

# Chinese-Australian Transnational Higher Education in China

Joint research by the

Education and Research Section of the Australian Embassy in Beijing

and the

China Education Association for International Exchange

July 2018



Australian Embassy  
Education and Research Section - Beijing



中国教育国际交流协会  
CHINA EDUCATION ASSOCIATION FOR INTERNATIONAL EXCHANGE

*The Australian Embassy in Beijing and the China Education Association for International Exchange  
acknowledge the work of Grok Global Services and the SHU-UTS SILC Business School of Shanghai  
University in developing this report.*

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## Introduction

Education has been a vital part of the close and longstanding relationship that has developed between China and Australia over 45 years of formal diplomatic relations. Over this period, education cooperation has expanded dramatically, delivering significant social, cultural and economic benefits.

Since the early 1970s, student mobility between China and Australia has grown to become a substantial part of the broader bilateral relationship. Taking account of all forms of mobility, Australia and China are each other's second most popular<sup>a</sup> destination for study overseas. Two-way student mobility between Australia and China is highly valued by both governments, and supported by a formal agreement signed during the 2014 visit to Australia by President Xi Jinping<sup>b</sup>.

Perhaps less well known is the degree to which Chinese students are accessing Australian education through partnership delivery within China. Transnational education (TNE)<sup>c</sup> constitutes a key dimension in the China-Australia education relationship. The past thirty years have seen strong growth in TNE partnerships in China. Along with the UK, Australia was one of the first countries to deliver Chinese-foreign cooperatively run education programs. The first Chinese-Australian joint program in higher education was approved by the State Education Commission of China (the predecessor to the Ministry of Education) in 1994, and it is still active today.

According to China's Ministry of Education (MoE) official website for Chinese-foreign cooperatively run education (hereinafter referred to as "JSJ website"<sup>d</sup>), about 150 Chinese-Australian programs at the Bachelor degree level and above have been approved since 1994, with another 6 approved Chinese-Australian joint institutes delivering a range of undergraduate and postgraduate programs. The great majority of these joint ventures were, as of June 2017, still active, including all six Chinese-Australian joint institutes and 108 joint programs (42 joint programs have ceased to operate). Together, they account for

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<sup>a</sup> "Project Atlas." IIE: The Power of International Education, IIE, [www.iie.org/Research-and-Insights/Project-Atlas](http://www.iie.org/Research-and-Insights/Project-Atlas).

<sup>b</sup> 2014 Australia-China MOU on student, researcher and academic mobility, <https://internationaleducation.gov.au/About-AEI/Government-Relations/Bilateral-Relationships/Documents/Australia-%20China%20MoU%20Student%20Mobility.pdf>

<sup>c</sup>For the purposes of this research, the focus of TNE is on Chinese-foreign joint programs and institutes, approved by the Chinese Ministry of Education, to deliver for-credit academic programs at the Bachelor degree level or above in mainland China. All joint programs, or academic programs offered by a joint institute, are run cooperatively by a Chinese education institution in conjunction with a foreign partner and subject to the "Four One Thirds Rule", which states that: a) the introduced foreign units shall account for more than 1/3 of all units for the Chinese-foreign cooperatively-run education program; b) the introduced foreign specialisation core units shall account for more than 1/3 of all core units for the Chinese-foreign cooperatively-run education programs; c) the number of the specialisation core units delivered by the teaching staff of the foreign education institution shall account for more than 1/3 of all the units of the Chinese-foreign cooperatively-run education program; and d) the academic hours of the specialisation core units delivered by the teaching staff of the foreign education institution shall account for more than 1/3 of all academic hours of the Chinese-foreign cooperatively run education program. The joint programs may result in accreditation from either, or both institutions.

<sup>d</sup> The JSJ data used throughout this report are taken as at 14 July 2017.

11% of the active Chinese-foreign joint ventures at the Bachelor degree and above level, making Australia the third largest partner country, behind the UK and the US (each with 22% of active joint provision).

Chinese-Australian joint ventures are operating in diverse locations across China, with programs and institutes at the Bachelor degree and above level in 21 provinces<sup>e</sup>, municipalities and autonomous regions. Over the last three decades, such cooperation has contributed significantly to building China's higher education capacity and national human resources. Chinese-Australian higher education joint ventures have also contributed to the internationalisation of Australian universities, and the overall promotion of Australian higher education in China.

This report is based on joint research undertaken by the China Education Association for International Exchange (CEAIE) and the Education and Research Section of the Australian Embassy in Beijing. The purpose of this research is to examine the experience of Chinese-Australian TNE delivery in China, and to understand some of the challenges and opportunities associated with this model of education delivery.

In scope for this research are the approved Chinese-Australian joint programs and institutions at bachelor degree level and above listed on the JSJ website. Research includes data analysis of existing joint programs and institutes; desk research on the regulatory framework; a survey of Australian higher education institutions by the Education and Research Section of the Australian Embassy in Beijing; and, a similar but separate survey of Chinese higher education institutions undertaken by CEAIE. This joint research has also been conducted in reference to work of CEAIE and the British Council published in August 2017<sup>f</sup>.

The MoE is currently consulting widely in the latest review of the regulations and implementation measures governing Chinese-foreign education joint ventures. The review will examine ways to drive quality improvement and increase capacity building for Chinese institutions.

This joint research between the Education and Research Section of the Australian Embassy in Beijing and CEAIE could provide a helpful reference for the further development of Chinese-Australian TNE as well as input to the MoE review.

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<sup>e</sup> Of China's 21 provinces, municipalities and autonomous regions, 20 had active programs and institutes as of 14 July 2017

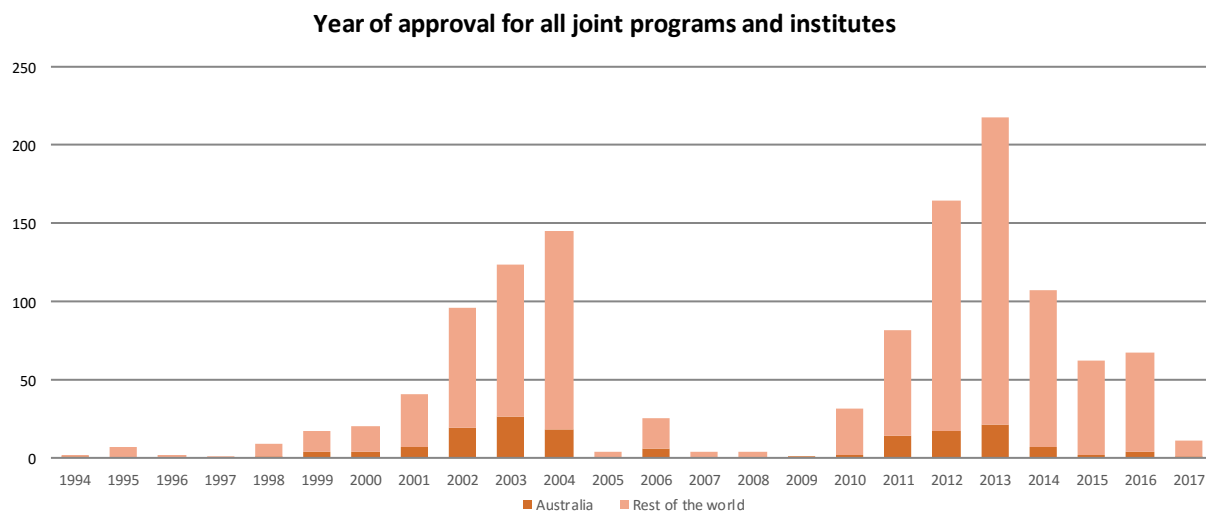
<sup>f</sup> The published report of the joint British Council-CEAIE TNE research is available with login through <https://siem.britishcouncil.org/news/reports/uk-china-transnational-education-perspective-of-administrators-and-students>, accessed on 6 December 2017.

## Historical Overview of Transnational Education

### Development in China

TNE in China has undergone over three decades of development. In total, China's MoE has approved 91 Chinese-foreign joint institutes and 1,288 Bachelor degree level or above joint programs, located in 28 provinces, municipalities and autonomous regions across China as of July 2017. The approval of joint programs and joint institutes has been cyclical, corresponding to stages of development of education in China.

Figure 1



Source: Chinese MoE's JSJ website, data as of July 14, 2017<sup>9</sup>

### 1980–2000: Exploration

TNE in China emerged in the 1980s, in the form of a few small-scale professional development courses offered by western education institutions. At that time, with the newly established reform and opening-up policy, China needed to rapidly develop the human resources required to pursue national economic reform. The country turned to TNE through institutional partnerships with priority given to the fields of economics, business administration and computer science.

In 1995, the State Education Commission or SEC (the predecessor to the MoE) issued the *Interim Provision of Chinese-Foreign Cooperation in Running Schools* 中外合作办学暂行规定<sup>h</sup> ("the *Interim Provision*"), which governed TNE development and delivery in China. In the year that followed, the government issued the

<sup>9</sup> There are two rounds of applications for joint programs and institutes every year, so TNE data updates regularly. The data presented in this report only includes approved and published data on the JSJ website as at July 14 2017, slight deviation may be possible.

<sup>h</sup>[http://www.fdi.gov.cn/1800000121\\_23\\_69327\\_0\\_7.html](http://www.fdi.gov.cn/1800000121_23_69327_0_7.html), accessed on 6 December 2017.

*Circular on Strengthening Degree Conferral Management For Chinese-Foreign Cooperatively Run Schools* 关于加强中外合作办学学位授予管理通知<sup>i</sup>, further institutionalising TNE practice.

## 2000–2010: Legislation and Quality Review

With clear regulations in place, the entry of China into the World Trade Organization in 2001 further stimulated growth of TNE delivery in China, leading to the first spike in approved joint programs between 2002 and 2004. Indeed, the number of approved joint programs and institutes steadily increased from just 7 in 1995 to 145 by the end of 2004.

In 2003 and 2004, the MoE replaced the *Interim Provision* with the *Regulations on Chinese-Foreign Cooperation in Running Schools* 中华人民共和国中外合作办学条例 “the 2003 Regulations”<sup>j</sup> and the regulations’ implementation measures, which became the umbrella under which joint programs and institutes in China would be governed. The 1995 “*Interim Provision*” and “2003 Regulations” also defined the scope of TNE operations in China: “zhong wai he zuo ban xue” 中外合作办学. In the “Ministry of Education Opinion on Certain Current Issues Regarding Chinese-Foreign Cooperation in Running Schools” issued in February 2006, the “Four One Thirds Rule” was introduced for the first time. The intention of the Four One Thirds Rule<sup>k</sup> is to ensure that foreign education partners commit at least one third of the teaching and learning resources to the joint venture.

Following the 2003 *Regulations*, China’s MoE issued a series of policy guidelines<sup>l</sup> to regulate the sector, signaling the start of a gradual shift from the pursuit of scale to the stronger promotion of program quality. Such initiatives included the establishment of a sophisticated and comprehensive review and quality assurance system for TNE operations in China which mandated that from 2004 all TNE joint programs and institutes maintain records of project applications and approvals, and obtain MoE or provincial authority approved operating licenses. At that point, the Ministry suspended approval of new TNE projects and initiated a thorough inspection of all existing projects. Over the course of one year, the

<sup>i</sup> <http://www.jsi.edu.cn/n2/1/1002/33.shtml>, accessed on 6 December 2017.

<sup>j</sup> [http://www.moe.edu.cn/s78/A20/gjs\\_left/moe\\_861/tnull\\_8646.html](http://www.moe.edu.cn/s78/A20/gjs_left/moe_861/tnull_8646.html), accessed on 6 December 2017.

<sup>k</sup> For more information on the Four One Thirds Rule, including its definition, visit: <https://internationaleducation.gov.au/International-network/china/PolicyUpdates-China/Pages/CHINA%E2%80%93Approvals-processes-for-Sino-Foreign-Joint-institutions-and-Joint-programs.aspx>

<sup>l</sup> Including a) 2004 -Implementation Measures for the Regulation on Chinese-Foreign Cooperation in Running Schools 中外合作办学条例实施办法 <http://www.crs.jsi.edu.cn/index.php/default/news/index/6> ; b) 2005 - Circular on the Opinion of Ministry of Education on Several Chinese-Foreign Joint Institutes and Programs 教育部关于若干中外合作办学机构和项目政策意见的通知 [http://old.moe.gov.cn//publicfiles/business/htmlfiles/moe/moe\\_325/200602/10970.html](http://old.moe.gov.cn//publicfiles/business/htmlfiles/moe/moe_325/200602/10970.html) ; c) 2006 - Opinion of the Ministry of Education on Several Issues Concerning Current Chinese-Foreign Cooperation in Running Schools 教育部关于当前中外合作办学若干问题的意见 <http://www.crs.jsi.edu.cn/index.php/default/news/index/1> , which addressed the issue of regulating the tuition and fee schedules of TNE delivery; and d) 2007 - Circular of the Ministry of Education on Further Regulating Chinese-Foreign Cooperation in Running Schools 教育部关于进一步规范中外合作办学秩序的通知 [http://old.moe.gov.cn//publicfiles/business/htmlfiles/moe/moe\\_2761/200905/47783.html](http://old.moe.gov.cn//publicfiles/business/htmlfiles/moe/moe_2761/200905/47783.html) , which for the first time discusses the penalty and exit mechanism of TNE delivery in China, each accessed on 6 December 2017.

number of new approvals for joint programs dropped from 145 in 2004 to four in 2005. The field remained relatively static over the next four years.

### 2010-2015: Safeguarding TNE Quality, Relevance, and Standards

By early 2010, China's education authorities had become more sophisticated in their understanding of the role and management of TNE delivery in China, with an emphasis on TNE's ability to: provide equitable access to international education at home for qualified Chinese students; contribute to internationalisation and capacity development for Chinese higher education; and play a role in addressing China's evolving need for skills and human resources in light of rapid industrial and economic change.

As a result, Chinese authorities have become more proactive in the administration and supervision of TNE operations. Starting from 2011, the MoE doubled the frequency of TNE application reviews and approvals from once to twice a year. In the following year, the MoE issued the *Circular of the Ministry of Education on Strengthening Standardized Management of Chinese-Foreign Cooperative Education* 教育部关于加强涉外办学规范管理的通知 (2012)<sup>m</sup>. This circular emphasized the legal boundary between MoE-approved joint programs and other cooperative educational programs such as pre-university pathways and degree top-up programs. The MoE also reiterated the not-for-profit nature of TNE in China, as well as the government's determination to carry out strict degree conferral management for TNE programs and institutes.

In 2013, the MoE issued the *Circular on the Recent Status of Chinese-Foreign Cooperation in Running Schools for Higher Education* 关于近期高等学校中外合作办学相关情况的通报<sup>n</sup>, which specifically addressed some prominent concerns about Chinese-foreign joint programs, including the operation of numerous TNE programs by the same foreign institution, and the involvement of third-parties<sup>o</sup>.

During this period, China's MoE tightened approvals and post-approval oversight of joint programs and institutes, and developed a comprehensive quality assurance system. A number of key evaluation criteria emerged, such as the prestige and international reputation of the foreign partner institution; the quality of imported international education approaches, ideas, curricula, and staff; the possibility for Chinese students to study the entire TNE program at home (a "4+0" arrangement) at a reasonable cost without sacrificing quality standards; and the relevance of the proposed academic subjects to national and local human resource demands. As Chinese universities have become increasingly competitive internationally, Chinese authorities and institutions have become more aware of the need for a genuine, bilateral relationship with their foreign partners – this has further changed the dynamic of TNE delivery in China.

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<sup>m</sup> [http://old.moe.gov.cn//publicfiles/business/htmlfiles/moe/moe\\_861/201204/133915.html](http://old.moe.gov.cn//publicfiles/business/htmlfiles/moe/moe_861/201204/133915.html), accessed on 6 December 2017.

<sup>n</sup> <http://www.cfce.cn/a/jianguan/gonggao/2013/1121/2176.html>, accessed on 6 December 2017.

<sup>o</sup> "Third parties" in this report refers to agents, partnership brokers and other third parties that are involved in joint ventures.



## 2016 to date: Policy Review and Future Development

In 2016, the Chinese State Council issued the *Several Opinions on the Continued Opening Up of Education in the New Era* 关于做好新时期教育对外开放工作的若干意见<sup>p</sup> (“the *Opinions*”), which emphasized several policy directions:

- the development of the “Study in China” brand to attract more international students to China;
- improving the quality of TNE by strengthening the approval, administration, and exit mechanisms in academic fields relevant to national development, namely the science, technology and engineering areas;
- encouraging Chinese universities to engage globally; and
- the introduction of high quality teaching and learning resources to improve TNE in China.

In 2017, the MoE announced a review of the regulations and implementation measures for Chinese-foreign joint programs and institutes. The MoE has consulted widely on preliminary changes to the current 2003 *Regulations*<sup>q</sup>. In particular, the MoE has signaled its intention to further strengthen the regulatory requirements, and is looking for ways to drive further quality improvements.

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<sup>p</sup> [http://www.gov.cn/home/2016-04/29/content\\_5069311.htm](http://www.gov.cn/home/2016-04/29/content_5069311.htm), accessed on 6 December 2017.

<sup>q</sup> For more information on these consultations, see <https://internationaleducation.gov.au/International-network/china/PolicyUpdates-China/Pages/Review-of-Regulations-and-Implementation-Measures.aspx>, accessed on 6 December 2017.

## Chinese-Australian TNE Delivery in China

### Overall Statistics

As of 30 June 2017, there were 156 Chinese-Australian joint ventures at the Bachelor degree and above level established, with 108 Chinese-Australian joint programs and six joint institutes operating actively in China. Of these, 93 are Bachelor degree programs, with the remaining 15 at the Masters level. Among the six joint institutes, two offer Bachelor degrees only, one offers Masters degree programs, two offer both Bachelor and Masters programs, and the final institute offers Masters and doctorate programs.

Chinese-Australian joint programs and institutes in China cover a broad range of academic fields. The top three fields are Engineering and Technology (39%), Economics (23%) and Management (19%), which reflects the high demand for these subjects at the time of their establishment.

### Profile of Survey Respondents

The Australian provider survey was sent out to all Australian universities and participating higher education institutions and responses were received from 21 Deputy Vice-Chancellors International (DVCIs), including 17 from the 29 Australian universities with active joint projects in China which equates to a 59% response rate. A further three respondents indicated that they hope to establish joint projects in China in the next two to three years (including one university which has previously been involved in such a project).

The Chinese provider survey was sent to 94 joint programs<sup>r</sup> and 6 joint institutes, and responses were received from 52 joint programs and 4 joint institutes (a combined 56% response rate). A total of 49 Chinese universities participated in the Chinese survey.

### Geographic Focus

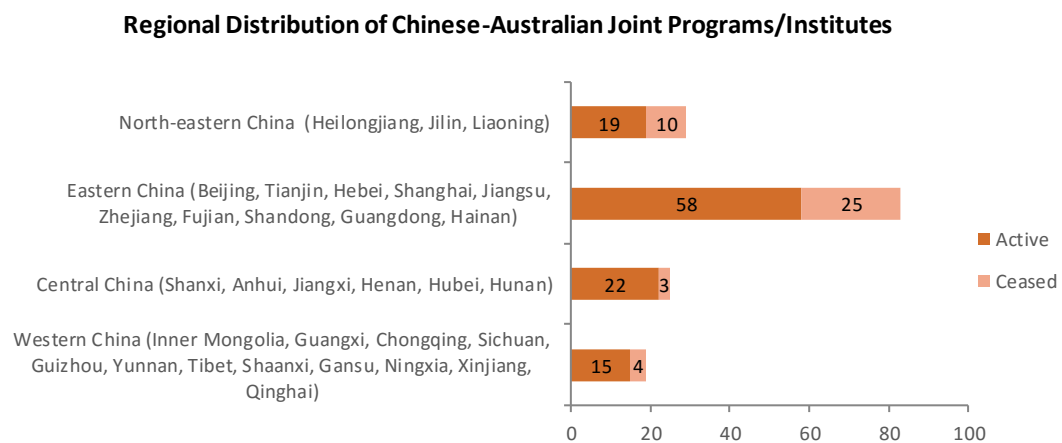
As of 30 June 2017, Chinese-Australian joint programs and institutes at Bachelor degree and above level have been established in 21 provinces, municipalities and autonomous regions in China. Beijing and Jiangsu topped the list with 17 and 15 joint ventures, followed by Shandong at 14 and Zhejiang at 13. Overall, eastern China hosts over half of the Chinese-Australian TNE joint ventures, while a significant proportion (47%) are established in regions considered as developing (i.e. western China, central China, and north-eastern China)<sup>s</sup>.

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<sup>r</sup> Programs and institutes that were recently approved and have not yet started operating were not surveyed in the Chinese provider survey.

<sup>s</sup>The grouping of regions in China in this report is in line with National Bureau of Statistics' division of China's economy into eastern, central, western and north-eastern.

Figure 2



Source: Chinese MoE's JSJ website, data as of July 14, 2017

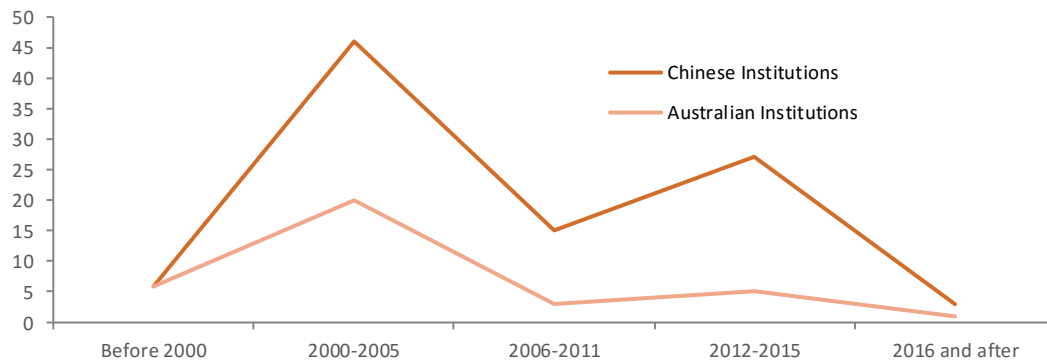
Responses from Australian and Chinese surveys were broadly consistent with this distributional spread across China.

### Time of Initial Entry into Chinese-Australian TNE

Policy changes in China appear to have had a strong impact on the decision making of both Australian and Chinese institutions around the establishment of joint ventures. The historical data show that there were two peak periods for universities from both countries to initiate their *first-ever* Chinese-Australian joint program/institute – 2000-2005 and 2012-2015. These peaks in initial entry coincide with the two key periods in Chinese government policy. China's commitment to education, service and trade in the WTO agreement in 2001 and the implementation of the Twelfth Five-Year Plan are also believed to have driven the establishment of joint ventures between Chinese and Australian institutions. Moreover, in the post-2010 period, China enhanced its TNE governance and quality assurance mechanisms and made regulatory requirements more transparent to foreign institutions.

The surveys of Australian and Chinese universities reflected the same pattern of two peak periods of initial entry to Chinese-Australian TNE.

Figure 3

**Time of Establishing the First Chinese-Australian Joint Program/Institute**

Source: Chinese MoE's JSJ website, data as of July 14, 2017

**Program Initiation**

The survey results indicate that there is a shared understanding of who made the initial approach to establish a joint venture. Data from surveyed Chinese universities suggests that almost half of the surveyed joint programs were established based on an approach either from the Chinese partner or from a Chinese third party. Two thirds of the Australian universities surveyed indicated that they became involved in their TNE joint venture because of outreach either by a Chinese partner university or a third party. It should be noted, however, that a significant number of Australian DVCI (29%) were unsure of the precise historical details of the joint ventures.

Interestingly, the surveyed Chinese universities also indicated that approximately half of the joint programs were extensions of other Chinese-Australian cooperative programs. In other words, it appears that TNE engagements often grow from existing education cooperation between Chinese and Australian institutions. This suggests that partner institutions are deriving significant two-way benefits from TNE joint ventures.

**Perception on the Role of Third Parties**

Of the 17 surveyed Australian universities currently running TNE joint ventures in China, over 70% indicated that they used third parties for some, or all, of their joint programs/institutes. The role of the third parties varied among surveyed Australian institutions:

- To carry out traditional agent responsibilities, such as student recruitment and study abroad administration and pre-departure support
- To broker partnerships, such as assisting in the identification of potential Chinese partners, and/or supporting the negotiation process for program application, approval, and establishment

- To provide guidance on compliance on regulations for TNE delivery
- To provide high level management advice on political, policy and cultural issues and to assist with relationship management including of academic staff
- To help introduce Australian learning management systems which enhance teaching delivery in China

While many Australian institutions acknowledged the value added by third parties, overall, the significant majority of surveyed Australian universities do not view the third parties as essential to their ongoing TNE operation and partnership management in China. For example, when asked whether they would maintain their joint project in China if they were prevented from working with an agent / third party, only two out of 17 responded no.

The Chinese survey shows that 27% of the joint programs were initiated following an invitation from a third party, whereas none of the joint institutes were initiated by a third party. Joint institutes are clearly a more significant undertaking than establishing joint programs. This could be an indicator that joint institutes are more likely to arise where there are existing strong relationships between providers.

In the context of the current review on the regulations and implementation measure governing TNE delivery, the MoE has indicated its preference for foreign institutions to operate in a direct relationship with the Chinese university for TNE delivery rather than through a third party that is not an education institution. *A Circular on the Recent Status of Chinese-Foreign Cooperation in Running Schools for Higher Education* 关于近期高等学校中外合作办学相关情况的通报, issued by the MoE in 2013, pointed out issues caused by the use of third parties, such as subcontractors, undertaking the whole process of application and using the joint venture as a means to create profit.

### Identifying a Suitable Partner

Australian institutions reported that the most important factor in choosing a Chinese partner for TNE cooperation was finding a strong match in terms of discipline. Other top criteria included the quality of students at the prospective Chinese partner, ranking and reputation, the strength of specific disciplines, and the historical relationship between the Australian and Chinese institution. One Australian university also noted the importance of the Chinese institution's "experience and capability in international partnering".

Figure 4

**Top Criteria When Considering a Chinese Partner for Joint Programs/Institutes**

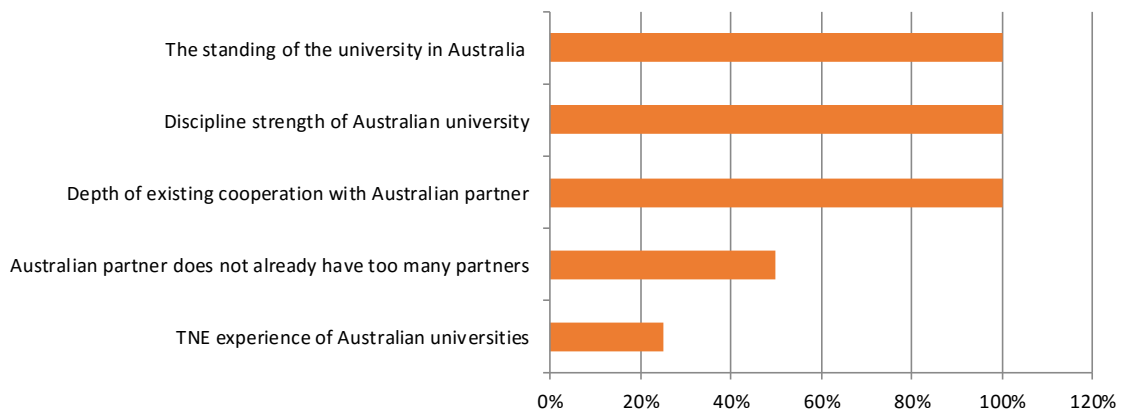


Source: TNE Institution Survey, Education and Research Section, Australian Embassy in Beijing

All of the surveyed Chinese institutions identified the standing of the Australian university, its discipline strength and levels of existing cooperation as the most important factors for choosing a partner for a joint venture. Although a significant number of respondents said they valued their potential partners having TNE experience half also noted that they would prefer their Australian partner not to have so many existing TNE partners that it may affect their capacity to appropriately support the potential new project.

Figure 5

**Priority factors for Chinese institutions to identify Australian partners**



Source: CEAIIE Survey with Chinese Partner Institutions for Chinese-Australian TNE Delivery in China

## Motivations

Both Australian and Chinese institutions commonly reported that their motivations for establishing joint programs included “promoting internationalisation” and “building reputation” either in China or globally. Reputation building was cited most often as “most important” by the surveyed Australian institutions, together with other associated objectives, such as expansion of the Australian institution’s overseas footprint, and deepening of the faculty’s relationship with Chinese peers via TNE cooperation.

Figure 6

Rating the Motivations for Australian institutions to establish Joint Programs/Institutes in China (1 = “Least Important”, 5 = “Most Important”)						
Motivations	1	2	3	4	5	Average
Student recruitment to our campus	0	0	4	8	5	4.06
Leadership sees “internationalisation” as a priority, and joint program help meet that objective	0	1	3	8	5	4.00
Reputation building	0	1	4	5	6	4.00
Expand our institutions footprint by delivering programs abroad	0	2	5	6	4	3.71
Faculty wanted to expand their relationship with the Chinese university	0	1	6	8	2	3.65
Potential financial gain	1	0	6	6	3	3.63

*Source: TNE Institution Survey, Education and Research Section, Australian Embassy*

Chinese institutions reported that Chinese - Australian TNE ventures could serve as a platform to promote their brand and facilitate further cooperation between their partners, contributing to their reputation and internationalisation. Almost 50% of the joint ventures in the Chinese survey were influenced by other cooperative programs taking place between the Chinese and Australian institution.

It is important to acknowledge that Chinese government policy is a key driver in the establishment of Chinese foreign joint ventures. As depicted in Figure 1, the growth in approval for joint ventures coincides with China’s commitment to education, service and trade in the WTO agreement, and the implementation of the Twelfth Five-Year Plan.

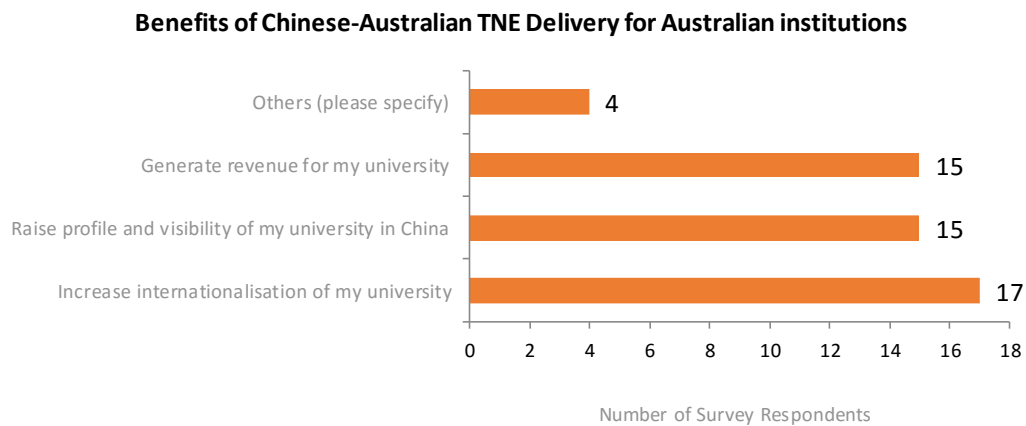
Chinese institutions reported the key motivation for pursuing joint ventures was to attract high quality foreign educational resources into their institutions, whereas one of the key motivations for Australian institutions was to attract high quality students to Australian campuses. A challenge going forward will be how to reconcile these two different expectations while delivering mutual benefits.

## Benefits

While the initial motivation for Australian institutions when establishing the joint ventures might have been student recruitment, when asked about the benefit that the program had delivered, the primary benefit cited was increased internationalisation for the university, followed by revenue and profile in China. Some Australian institutions also mentioned:

- the benefits of enhanced research linkages and long-held interpersonal relations between faculties from two partner universities;
- stimulation of new innovation options;
- improvements in staff and student mobility;
- internationalisation of curriculum; and
- broadened transnational engagement with China in research.

Figure 7

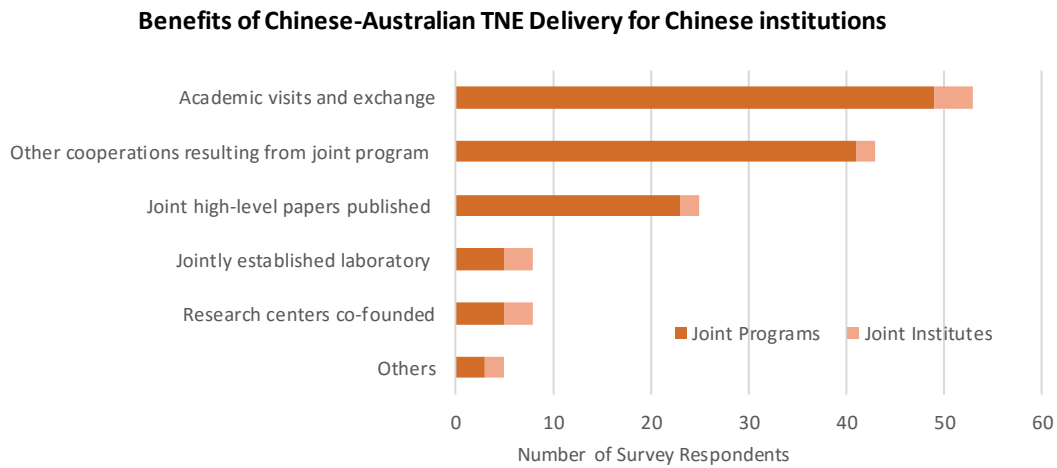


*Source: TNE Institution Survey, Education and Research Section, Australian Embassy in Beijing*

Internationalisation was identified as a key benefit by the 49 Chinese respondents, as evidenced by volume of academic visits and exchanges and jointly authored publications. In other words, Chinese respondents saw the value of TNE joint ventures in building their global reputation.



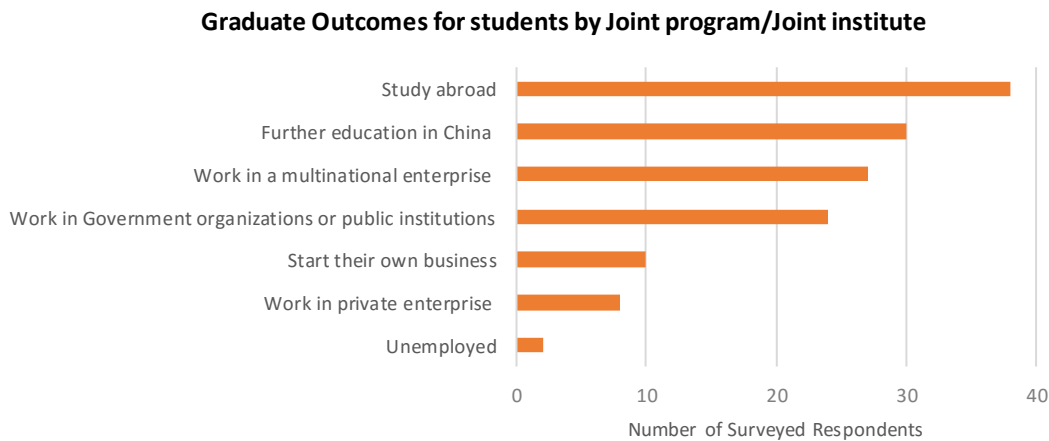
Figure 8



Source: CEAIE Survey with Chinese Institutions on Chinese-Australian TNE Delivery in China

Chinese universities also noted the benefits from introducing high quality teaching and learning resources. Chinese respondents believed that Chinese-Australian education equipped their students with strong abilities in language, communication and logical thinking, which supports students in their further education and to find better employment. The Chinese survey respondent reported that the majority of TNE students (68%) chose to study abroad after graduation, and some worked in a multinational enterprise, government organisation or public institution.

Figure 9



Source: CEAIE Survey with Chinese Institutions on Chinese-Australian TNE Delivery in China

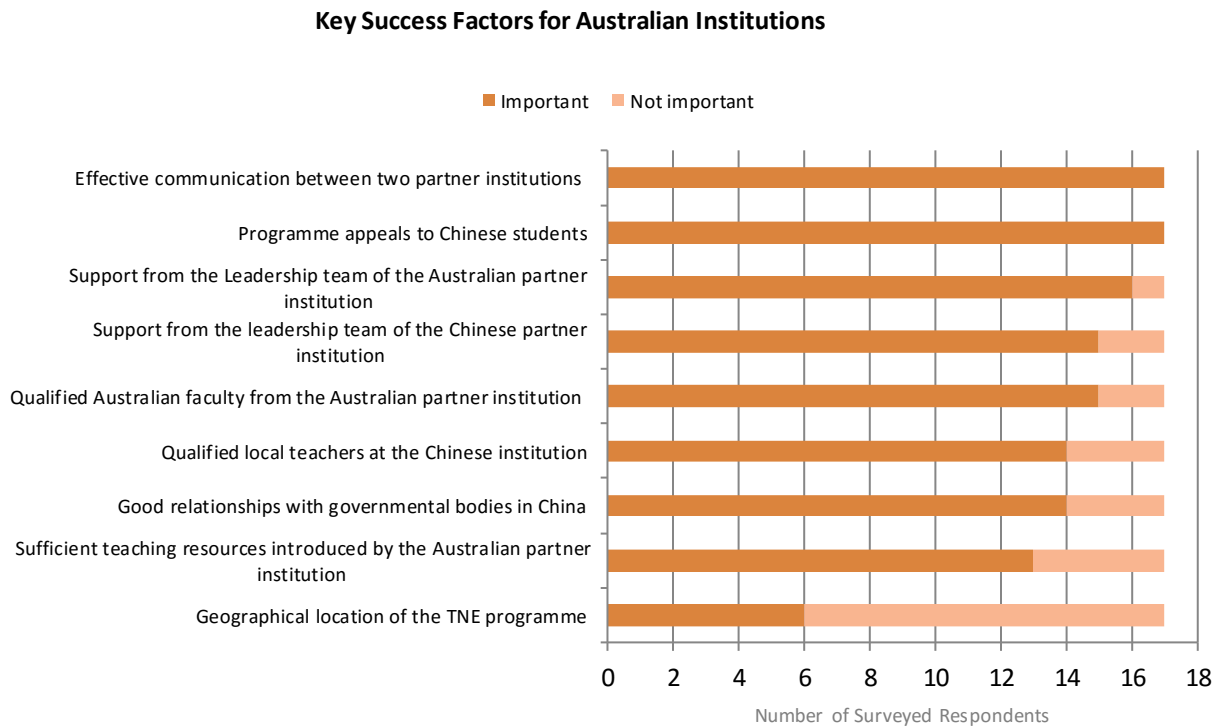
## Key Elements for Success

The Australian survey asked institutions about the most important factors contributing to the success of their joint program or institute in China. Factors encompassed both the intrinsic value of TNE (such as the location of the program and the quality of teachers), and the extrinsic dimensions potentially influencing TNE outcomes and management (for example support from leadership in both Chinese and Australian partner institutions, communication with partners, and relationships with relevant government bodies). Top rated success criteria were:

- effective communication between the two institutions;
- support from leadership at both institutions; and
- the extent to which the program appeals to Chinese students.

The survey was conducted based on a 1-5 rating scale from “strongly disagrees” to “strongly agrees” . However, when the results are consolidated and categorised as “important” (a rating of 4 or 5) and “not important” (a rating of 3 or less) we see that it is the appeal of the program to Chinese students and effective communications between partner institutions that emerge as the most critical factors for success.

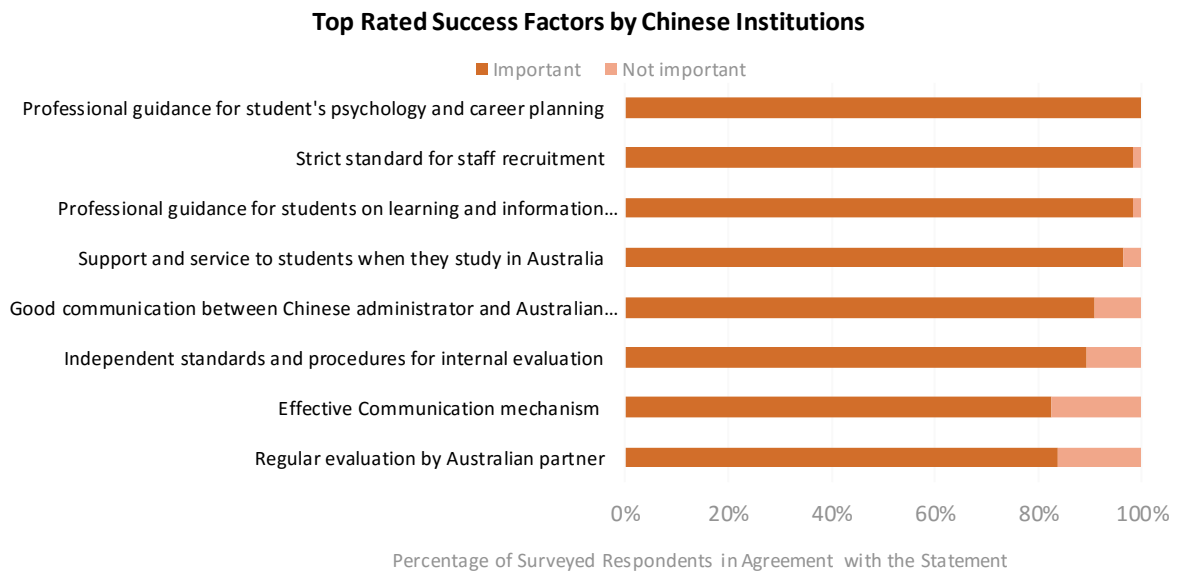
Figure 10



Source: TNE Institution Survey, Education and Research Section, Australian Embassy in Beijing

The Chinese survey also showed that effective communication between both sides is one of the top rated factors for success, and Chinese institutions reported that they put significant effort into achieving smooth communication, such as establishing regular meetings with their Australian partners. Providing services and professional guidance to students, such as regular problem-solving meetings and exchange programs, was another success factor. For Chinese institutions, setting up strict standards and procedures for staff recruitment and regular institutional internal evaluations were also commonly cited best practices.

Figure 11



Source: CEAIE Survey with Chinese Partner Institutions for Chinese-Australian TNE Delivery in China

### Difficulties encountered

Both Chinese and Australian respondents to the surveys indicated difficulties related to human resource constraints.

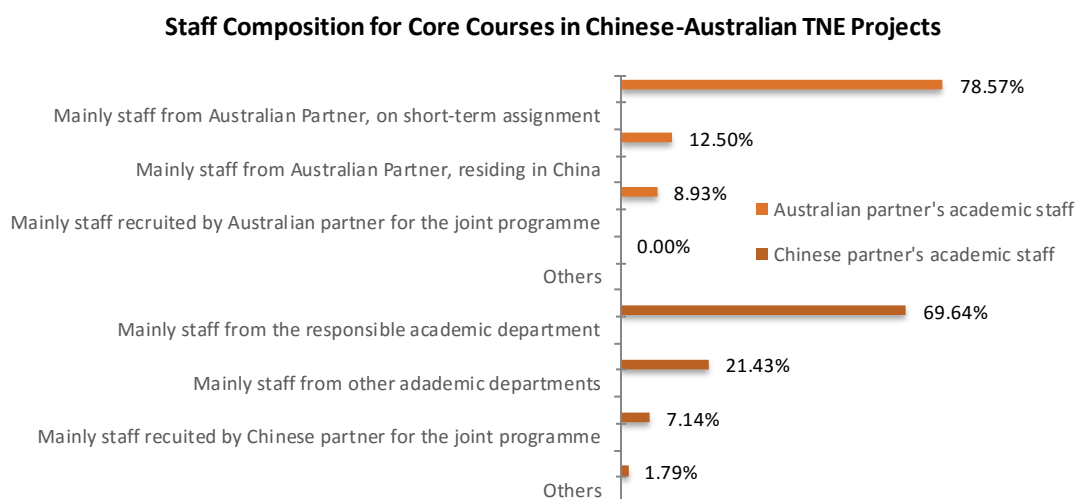
More than half of the Australian universities indicated difficulty in recruiting teachers for their joint programs and therefore meeting the “Four One Thirds” rule. Chinese institutions highlighted difficulties regarding the level of Australian teaching resources committed to the partnership.

Nearly 80% of the Chinese institutions noted that the “fly-in, fly-out” model of Australian teaching resources caused difficulties for the Chinese institutions’ planning. It required the Chinese institutions to adjust the teaching schedule for foreign teachers’ core course modules, thus creating a knock-on effect to broader academic schedules, creating discontinuity for students. Chinese respondents also reported

difficulties arising from the need to supplement the foreign teaching resource with counseling or tutorials for students before and/or after the Australian teachers departed.

Chinese respondents reported that some Australian partners recruited casual teaching staff, and that almost 80% of the Australian partner's academic staff were on short-term assignment.

Figure 12



Source: CEAIE Survey with Chinese Partner Institutions for Chinese-Australian TNE Delivery in China

Australian institutions also reported difficulty fully understanding the Chinese regulations. Over half of those surveyed cited difficulty in understanding the criteria for program approvals and evaluation. There was a general view that current regulations and processes were less clear and transparent than desirable. Australian respondents also raised the issue of difficulty in communicating with the Chinese partner either academically (in curriculum mapping) or on a senior management level. The Chinese survey result echoed this – Chinese respondents noted that cultural gaps (the differences in the way different university systems operate) could have a significant impact on communication.

Another significant difficulty cited by the Australian respondents related to financial arrangements. More than 40% of Australian respondents indicated lack of clarity around taxation rules and transferring funds from China, recovering costs from tuition fees and the process for setting tuition fee levels.

Both surveys showed that the limitations on planned enrolment numbers (quotas) can restrict the operation and development of joint institutes. According to the Chinese government policy, quotas are set to ensure the quality of TNE delivery. The quota for any joint venture is determined according to the level of qualified teaching staff and other resources allocated to it. The lack of qualified teaching staff devoted to any joint program will limit the number of students involved. Quotas are also set within an overall envelope for enrollment for each university each year. The total enrollment quota of any university in any given year does not increase when an institution establishes a TNE joint venture.

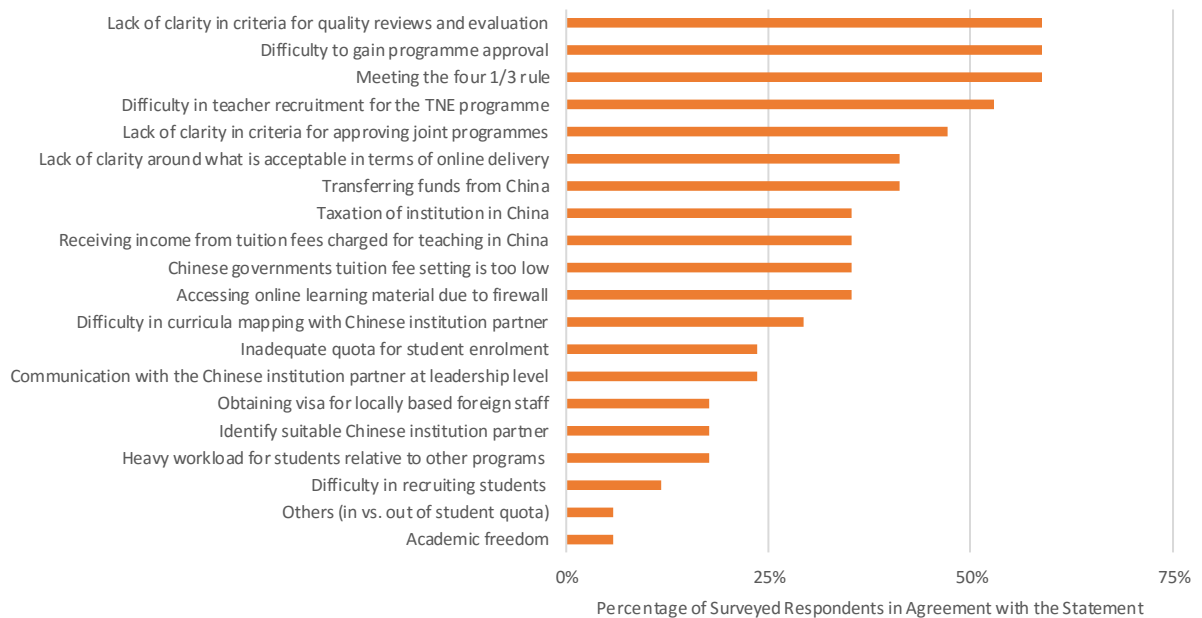
The surveyed Chinese institutions reported difficulties in reaching a consensus with Australian partners on teaching arrangements, curriculum setting and the criteria used to assess a student’s academic performance. Chinese institutions also identified difficulty with quality assurance, scheduling arrangements and meeting the expectations of some Australian partners around teaching facilities.

Although not a commonly cited issue for Australian institutions, Chinese institutions identified a potential risk of ineffective communication between the partners due to the low number of in-country Australian personnel focused primarily on the administration of the joint venture. Around 40% of the Chinese respondents reported having a permanent administrator from their Australian partnering institute residing in China who is in charge of daily administration.

Limitations on the use of ICT in the joint ventures were a commonly cited difficulty for Australian institutions, at a time when technological innovation has become more prevalent in higher education. Of the Australian institutions surveyed, 35% expressed difficulty accessing online learning materials from China for their TNE students, while 41% expressed frustration regarding the lack of clarity around the acceptable use of online delivery methods. Chinese respondents reported that advanced projection equipment, video audio equipment and sufficient network resources are adopted by most of the Chinese institutions operating TNE projects (over 92%), while the adoption rate of remote broadcasting equipment is relatively low (28%).

Figure 13

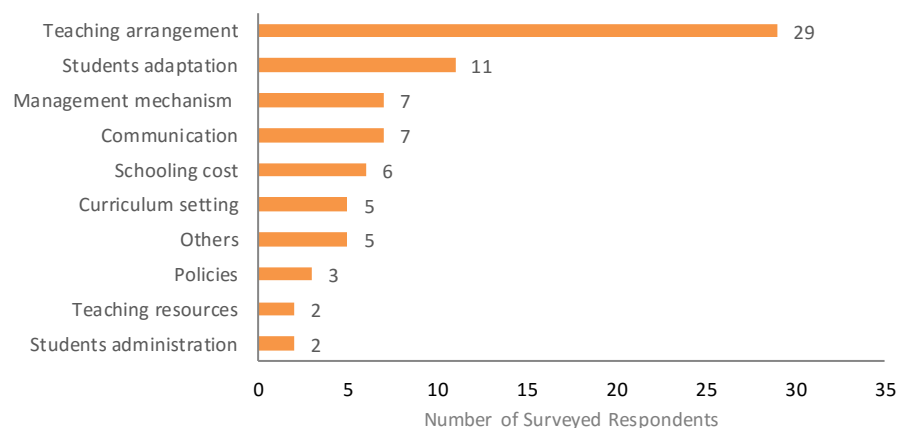
**Main Difficulties Facing Surveyed Australian Institutions in TNE Delivery**



Source: TNE Institution Survey, Education and Research Section, Australian Embassy in China

Figure 14

### Difficultes in running a program or institutions identified by surveyed Chinese institutions



Source: CEAI Survey with Chinese Partner Institutions for Chinese-Australian TNE Delivery in China

## Opportunities and Challenges going forward

### Attitude towards Chinese-Australian TNE

Overall, the attitudes of Australian and Chinese institutions surveyed were positive. Respondents reported satisfaction with the quality and outcome of their joint ventures, noting that their participation in TNE delivery had yielded more positive than negative results. The significant majority of Australian institutions felt that the quality of their joint programs and institutes was at least as strong as the academic offerings on their home campus, and that the students and graduates produced were at least as competitive as international students who came to study a full degree in Australia. However, almost 2/3 of the surveyed Australian institutions felt that they had underestimated the complexity of TNE undertakings in China, just over half reported not having accurately anticipated the time to positive Return-on-Investment (ROI), and more than half cited a lack of support by faculty at their institution.

Going forward, universities from both countries have a genuine interest in developing their TNE ventures to more multi-dimensional relationships. When asked about whether they intended to increase their partnerships in China, 11 out of the 17 surveyed Australian institutions intended to increase, and only one intended to decrease their partnerships. The responses from the Chinese survey also show that there are further opportunities to expand Chinese-Australian TNE ventures.

### Opportunities

Australian institutions were asked about their perception of the future opportunities and challenges for TNE delivery in China in the form of open questions.

Overall, participating Australian institutions saw opportunities for deepening existing partnerships with Chinese institutions and for broadening the scope of cooperation to include research collaboration and professional development for staff. Interest in deepening partnerships was articulated in different ways throughout the survey with institutions expressing interest in capacity building in specific disciplines following the launch of the [Double First Class initiative](#), increased internationalization of courses, and staff exchanges.

Two-way student and staff mobility was another key opportunity identified by surveyed Australian universities, along with the wish to improve onshore student flows, while some specifically pointed out future potential in post-graduate development.

The opportunity to deepen existing relationships was also reflected in the Chinese survey. Chinese institutions reported that they want to deepen their existing relationships to create a better environment for TNE students.

Opportunities of further developing TNE projects in western China were raised by both Australian and Chinese institutions. Of the currently active Chinese-Australian joint ventures, 13% are in western China. The Thirteenth Five-Year Plan (2016-2020) calls for greater investment in education in central and western China, which suggests that Chinese and Australia institutions might focus their attention on the establishment of new joint ventures in these regions.

## **Challenges going forward**

Australian and Chinese institutions maintain a positive outlook towards deepening and expanding their TNE partnership in China. However, there are some challenges that may constrain further growth.

### **Regulatory Environment**

Lack of clarity around the criteria for approving joint ventures was raised by just over half of surveyed Australian institutions as a key challenge for further cooperation going forward.

While Australian and Chinese government agencies can help provide assistance in clarifying approval processes, clearer guidelines and advice would be helpful to ensure that institutions have realistic expectations about the kinds of joint ventures that will be supported.

The inclusion of foreign representatives in conferences and symposia, including but not limited to the International Symposium on Cross-border Education organized by CEAIE, provides a platform for university leaders to understand policy, share experience, and discuss challenges to promote healthy and sustainable development of TNE programs going forward.

### **Operational Challenges in Cross-cultural Communication**

Differences between Australia and China in the ways that institutions are organised and run has had an impact on communication between administrators from partnering universities. The ability to understand

and work with cultural differences remains a notable administrative challenge to Australian institutions interested in TNE cooperation and delivery in China. According to Chinese respondents, establishing an innovative and effective communication mechanism is one of the most frequently recommended best practices to address this issue.

### Teacher Recruitment and Management

Difficulty around engaging and managing foreign teachers was cited as a challenge by both Chinese and Australian respondents to the surveys.

One third of Chinese respondents identified issues around the numbers and perceived quality of foreign teachers assigned to the program by the Australian partners.

Current regulations state that foreign teachers of joint ventures should possess a Bachelor degree or above and related occupational certificates, and have at least two years of work experience in the field of education and teaching. Furthermore, the foreign party should send “a certain number of teachers from its own institution” to teach in the joint venture.<sup>†</sup>

In order to ensure a shared understanding of the requirements pertaining to the teaching resources for joint ventures, more work needs to be done, including during the process of developing proposals as well as at the establishment phase.

### Financial Sustainability of TNE joint ventures

A range of financial challenges were identified by surveyed Australian institutions, including: transferring funds from China; recovering costs from tuition fees; and working within tight caps for tuition fees set by the Chinese government<sup>‡</sup>.

These financial challenges go to the heart of making joint ventures sustainable overtime. Tuition fee caps and the expectation of a greater commitment of teaching and learning resources in the future create a tension for Australian universities as it becomes less clear that the income from a new joint venture will offset the costs.

Both Australian and Chinese survey results show that there is a lack of understanding on both sides about taxation, it should be noted though that it has been clearly stated that the tax charged when transferring funds to other countries need to be borne by the foreign partner<sup>§</sup>. Chinese respondents were split over

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<sup>†</sup> Article 27 of the Regulations on Chinese-Foreign Cooperation in Running Schools

<sup>‡</sup> The tuition fee of a TNE project is proposed by the host Chinese provider based on cost estimate, and approved by provincial Price Bureaus in consideration of the project’s costs, local pricing level and the tuition fee level of other similar TNE projects etc.

<sup>§</sup> According to Chapter I Article 2 of the *People’s Republic of China Enterprise Income Tax Law*, foreign institutions are classified as non-resident enterprises and therefore “it shall pay enterprise income tax on its incomes sourced inside



who bore the responsibility of taxation in China: the Chinese or the Australian partner. A very small number of Chinese respondents stated that taxation payments were a shared responsibility.

The issue of taxation has come up in discussions around the current review of TNE regulations. Regulations governing the taxation arrangements for TNE delivery in China are complex. It is not always clear how taxation is applied to joint delivery. Some joint ventures are taxed under corporate income tax law and some are taxed under value-added tax<sup>w</sup>. There is a need for clearer understanding of the rules taxation going forward. In particular, following recent reports that some foreign institutions operating sizable TNE projects in China<sup>x</sup>, have encountered unexpected tax liabilities<sup>z</sup>. Chinese and Australian institutions will need to pay closer attention to taxation in the future and seek professional advice.

Australian respondents also raised tight tuition-fee caps as a key difficulty. Tuition-fee setting for TNE delivery in China is currently reviewed and approved at the local level by municipal or provincial price bureaus in consideration of the project's cost, local pricing level and the tuition fee level of other similar TNE projects. There is no national approach to tuition setting and different provinces adopt different methodologies. Shanghai<sup>aa</sup> and Jiangsu<sup>bb</sup> province have recently released guidelines on tuition fee setting for joint ventures, with Jiangsu setting price standards by level of qualification and Shanghai placing a higher value on disciplines that meet Shanghai's development goals. Given the devolved responsibility for tuition fee setting, providers need to factor in the fee setting approach of the province in which they are operating into the development of their proposals.

## The 4+0 TNE Model

One of the reforms being mooted under the current MoE review of TNE regulations is a move to encourage a greater number of joint ventures which award a foreign Bachelor testamur without the

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*the territory of China and incomes sourced outside the territory of China but actually connected with the said organ or establishment.”*

<sup>w</sup> 国际司办学监管处，省厅专家看修规-基于地方调研提出中外合作办学修规需要关注的若干问题，2017 合作办学法规修订进行时（微信公众号），17 August 2017.

<sup>x</sup> CtaxNews 中国税务报，*Foreign Education Institutions Involving in Chinese-Foreign Cooperation in Running Schools Should Report and Pay Tax By the Rule of Law* 中国合作办学外方所得应依法纳税，August 12, 2016. <http://www.dlsstax.com/index.php?m=Index&c=Content&a=index&cid=82&aid=3480>, accessed on 6 December 2017.

<sup>y</sup>ZGTax 中华财税网，*Chinese-Foreign Cooperation in Running Schools – The Black-Hole Behind Low Tax and High Tuitions* 中外合作办学，高收费低税负背后的税收黑洞，Feb 06, 2015. <http://www.zgtax.net/plus/view.php?aid=534488>, accessed on 6 December 2017.

<sup>z</sup>For exchange rates used in this report, we used OANDA exchange rate as of Nov 30, 2017. 1 Australian Dollar=RMB5.00813.

<sup>aa</sup> “关于印发《上海市中外合作办学教育学费管理办法》的通知。” Shanghai Municipal Development & Reform Commission, 1 Mar. 2018, [www.shdrc.gov.cn/gk/xxgkml/zcwj/jgl/33243.htm](http://www.shdrc.gov.cn/gk/xxgkml/zcwj/jgl/33243.htm).

<sup>bb</sup> Jiangsu Provincial Department of Education. “省物价局 省教育厅 省财政厅关于进一步 规范高等教育中外合作办学收费的通知。” Jiangsu Education, Jiangsu Provincial Department of Education, 27 Dec. 2017, [jyt.jiangsu.gov.cn/art/2018/2/26/art\\_38047\\_7494471.html](http://jyt.jiangsu.gov.cn/art/2018/2/26/art_38047_7494471.html).

condition of a period of study abroad (referred to as “4+0” model). Students would retain the option of study abroad, but it would not be a requirement of degree conferral. The broader introduction of a 4+0 model would give more students the opportunity to gain a foreign qualification delivered entirely in China, thus enhancing the social equity of TNE by opening-up access to a wider range of Chinese students. It could also encourage improvements in the quality of Chinese higher education, by encouraging a greater contribution of teaching and learning resources from foreign institutions. It is important to note that currently some Chinese Australian joint ventures already confer the Australian testamur without the requirement to study in Australia.

However, Australian survey respondents reported that they would consider the prospect of delivering TNE under a 4+0 model as a significant barrier to developing further programs. When asked whether the institution would maintain its joint programs in China if it could only operate a 4+0 model, only 2 out of 17 Australian universities replied yes while 8 of the universities (47%) replied no. The other 7 (41%) did not commit either way which may be an indicator that there are a number of unknowns surrounding the practicalities of a 4+0 model in China and that further consideration is necessary.

It is also important to note that mandating a 4+0 model could impact on levels of student satisfaction unless other opportunities for an international education experience are included, such as short-term mobility and international internships opportunities.

## Conclusion

Chinese-Australian TNE has a history that spans three decades, contributing to the building of capacity and internationalisation of Chinese institutions. Australian institutions have also built their reputation and become more international in the process. Overall, TNE partner institutions in both countries are satisfied with the outcomes and benefits from their TNE projects, and more importantly, they have the aspiration to strengthen their relationships and broaden the existing scope of their cooperation.

While the overall attitude from Chinese and Australian institutions towards Chinese-Australian TNE development is positive, there are challenges in the areas of differences in interpretation of requirements and expectations; tuition fee setting; enrollment quotas; cultural communication and joint management; and difficulties in sourcing high quality foreign teaching staff. These challenges could present a barrier to the sustainability of TNE in the longer term unless they are addressed.

The MoE’s current review of the regulations and implementation measures governing TNE represents an opportunity to enhance regulatory transparency and to create clear incentives for foreign and Chinese institutions to work together to support capacity building in China’s education system, a key focus of announcements at the 19th CPC National Congress.

Putting TNE development in a larger socio-economic context in China, there are promising opportunities for Chinese and Australian institutions to expand and deepen their existing partnerships as the Chinese

economy continues to open up to the world and grow. Moreover, the Chinese government aims to “smart-develop” metropolitan areas surrounding the key municipalities and provincial capitals in central and western China. A series of national Higher Education development projects for central and western China have been implemented, such as the *Revitalization Plan for Higher Education in Central and Western China (2012-2020)* 中西部高等教育振兴计划(2012-2020)<sup>cc</sup> by the MoE, National Development and Reform Commission, and the Ministry of Finance. In central and western China, education is a key area of priority for governmental investment during the Thirteenth Five-year Plan period (2016-2020). Central and western China is establishing more high technology industries, and universities in those regions are aiming to lift academic and research performance in a broad range of disciplines under the “Double First Class” initiative. Demand for high quality, international higher education resources, including through TNE delivery, continues to be high.

The success of Chinese-Australia TNE has been due to the dedication and commitment of participating institutions from both countries. While current issues relating to regulations and operating models could challenge the sustainability of Chinese-Australian TNE projects, to date the partnership has been productive for both Australian and Chinese institutions. If these challenges can be addressed and overcome, not only Chinese-Australian TNE development, but also the overall TNE development in China, could benefit and evolve further in the coming decades.

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<sup>cc</sup> The Central People’s Government of the People’s Republic of China “教育部 国家发展改革委 财政部关于印发《中西部高等教育振兴计划（2012—2020年）》的通知。” [http://www.gov.cn/gzdt/2013-05/22/content\\_2408927.htm](http://www.gov.cn/gzdt/2013-05/22/content_2408927.htm), accessed on 6 December 2017.