During the visit to China by Assistant Minister for Education and Training, Senator Simon Birmingham in July 2015, Australia and China agreed to create further vocational education and training links at a government-to-government level, through the establishment of a Memorandum of Understanding (MoU) expected to be signed in the first half of 2016. Further collaboration in VET is also anticipated, including:

- a regular Australia-China strategic VET dialogue
- supporting the establishment of a joint research institute for vocational education research
- supporting VET collaboration at an institution level.

An MoU was signed agreeing to strengthen collaboration on quality assurance for VET between the Australian Skills Quality Authority (ASQA) and the Chinese Education Association for International Exchanges (CEAIE). Under the auspices of this agreement, ASQA and the CEAIE (with the approval of the Chinese Ministry of Education) have begun the procedure of conducting joint quality audits on a sample of Australian public VET providers’ programs in China. This audit has been welcomed by TAFE stakeholders who understand the importance of verifying the quality of skills training currently delivered in China.

Under China’s VET system, there are three broad types of formal cooperation in Chinese-Australian joint programs, including:

- joint institutions established as independent legal entities
- institutions without legal status within or attached to an existing Chinese institution
- joint education programs.

These types of programs all require approval from the relevant Chinese Government education authorities.

Australian VET providers are well placed to realise new opportunities in the rapidly changing operating environment as part of the reform in China. Australian providers could therefore benefit by addressing some of the following issues when looking to expand their operations:

- Understanding Chinese culture and its needs are essential. Cultural differences and miscommunication are the two main obstacles in bilateral collaboration. Chinese institutions have noted that it is less the language barrier than a lack of cultural awareness and business operation/environment differences that creates misunderstandings.

- Emphasising long term commitment as an education provider to potential Chinese partners, rather than being viewed as an “education commercial operator”. It is important to remember that interpersonal relationships are highly valued in China, as is a willingness to make short term sacrifices in one’s interests.

- Getting the structure right: the campus-on-campus model noted above may also be an effective and affordable way for Australian providers to capture the benefits of the Chinese VET reform. By establishing a separate and autonomous institution that develops its own program and employs its own staff within the facilities of an existing Chinese host institution, Australian providers are able to minimise start-up and operational costs.
〉 Alternatively, in addition to the formally approved programs, foreign providers have the option to operate articulation partnerships with Chinese educational institutions, which do not need formal approval from education authorities.

〉 Identifying suitable local business facilitators to assist the process. Facilitators should be familiar with both cultures and possess the know-how to provide constructive advice regarding local business practices and appropriate approaches.

〉 Localising and customising joint programs and training programs to meet the requirements of the Chinese market and industry demand. When directly marketing programs to Chinese institutions and students it is important to understand market demand. This will avoid issues that emerge during the program implementation period that are both time consuming and diminish the faith and confidence of the Chinese counterparts in Australian joint programs.

〉 Providers should consider that meeting teaching load and qualification requirements for both parties in a joint education program can be demanding. The MoE in China requires that one-third of the teaching load is covered by the foreign institution. Often, these additional costs are passed on to the student. Furthermore, in order to satisfy the course qualification requirements for both countries operating a joint venture program, students are generally required to spend more time in class. This results in reduced hours in practical work placements, which has an impact on student employability.

〉 The establishment of quick response and effective communication channels is imperative. On average, Chinese institutions spend at least two years in communication with Australian parties prior to reaching an agreement. Faster responses to enquiries from Australian partners are much appreciated in China. New opportunities for co-ventures can be missed due to delays and poor communication. Timely delivery of learning materials, teacher quality and program structure is important.

〉 Australian VET providers should be aware to the quality of their trainers. Some providers employ part-time trainers on short-term contracts due to budget constraints. This can make quality monitoring and assurance difficult. The unique selling point of Australian collaboration is the student-centric, interactive teaching methods of Australian trainers. However, there can be a perceived disconnect between the promised approach and what is delivered. Australian trainers should work to understand the needs of Chinese institutions and actively participate in effective program design and project management.

〉 Australian providers should adopt a consultative approach — listening to advice and suggestions from Chinese partners assists in the development of business strategies that balance initial costs with long-term returns. According to regulation, tuition fees in China are determined by the local Province/Municipality Pricing Bureau. Prices that are set when joint education programs are approved and cannot be changed without further government permission. This in contrast to Australia, where tuition fees may change on an annual basis. Mounting costs are a key reason why some Chinese institutions are reluctant to explore joint collaboration with overseas partners, given that they will be liable for any increased costs to be paid to the foreign side. Australian partners should take into account the relevant cost of living estimates for the Chinese city that is host to their joint venture and vary fees accordingly.

〉 Australian providers should also be aware that the State Taxation Bureau mandates a surcharge on transferring tuition fees overseas. This has, in turn, increased program costs. Each province has varying procedures and requirements for overseas funds transfers, which can delay the process of revenue return for Australian education providers.

〉 It is important to understand the franchising and licencing restrictions on joint education projects enforced by Chinese authorities. This impacts TAFE providers that have existing joint venture programs with a number of Chinese partner institutions in different cities. Not only will providers face the challenge of limited room for further expansion, but also the risk of the discontinuation of some existing projects.
Australian VET providers should explore opportunities relating to skills shortages and new industries. Chinese institutions have developed a better understanding of the VET systems of various countries. With China receiving offers of collaboration from all over the world, marketing strategies with differentiation need to be in place in order to capture new opportunities. Business courses remain the focus of joint education programs. Few Australian providers offer courses that meet current Chinese industry demand, such as electrical engineering and numerical control. In order to maximize benefits from the reform process, Australian VET providers should adopt a customised market strategy, which builds sustainable linkages between the education service provided and Chinese industry skills demand.

Competition from other countries is increasing in the VET sector. Germany, the UK, Canada, Singapore and the US have all become popular foreign partners in China. Further, predominant public perception of VET in China still poses a major challenge for Australian providers, as higher education remains the preferred choice of study. The number of junior and senior high school students graduating in China is decreasing, VET institutions will need to compete with senior high schools and universities for student recruitment. Australian providers must adapt to China’s transitioning economy and enter the market with an updated focus on delivering programs in areas in which Australia has a perceived advantage, particularly: services, agriculture, new energy, health care and lifestyle.

The China Australia Free Trade Agreement (ChAFTA) will enable exciting new opportunities for businesses across various sectors and will escalate the influence of the Australian brand in China to new heights. ChAFTA will have significant, positive flow-on effects for a number of service industries, particularly VET.

Austrade endeavours to assist institutions in identifying suitable partners in China. Potential collaboration opportunities will be released through MIP.

For information on China’s VET reform process, see previous article in MIP: *Spotlight on China’s VET reform and policy changes*

(Austrade thanks ICRO International Group and the Department of Education and Training for their assistance).