

A dodgy chart does not a good case make

The Report of the Senate Education and Employment Legislation Committee into the Government's higher education package sheds little new light but it does include a notably dodgy chart that undermines, not supports, the Minister's rhetoric about higher education funding growing faster than Australia's gross domestic product.

Version 1: Figure 2.2 Senate Report, Commonwealth Grant Scheme (CGS) expenditure and Gross Domestic Product (GDP) (\$m)



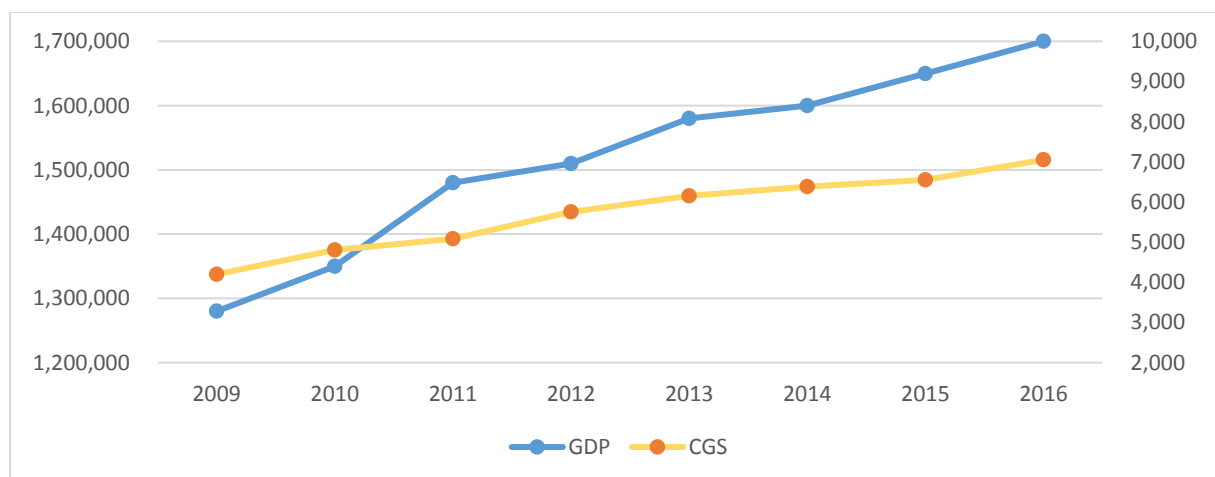
Source: Based on Department of Education and Training data and ABS, *Australian National Accounts: National Income, Expenditure and Product*, Cat 5206.0

The chart notionally compares growth in Australian Gross Domestic Product (GDP) with growth in Commonwealth expenditure on the Commonwealth Grant Scheme.

As presented by the Government Senators the chart spreads the Commonwealth Grant Scheme line across the scale from top to bottom of the chart but the GDP line barely moves.

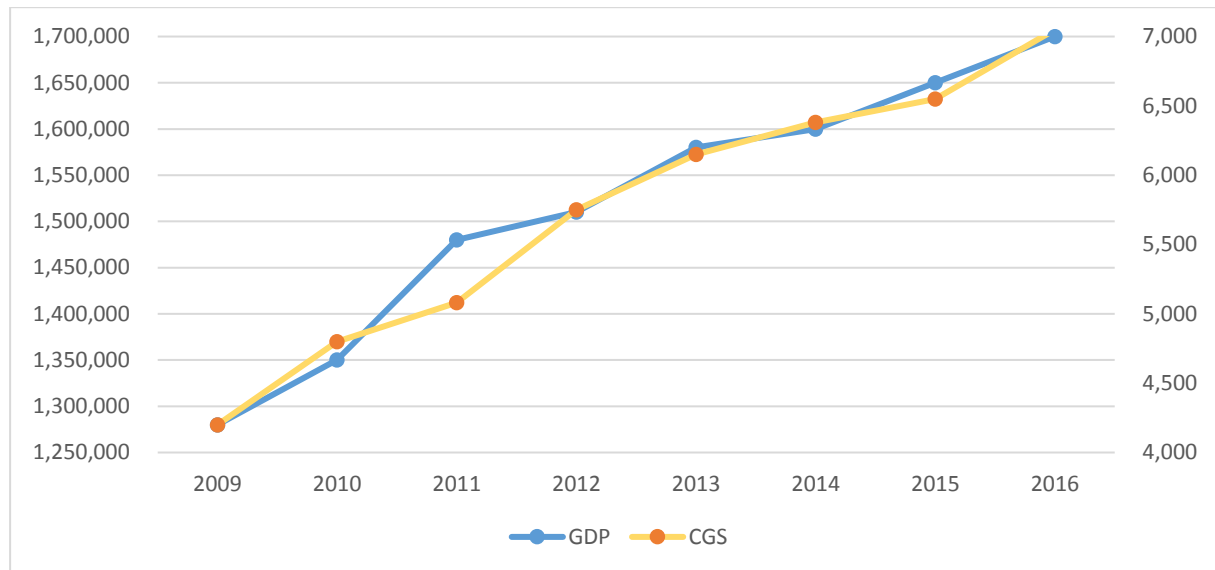
Use the same numbers and invert the approach. You get a different dodgy chart in which it looks like GDP is the growth force against an insipid Commonwealth Grant Scheme line.

Version 2: CGS expenditure and GDP (\$m)



Or a third version where both lines use the breadth of the scale: they look identical because that is what the chart settings force.

Version 3: CGS expenditure and GDP (\$m)



Let's be clear all three charts use the same two sets of numbers. None help with a serious discussion of the resources universities need to education and research.

Total higher education funding is increasing. If we want it to match the OECD average it has to grow faster than GDP.

Let's remember the IRU figures from our last comment:

1. across 2010 to 2015 IRU members annual surpluses dropped from 13% to 5% as the universities invested in having the facilities students and researchers will need in 2021;
2. that 61% of the Government's stated increase in higher education expenditure through to 2021 is to meet FEE-HELP. The increase has little bearing on support for undergraduate student places, the focus of the *HESLA* package;
3. the apparent increase average funding per Commonwealth funded student from 2010 is due to a mix of
 - students enrolling in higher cost subjects to support our future STEM and health services needs; and
 - the unknown factor chosen to adjust past year data into 2017 dollar values. Every figure in the Minster's data is either adjusted or estimated.

Taken together it is clear, IRU members should not:

- lose \$49 million a year by 2021 through the cut to CGS funding;
- have at risk \$73 million a year by 2021 through the performance proposal; and
- have at risk \$74 million a year from loss of New Zealander and Permanent Resident students.

The IRU remains strong that the House of Representatives and the Senate should both reject the Government's legislation.

Conor King
10 August 2017