

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2004-2005 ADDITIONAL ESTIMATES HEARING

Outcome: 2
Output Group: 2.4 – Funding for higher education

DEST Question No. E665_05

Senator Crossin provided in writing.

Question:

“The editorial (P12) of The Age (7th Jan 2005) said that there was “... an OECD report that rated Australian university funding as the worst of 32 nations. Public funding fell by 11% between 1995 and 2000, while OECD average was a 21% increase.” Are you aware of such a report? Are these figures correct?

Answer:

University Funding

While “The Age” is accurately quoted, the information cited is not correct.

The OECD report referred to is “Education At A Glance 2003” and the figures relate to tertiary education (as internationally defined), which include some VET courses as well as university education.

The report does indicate that real public funding for tertiary education institutions fell by 11 per cent between 1995 and 2000. However, the OECD figures tend to understate public sector contribution to spending on tertiary educational institutions in Australia – they exclude HECS advances to students as well as Commonwealth subsidies on up-front payments. These items are notionally regarded as transfers from Government to households and ultimately attributed to private sector expenditure on institutions. The treatment of HECS transfers conversely inflates private sector expenditure.

Between 1995 and 2000, total real funding increased by 12 per cent. OECD averages are not available owing to missing time series data for some countries.

The OECD report did not say that Australian university funding was the worst of 32 nations. Indeed Australia is above average on most measures. In 2001 Australia spent 1.5 per cent of GDP (equivalent to US\$ 12,688 per full time student) on tertiary educational institutions. This compares with an OECD country mean of 1.3 per cent of GDP (or US\$ 10,052 per full time student). In 2001 our public spending on tertiary institutions was marginally below the country mean (0.8 per cent of GDP compared with 1.0 per cent) while our private spending was more than double (0.7 per cent compared with 0.3 per cent).