economic competitiveness.

4.6 English language requirements remain a challenge for many Thai students wishing to enter Higher Education courses within international institutions. In the case of science students in particular there is a concern within the Thai academic community that a further rise in English language competency requirements will create an unnecessary barrier to entry for Thai students. It is recommended that Australian Higher Education providers review the level of their English language test requirements for specific courses to ensure their continued appropriateness.

Vocational and Technical Education

4.7 Australian VTE providers could develop a strategic marketing focus around Thailand's niche labour market needs relevant to this sector and the capabilities of Australian institutions. The VTE students who participated in the focus groups showed a strong interest in a number of disciplines, but those which stood out include hospitality and tourism and the creative disciplines of graphic design, marketing and communication, photography and computer animation. These are all fields that the Australian education industry could consider for their application to Thailand's skilled labour requirements.

4.8 Opportunities to provide in-service training to Thai teachers should also be leveraged given the emphasis placed on teacher development by the RTG Ministry of Education with the OBEC. Short courses delivered offshore in Thailand are an option that could be pursued through OBEC and directly with autonomous private schools.

ELICOS

4.9 It is recommended that Australian ELICOS providers, both on and off shore, consider the development of strategies to form partnerships with Thai educational institutions for the delivery of English language training that meets the needs of Thai students and Thai industry.

4.10 It is recommended that Australian ELICOS providers consider working together to develop a strategy to assist the Thai government with the training of Thailand's English teachers to upgrade their skills in all of the sectors of Thai education.

4.11 It is recommended that Australian ELICOS providers explore opportunities to provide English language learning to Thailand's SME owners looking to develop their market reach internationally.

Glossary

Cairns Group
The Cairns Group is an interest group of 18 agricultural exporting countries, composed of Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, the Philippines, South Africa, Thailand and Uruguay.

Rajabhat Institutes of Technology
Rajabhat Institutes of Technology are former teacher training colleges granted university status in 2004.

Rajamangala Universities of Technology
Rajamangala Universities of Technology are a system of 9 universities created after the amalgamation of 28 public technical and commercial colleges. They offer vocationally oriented programmes, including Bachelor's and Postgraduate Diplomas, but not Master's degrees.

Rajamongkol Institutions
Rajamongkol Institutions are former vocational colleges granted university status in 2004.

Tambon
A Thai word meaning "district".

List of Acronyms

AAA	American Alumni Association
ADB	Asian Development Bank
AEC	Australian Education Centre
AEI	Australian Education International
AEI-NOOSR	Australian Education International –National Office of Overseas Skills Recognition
APEC	Asian Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ATN	Australian Technology Network
AUD	Australian Dollars
AUN	ASEAN University Network
AusAID	Australian Agency for International Development
CEO	Chief Executive Officer
CIA	Central Intelligence Agency
ComTrade	Commodity Trade Statistics Database
DEST	Department of Education, Science and Training
DFAT	Department of Foreign Affairs and Trade
ELICOS	English Language Intensive Course for Overseas Students
ESOS	Education Services for Overseas Students
GDP	Gross Domestic Product
GNI	Gross National Income
Go8	Group of 8
HECTAF	Higher Education Coordinating Task Force
HRDWG	Human Resource Development Working Group
ICT	Information and Communication(s) Technology
IDP	International Development Program
IELTS	International English Language Testing Systems
IIE	Institute of International Education
ILO	International Labour Organisation
IMF	International Monetary Fund
IT	Information Technology
KMIT-NB	King Mongkut's Institute of Technology North Bangkok
MBA	Master of Business Administration
MoU	Memorandum of Understanding
NESDB	National Economic and Social Development Board
NIST	New International School of Thailand
NSO	Thai National Office of Statistics
NVQ	National Vocational Qualification
OBEC	Office of the Basic Education Commission
OCSC	Office of the Civil Service Commission
OEC	Office of the Education Council
OHEC	Office of the Higher Education Commission
ONEC	Office of the National Education Commission
ONESQA	Office for National Education Standards & Quality Assessment
OPS	Office of the Permanent Secretary
OVEC	Office of the Vocational Education Commission
PhD	Doctorate of Philosophy
RTG	Royal Thai Government
SEAMEO	South East Asian Ministers of Education Organisations

SME	Small to Medium Enterprise
SSCE	Senior Secondary Certificate of Education
TAFE	Technical and Further Education
TAFTA	Thailand-Australia Free Trade Agreement
TESOL	Teachers of English to Speakers of Other Languages
THB	Thai Baht
TIECA	Thai International Education Consultants Association
TISC	Thailand Investor Service Centre
TOEFL	Test of English as a Foreign Language
TVEC	Technical and Vocational Education Council
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNIS	United Nations Institute for Statistics
UNPD	United Nations Population Division
USA	United States of America
USD	United States Dollars
VTE	Vocational & Technical Education
WDI	World Development Indicators
WTO	World Trade Organisation

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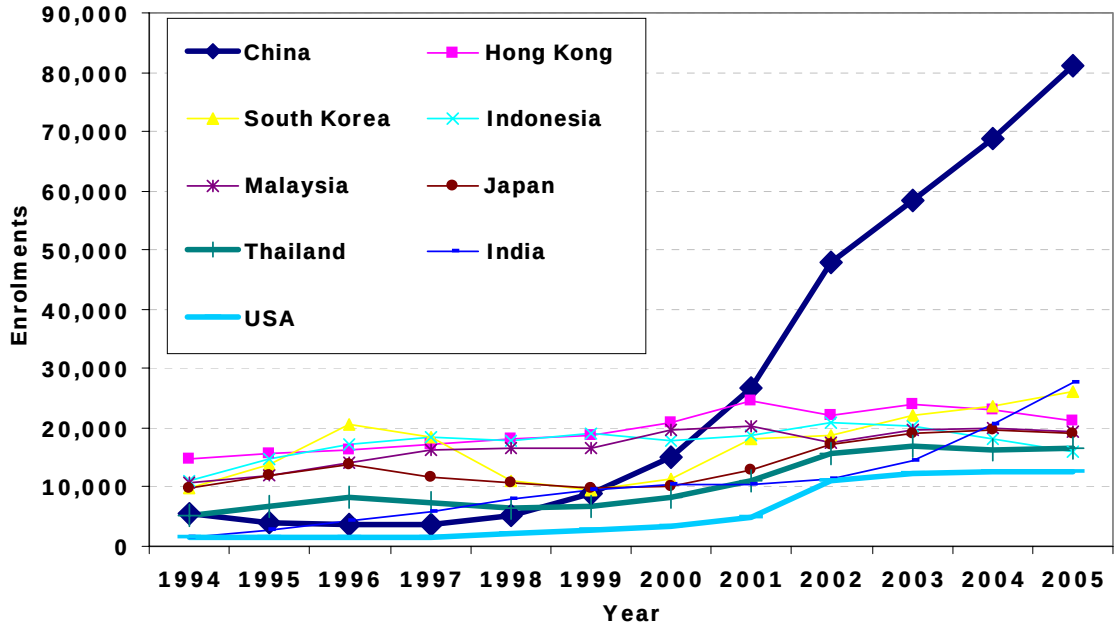
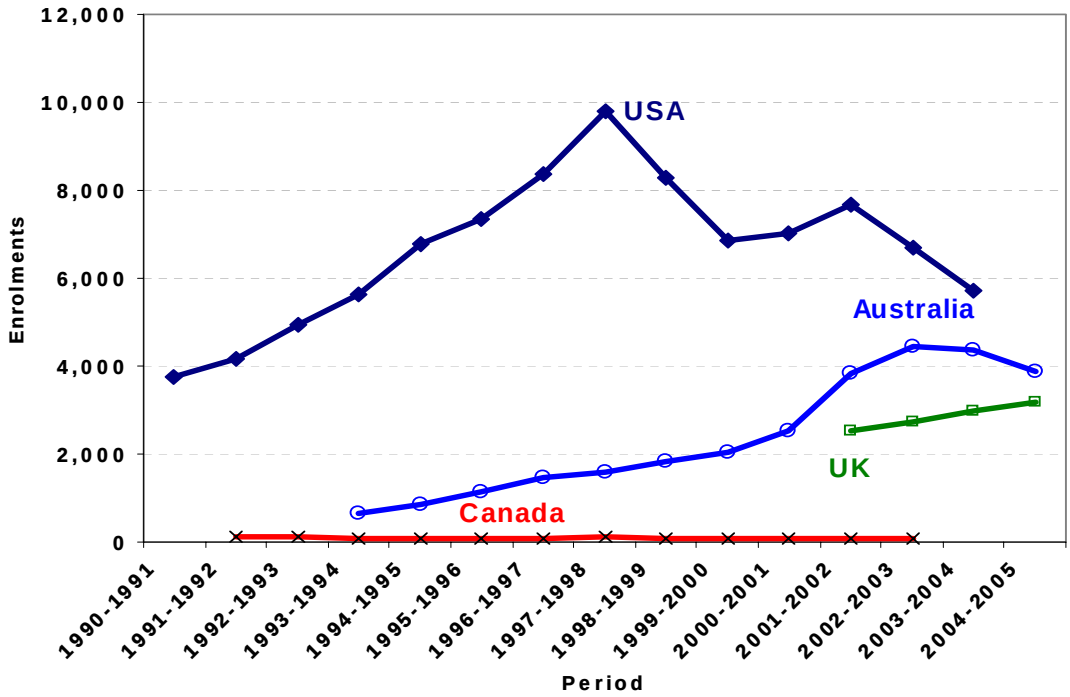
Appendix A: Tables and Charts

Figure A.1 International Student Enrolments in Australia by Country (1994 to 2005)



Source: Australian Education International (AEI, 2006a)

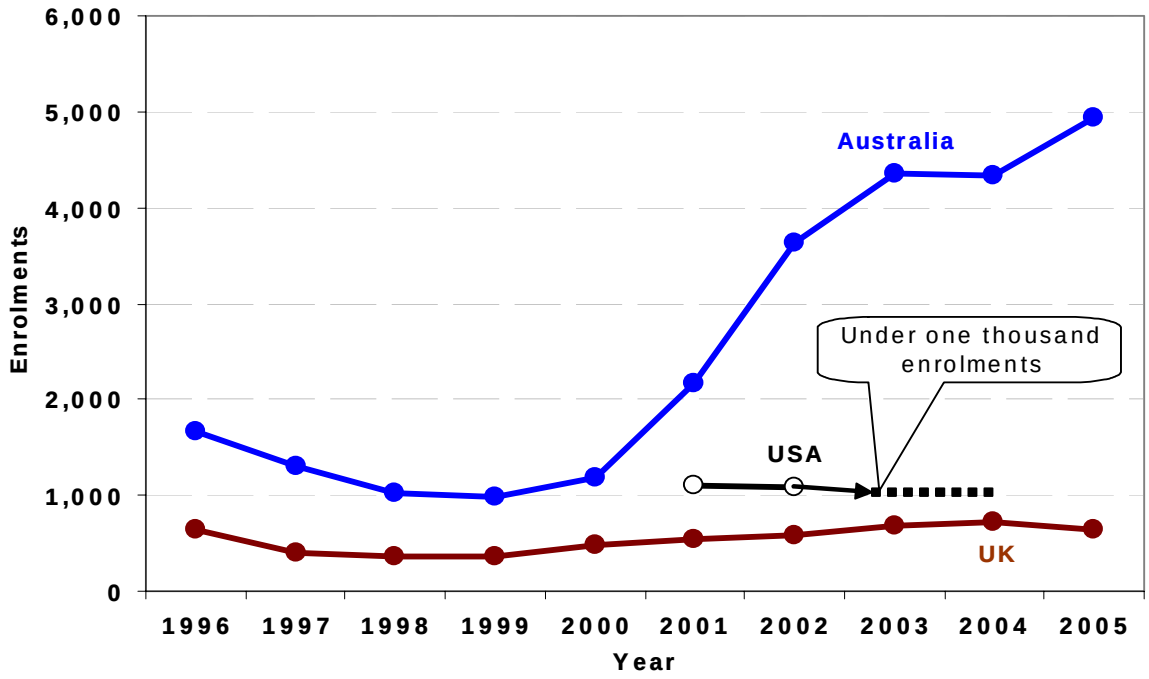
Figure A.2 Onshore Post-graduate Thai Student Enrolments for Selected Countries[43]



Source: American Institute of International Education (AIIE, 2005); Australian Education International (AEI, 2006a); Higher Education Statistical Agency, UK (HESA, 2006); Statistics Canada (SC, 2006)

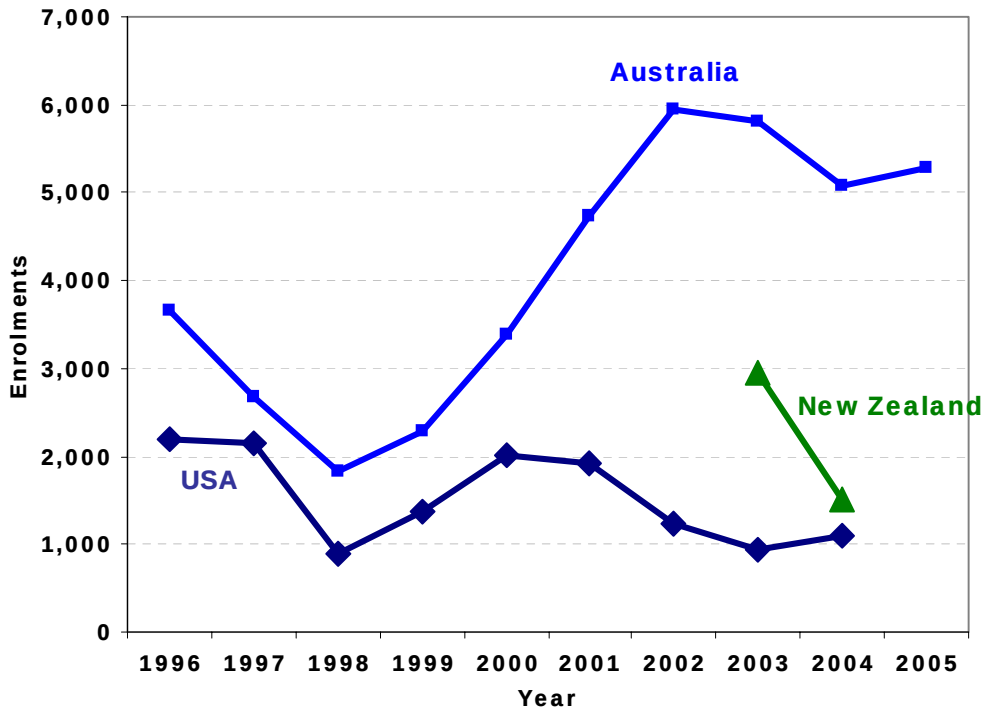
[43] Data prior to 2001 including a breakdown for post-graduate students was unavailable for the UK.

Figure A.3 Onshore Thai VTE Student Enrolments for Selected Countries



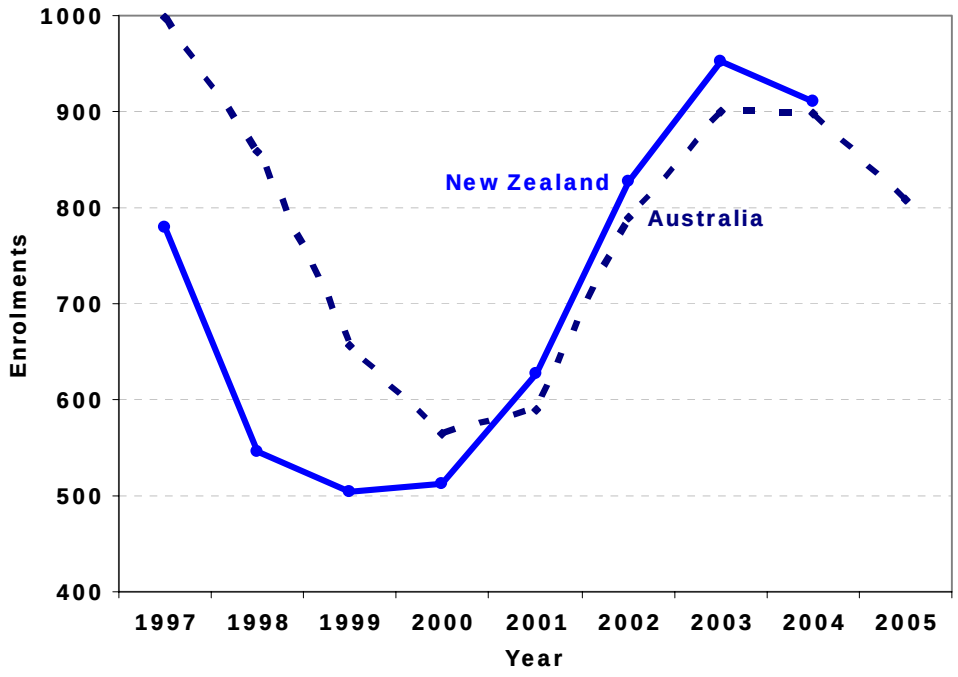
Sources: American Institute of International Education (AIIE, 2005); Australian Education International (AEI, 2006a); Learning and Skills Council, UK (LSC, 2006)

Figure A.4 Onshore Thai ELICOS Student Enrolments for Selected Countries



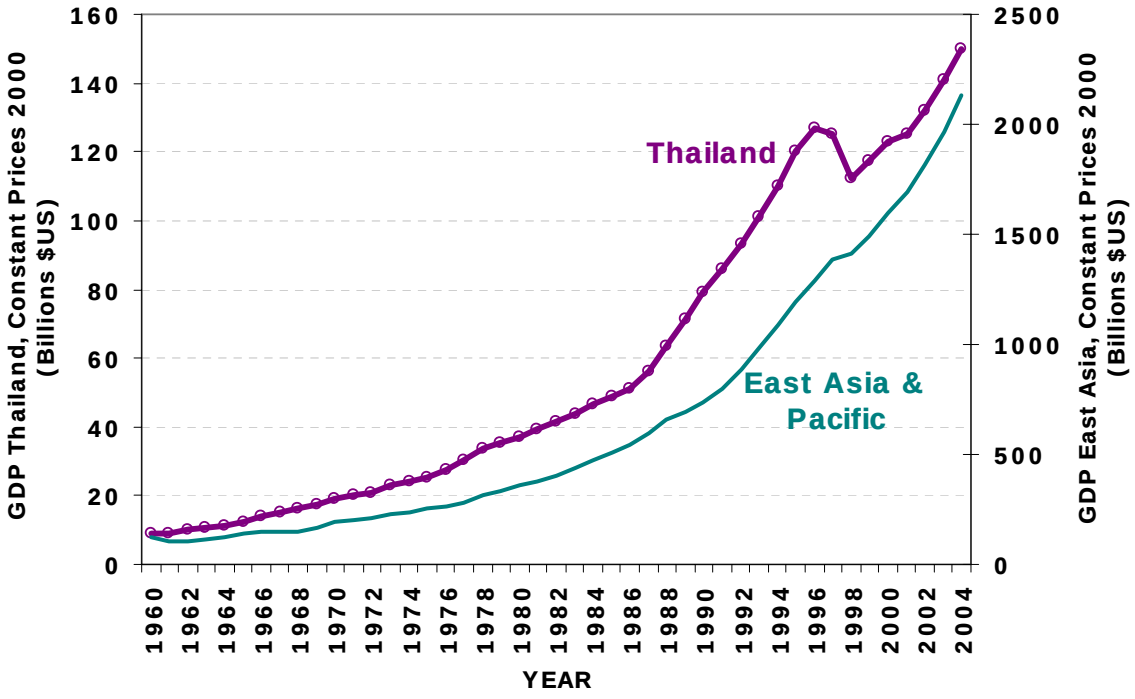
Sources: American Institute of International Education (AIIE, 2005); Australian International Education (AEI, 2006a); Ministry of Education New Zealand (2006)

Figure A.5 Onshore Thai School Student Enrolments for Selected Countries



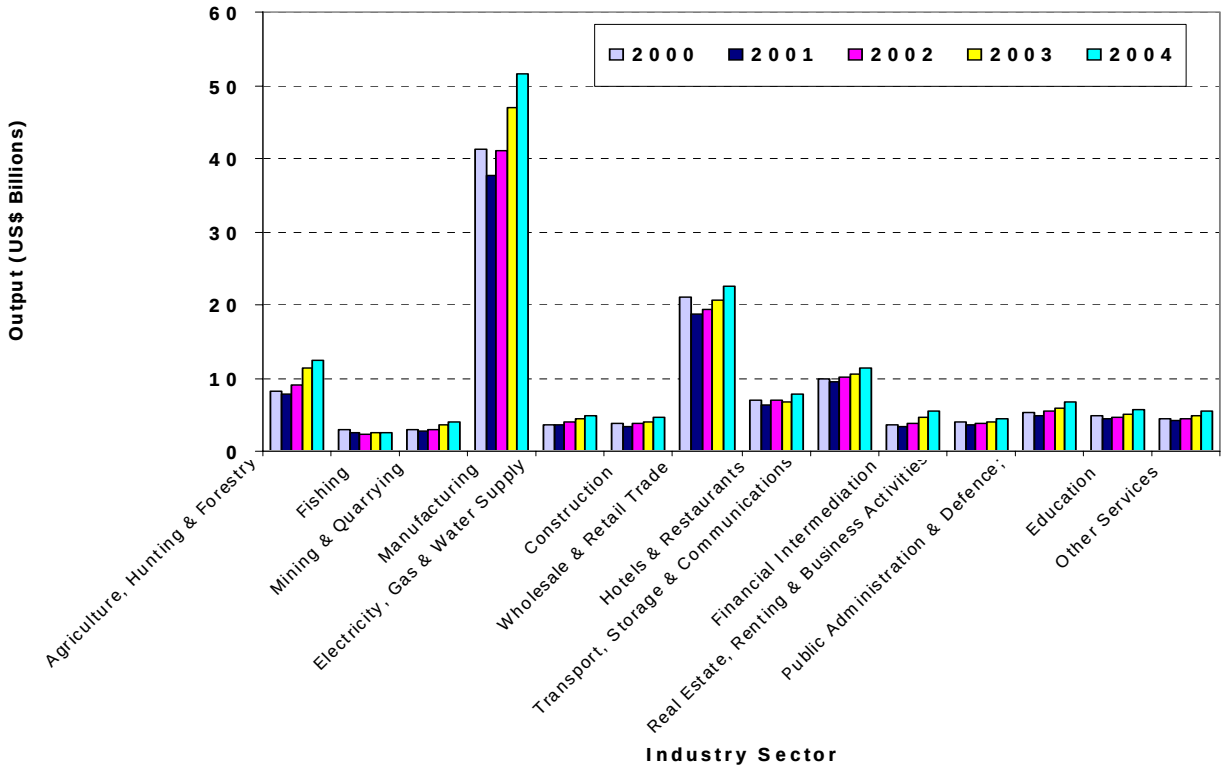
Sources: Australian Education International (AEI, 2006a); Ministry of Education New Zealand (MENZ, 2006)

Figure A.6 Historical Trends, Thailand's Gross Domestic Product Compared to East Asia & Pacific (1960 to 2004)



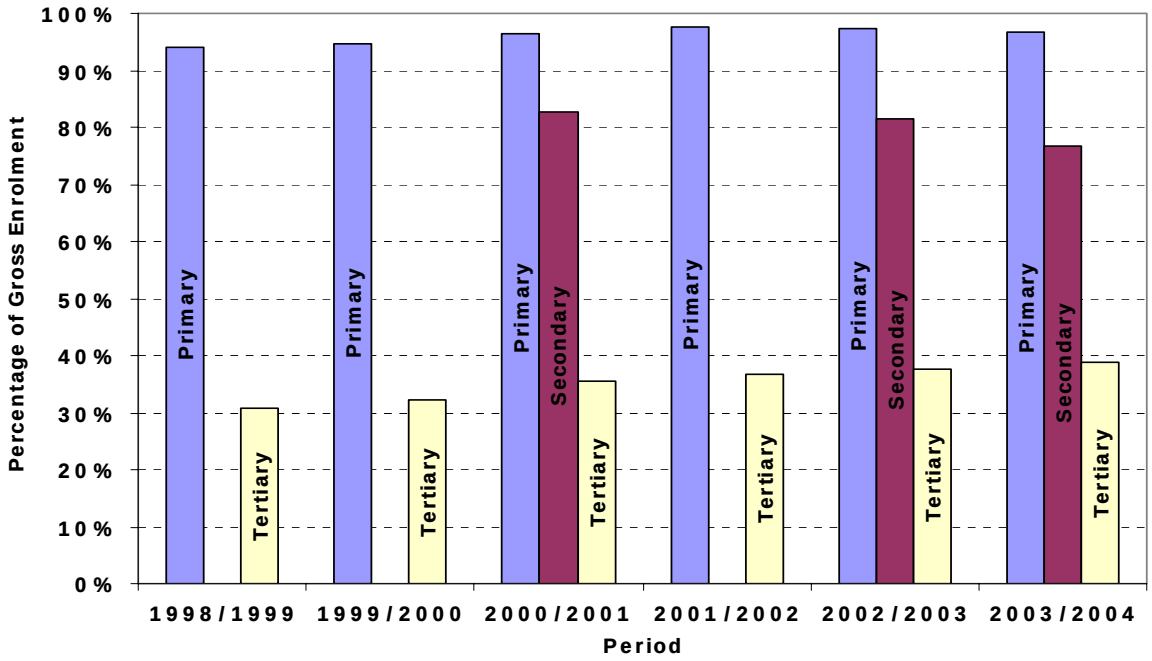
Source: World Bank (WB, 2005a)

Figure A.7 Industry Contribution to Thailand's Output (2000 to 2004)



Source: Bank of Thailand (2006) plus SGS Economics and Planning calculations

Figure A.8 Gross Enrolment Ratio for Primary, Secondary & Tertiary Education in Thailand (1998 to 2004) [44]



Source: United Nations Educational, Scientific and Cultural Organization (UNESCO, 2006)

[44] Secondary Data for the periods 1998/1999, 1999/2000, and 2001/2002 was not publicly available from either UNESCO or the RTG Ministry of Education.

Table A.1 Appropriate Tuition Fees by Subjects and Type of University (Bahts per year)

Subject	Close-Access State Universities	Rajaphat Universities	Rajamonkol Universities	Private Universities	Private Colleges
1. Education and Teachers' Training	30,353	12,202	4,860		
2. Humanities, Religious Studies, and Divinity	28,867	10,206	8,100	44,400	32,400
3. Fine Arts and Applied Arts	35,614	11,184	17,550	55,800	27,000
4. Law	37,287	13,320	3,600	37,010	25,691
5. Social Sciences					
5.1 Behavioural science	41,117	10,892	7,920	37,800	27,000
5.2 Management, Commerce, and Business Administration	32,610	10,341	8,378	51,138	33,068
5.3 Mass Communications and Journalism	43,678	10,867	4,770	42,557	26,100
5.4 Home Economics	74,484	11,253	5,040	32,400	
6. Natural Sciences					
6.1 Natural Sciences	51,336	12,765	6,516	72,000	
6.2 Mathematics and Computer Science	56,154	12,054	5,400	55,783	34,200
7. Medical Science and Health Related Sciences	128,097			78,219	70,920
8. Engineering					
8.1 Engineering	48,785	15,183	11,580	73,832	79,380
8.2 Architecture and City Planning	32,720	8,379	13,740	81,000	
9. Agriculture, Forestry and Fisheries	44,698	14,101	5,040		
10. Economics	59,544	4,500		34,200	36,000
11. Liberal Arts and Arts	21,876	9,473	6,660	83,470	51,336

Source: Chamaiporn, Kunakemakorn (2004) Report on Appropriate Supply Side Tuition Fees, NIDA Bangkok

Appendix B: List of Interviewees

Government Sector: (All Thais)	
Government Officials (Ministry of Labour, Ministry of ICT, Ministry of Commerce)	3
Politician/Senator	1
Education Sector: (All Thais)	
Government Officials (Ministry of Education – Office of the Commission on Basic Education, Office of the Commission on Vocational Education, Office of the Commission on Higher Education)	6
Government Officials (Office of the Thai Civil Service Commission)	2
Presidents/Vice Presidents (State Universities)	4
Presidents/Vice Presidents (Private Universities)	2
Presidents/Vice Presidents (Rajabhat Universities)	2
Presidents/Vice Presidents (Rajamonkol)	2
School Directors (State)	2
Principals (International Schools)	2
School Counsellors	2
President of TIECA (Thai Education Agents Assoc)	1
Educational Agents	14
Australian Institutional Representatives	4
Staff at the AEC, Bangkok	6
Academics/Deans (Kasetsart U, KMIT NB, Srinakarinwirot U, Ubon Ratchatani U, Khon Kaen U, Prince of Songkla U, Naresuan U, Lampang Rajabhat, Thaksin U, Shinawatra U, Burapha U, Suranaree U)	26
Thai Alumni of Australian Universities	5
Directors of Institutes in Thai Universities	2
Education Sector Other:	
Researcher in a Thai Research Institute (Australian)	1
SEAMEO (Sth East Asian Ministers of Education Office)	2
Directors of English language Schools (incl Australian)	3

Education Sector: (Australian)	
Counsellor and staff, Australian Embassy	2
Promotional Representative of Australian Universities	5
Private Sector:	
Private Sector Business Executives:	
Legal	1
Executive Search (4 Australians)	4
Engineering (One NZ, One Australian)	2
Software	2
Newspaper Editor	1
Thai Australia Chamber of Commerce (1 Australian, 1 Thai)	2
Private Sector Business Managers (with hiring responsibilities)	
Food Industry	1
Telecommunications Industry	1
Electronics Industry	1
Pet Food Industry	1
Media (Television)	1
Airline Industry	1
Media (Graphic Design)	1
Engineering	1
Interview Total:	**119**

Appendix C: Attitudinal Survey

C.1.1 Tables of Responses by Question

Table 1. How do you think that Australian School Education is rated in Thailand? Frequency of responses:

Question 1	Frequency	Percent
Excellent	3	4%
Very good	33	45%
Good	18	25%
Average	10	14%
Poor	0	0%
Very Poor	0	0%
Did not answer	9	12%
Total	**73**	**100%**

Table 2. How do you yourself rate Australian School Education? Frequency of responses:

Question 2	Frequency	Percent
Excellent	5	6.8%
Very good	28	38.4%
Good	20	27.4%
Average	11	15.1%
Poor	0	0.0%
Very Poor	0	0.0%
Did not answer	9	12.3%
Total	**73**	**100.0%**

Table 3. How do you think that Australian Vocational Education is generally rated in Thailand? Frequency of responses:

Question 3	Frequency	Percent
Excellent	2	2.7%
Very good	22	30.1%
Good	25	34.2%
Average	13	17.8%
Poor	0	0.0%
Very Poor	0	0.0%
Did not answer	11	15.1%
Total	**73**	**100.0%**

Table 4. How do you yourself rate Australian Vocational Education? Frequency of responses:

Question 4	Frequency	Percent
Excellent	2	2.7%
Very good	22	30.1%
Good	25	34.2%
Average	13	17.8%
Poor	0	0.0%
Very Poor	0	0.0%
Did not answer	11	15.1%
Total	**73**	**100.0%**

Table 5. How do you think that Australian English Language Education is generally rated in Thailand? Frequency of responses:

Question 5	Frequency	Percent
Excellent	5	6.8%
Very good	28	38.4%
Good	14	19.2%
Average	15	20.5%
Poor	0	0.0%
Very Poor	0	0.0%
Did not answer	11	15.1%
Total	73	**100.0%**

Table 6. How do you yourself rate Australian English Language Education? Frequency of responses:

Question 6	Frequency	Percent
Excellent	3	4.1%
Very good	25	34.2%
Good	19	26.0%
Average	12	16.4%
Poor	1	1.4%
Very Poor	0	0.0%
Did not answer	13	17.8%
Total	**73**	**100.0%**

Table 7. How do you think that Australian University Education is generally rated in Thailand? Frequency of responses:

Question 7	Frequency	Percent
Excellent	7	9.6%
Very good	25	34.2%
Good	17	23.3%
Average	12	16.4%
Poor	0	0.0%
Very Poor	0	0.0%
Did not answer	12	16.4%
Total	**73**	**100.0%**

Table 8. How do you yourself rate Australian University Education? Frequency of responses:

Question 8	Frequency	Percent
Excellent	9	12.3%
Very good	21	28.8%
Good	23	31.5%
Average	7	9.6%
Poor	1	1.4%
Very Poor	0	0.0%
Did not answer	12	16.4%
	73	**100.0%**

Table 9. Do you think that Thai students and parents generally rank Australian Schools as:

Question 9	Frequency	Percent
Better than US Schools	9	12.3%
Equal than US Schools	26	35.6%
Poorer than US Schools	20	27.4%
Don't know	9	12.3%
Did not answer	9	12.3%
Total	**73**	**100.0%**

Table 10. Do you rank Australian Schools as:

Question 10	Frequency	Percent
Better than US Schools	10	13.7%
Equal than US Schools	35	47.9%
Poorer than US Schools	10	13.7%
Don't know	9	12.3%
Did not answer	9	12.3%
Total	**73**	**100.0%**

Table 11. Do you think that Thai students and parents generally rank Australian Schools as:

Question 11	Frequency	Percent
Better than UK Schools	4	5.5%
Equal than UK Schools	31	42.5%
Poorer than UK Schools	18	24.7%
Don't know	10	13.7%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 12. Do you rank Australian Schools as:

Question 12	Frequency	Percent
Better than UK Schools	8	11.0%
Equal than UK Schools	34	46.6%
Poorer than UK Schools	12	16.4%
Don't know	10	13.7%
Did not answer	9	12.3%
Total	**73**	**100.0%**

Table 13. Do you think that Thai students and parents generally rank Australian Schools as:

Question 13	Frequency	Percent
Better than Canadian Schools	17	23.3%
Equal than Canadian Schools	29	39.7%
Poorer than Canadian Schools	6	8.2%
Don't know	12	16.4%
Did not answer	9	12.3%
Total	**73**	**100.0%**

Table 14. Do you rank Australian Schools as:

Question 14	Frequency	Percent
Better than Canadian Schools	24	32.9%
Equal than Canadian Schools	26	35.6%
Poorer than Canadian Schools	2	2.7%
Don't know	12	16.4%
Did not answer	9	12.3%
Total	**73**	**100.0%**

Table 15. Do you think that Thai students and parents generally rank Australian Schools as:

Question 15	Frequency	Percent
Better than New Zealand Schools	25	34.2%
Equal than New Zealand Schools	30	41.1%
Poorer than New Zealand Schools	1	1.4%
Don't know	8	11.0%
Did not answer	9	12.3%
Total	**73**	**100.0%**

Table 16. Do you rank Australian Schools as:

Question 16	Frequency	Percent
Better than New Zealand Schools	27	37.0%
Equal than New Zealand Schools	27	37.0%
Poorer than New Zealand Schools	1	1.4%
Don't know	9	12.3%
Did not answer	9	12.3%
Total	**73**	**100.0%**

Table 17. Do you think that Thai students and parents generally rank Australian Vocational Colleges as:

Question 17	Frequency	Percent
Better than US Vocational Colleges	7	9.6%
Equal than US Vocational Colleges	30	41.1%
Poorer than US Vocational Colleges	11	15.1%
Don't know	15	20.5%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 18. Do you rank Australian Vocational Colleges as:

Question 18	Frequency	Percent
Better than US Vocational Colleges	14	19.2%
Equal than US Vocational Colleges	32	43.8%
Poorer than US Vocational Colleges	4	5.5%
Don't know	13	17.8%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 19. Do you think that Thai students and parents generally rank Australian Vocational Colleges as:

Question 19	Frequency	Percent
Better than UK Vocational Colleges	4	5.5%
Equal than UK Vocational Colleges	30	41.1%
Poorer than UK Vocational Colleges	14	19.2%
Don't know	15	20.5%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 20. Do you rank Australian Vocational Colleges as:

Question 20	Frequency	Percent
Better than UK Vocational Colleges	6	8.2%
Equal than UK Vocational Colleges	32	43.8%
Poorer than UK Vocational Colleges	10	13.7%
Don't know	15	20.5%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 21. Do you think that Thai students and parents generally rank Australian Vocational Colleges as:

Question 21	Frequency	Percent
Better than Canadian Vocational Colleges	17	23.3%
Equal than Canadian Vocational Colleges	23	31.5%
Poorer than Canadian Vocational Colleges	5	6.8%
Don't know	18	24.7%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 22. Do you rank Australian Vocational Colleges as:

Question 22	Frequency	Percent
Better than Canadian Vocational Colleges	16	21.9%
Equal than Canadian Vocational Colleges	26	35.6%
Poorer than Canadian Vocational Colleges	3	4.1%
Don't know	18	24.7%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 23. Do you think that Thai students and parents generally rank Australian Vocational Colleges as:

Question 23	Frequency	Percent
Better than New Zealand Vocational Colleges	21	28.8%
Equal than New Zealand Vocational Colleges	25	34.2%
Poorer than New Zealand Vocational Colleges	1	1.4%
Don't know	16	21.9%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 24. Do you rank Australian Vocational Colleges as:

Question 24	Frequency	Percent
Better than New Zealand Vocational Colleges	24	32.9%
Equal than New Zealand Vocational Colleges	24	32.9%
Poorer than New Zealand Vocational Colleges	0	0.0%
Don't know	15	20.5%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 25. Do you think that Thai students and parents generally rank Australian English Language Schools as:

Question 25	Frequency	Percent
Better than US English Language Schools	7	9.6%
Equal than US English Language Schools	30	41.1%
Poorer than US English Language Schools	17	23.3%
Don't know	9	12.3%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 26. Do you rank Australian English Language Schools as:

Question 26	Frequency	Percent
Better than US English Language Schools	11	15.1%
Equal than US English Language Schools	32	43.8%
Poorer than US English Language Schools	11	15.1%
Don't know	9	12.3%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 27. Do you think that Thai students and parents generally rank Australian English Language Schools as:

Question 27	Frequency	Percent
Better than UK English Language Schools	6	8.2%
Equal than UK English Language Schools	22	30.1%
Poorer than UK English Language Schools	25	34.2%
Don't know	9	12.3%
Did not answer	11	15.1%
Total	**73**	**100.0%**

Table 28. Do you rank Australian English Language Schools as:

Question 28	Frequency	Percent
Better than UK English Language Schools	6	8.2%
Equal than UK English Language Schools	26	35.6%
Poorer than UK English Language Schools	22	30.1%
Don't know	8	11.0%
Did not answer	11	15.1%
Total	**73**	**100.0%**

Table 29. Do you think that Thai students and parents generally rank Australian English Language Schools as:

Question 29	Frequency	Percent
Better than Canadian English Language Schools	14	19.2%
Equal than Canadian English Language Schools	33	45.2%
Poorer than Canadian English Language Schools	6	8.2%
Don't know	9	12.3%
Did not answer	11	15.1%
Total	**73**	**100.0%**

Table 30. Do you rank Australian English Language Schools as:

Question 30	Frequency	Percent
Better than Canadian English Language Schools	16	21.9%
Equal than Canadian English Language Schools	33	45.2%
Poorer than Canadian English Language Schools	4	5.5%
Don't know	9	12.3%
Did not answer	11	15.1%
Total	**73**	**100.0%**

Table 31. Do you think that Thai students and parents generally rank Australian English Language Schools as:

Question 31	Frequency	Percent
Better than New Zealand English Language Schools	22	30.1%
Equal than New Zealand English Language Schools	31	42.5%
Poorer than New Zealand English Language Schools	2	2.7%
Don't know	7	9.6%
Did not answer	11	15.1%
Total	**73**	**100.0%**

Table 32. Do you rank Australian English Language Schools as:

Question 32	Frequency	Percent
Better than New Zealand English Language Schools	22	30.1%
Equal than New Zealand English Language Schools	30	41.1%
Poorer than New Zealand English Language Schools	1	1.4%
Don't know	9	12.3%
Did not answer	11	15.1%
Total	**73**	**100.0%**

Table 33. Do you think that Thai students and parents generally rank Australian Universities as:

Question 33	Frequency	Percent
Better than US Universities	7	9.6%
Equal than US Universities	33	45.2%
Poorer than US Universities	17	23.3%
Don't know	6	8.2%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 34. Do you rank Australian Universities as:

Question 34	Frequency	Percent
Better than US Universities	7	9.6%
Equal than US Universities	32	43.8%
Poorer than US Universities	16	21.9%
Don't know	7	9.6%
Did not answer	11	15.1%
Total	**73**	**100.0%**

Table 35. Do you think that Thai students and parents generally rank Australian Universities as:

Question 35	Frequency	Percent
Better than UK Universities	3	4.1%
Equal than UK Universities	26	35.6%
Poorer than UK Universities	25	34.2%
Don't know	9	12.3%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 36. Do you rank Australian Universities as:

Question 36	Frequency	Percent
Better than UK Universities	5	6.8%
Equal than UK Universities	33	45.2%
Poorer than UK Universities	17	23.3%
Don't know	8	11.0%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 37. Do you think that Thai students and parents generally rank Australian Universities as:

Question 37	Frequency	Percent
Better than Canadian Universities	16	21.9%
Equal than Canadian Universities	29	39.7%
Poorer than Canadian Universities	6	8.2%
Don't know	12	16.4%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 38. Do you rank Australian Universities as:

Question 38	Frequency	Percent
Better than Canadian Universities	20	27.4%
Equal than Canadian Universities	28	38.4%
Poorer than Canadian Universities	3	4.1%
Don't know	12	16.4%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 39. Do you think that Thai students and parents generally rank Australian Universities as:

Question 39	Frequency	Percent
Better than New Zealand Universities	28	38.4%
Equal than New Zealand Universities	27	37.0%
Poorer than New Zealand Universities	1	1.4%
Don't know	7	9.6%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 40. Do you rank Australian Universities as:

Question 40	Frequency	Percent
Better than New Zealand Universities	28	38.4%
Equal than New Zealand Universities	27	37.0%
Poorer than New Zealand Universities	0	0.0%
Don't know	8	11.0%
Did not answer	10	13.7%
Total	**73**	**100.0%**

Table 41. What do you think are the major trends affecting Thai students and their parents choosing to study overseas?

Question 41	Q_ 41.1	Q_ 41.2	Q_ 41.3	Q_ 41.4	Total	Percentage
Prestige / Opportunities	21	11			32	**43.8%**
Language	15	5	1		21	**28.8%**
Location	1	1	3		5	**6.8%**
Cost/Price	6	5		1	12	**16.4%**
Security		2	1		3	**4.1%**
Apply Visa					0	**0.0%**
Did not answer	29				29	**39.7%**
Technology		1	1		2	**2.7%**
Other, please name	1	2	1		4	**5.5%**

Table 42. What do you think are the major factors affecting Thai students not choosing to go to Australia to Study?

Question 42	Q_42.1	Q_42.2	Q_42.3	Total	Percentage
Prestige / Opportunities	17	1		18	**24.7%**
Language	4	3		7	**9.6%**
Location	1		1	2	**2.7%**
Cost/Price	7	3		10	**13.7%**
Security		1		1	**1.4%**
Apply Visa	1	1		2	**2.7%**
Did not answer	35			35	**47.9%**
Technology				0	**0.0%**
Other, please name	8	5	1	14	**19.2%**

Table 43. What do you think are the major factors affecting Thai students possibly choosing to go to Australia to Study?

Question 43	Q_43.1	Q_43.2	Total	Percentage
Prestige / Opportunities	8		8	**11.0%**
Language	2		2	**2.7%**
Location	17	3	20	**27.4%**
Cost/Price	8	13	21	**28.8%**
Security	4	1	5	**6.8%**
Apply Visa	1		1	**1.4%**
Did not answer	33		33	**45.2%**
Technology			0	**0.0%**
Other, please name			0	**0.0%**

Table 44. Do you think that more Thai students will want to study in Japan or China in the Future?

Question 44	Frequency	Percentage
Yes	43	**58.9%**
No	8	**11.0%**
Did not answer	22	**30.1%**

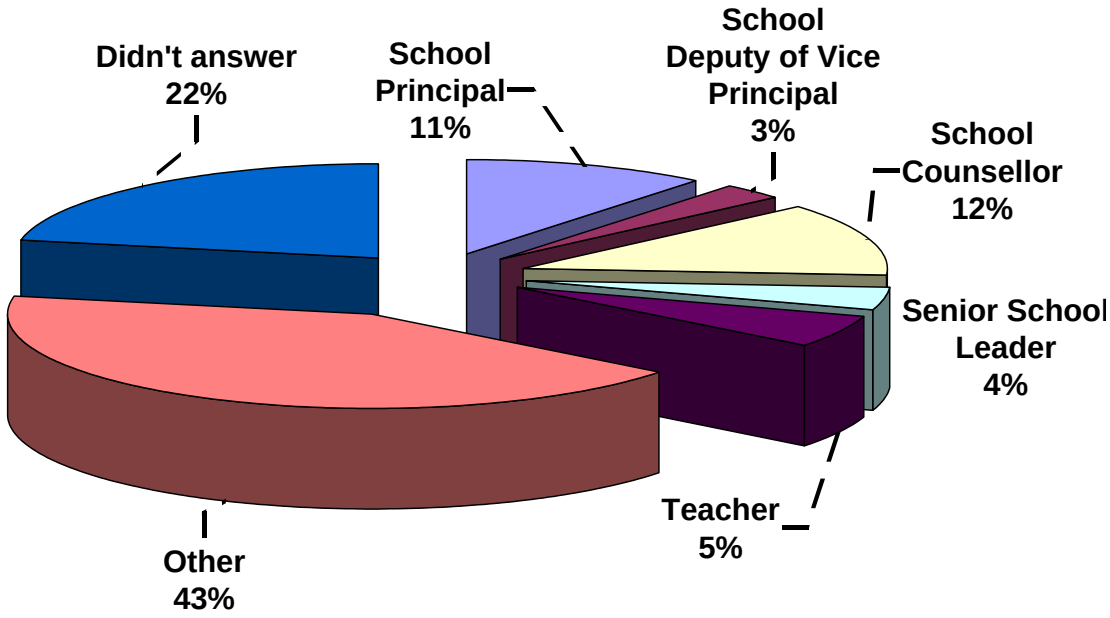
Table 45. Do you think that more Thai students will want to study in Japan or China in the Future? Why?

Question 45	Q_43 B	Q_ 43 B.1	Total	Percentage
Prestige / Opportunities	15		15	**20.5%**
Language	6		6	**8.2%**
Location	1		1	**1.4%**
Cost/Price	2	2	4	**5.5%**
Security			0	**0.0%**
Apply Visa			0	**0.0%**
Did not answer	33		33	**45.2%**
Technology	5	1	6	**8.2%**
Other, please name	1	1	2	**2.7%**
Importance of Chinese language	2		2	**2.7%**
Importance of Japanese language	7	2	9	**12.3%**
Importance of English language	1	1	2	**2.7%**

C.1.2 Survey Highlights

The survey respondents were individuals who had some influence in respect to the study preferences of Thai students: 35% were either Teachers, Senior School Leaders, School Counsellors, School Deputies or Vice Principals, or School Principals. The category 'Other', constituting 43% of respondents includes post-graduate students or education institution managers.

Figure 1. Occupation of Respondents



The respondents rated Australian Schools, VTE, ELICOS and Australian Universities as being between "Very Good", and "Good". Few respondents answered "Excellent" although just one rated Australian Universities as poor. Table 46 shows the percentage of people who think that Australian Schools, VTE, ELICOS and Universities are 'Excellent'. Universities had the highest percentage of individuals answering "Excellent" whilst VTE establishments ranked lowest.

Summary of Responses Corresponding to Questions 1 to 8:

How do you think Thais generally rate Australian education? And how do you yourself rate Australian education by sector?

Table 46. Percentage of Respondents Stating 'Excellent' as an Answer

	Thais	Respondent
Australian School	4%	6.8%
Australian VTE	2.7%	2.7%
Australian ELICOS	6.8%	4.1%
Australian Universities	9.6%	12.3%

Summary of Responses Corresponding to Questions 9 to 40:

How do you think Thai parents rate Australian education compared to other Anglophone countries? And how do you yourself rate Australian education compared to other Anglophone countries?

Table 47. Australian Education 'Better than' Other Anglophone Countries

	US		UK		Canada		New Zealand	
Better than	**Parents**	**Respondent**	**Parents**	**Respondent**	**Parents**	**Respondent**	**Parents**	**Respondent**
Australian School	12.3%	13.7%	5.5%	11.0%	23.3%	32.9%	34.2%	37.0%
Australian VTE	9.6%	19.2%	5.5%	8.2%	23.3%	21.9%	28.8%	32.9%
Australian ELICOS	9.6%	15.1%	8.2%	8.2%	19.2%	21.9%	30.1%	30.1%
Australian Universities	9.6%	9.6%	4.1%	6.8%	21.9%	27.4%	38.4%	38.4%

Table 48. Australian Education 'Equal to' Other Anglophone Countries

	US		UK		Canada		New Zealand	
Equal than	**Parents**	**Respondent**	**Parents**	**Respondent**	**Parents**	**Respondent**	**Parents**	**Respondent**
Australian School equal	35.6%	47.9%	42.5%	46.6%	39.7%	35.6%	41.1%	37.0%
Australian VTE	41.1%	43.8%	41.1%	43.8%	31.5%	35.6%	34.2%	32.9%
Australian ELICOS	41.1%	43.8%	30.1%	35.6%	45.2%	45.2%	42.5%	41.1%
Australian Universities	45.2%	43.8%	35.6%	45.2%	39.7%	38.4%	37.0%	37.0%

Table 49. Australian Education 'Poorer than' Other Anglophone Countries

	US		UK		Canada		New Zealand	
Poorer Than	**Parents**	**Respondent**	**Parents**	**Respondent**	**Parents**	**Respondent**	**Parents**	**Respondent**
Australian School poorer	27.4%	13.7%	24.7%	16.4%	8.2%	2.7%	1.4%	1.4%
Australian VTE	15.1%	5.5%	19.2%	13.7%	6.8%	4.1%	1.4%	0.0%
Australian ELICOS	23.3%	15.1%	34.2%	30.1%	8.2%	5.5%	2.7%	1.4%
Australian Universities	23.3%	21.9%	34.2%	23.3%	8.2%	4.1%	1.4%	0.0%

Appendix D: Interview Questions

Theme	Interview Question	Interviewee
Education supply factors including the quality of, policies affecting, and prospects for, international education provision	Is the visibility of Australian Education, compared to competitor countries within the Thai marketplace, generally conducive to increasing the demand for study in Australia by Thai students?	IE Providers/ Agents
	What impact, if any, will the increased promotion to study in Singaporean, Malaysian and Chinese Universities and Colleges, have on the selection by Thai students [to study in Australia generally and your institution in particular]?	IE Providers/ Agents
	Do you think Singaporean, Malaysian, Chinese, Japanese and other Asian education providers will become increasingly important within the Thai marketplace? Please explain the reason for your answer. What do you think the impact will be for Anglophone [specifically Australian] providers, considering that Singapore and Malaysia are English speaking countries? Do any of the trends you have identified vary between sectors?	IE Providers/ Agents/ Multi-lateral Bodies
	The market share of Canadian and New Zealand Universities is relatively low and steady. Do you perceive that they will increase their market presence in the next 5 years? Please explain the reason for your answer.	IE Providers/ Agents
	In International Education across the world price and perceived quality are key factors that drive demand. What effects have perceptions about the relative price of Australian Education and the perceived quality of Australian education in each sector had on demand by Thai students?	IE Providers/ Agents

	If you had to choose the top two overriding factors influencing Thai students' decisions to study in Australia compared to a competitor, what would they be?	IE Providers/ Agents
	The demand by Thai students to study overseas is increasing in all 4 sectors (ELICOS, Vocational Education, Schools and Universities) and the demand for the US and especially the UK is increasing. What factors do you believe are contributing to this?	IE Providers/ Agents
	Recent trends in the UK towards 1 year Masters programs have increased demand domestically in the UK and Europe for MBAs and MEngs especially. What impact has and might this decision have on demand generally from Thai students?	IE Providers/ Agents
	From an Institutional Representative's/Agent's perspective, what do Australian Universities, Schools, and Colleges (Vocational and English Language) need to do to further improve the demand for international education by Thai students? In what areas are they lacking compared to the competition?	IE Providers/ Agents
	What recent Australian Government policy changes (if any) do you believe will or have significantly influenced the demand for international education, including demand by Thai students? (For example, changes to immigration/visa entry laws, education policy, other). If possible, please answer the same question vis-à-vis Australia's competitors?	IE Providers/ Agents
	Generally speaking, what do you think are the prospects for Australian providers of international education in Thailand, compared to Australia's competitors? Please explain your answer.	IE Providers/ Agents
	To your knowledge, what Australian courses and those of Australia's competitors are not recognised by Thai authorities?	IE Providers/ Agents RTG Educational

	In November 2005, one Dean of a Faculty that is a very significant provider of International Education in Australia said to me in an interview: "Thailand is just not on our radar." Do you think Australian Schools, ELICOS Colleges, Vocational Colleges and Universities treat the Thai market seriously? Why/why not? How do you think this compares to Australia's competition?	IE Providers/ Agents
	There has been a slight decline in new student visas issued for Australia over the past 2 years. In your opinion what factors might be the cause of this? Is this only temporary?	IE Providers/ Agents
	Tony Pollock, CEO of IDP, recently noted that Educational Agents will become the most important source of students from overseas in all international education sectors within Australia. Do you agree? If so what should/could the Australian Government do to assist Educational Agents? [what level of commission is paid by the various countries?]	Agents
	To what extent do you consider work experience is valued by students and what is your institution doing to promote this?	IE Providers/ Agents Domestic Providers/ RTG Educational/ Multi-lateral Bodies
	There are many thousands of Thai students in Australian Universities, English Language Colleges, Vocational Colleges and Schools. What key factors do you think influenced Thai students to choose Australia generally and your institution in particular as a place of study in each sector? What advantages do you feel Australian courses generally [and your institution and course in particular] offer Thai students [compared to the competition]?	IE Providers/ Agents

Thai domestic education specific factors	What recent Thai government policy developments (if any) do you believe will have most impact on education provision in Thailand? Please explain your answer, with reference to any obstacles the implementation of these polices might face. [What will the impact be on your institution?]	Domestic Providers/ RTG Educational/ Multi-lateral Bodies
	Do you believe there to be any differences in the quality of a Thai education compared to a foreign alternative? And do you consider the prospects for Thai domestic students to be the same as those for Thais educated overseas? Please explain your answer. To what extent is the situation you describe changing?	Domestic Providers/ RTG Educational/ RTG Industry & Labour/ Private Sector Employers/ Multi-lateral Bodies
	What advantages do you feel a Thai education generally [and that offered by your institution and course in particular] offer Thai students? For those students financially able to access a foreign education, what factors do you think influenced them to make the decision to study in Thailand? Can you see evidence of any emerging trends in this regard?	Domestic Providers/ RTG Educational
	Does your institution consciously try to compete with international alternatives? If so, through what methods and what challenges are being faced?	Domestic Providers/ RTG Educational
	What changes do you think need to occur before domestic education in Thailand can attract students that would otherwise go overseas? Do you think these changes are already occurring, and if not, why?	Domestic Providers/ RTG Educational/ Multi-lateral Bodies
	Do you consider there to be a continuing role for international education services in Thailand? Please give reasons for your answer.	RTG Educational/ RTG Industry & Labour
	Generally speaking, what do you think the prospects are for domestic institutions, and yours in particular, in terms of attracting students that would otherwise go overseas for their education?	Domestic Providers/ RTG Educational

Demand-side factors including labour market needs, macro-economic policies and economic prospects	Do you feel that the Thai education sector is producing a workforce able to fulfil Thailand's current and emerging employment needs? What are the skills shortages currently being experienced, and what do you believe the prospects are for these gaps to be filled in the future by the domestic education system?	RTG Educational/ Multi-lateral Bodies/ RTG Industry & Labour/ Private Sector Employers
	To what extent are English Language skills valued in the Thai labour market over other languages, and does this vary between industrial sectors? Is there evidence that the current situation is changing? How is the domestic education sector responding?	Multi-lateral Bodies/ RTG Industry & Labour/ Private Sector Employers/ RTG Educational
	Do you consider there to be a hierarchy between domestic and foreign qualifications i.e. would a foreign course be valued more in the labour market than a domestic one? Or does this depend on the type of course or institution?	RTG Industry & Labour/ Private Sector Employers
	What are the prospects for continued economic development accompanied by a growth in the size and income of the middle class in Thailand? What do you think their employment aspirations will be?	RTG Industry & Labour
	What is the evidence that Thailand is becoming a more knowledge intensive economy? What aspirations does Thailand have in this regard? What are the major policy objectives designed to promote a knowledge economy and what are the associated obstacles to success?	RTG Industry & Labour
	How are middle class Thais responding to the increase in the cost of living in Thailand? To what extent and in what ways do you think consumption patterns will change?	RTG Industry & Labour
	Do certain industries appear to have a preference for foreign educated employees? If so why are they preferred, and is there a hierarchy of preferences by country or institution? Do you think this will always be the case?	Private Sector Employers/ RTG Industry & Labour