Seismic shift will challenge institutions

What is causing the biggest waves, and probably the biggest headaches, for Australian universities? It's the United States of America and it's not just one impact that is hurting but two.

First, US universities are getting back into the game of international education. The world's biggest university system, which offers the world's most coveted education qualifications, took a break from the international student business after the terror attacks of 2001.

After 9/11 the shutters came down on US student visas and international students looked elsewhere, including Australia, for their education.

Australia particularly benefited from an influx of Chinese students. As Sean Gallagher of the US Studies Centre and Geoffrey Garrett, dean of the University of Sydney Business School, showed at the Australian International Education Conference last week, from 2002 onwards Australia's higher education system enrolled more Chinese students than the US's did.

It's an odd historical anomaly when the world's biggest up-and-coming power sends more students to a relatively small country like Australia than it does to the US, which offers the world's most sought-after degrees.

This unbalanced arrangement could not last indefinitely and this year it changed. The number of Chinese students in the US roared past the number in Australia. The US numbers are booming at 50 per cent growth a year while Australian numbers are going into decline.

Why did it change? There are several reasons. Apart from the underlying strong demand for US study, US visa barriers have become less strict and the low value of the US dollar has made studying there relatively cheaper.

But perhaps the biggest change is that US universities are suffering financially and are searching for new sources of revenue.

The fallout from the global financial crisis has not been good for US universities. Just as Americans piled on debt to buy houses and pushed up real estate prices to unsustainable levels, so did purchasers of higher education.

In the decade following 1999, US students went on a debt binge to pay for a higher education which they thought would bring them good jobs and successful careers. US institutions raised their prices accordingly. The Chronicle of Higher Education's Jeff Selingo wrote in the The New York Times earlier this year: “In 2003, only two colleges charged more than $40,000 a year for tuition, fees and room and board; by 2009, 224 were above that mark. The total amount of outstanding student loan debt is now more than $1 trillion.”

To add to the problem, following the GFC the US suffered high unemployment and the jobs have not been there to help students repay their debt.

Universities themselves also piled on debt during the good times to pay for new facilities and expanded courses. Selingo reports that US university debt has risen by 88 per cent since 2001 to $307 billion.

But in the current very sluggish economic environment students don't want to borrow large amounts for a university degree. So US universities are looking for new sources of income to replace lost domestic students. To add to the pain, US public universities are suffering from the US government budgetary crisis.

That's why Chinese students are being enthusiastically welcomed in the US and why Australia, with its high currency, will find it tough to return to growth in the Chinese student market.

But there is another reason why US higher education woes are poised to have a major impact on Australia. It's also linked to the high debt levels of US universities and the low
Seismic shift on the way

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appetite which Americans currently have for paying large sums for a higher education with dubious career benefits.

When you put together the full picture of large student debt, the high cost of courses and the weak financial position of US universities, it is clear the system is ripe for change. As it happens, that change is a technological one and it’s already beginning.

One of the key reasons a fearful excitement about massive open online courses (MOOCs) swept through the US university sector this year is because of its potential to radically lower the cost of education and cut through the Gordian knot that US universities hate tied themselves in.

MOOCs are online courses of high quality, taught by the best academics using proven online teaching methodology. They are being pushed by radical innovators whose aim is to upset the orthodoxy of higher education.

If the MOOC experiment, which is being joined by dozens of the best US universities, can deliver high-quality teaching at very low cost, it will change the underlying structure of higher education and return it to competitive and realistic pricing.

The change won’t happen without pain, but if there’s one thing America is good at, it’s sparking economic revolutions through innovation. It’s the way the US has stayed ahead of the rest of the world for more than a century.

The list of its radical innovations is a long one: mass production, the motor vehicle, the aeroplane, the semiconductor, mass communications, the personal computer and the internet.

Now the US is beginning its next economic quantum leap: changing the way education is delivered. It’s being driven hard in Silicon Valley as venture capitalists and technology entrepreneurs look to make cheap education profitable on a mass scale. It has the promise of not just changing US education but of changing the world.

Australian universities, watch out.
MOOC WATCH

Your guide to the latest in the world of massive open online courses, the new phenomenon that is upending education.

Tertiary Education Minister Chris Evans hosts a symposium on the universities' response to MOOCs on October 22, Inspire Centre, University of Canberra, 1-3pm, in conjunction with The Conversation website. The event will be streamed on the site. A two week series of articles exploring MOOCs starts today on The Conversation, theconversation.edu.au

Mr MOOC comes to Washington, reports Inside Higher Ed. US Education Secretary Arne Duncan told a gathering of higher education leaders last week that he was open to ideas to improve efficiency in universities such as competency-based programs, prior learning assessment and contributions from MOOCs. But he said alternative credentials, issued by someone other than the academy, remained an unproven concept.
Australia’s Silicon Beach on horizon

John O’Mahony

Last Friday’s Digital Economy Forum in Sydney kicked off with a big question from Prime Minister Julia Gillard: “What is your vision for Australia’s digital future?”

Google Australia managing director Nick Leeder, one of 50 digital experts at the forum, didn’t skip a beat in responding — he wants Australia to be a “Silicon Beach”, with digital innovation like the US’s Silicon Valley.

To most people Bondi, Surfers or Cottesloe are a world away from the technology heavyweights of the Santa Clara Valley. But as the forum heard stories of smart Aussie start-ups, we saw a glimpse of what might be more common in the future.

One example is Michael Fox’s Shoes of Prey which uses a 3D online designer so women can choose the heels, toe shape, fabric and colour they want in their perfect shoe.

Another is Aussie Farmers Direct which is taking on the major supermarket chains with a promise of 100 per cent Australian groceries, online.

These examples and those from Deloitte’s Technology Fast 50 make the point that Australian companies should be doing more to embrace digital technologies.

It’s a message we at Deloitte agree with and it appears Australians do too, as is shown in the impressive take-up rates for basic technology such as smartphones, tablets and broadband.

Where we lag behind other developed economies is in the more complex e-commerce, cloud and telework opportunities.

The big market incumbents outlined their latest tech developments: Australia Post with its digital mailbox and CommBank Kaching’s use of social media. They admitted that their driving force is responding to consumers.

All of this goes to the lack of certainty around the size and timing of digital change for business.

It’s a subject given serious thought in Deloitte’s recent paper, Digital Disruption: Short Fuse, Big Bang?

We found one-third of industries face significant change in the next three years. It is something we have seen already in the case of Borders and Blockbuster, where online competition overwhelmed their physical stores.

Minister for Broadband, Communication and the Digital Economy Stephen Conroy’s favourite quote from the report is: “The digital economy isn’t just about speeding up communication across borders or changing the skills workers need; it’s about changing the very nature of consumption, competition and how markets work.”

I also spoke about teleworking at the forum. I am currently undertaking research to show how teleworking could boost the number of jobs, especially among parents looking after kids who need to work from home.

Telework will be important as we try to increase workforce participation, to offset the ageing population.

The Prime Minister agreed, which is why the subject of government departments taking the lead in promoting telework was one of four forum action points. The other three action points were for Minister for Tertiary Education Chris Evans to boost the ICT skills pipeline, a government and industry group to turn the cloud from something “dark on the horizon” to a business reality, and for a government “cyber strategy” to be widened to a digital strategy.

Other policy points raised were tax on employee share schemes, the $1000 GST threshold for imports, and the national broadband network, for which there was widespread support.

If there was one topic we didn’t cover it was digital content. Arts guru Steven Pozel attended but there were no newspapers, publishers or movie makers. With media regulation, the convergence review and debates about copyright topical, digital content is a big discussion — for another day.

John O’Mahony is an associate director of Deloitte Access Economics and former senior economic adviser to the Prime Minister.
OPPOSITION Leader Tony Abbott is not the only one with a “woman” problem. Prime Minister Julia Gillard has one, too.

It’s not enough that politicians are women themselves, or love their wives and daughters; they have to produce policies that make the lives of Australian men and women better.

Ms Gillard is doing the exact opposite this week by pushing ahead with a plan to move 100,000 single parents from Parenting Payments on to Newstart next year. This will mean that Australia’s poorest families — 87 per cent of which are headed by women — will lose $60 a week.

In doing so, Ms Gillard is ignoring the advice of her own Labor caucus. In August, a Labor-dominated Senate inquiry recommended the Government delay this move until more information about its impact is obtained.

Coalition members indicated their support for this so-called reform. So much for Tony Abbott and his love of Downton Abbey and willingness to unpack the dishwasher.

Mr Abbott’s secret sensitive side means little if he and his colleagues support moves that make life worse for Australia’s most vulnerable mums.

It’s supposed to be all about helping welfare-dependent parents get a job,
but all it will do is plunge more families into poverty.

This means more children going to school hungry, dropping "extras" like being part of sporting clubs, moving into insecure accommodation and falling further behind their peers.

It will also mean some women will just end up having another baby so they can continue to stay on the Parenting Payment — and those who'd do that are the last women we want to be having more kids.

It’s all because single mothers are easy prey for greedy governments.

There’s an assumption that many are bed-hopping floozies pushing out kids for the welfare cheques, and living a life of leisure funded by us wage slaves.

Sure, shows like Four Corners’ recent expose of life at Claymore housing estate on Sydney’s fringe portray welfare-dependent families living in absolute chaos.

Who could forget the kids who practically had to scavenge for food because parents blew their welfare on booze and drugs?

But, while there are certainly parents raising children who are living in dire poverty with hectic, chaotic, scary lives, this is not the whole story.

Many people living in such places are just doing the very best they can.

Yes, there are genuine dole bludgers, but we need to challenge the notion that all people out of work don’t actually want employment.

At Claymore, for instance, only 11 per cent of homes have the internet, only one-quarter of adults have finished high school and one in 10 adults is a teen mum.

And so it’s no wonder that unemployment is seven times higher there than the national average.

A study of Victorian families living in high-rise estates uncovered similar stories of entrenched disadvantage that makes it hard to find work: 82 per cent speak English as a second language, and 38 per cent don’t have a car.

It’s even harder for single mothers.

Many such women have few qualifications and patchy job histories, and are tied to custody arrangements, their children’s needs, or the availability of family support.

So we should be asking: where are the 100,000 jobs for these parents going to come from?

ARENTS are not allowed to leave eight-year-olds alone while they work, which cuts out weekend and evening shift work.

Throw in a lack of childcare and a lack of family-friendly jobs, and you start to get a fuller picture of what people are up against.

Against these odds, around 60 per cent of single mothers have jobs.

Most parents want to work in order to provide a good role model for their kids, get ahead and lift themselves out of poverty.

Ironically, many of the parents who provided submissions to the Senate inquiry were desperate to work more, but indicated that the move to Newstart would make it harder.

There’s the casual motel cleaner with two boys who asks why she is expected to leave her eight-year-old alone while she goes to work.

She gets $7 a week maintenance from her son’s dad, and now her boys will have to stop playing footy because she won’t be able to afford it any more.

It makes less sense for her to work on Newstart than the Parenting Payment because she loses more of her benefits for each dollar she earns.

For this woman, and many thousands of others, the move to Newstart is not welfare to work, it’s welfare to poverty.

In addition, there are more onerous (and often totally futile) job-seeking obligations and less access to supplementary benefits.

Let’s not forget that a quarter of all Newstart recipients have been unemployed for more than three years: there are around 447,000 Australians permanently locked out of the labour market.

And now 100,000 single mums already living on the margins of society will just join their ranks.

I’ll give Senator Chris Evans the last word.

Back in 2005 when he was Opposition spokesman for social security, he said: “Simply cutting payments for people on welfare does nothing to help them get paid work, which is the best way out of poverty . . . cutting payments to vulnerable Australians who are already financially disadvantaged will increase income inequality rather than reduce it.”

It’s a pity his party is not listening to him now.

This is one “woman problem that will come back to haunt both Government and Opposition.
Research hub call to lure brains

Bethany Hiatt
Education Editor

Perth needs to create centres of international research excellence so it can attract some of the brightest minds to live and work in WA, educators say.

With the city’s population expected to hit 3.5 million within 40 years, business-backed think tank Committee for Perth said in its recent report Towards a Bright Future that WA should invest in higher education to boost “human capital”, attract talent and overcome skills shortages.

It also said the Government had to work on developing infrastructure, such as light rail connections, to turn Perth’s universities into vibrant community centres.

Mike Ryan, executive director of Perth Education City, a non-profit group that markets WA to international students, said the State needed to decide what Perth should be known for 25 years from now, apart from the mining industry.

He said creating research hubs would help attract talented international students wanting to complete PhDs or masters in research.

“This is a global phenomenon and there is jockeying in every city in the world for greater funding for research,” he said.

The number of international students studying in the State for a PhD had trebled from 375 to 1130 in the past eight years.

University of WA vice-chancellor Paul Johnson said WA needed to build skills in value-added sectors such as technology.

He hoped that light rail would run from the new sports stadium at Burswood, through the city centre, then out to the University of WA and Queen Elizabeth II hospital campus.

Curtin University vice-president of corporate services Ian Callahan said isolated suburban universities could no longer “cut the mustard” in an international context.

It plans to build “Curtin City” on its Bentley campus within 20 years, combining commercial, residential and educational facilities for thousands of people.
Astronomer: Peter Quinn says many overseas scientists have moved to Perth.

Picture: Guy Magowan