

# University education in Australia and the impact of “free market” reform

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A series of “free market” reforms to the Australian university system, implemented in the past two decades by successive Labor and Liberal governments, has exposed all but the most privileged layers of the student population to increasingly dire social and financial circumstances.

More than thirty years ago, in 1974, university tuition fees were abolished under the Whitlam Labor government. This was the high-point of the period of post-World War II social reforms, when governments in all the advanced capitalist countries made a series of concessions to the working class. But by the late 1970s that period had come to an end. From 1983 to 1996, the Hawke-Keating Labor governments, like their counterparts internationally, mounted a series of assaults on the social position of the working class, reversing the previous gains won by the political and industrial struggles of former generations.

The Labor Party’s attack on the right to a free education was bound up with its response to the transformation in world economy—the globalisation of production and the collapse of all programs based on national regulation and social reform. In 1989, former Prime Minister Bob Hawke reintroduced student fees for tertiary education as part of its agenda of economic deregulation, privatisation and “restructuring”, through which Labor presided over an unprecedented redistribution of wealth from the working class to the super-rich. Since taking office in 1996, the Howard government has continued this agenda.

Any even verbal adherence to the conception that every capable young person, irrespective of their own or their parents’ financial situation, should have the right to free and high-quality tertiary education, and the ability to develop their intellectual, artistic, and political interests in collaboration with fellow students on campus, has by now been thoroughly repudiated by the entire political establishment.

Eighteen years after its inception, the Higher Education Contribution Scheme (HECS)—the system of government-sponsored student loans—has become a major factor in the financial distress suffered by millions of students and ex-students.

Most of Australia’s universities are public, and each one establishes tuition fees for the courses it offers within limits set by the government. For eligible domestic Australian students, the federal government pays a portion of this amount. The student can then elect to pay the remainder upfront or, as the vast majority are obliged to do, defer it as a HECS loan. Repayments are then automatically deducted from wages at an indexed rate once the

student commences full-time work.

HECS fees have been ratcheted up every year since they were introduced. Between 1989 and 1996, repayments climbed from \$1,800 to \$2,454 per year for all university courses. The Howard government then increased the fees further, also introducing differential payment rates for different university courses. A humanities course now costs \$4,996 per year, science or computing \$7,118, and law or medicine \$8,333.

This means that the HECS debt for a student undertaking a basic three-year humanities degree is almost \$15,000. Students undertaking longer, professional courses, graduate programs or second degrees, face debts tens of thousands of dollars higher.

From 1989 through to June 2003, more than 1.7 million students took out HECS loans amounting to around \$13 billion. Total debt is growing by \$2 billion a year and is predicted to reach \$18 billion by 2008-2009. This extraordinary increase in student indebtedness is having a long-lasting impact. According to an article published in the *Australian* on September 20 last year, only one-third of all HECS-incurring graduates have repaid their loans in full.

As part of its “user pays” education model, the Howard government has promoted an influx of full-fee paying students. The 2007 federal budget, for example, lifted all limits on the numbers of full fee-paying domestic students that universities can enrol once their quota of government-subsidised places is filled.

The budget also allowed university administrations to increase HECS fees by another 15 percent for a range of courses. At the same time, universities will no longer be penalised for over-enrolling students, opening the way for attacks on the quality of university education.

Underlying these changes are huge cuts to federal tertiary education funding. Whereas in 1995 federal government grants contributed 57.2 percent of universities’ operating revenue, a decade later they had declined to just 41 percent. By contrast, fees and charges made up 11 percent in 1995, compared to more than 23 percent in 2005.

Overseas university students, who are denied access to HECS and must pay upfront fees, are being increasingly exploited as a source of revenue by university administrations, themselves starved of government funding.

According to the last available figures, in 2005 there were 240,000 overseas students in Australia, comprising nearly a quarter of the total student population. Annual tuition fees for international students averaged \$14,378—nearly three times higher

than those for domestic students.

That so many students have to resort to desperate measures in order to survive during semester is a direct consequence of the restrictions placed on public income assistance.

International students are ineligible for any form of government financial support, and the Howard government has severely restricted domestic students' access to Youth Allowance and Austudy—the two main sources of student income support. Payments are now subject to stringent means and assets tests, including assessing the parents of students.

According to the National Union of Students, while one third of Australian teenage full-time students received Youth Allowance in 1998, only one in five was paid the benefit in 2001.

Total recipients of Youth Allowance dropped by 30,000 from 305,000 students in 2002-3 to 274,000 students in 2005-6.

Even those who do qualify find that assistance payments are grossly inadequate. For a student aged over eighteen living away from home, the full amount available from Youth Allowance, with additional rent assistance, is currently \$226 per week. By contrast, the official poverty line for a single working person without children for the March 2007 quarter was set at \$352 per week. In Sydney, for example, the cost of renting a single room in a house or apartment anywhere near one of the city's two major universities is at least \$150 per week.

Vast numbers of students are being forced to use credit cards and other forms of high-interest loans to finance everyday living costs such as housing, transport, textbooks, computers and other necessities. About one in four students in 2006 took out a repayable loan (other than HECS), with the average debt being \$4,720. This represented an increase of 14 percent over the number of students taking out loans in 2000, and their loans were, on average, \$700 higher over the same period.

Many students have been forced to undertake paid work alongside their studies. Seven in every ten students are now in paid employment during university semesters—a fifty percent increase since 1984. Employed full-time students work an average of 14.5 hours a week during semester, a three-fold increase since 1984.

Students now form a significant component of the Australian working class. In 2006, 65.9 percent of all full-time students—that is, nearly two-thirds—obtained their total income from paid employment. In 2000, the equivalent figure was 51 percent.

Financial insecurity, and the time required to work and travel, have a direct impact upon a student's ability to study and engage with university life.

\*According to a recent study, about 12 percent of university students now regularly go without food or other necessities because they cannot afford them. In 2006, more than 20 percent of **full-time students** indicated that they regularly missed classes in order to go to work. Forty percent said that paid work adversely affected their studies, up from fifteen percent only six years earlier.

\*Two out of three **part-time students** last year reported they would study full time if they could afford to. Approximately half were in full time employment during semester, with another 37 percent employed part time or casually. More than half agreed that work adversely affected their studies, up from one-quarter in 2000.

The proportion of part-time students who said they regularly missed classes to attend paid employment more than doubled from 18.1 percent in 2000 to 37.4 percent in 2007.

\*In some respects, **postgraduate students** are faring worse than their undergraduate counterparts. Eighty percent of their average income of just under \$20,000 is earned from paid employment. Even those who receive scholarships or are given campus employment (37.4 percent of postgraduates) receive only \$26,000 on average. One-quarter regularly skipped classes because they needed to go to work, and almost 50 percent of full time postgraduate students doing their studies by coursework were dependant on their parents or partner.

\***Indigenous students** worked more on average than their non-indigenous counterparts. They were also more likely to have taken out a loan for a higher amount in order to study, relied more on scholarships, government assistance, and services provided by student organisations, and expressed greater worry about their financial situation in comparison to the rest of the student population. Indigenous undergraduate and postgraduate students were also more likely to regularly miss class to attend paid employment. Some 25 percent of Aboriginal students regularly goes without food or other necessities because they cannot afford them.

\*Ten percent of full-time **students with dependent children** are now likely to regularly miss classes because they cannot afford childcare, more than twice as many as in 2000.

These immense financial pressures are just one aspect of a broader social crisis in Australia and internationally, characterised by escalating social inequality and a sustained attack on the living conditions of working people.

The defence of the right to a genuine quality education, comprising the right to fully participate in all aspects of student life, can only take place on the basis of an alternative, international socialist perspective—one that begins with fulfilling the needs and rights of the vast majority of ordinary working and young people, not the profits of a tiny minority.

Education at the primary, secondary, and tertiary levels should be free and accessible to all who wish to study. Moreover, all university students, whatever their background or country of origin, should have the right to a guaranteed social income, allowing them to concentrate on their studies and engage fully in campus life without being forced to work. This is the perspective of the International Students for Social Equality (ISSE).



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