Falling overseas enrolments compound funding crisis for Australian universities

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Sharp drops in international student enrolments are exacerbating a deep funding crisis for Australian universities that is already triggering job cuts and a push for higher fees for domestic students. Less than three years after the Labor government came to office promising to boost higher education via a market-based "education revolution," there are mounting concerns about the financial viability and quality of universities, amid budget cuts and soaring class sizes.

The crisis is the result of the pro-market agenda begun in the late 1980s by the Hawke Labor government. It turned education into a commodity by reintroducing student fees, while starving universities of funding, forcing them to increasingly seek commercial sources of revenue, including from international students who have to pay full fees.

Australian universities now depend on overseas students for 16 percent of their income. Many large universities eclipse this level. According to their annual reports, Sydney's Macquarie University relies on international students for 29.6 percent of its total revenue, the University of Technology Sydney for 21.9 percent, the University of Wollongong for 21 percent and the University of New South Wales (UNSW) for 19.7 percent.

International student numbers have steadily grown since 2002, according to data from the Australian Bureau of Statistics, but there has been a 15 percent drop over the 2009-10 business year compared to 2008-09. Immigration figures show a similar 16 percent drop in the number of international student visas by more than 50,000—from 320,368 in 2008-09 to 269,828 in 2009-10.

Universities have warned that this trend will result in sweeping cuts. UNSW vice-chancellor Fred Hilmer told the *Australian* on October 15 that if "the decline starts to pick up pace, then you will get budget cuts because (overseas student income is) a big part of our budget streams".

Ed Byrne, vice-chancellor of Monash University in Melbourne, told *Inside Business* on October 17: "The viability of the tertiary education sector won't be threatened because institutions will have to take sensible changes to make sure they live within their budgetary capacity." What Byrne describes as "sensible changes" is indicated by the announcement that Monash will slash next year's budget by $45 million. The National Tertiary Education Union (NTEU) estimates that this involves axing 300 jobs.

At the University of Western Australia, Engineering, Computing and Mathematics dean John Dell has confirmed a proposal to reduce his faculty's staff bill for teaching and research by 23 percent—cutting $4.5 million from $19 million.

Vice-chancellors, particularly those from the so-called Group of Eight elite universities, have begun calling for increases of up to 50 percent in HECS (Higher Education Contributions Scheme) domestic student fees, and for the right to charge even higher, full fees, for those students wealthy enough to pay them.

Further drops in international enrolments are predicted. Melbourne University vice-chancellor Glyn Davis reported on October 14 that the university expects a "80 to 95 percent" drop in applications from India, the second highest source of overseas students. At Monash University, Byrne has forecast a minimum decrease of 10 percent in international students, who make up "about 20 percent" of the university's income, or "$350 million or thereabouts".

A number of factors are contributing to the decline in numbers. Among them are the high cost of studying in Australia, which has risen sharply due to the recent strength of the Australian dollar. As part of their visa requirements, international students must prove that they have the financial resources to cover their student fees as well as their cost of living expenses. According to Byrne, a student undertaking a Bachelor of Arts degree at Monash needs about $140,000 ($US138,000) over three years.

Contrary to the myth that most international students come from well-off families, a survey conducted in September on behalf of the private international education agency IDP found that over 50 percent of prospective international students could not rely on their parents' income as their sole source of

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funding.

Changes introduced by the Labor government in August last year have made it harder for international students to qualify for permanent residency as skilled migrants. A number of key jobs have been removed from the required occupations list, even for students who had commenced their studies.

Racist attacks against Indian students last year, coupled with the inaction of the Australian authorities and a police crackdown on a student demonstration over the issue, have contributed to Indian student applications dropping by more than half from last year.

Due to the chronic lack of government funds, student-to-staff ratios have escalated beyond 20:1, from 13:1 in 1990, with ratios exceeding 25:1 in some universities and disciplines.

At a business forum in Sydney this month, Michael Chaney, the chancellor of the University of Western Australia, who is also chairman of the National Australia Bank and the oil and gas company Woodside, seized upon these ratios to agitate for the re-introduction of full fees. He denounced the Rudd government's decision to scrap full fees as "ridiculous" and "ideological"—a charge that was endorsed by the October 26 editorial in the *Australian*.

The appointment of Chaney and other corporate chiefs to head universities underscores the extent to which these institutions have integrated into, and subjected to the needs of, big business. Education has become the Australian economy's third largest export earner, generating $18.6 billion in revenue in 2009.

In response, the Gillard government this week announced a higher education funding review, due to report next October. Under pressure by the financial markets to impose austerity measures amid the ongoing global economic breakdown, the government is laying the groundwork to raise HECS fees, and to make a further long-term reduction in public funding.

The review panel's terms of reference require it to consider "the appropriate balance between public and private contributions towards the cost of undergraduate and postgraduate education" and "propose options for setting maximum student contribution amounts to reflect a fair contribution to the cost of delivering high quality courses".

In naming the review panel, Tertiary Education Minister Chris Evans falsely claimed that the government had boosted university funding by $8.8 billion over five years from 2010. Higher education consultant Vin Massaro of Melbourne University has estimated that the additional funding only amounts to $1.6 billion. This amount is just one-third of what the government's previous Bradley review recommended was needed to adequately fund a proposed increase in the total number of students by 50,000 by 2013.

In 2008, as the Rudd government's education minister, Prime Minister Julia Gillard launched Labor's "education revolution". Its central thrust is to intensify the subordination of tertiary education to market forces. From 2012, rather than receiving base funding, universities will be compelled to compete for domestic students each year, and will be funded only per student enrolled.

To secure "market share" in this new environment, some universities have resorted to enrolling more students than they are currently funded for, exacerbating the financial squeeze. For next year the Australian Catholic University has "over-enrolled" by 39 percent, Canberra University by 27 percent and the University of Western Sydney by 23 percent.

The only concern in government, business and the media circles is that the education industry continues to rake in billions of dollars of revenue, further trampling over the rights of all students to a decent education, and to live and study in whatever country they choose.

The right to free, quality education for all, regardless of their country of birth, can be defended only on the basis of a socialist program to remove education from the disastrous straightjacket of the market. The fight for this program will be in direct opposition to the pro-business Gillard government.

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