AUSTRALIAN UNIVERSITIES:
FINANCE, INEQUALITY AND MERGERS

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It is well-known that Australian universities are now heavily reliant on income from the enrolments of international students, but what is less fully appreciated is how contradictions in education funding have created structural inequalities in higher education. This article examines how government policies for higher education have interacted with the spatial division of labour to intensify uneven development between Australian universities.

A central feature of this unevenness is the difference between the eight large research-intensive universities (the Group of Eight or Go8) and the other 29 public universities. Metropolitan universities, especially those in Sydney and Melbourne, face less fiscal stress than non-metropolitan ones; and universities in the less populous states and territories, such as South Australia (SA) and Western Australia (WA), face distinctive challenges because of their positions in relation to global and local divisions of labour. These three types of inequality – *between* the Go8 and non-G08 universities; *within* the top-tier Go8 universities; and *between* universities in different states – interact to create a complex mosaic of inequalities and correspondingly varied responses to fiscal stress.

Exploring these features, this article has five sections. The first presents an overview of the combined university sector as it evolved from the Hawke Labor government's unification policy in the 1980s and through the subsequent decades. It considers the present higher education funding model and the reasons why universities in the major cities of Sydney and Melbourne have been advantaged by their position in relation to the local and global spatial divisions of labour. The second section addresses the

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COVID-19 global pandemic and how the Morrison government's policies accentuated the unevenness, widening the gulf between universities with fiscal surpluses and those in deficit. The third section examines the Albanese government's policies, including the shift from regulations at a distance to micromanaging international students and education providers. This is followed by case studies of why university amalgamation proposals emerged in South Australia (SA) and Western Australia (WA) and, more briefly, by case studies of the University of Queensland and the Australian National University. The article's concluding section sums up the principal findings.

A unified but uneven tertiary education system

A transformation of Australian higher education occurred when the Hawke government's engagement with globalisation, explicitly linked education to a larger program of structural economic change. Responding to the new international division of labour resulting from the shift of industrialisation to Asia, the Hawke government sought to foster a knowledge-based economy (Johnson 2000). Its reforms to higher education in the 1980s, led by Education minister John Dawkins, were central to this response to deindustrialisation, aiming to build a more diverse labour market and to increase the nation's skill capacity. Dawkins sought to achieve the aim through creating a unified system of tertiary education, formed by amalgamating the former Colleges of Advanced Education (CAEs) into universities, regulated to match global competition. The Dawkins reforms introduced a three-way funding model for the universities, comprising:

1) public funding (which declined over time from 90% of university revenue to around 40% today (Department of Education Accord 2024a:277);
2) income from student fees, based on a deferred income model – the Higher Education Contributions Scheme (HECS) – which, over time, was to fund more university teaching; and
3) full fees for international students, which unevenly funded university research and general untied revenue within each university (McCarthy and Jayasurya 2022).

This funding system created uneven development between universities and across the whole sector. Although all the universities responded to the

new 3-tier funding model, those in the Sydney and Melbourne had a strategic advantage in terms of their size and locality, due to the position of those state capital cities in the local and global divisions of labour, which became intricately linked to 'circuits of capital, resources, migration and educational advantages in post-study employment' (Sigler *et al.* 2018:366). The spatial division of labour in Sydney and Melbourne also provided advantage in attracting domestic HECS-paying students, while the high-ranking position of the major universities in those cities appealed to international students.

Moreover, while all universities faced the same regulations, those in Sydney and Melbourne could more readily realign with the new economies in finance capital and advanced technologies. This advantage has been recognised by previous studies. For example, drawing from pioneering analysis of the spatial division of labour by Doreen Massey (1979, 2005), Searle (2009) argued that the greater educational advantage of universities in Sydney and Melbourne arose from their capacity to link education to the knowledge economy in information technology and related services.

Another factor favouring Sydney and Melbourne is that the universities in those cities are preferred destinations for international students because of their global rankings, local lifestyle, employment prospects, affordability, and cultural mix. This aligns with reasons to come to Australia rather than elsewhere: as Nguyen *et al.* (2023) note, Australia is a desirable destination for international students for two basic reasons: (a) environmental factors, such as career opportunities and life experiences, safe environment, Western culture and English language, and proximity to home country; and (b) academic pull factors, including university rankings, perceived quality of the education and the portability of the qualification, and the global reputation of the university and its academic staff. Nguyen *et al.* (2023) conclude that international students tend to favour metropolitan locations that display strong environmental and academic pull factors. In Australia, Melbourne and Sydney stand out with positive environmental factors and for having most of the nation's highest-ranking universities.

The unevenness between the research-intensive universities and other universities is another factor, recognised by Jessop (2018) in the United Kingdom. This dichotomy applies quite sharply in Australia where the historically research-intensive universities, the Go8 are distinct from the newer and merged universities in terms of research revenue and international student load (McCarthy and Jayasuriya 2022).

The Go8 universities together attract 41% of all international student fees and 52% of international student revenue, which they use to fund research costs (Go8 2025:1). Similarly, the Go8 universities undertake 70% of all university-based research in Australia; and they invest $7.7 billion annually in research, representing 20% of the total national investment in research and development (Go8 2024). Ferguson (2022) calculated that, in 2022, the Go8 universities received 67.2% of the cumulative funding from Research Block Grants (RBG) and National Health and Medical Research Council (NHMRC) grants.

There is also unevenness *within* the Go8 group, reflecting differences in size and location. In terms of research funding, six universities within the Go8 dominate, these being the University of Melbourne, the University of NSW (UNSW), Monash University, the University of Sydney, the Australian National University (ANU), and the University of Queensland. The other two – the University of Adelaide, and the University of Western Australia (UWA) – are far behind in research funding.

Of the 2024 research block grant allocations, the University of Melbourne received $243.5 million, Monash University $239 million, UNSW $204.4 million, the University of Sydney $201.5 million, University of Queensland $181.7 million, the ANU $125 million, the University of Adelaide $102.8 million, and UWA $89 million (Department of Education 2024c). Although well behind the first 6, however, the latter two attract more research funding than any of the non-Go8 universities. Moreover, these inequalities are magnified because, for every $1 of competitive grant money received, universities spend an additional $1.14 on average from their own source incomes to pay for on-costs (Fisk and Owen 2023).

Not surprisingly, these disparities in the universities' financial situations are strongly linked to their differences in size. In 2023, Monash University had 84,196 EFTSUs (equivalent full time student load, which equates to full time student course enrolments); the University of Sydney had 76,082; RMIT had 73,327; the University of Melbourne had 72,247; UNSW had 70,342; and the University of Queensland had 55,412. By contrast, ANU had 24, 272, UWA had 27,081 and the University of Adelaide 24,833 (Department of Education 2023).

The difference in international student enrolments within the Go8 universities accounts for a substantial part of the overall financial inequalities. In 2023, UNSW had 17,354 international EFTSUs; University of Sydney 17,247; Monash University 12,7573; University of

Melbourne 11,866; RMIT 8,750; ANU 8,817; University of Queensland 8,157; University of Adelaide 4,514; and UWA 5,140 (Department of Education 2023).

The *incomes* arising from these Go8 international students, calculated from university budget reports for 2022/23, were $1 billion for Monash University and $1 billion for the University of Sydney; $993 million for the University of Melbourne; $753 million for UNSW; and $710 million for the University of Queensland. The bottom three received much less revenue from international students: ANU $245 million, University of Adelaide $242 million and UWA just $175 million (Sato *et al.* 2024).

Similar unevenness is apparent in *total revenue* for the Go8 universities. In 2020/23, the University of Melbourne recorded revenue of $3.3 billion; University of Sydney $3.1 billion; University of Queensland $2.3 billion; UNSW $2.3 billion; Monash University $3.2 billion; then, in the second tier: ANU with $1.2 billion, UWA $1.2 billion, and the University of Adelaide $1 billion (Sato *et al.* 2024).

Table 1: Australian Go8 University Global Rankings, 2025

University	THE	QS	ARWU
University of Melbourne	39	13	37
Monash University	58	37	82
University of Sydney	61	18	74
University of New South Wales	83	19	77
University of Queensland	77	42	63
Australian National University	73	32	101-150
University of Adelaide	128	82	151-200
University of Western Australia	149	77	101-150

Source: Academic Rankings of World Universities (2025); QS Top Universities (2025); Times Higher Education (2025).

As shown in Table 1, inequality between Australian universities is also reflected in their global rankings, principally the rankings of the *Times Higher Education* (THE), *Quacquarelli Symonds* (QS), and the *Shanghai Ranking's Academic Ranking of World Universities* (ARWU 2025). None of the non-Go8 universities were listed in the global top 100.

The pandemic crisis and post-pandemic unevenness

The COVID-19 global pandemic exposed the fragile unevenness of the Australian university system and the regulatory arrangements. At its onset, the Morrison government introduced the largest fiscal and labour market interventions (Job Keeper and Job Seeker) in Australia's history, costing $88.8 billion (Australian Government 2023) to protect the continuance of neoliberal capitalism (Zanoni and Mir 2022). The government prioritised payments to citizens and permanent residents and excluded university employees from Job Keeper. At a press conference on 3 April 2020, Prime Minister Morrison announced that international students would not be eligible to receive either of these pandemic-related financial assistance payments, saying they were 'They're obviously not held here compulsorily […] If they're not in a position to support themselves, then there is the alternative for them to return to their home countries' (cited in Ross 2020a).

Morrison referred to universities as 'very large organisations with billion-dollar reserves' therefore did not warrant government support (quoted in Ross 2020b). This was, however, a metropolitan view, most relevant to the large Sydney and Melbourne universities, and less applicable to regional universities with limited reserves. Notably, however, many universities used the government's lack of financial support as a justification to restructure their course offerings and undertake staff redundancies, impacting an estimated 9,050 permanent and fixed-term contract and an estimated 21,000 contract and casual staff (Jayasuriya 2021:585).

The financial implications of the pandemic for universities were substantial and uneven. Universities Australia (2024:1) recorded that

> by 2020, 40% of universities were in deficit, a number that rose to nearly 70% by 2023, marking a significant financial downturn compared to the pre-COVID-19 and […] in 2022 there were 26 universities in deficit and by 2023 there were 25 universities in deficit.

According to Universities Australia, the 'sector's apparent recovery in 2021 was misleading, fuelled by an extra $1 billion in government research support, $0.7 billion in short course and Job-Ready Graduates transitional funding.' Because the one-off research support was concentrated in the Go8 universities, the already existing inequalities were amplified. In 2020-2021 the University of Sydney grew its revenue by $791m (29%) and the University of Melbourne by $246m (9%). In contrast, 'Federation University and Central Queensland University revenues declined by $83 million or 20 per cent and 17 per cent respectively' (Larkins and Marshman 2023:1).

The Morrison government also created a new form of unevenness in the student fee structure with the Job-Ready Graduate (JRG) policy, cutting fees for STEM courses by 59% but raising them by 113% for Arts, Communications, Commerce, and Law courses (McCarthy and Jayasuriya 2022:683). This JRG policy did little to change student choices in practice, creating only a 1.5% shift in student preferences, according to the *Australian Universities Accord Final Report* (Department of Education, 2024a:4). However, it left Humanities and Law students facing extremely high student contributions and large Higher Education Loan Program's (HELP) debts.

As argued by Jayasuriya and McCarthy (2024), if the Albanese federal government were to scrap the JRG, it would have to find new public funding for the universities, which is no easy matter for a government espousing strict budget control. When elected in May 2022, the ALP government adopted a policy of fiscal restraint to dampen inflationary pressures (Greenwell 2023) while, at the same time, reopening borders to an increased flow of immigrants and international students. This contradiction between the policies led to the Minister for Higher of Education, Jason Clare, adopting a strategy of what Streeck (2014) calls 'buying time', to keep international student inflows for funding universities discretionary revenues while not raising public funding. It delayed policy decisions by commissioning Professor O'Kane to conduct a review of the university sector, titled an *Australian Universities Accord* (2022-2023). In July 2023, its *Interim Report* was released, raising prickly questions over Australia's skills formation, university governance, and possible full research costing. The pressing concern of public funding of universities was obfuscated, with the Commission proposing a 'wealth tax' of 10% levied on international students from universities with the most

international student revenue, rather than increasing public funding (Jayasuriya and McCarthy 2024).

Minister Clare's strategy of 'buying time' unravelled politically, as the number of overseas students increased. By 2024, a total of 1,018,799 international students were enrolled in Australian education institutions (including those in schools, English language courses and non-award education). Within higher education alone, there were 332,000 students enrolled in VET and 467,000 students enrolled in universities (Department of Education 2024b:1).

In 2024, then-Opposition Leader, Peter Dutton politicised the increased number of international students by saying these students were the 'modern version of the boat arrivals' and spoke of the resulting rental accommodation pressure in Sydney. In response, Minister Clare introduced an interventionist regulatory strategy to manage the international student demand by increased visa fees and tighter restrictions on work-study hours. Most notably, for education providers, Clare announced 'Ministerial Direction 107', which drew a division between legitimate education institutions and those considered risky (because of being primarily avenues for permanent residency), using regulations to restrict enrolment in the latter. Also highly significantly, Clare introduced the Education Services for Overseas Students Amendment Bill (Quality and Integrity), which recommended a shift from 'steering from a distance' to micro-managing educational providers by placing international student enrolment caps on individual institutions and a total visa cap at 270,000. Although the Bill did not pass the Parliament, Minister Clare subsequently replaced 'Ministerial Direction 107' with 'Ministerial Direction 111' which stipulated that, once a university had reached 80% of its international students' quota, any subsequent applications would be subject to the lengthier standard processing times.

In February 2024, the Department of Education (2024a) released the *Universities Australia Accord Final Report*, stressing skills formation and equity targets via a modified demand-driven model. In terms of funding, the report assumed that there would be no increased public funding, proposing instead to place a levy on universities' 'reserves' (which would be coming substantially from the fees of international students) to the amount of $5 billion, to be matched by government to generate $10 billion for the Education Future Fund. The Minister's strategy foreshadowed a new and more powerful regulatory body – the Australian Tertiary

Education Commission (ATEC) – to address enrolments, institution mission statements and the JRG scheme. The one financial reform proclaimed (with the upcoming election in mind) was the Minister's announcement that the government would cap the HELP indexation rate, eliminating about $3 billion in student debt for three million Australians (Clare 2024).

University merger proposals – Case studies in SA and WA

As explained above, there is a strong contrast between the financial capacities of the Go8 universities in the 'global cities' of Sydney and Melbourne and the regional universities, reliant on local economies (Sigler et al. 2018). Distinctive stresses have been experienced by universities in South Australia (SA) and Western Australia (WA), leading the state governments to initiate university merger proposals as a means of increasing enrolments and research capacities.

South Australia

In 2022, the newly elected Malinauskas Labor government set about implementing a university merger strategy that had already been foreshadowed in its electoral platform. This was part of the government's ambition to re-set the future for the state economy, which had previously been narrowly focused on the motor vehicle industry and dealing with the economic damage caused by its closures (Dean and Broomhill 2018). The SA government's new strategy was linked to that of Prime Minister Albanese's *Future Made in Australia* plan, seen by Mazzucato as 'a bold opportunity' (2024:1) for 'mission economy' renewal. The SA government stressed industrial complexity as essential to reindustrialisation (Worrall *et al.* 2021), which would emerge from a range of public initiatives, including: (i) the development of an advanced defence strategy linked to AUKUS, the trilateral nuclear submarine partnership between Australia, the United Kingdom and the United States (ii) funding for innovative university-based information technology and space research; (iii) implementing a 'Factory of the Future'; and (iv) constructing a state-owned green hydrogen energy plant to fuel the Whyalla steelworks at a

cost of A$593 million (Dean and Worrall 2024), which would then be run by the private company GFG Alliance.[1]

Notably, SA was at a disadvantage in creating economic complexity as it has a disproportionately high share of small enterprises, which provide some 55% of the state's employment, with large firms contributing only 35% of SA's gross revenue (Department of the Premier and Cabinet 2022:1). Furthermore, Adelaide lacks a broad technology community and is only just beginning to catch up to Sydney, Melbourne, Brisbane, and Canberra in terms of its number of technology clusters.

Seen in this context, the state government's plan to merge two South Australian universities had potential merit in terms of building the state's digital knowledge community and creating a larger university with increased research capacity. In his address to the National Press Club of Australia (2022), Premier Malinauskas argued that merging two of the three state universities was key to the industry strategy of creating industrial complexity and building a knowledge economy (NPC 2022), stating that the existing three-university model had notable shortcomings:

> They are too small and too undercapitalised to make it into the list of top international universities […] they simply don't do enough large-scale research to be recognised as world leading, and that is holding our state back. Combined, our three universities don't equal the revenue of the University of Melbourne alone (NPC 2022).

Pressing ahead with the merger proposal, Malinauskas established a vice-chancellors' committee to attest how the universities could best develop a globally high-ranking university and foster applied research. To facilitate the merger, the state government established the Joint Committee on the Establishment of Adelaide University to investigate and take submissions on the proposed merger. The committee received 86 written submissions, the majority being in support of the merger (Joint Committee on the Establishment of Adelaide University 2023). University of Adelaide and

[1] This part of the strategy unravelled in February 2025 when the Whyalla steel works was placed in administration, and the hydrogen plant funding was transferred as part of the $2.4 billion rescue package to take over the steelworks. In May 2025, the hydrogen plant proposal was pushed far into the future when the Office of Hydrogen Power South Australia was dissolved; and the future of hydrogen power to fuel the Whyalla steel works was made dependent on the decision of a potential new owner (Keane and Hunter 2025).

University of SA vice-chancellors, Professor Høj and Professor Lloyd, both expressed their full support of the merger, reasoning that their universities were much smaller than their interstate rivals and stressing the need for size and scale (Joint Committee on the Establishment of Adelaide University (2023). This view was supported by Go8 CEO Vicki Thomson (2023), saying that:

> Bigger isn't always better – however in our system scale does matter – it matters significantly as it relates to this merger proposal – because successive Federal Governments have not funded university research as it logically should be. Australia has a distorted funding model when it comes to research funding. Today in Australia, in 2023, the only way to achieve a successful leading research-intensive university is through scale (Go8 2023).

The universities stressed that international education was the state's largest service export, contributing $1.4 billion to the economy, with a combined revenue of approximately $1.7 billion and staff of 6,900. The universities' submission predicted that by 2034, the newly merged and renamed 'Adelaide University' would contribute an additional $500 million annually to the state's economy and educate more than 70,000 students' (Parliament South Australia 2023a).

The universities' merger submission was supported by Business SA and the South Australian Productivity Commission, stressing the potential of increasing economic growth and industry research (Parliament South Australia 2024). Opposition came from University of Adelaide scientists concerned over its likely effect on rankings for science and the potential costs of a merger, using Manchester University's merger as an example of cost blowouts. Counter evidence was presented from a Manchester University representative saying that, after the merger, the new university's ranking rose significantly, and the increased costs were due to long term infrastructure plans (Parliament South Australia 2024).

In the end, the Joint Committee decided to support the merger, reporting that the establishment of Adelaide University 'will advance the economic and social interests of South Australia' (Parliament South Australia 2023b). The merger legislation to establish Adelaide University passed the state parliament in late October 2023 and was gazetted on 16 November 2023 with the aim of the merger commencing formally in 2026.

Western Australia

The Western Australian state government has also explored merger options. In 2023, the McGowan government announced is decision to establish an independent review committee to explore the merger of the state's four universities – the University of Western Australia, Curtin, Edith Cowan, and Murdoch. This was in response to the WA universities' unstable global rankings, low international student enrolments, and WA falling behind the Eastern states in research capacity (Government of Western Australia 2023a). The terms of reference of the WA University Sector Review (USR) focused on domestic and international enrolments, research competitiveness and financial sustainability, not on industrialisation (Harding *et al.* 2023).

The absence of concerns with industry policy and industrialisation in the Review can be seen as reflecting the resource-based and export-oriented nature of the state economy. Mineral extraction is WA's leading industry. The Department of Treasury (2021:1) notes that the mining sector contributed almost half of the total growth of the WA economy during the past 30 years. As a result, the mining industry's share of the State economy increased from around 15% in 1989-90 to more than 40% in 2019-20. In contrast, the manufacturing sector's share of gross state product fell from approximately 13.4% in 1989-1990 to only 2.8% in 2019-2020 (Department of Treasury 2021:11). The construction sector grew with the expansion of mining in 2013 but had dropped by 42% from that peak total by 2019 (Department of Treasury 2021:8).

According to the Western Australia Economic Profile (Department of Jobs, Tourism, Science and Innovation 2025:20), mining is the key driver of the spatial division of labour in WA, accounting for '44% ($41.3 billion) of Western Australia's investment in 2023-24, followed by: transport, postal and warehousing (8% or $7.8 billion)'. Plummer and Tonts (2013) argue that WA has a 'patchwork economy' of spatial heterogeneity, featuring agriculture and forestry services located south of Perth and mining in the north. MacKinnon (2013:318) draws further attention to the complex interrelationship in the mining labour market, which is built around fly-in fly-out workers, principally to and from the Pilbara region (1,000 km north of the capital city of Perth), reflecting 'an economy that can be said to be extractive in a double sense, involving the extraction of economic value through profits, wages and royalties in addition to natural resources'.

These economic characteristics have significant implications for higher education in the state. Dockery *et al.* (2022:12) argue that the WA labour market is uniquely prone to skills shortages when the mining industry booms. In the period 2000 to 2021, the WA economy more than doubled in size but there were persistent skills shortages. To obtain faster entry into the mining sector, short courses and on-the-job certifications became more attractive than degrees. Consequently, WA has a higher proportion of people with 'Certificate III and IV, Advanced Diploma, or Diploma qualifications than other states, at 27%' (Department of Education 2023b:16). The material incentive for gaining quick entry in mining by certification rather than enrolling in degrees is correlated with the mining salary range in the mining industry from $87,750 to $250,250 (*Talent.com* 2023), depending on expertise, compared with a manufacturing worker's salary of between $50,000 and $60,000 per year or an entry-level teacher's salary of around $80,000 (WA Department of Education 2025).

These features of the State economy have significant effects on the appeal of higher education to potential students. A survey of young people in Perth found that 65% did not see the value of university education (Halliday *et al.* 2023), whereas 63% of Victorians and 57% of Queenslanders said they believed university was a critical part of their path towards their chosen career. WA has the second lowest rate of domestic enrolments in higher education (at 3.79%).

The low domestic student enrolments in higher education (only 110,914 of a total WA population of 2.7 million in 2021) was noted by the University Sector Review (Harding *et al.* 2023). It pointed out that only 23.8% of WA's population aged over 15 years had a bachelor's degree or postgraduate qualification, lagging both New South Wales and Victoria by 4-5% (Harding *et al.* 2023). The Review stressed the imperative for the four WA universities to address domestic enrolments, saying that:

> Between 2011 and 2021, Western Australia had the smallest percentage growth in higher education enrolments in Australia (14.2%, compared with 31.3% across Australia). Western Australia also had the smallest percentage increase in domestic higher education enrolments of any State over this period (23.7% compared with 31.2% nationally (Halliday *et al.* 2023:4).

The Review also found that WA universities fell behind national trends in attracting international students, reflecting WA's narrower migration

pattern[2] . For example, the USR (Harding *et al.* 2023:14) recorded that, nationally, 'overseas higher education student numbers were 31.5% higher in 2021 than they were in 2011; in contrast, in the WA higher education institutions, there were 8.4% fewer overseas students enrolled in 2021 than in 2011'. The USR (Harding *et al.* 2023:7) also stated that, across all Australian universities, overseas student load grew by 23.2% between 2011 and 2021 but, in the four WA public universities, it fell by 13.5%. As a result, WA universities' combined market share of overseas student load fell from 11.2% in 2011 to 7.9% in 2021 (Harding *et al.* 2023:20).

This laggard position has implications for the universities' finances. International student revenue for the four WA universities did grow – by 11% between 2011 and 2021 (from $383m to $425m) – but this was very modest growth in comparison to university revenues elsewhere in Australia. Over the same 10-year period, international revenue for the Go8 universities had increased by 195%; and the average growth for the whole sector was 106% (Harding *et al.* 2023:22). In 2023, its international students in WA comprised 6,690 from India, 4,294 from Bhutan and 3,667 from China, making WA the only state in Australia for which China did not rank first or second as the source country for its international students (Department of Education 2023).

Because of the low international student load and a correspondingly weak capacity to fund university research, the four WA universities experienced a relative decline in research grant competitiveness. Between 2001 and 2021, national competitive grants to WA universities had increased from $54.3 million to $143.1 million, but this did not keep pace with the growth in other states (Government of Western Australia 2023b:20). The USR calculated that WA's share of national grant revenue fell from 11.1% in 2001 to 6.9% in 2021 (Harding *et al.* 2023:20). Moreover, the combined research income for the four WA public universities ($425.0 million in 2021) was lower than each of the University of Melbourne, the University of Sydney, Monash University, UNSW, and the University of Queensland

[2] WA's proportion of current residents originating in the UK is 9%, double the national average (Argent 2013). Immigrants from South Africa represent 1.7% of the state's population, more than double the national average. Concomitantly, WA's Chinese population is 1.1%, half the national average of 2.2%. These patterns are replicated in higher education enrolments, with higher proportions of non-Asian cohorts than elsewhere in the country (Office of Multicultural Interests 2023:9).

(Harding *et al.* 2023:21). Growth in total operating revenue over the period from 2011 to 2021 was also slower, averaging 3.1% for the four WA universities, compared with the national average of 5% (Government of Western Australia 2023b:23).

Offsetting this laggard position for WA in research funding is that its universities receive more mining industry grants than other states, reflecting the nature of the state economy. For example, in 2018, UWA and Curtin University were participants in a $210 million Mineral Exploration Cooperative Research Centre with BHP, Rio Tinto and a range of local mining companies. In 2020, the four WA public universities received $60.5 million from the mineral resources industry, amounting to 5.9% of their total R&D expenditure funding (Harding *et al.* 2023:26).

To get the four WA universities onto a more secure financial footing and prevent them falling behind universities elsewhere, especially those in Sydney and Melbourne, the University Sector Review identified four possible options: (i) a full merger of the four universities; (ii) a partial merger; (iii), a federated model like the University of California; or (iv) keeping the status quo (Harding *et al.* 2023:27). The WA Labor government, headed by Premier Cook, bided his time until after the 2025 election, then announced another independent review of the structure of the public university sector, headed by former state Labor minister and federal MP, Alannah MacTiernan. The review, widely seen as a response to the creation of the new Adelaide University by merging two universities in SA, may find new resonance in WA.

Comparing the cases

The unevenness of the university sector in general and of universities in SA and WA in particular can usefully be explained in terms of Doreen Massey's (1979) analysis of the global and local spatial division of labour. In Sydney and Melbourne, the global and local divisions of labour have given their universities, especially those in the Go8, a comparative advantage. In SA, the recent university merger to form Adelaide University arose from the state government's decision to actively redress its deindustrialisation history. In contrast, the WA economy has a spatial division of labour shaped by its reliance on mineral resource extraction; and the state government's decisions on university mergers are influenced by those business interests as well as the university sector itself.

There is a further contrast between the states in terms of their structures of capital and political power. The corporate sector in South Australia has been weakened by local decline in manufacturing. There is a dearth of corporate head offices; and the public sector is the state's major employer (Dean and Worrall 2024). In Western Australia, on the other hand, corporate power is centred on the dominant mining companies - Hancock Prospecting; Fortescue Metals; BHP Group; Rio Tinto Group; and Woodside Energy having local and 'global resource driven hubs'. These mining companies have strong political influence, especially because of the reliance of the state government on mining royalties.

Further case studies from Queensland and the ACT

The unevenness among universities also applies in other states and territories. While the Go8 universities have paramount positions in each, their current financial situations are also strongly influenced by matters of scale and the divisions of labour. This can be illustrated by briefly examining the situation of the University of Queensland (UQ) and the Australian National University (ANU).

The UQ had a budget surplus in 2020 of $82.9 million, and an even bigger surplus of $333.9 million in 2021. In 2022, however, it recorded a large deficit of $318.6 million, reflecting the ongoing impact of pandemic and Morrison government's lack of funding. But it bounced back quickly: in 2023, it had a surplus of $117 million in 2023 and $126 million in 2024 (UA 2024). Recovery post-pandemic was based on increased research grants and rising domestic and international enrolments. The UQ Annual Reports show that student enrolments rose to 57,143 in 2024, up from the 54,950 students who were enrolled in 2020. Similarly, international enrolments rose from 15,928 in 2020 to 17,804 in 2024.

A combination of rankings, internationalisation, size and regional embeddedness can help to explain how UQ was able to turn its deficit into a surplus. UQ's is ranked 42 in QS 2025, reflecting its size and scale, its ARC research success, grant income, and internationalisation. Of its 55,000 students, 42% are international; and 29% of the total academic staff are international. Perhaps most fundamentally, UQ is embedded in Queensland's diverse spatial division of labour, being heavily engaged in research fields that have local significance, such as mining and energy, agriculture and forestry, medicine and sports science. Queensland's

mining, agriculture, tourism, and service sectors constitute 30% of the state's gross state product. Mining is Queensland richest industry, worth $61.6 billion (coal, gold, tin, copper, and LNG); followed by health care and social assistance, with a value of $44.4 billion; then education and training at $23.9 billion, and tourism at $15.7 billion (Queensland Treasury (2025). According to Ellam (2024), mining in Queensland is notable for its spatial character, uneven power relations between employers and employees, overlaid by temporality and regionalism. Similarly, Edelman *et al.* (2024), in their analysis of the spatial division of public health system in Queensland, stress the geographic differentiation. In a diverse regional economy, UQ graduates are well placed to fill local and regional positions and UQ holds first place in Queensland for securing employment positions for its graduates (QS 2025). Although there are other universities in Brisbane with which mergers could in principle be considered, most notably Queensland University of Technology (QUT) and Griffith University, there has not yet been anything comparable to SA and WA.

The situation at the Australian National University in the ACT is also very different. Whereas UQ was able to turn its budget around via growing its student numbers and grants, the ANU has fallen deeper into debt. In 2021 ANU had a surplus of $30.2 million but, in 2022, it recorded a deficit of $117.4 million in 2022. Post-pandemic, the financial stress got worse: in 2023, the deficit grew to $132 million; in 2024 it was $140 million; and in 2025 it jumped to $250 million (adapted from UA 2024 and ANU public records). Part of the difficulty in ANU funding is its small catchment area in the ACT, which has a population of only 481,667. Its spatial division of labour dominated by public service is also highly skewed, with 75% of its labour force working in the public service.

Alongside these structural characteristics, part of ANU's budget crises has been self-inflicted. In 2019 Vice Chancellor Schmidt announced that the strategic plan was not to grow ANU beyond 20,000 enrolments; and for the university to promote itself as a small elite research university. VC Schmidt's decision was fully in keeping with ANU's history and standing as an elite research-based university. Some disciplines at the ANU are ranked in the in the global ten top, particularly in Arts and Humanities, Natural Science, Agriculture and Forestry, Earth and Mineral Science (QS 2025) Consequently, ANU is consistently ranked highly as a leading research institution, currently graded 32nd in the QS (2025) ranking system. The ANU is also unique in that it obtains $200 million annually from the Commonwealth government to meet national research and

teaching priorities. Therefore, the decision to concentrate on research excellence is understandable but, in an era when size and scale are paramount factors affecting university finances, the university has become more vulnerable.

ANU has a student population of only 17,000, with 10,252 undergraduate students and 7,128 postgraduate students. International students constitute around 29% of the cohort of students. ANU employs a total of 4,517 staff members, with a high international orientation (QS 2025). However, its opportunity to increase enrolments is limited by its location in the ACT. It might consider merging with the University of Canberra, but the latter has only 11,700 EFTSUs, so that would not wholly redress the enrolment size disadvantage; and previous attempts to amalgamate the institutions have come to nothing. The ANU could lower its entry requirements, but this would be unpopular with the highly educated population of the ACT and could jeopardise its status as an elite university. An evident danger is that, if ANU were to fall further behind the Go8 universities in Sydney and Melbourne, that would reduce its research status. The ANU therefore has currently limited options if it is to retain its elite research strategy: hence, the recent emphasis by its senior managers on internal Faculty restructuring and staff redundancies. This has created a furore among staff and students that has gained nationwide media attention, culminating in the resignation of the Vice Chancellor in September 2025 and in strong pressure on the Chancellor, former senior Liberal government minister Julie Bishop, to step down too.

Conclusion

This article has explored how Australian universities have been affected by a combination of political economic forces, some global, some national, and some local. Globally, there has been an increased specialisation within the international division of labour and greater flows of students seeking tertiary education beyond their countries of origin. Nationally, reforms to higher education by successive governments since the Hawke Labor government established the three-tier funding system have led to increasing financial tensions for the universities. Locally, these tensions have played out in ways that reflect the position of different states in the Australian federal system within the broader divisions of labour.

Three intersecting dualities are evident: G08 versus non-G08 universities; metropolitan versus non-metropolitan universities; and variations among the Go8 universities in different states and territories. Case studies of SA and WA, based on the application of Massey's (1979) theoretical approach, and case studies of the situations in UQ and the ANU indicate a more finely-grained dimension to the inequalities.

Overall, the inequalities between Australian universities can be interpreted as the result of three dominant factors: (i) the decline in public funding; (ii) the greater power of universities in Sydney and Melbourne to attract domestic and international students and their fee revenue; and (iii) the strategies of the universities themselves to use international student fees to build their research capacity and global rankings. High-ranking universities in the nation's 'global cities' (Sigler *et al.* 2018:370) have become a magnet for international students, exacerbating the inequalities between universities in the scale of their enrolments and research. Universities in non-metropolitan locations and in the less populous states and territories have faced more difficult situations. These outcomes are is the culmination of the long- and short-term governmental policies of declining public funding, the growing reliance on student fees, and the regulatory changes that have exacerbated the unevenness between Go8 universities and the rest and within the Go8 universities themselves.

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