



VC-NET

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Australia and New Zealand get more too

In our last issue we commented that governments were all giving higher education more money. Since then Australia has joined in and the 2007 federal budget has – remarkably - awarded universities more than they were asking for. Predictably, Universities Australia (the new name for the Australian Vice Chancellors' Committee) is delighted because it had asked for extra recurrent funding of A\$1 billion; they received A\$1.7 billion.

There are some unusual features of the Federal budget:

- It creates a permanent endowment fund, the Higher Education Endowment Fund (HEEF), with an initial investment of AUS\$5 billion and the income from this will be used to finance capital works and research facilities in the nation's 38 universities. Each year the fund will have sums added to it from budget surpluses and the federal Treasurer expects to provide it with a further AUS\$5 billion in 2008.
- This Fund will be designed to receive tax-deductible philanthropic donations from individuals and corporations in the private sector.
- Controls over the numbers of students who can be charged full fees have been removed, although fees for local students are still capped.
- The federal funding allocations in each of seven subject clusters have been changed quite dramatically to reflect the latest evidence on salaries earned in particular professions. Thus the grant per student for accounting, economics and commerce has been cut to AUS\$1,674 the same as for a law student. At the other end of the scale the government is paying universities much more for mathematics and statistics students.

The HEEF is probably the first national endowment fund dedicated to higher education in the world, although there is a growing trend, as the Economist has recently demonstrated, to governments setting up "Sovereign-wealth funds" to hold investments in private sector assets as opposed to dollars or other reserve currencies. The South Korean fund is one of the smaller funds with, according to Morgan Stanley, holdings of just \$20bn. If Australia does as it proposes, its HEEF might even be in the same league.

The regulatory and funding changes in the Australian budget go some way to reverse the tight controls introduced after the block grant was abolished in 2004 (see VC Net 52). Universities will now be much freer to offer students the courses they want and to enrol with less regulation than before.

The New Zealand budget also gave tertiary education more money, but it contained only small surprises according to the Vice Chancellor's Committee. There is money specifically to improve salaries in the current year and for collaborative initiatives. Institutes of technology and polytechnics will have a new funding system geared to what the Government calls "investment in priorities" rather than "bums on seats". This means allocations in line with what

industry training organisations think employers and communities need rather than the market, which has been geared to “high volume low value courses”.

Sources: Australian federal budget statements at www.budget.gov.au The Australian: *\$1.7bn boost exceeds hopes*. 9th May 2007. AVCC Media Release, 8th May 2007 at www.universitiesaustralia.edu.au/ The Economist May 26th 2007 *Sovereign wealth funds; the world's most exclusive club*. New Zealand Herald, 30th April 2007 *Tertiary education gets \$127m boost*. NZVCC Electronic News Bulletin, Vol 7 no. 9. *A small surprise budget*.

Luring students back

Until recently a large number of Chinese students failed to return home to China after they had studied in the West and graduated. The Xinhua News Agency quotes a figure of only 275,000 returning from a total of 1.07 million who have studied abroad. One of the problems is that there are reports of growing unemployment among graduates in China – even among those who have paid substantial sums to be educated overseas.

Stories of such unemployment are starting to act as a deterrent to Chinese thinking of studying abroad. One response to this by some UK universities is to mobilise their alumni resident in China to act as advisers (and possibly even employers) for newly returning graduates joining the alumni network. In addition the role of employment agency has been added to the task list of UK university offices based in China. Some now see it as their job to support returning graduates as much as they can.

However, the Chinese government is now adding in its own incentives to encourage graduates back to China. They will be qualified to work without residency restrictions, personnel quotas and pay limits. These would normally have affected their ability to get work wherever they wanted. This means that they can now find employment wherever they wish and ironically may make it easier for western universities to tempt Chinese students overseas in the first place.

Source: Xinhua, March 30 2007, reported in World Education Service April Newsletter at www.wes.org

Indian legislation on foreign education providers stalls

Even though the Indian Cabinet had approved the long awaited legislation relating to the establishment of private foreign universities, it has been thwarted by objections in Parliament. According to news reports it will now go before a standing committee because of concerns about the exemption of institutions such as Yale and Harvard from the regulatory provisions that would apply to everyone else. It could now be much later in the year before the Bill returns to the main chamber of Parliament. The many international institutions keen to create partnerships or offer their degrees will have to wait yet again.

In other parts of the world it has been a mixed month for transnational education. China's Ministry of Education has said that it will not approve any more joint postgraduate programmes between Chinese and foreign institutions until 2009, citing “a series of irregular operations by joint educational institutions”, as the reason. The MOE has asked provincial education departments to investigate all the joint programmes in their province.

In Singapore a second foreign provider has closed its operations. The first was the decision in 2006 by John Hopkins University to withdraw from a collaborative biomedical research project (VC Net 66). Now the University of New South Wales is closing its new Singapore campus after only five months as student numbers have failed to reach the expected numbers; only 150 had enrolled. Other institutions will be very keen to find out what went wrong, as the UNSW venture was the first of the planned “comprehensive foreign universities” to be established as part of Singapore dramatic plan to establish itself as a regional hub for higher education. The implications for Singapore's strategic ambitions could be serious, if any of the

causes of the closure relate to regulation and control rather than to market or competitive conditions.

Sources: OBHE, Breaking News, Issue.106. 17th May 2007 Xinhua News Agency, April 19 2007. OBHE, Breaking News, Issue 107

The editor, Svava Bjarnason, and author, John Fielden, are always pleased to receive comments on the usefulness and content of this briefing service. News from other Commonwealth countries, which might be of wider interest, is also most welcome. They can be contacted by e-mail on vcnet@acu.ac.uk or by fax on +44 (0)20 7387 2655.

