

# HIGHER EDUCATION

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- 1 This working paper describes the expenses assessment for Higher Education and provides information on its impact on GST revenue distribution for the 2008 Update. The development of the assessment method is discussed in Volume 4 of the 2004 Review Working Papers.

## DESCRIPTION OF THE CATEGORY

- 2 The Higher Education category comprised expenses on inspection, support and operation of educational programs leading to a university first degree, post-graduate degree or other higher education including research programs. State contributions to higher education superannuation and costs associated with subsidising the transport of university students were excluded. Australian Government payments for higher education were also excluded.
- 3 No specific purpose payments were associated with the Higher Education category.
- 4 Table 1 shows average expenses for the last six financial years. In 2006-07, the category average expense of \$16.80 per capita represented 0.26 per cent of total average expenses.

**Table 1 Higher Education, average expenses, 2001-02 to 2006-07**

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Average expenses (\$pc)	13.82	15.73	17.26	21.63	17.63	16.80
% of total State average expenses	0.27	0.29	0.32	0.38	0.29	0.26

## ASSESSMENT METHOD

### Description of the assessment

- 5 The Higher Education expenses for the 2008 Update were assessed on an equal per capita basis. The assessment method for the 2008 Update is the same as that used for the 2007 Update.

### Assessment structure

- 6 Table 2 summarises the assessment structure for 2008 Update.

**Table 2 Higher Education, assessment structure, 2008 Update, 2006-07**

Expense component	Component Weight	Factors	Basis of calculation
	%		
Higher education	100	None	EPC

**Calculating the category factor**

- 7 This category was assessed on an equal per capita (EPC) basis. The category factor is one for each State.

**RESULTS FOR 2006-07**

- 8 Table 3 shows actual, average and assessed expenses per capita and the assessed cost of providing services ratios for 2006-07.

**Table 3 Higher Education, assessment results, 2006-07**

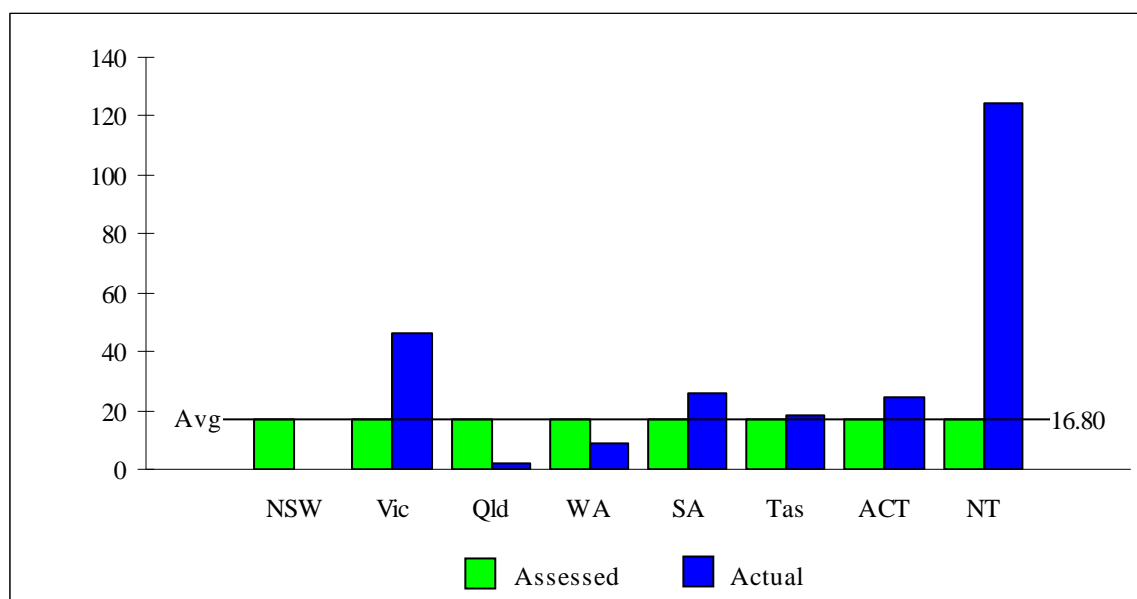
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual expenses	0.00	46.36	1.93	9.03	25.53	18.68	24.62	124.14	16.80
Assessed expenses	16.80	16.80	16.80	16.80	16.80	16.80	16.80	16.80	16.80
	%	%	%	%	%	%	%	%	%
Assessed cost of providing services ratio (a)	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

(a) The cost of service provision ratio is the ratio of assessed expenses per capita to average expenses per capita.

- 9 Table 5 at the end of this section shows the actual, average and assessed expenses for each State for all years of the 2008 Update.
- 10 Figure 1 illustrates the actual, average and assessed expenses for higher education services for 2006-07.

**CONTRIBUTION TO GST REVENUE DISTRIBUTION**

- 11 Categories assessed EPC have no impact on the distribution of GST revenue and health care grants (hereafter GST revenue).

**Figure 1 Higher Education, expenses per capita – assessed, actual and average, 2006-07****CHANGES SINCE THE 2007 UPDATE****Effect of assessment on the distribution of GST revenue**

12 Higher education was assessed EPC and therefore had no impact on the distribution of GST revenue.

**Table 4 Higher Education, actual expenses and cost of service provision ratios, 2001-02 and 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
<b>Actual expenses</b>									
2001-02	0.00	38.22	7.64	7.12	12.55	4.23	10.76	96.32	13.82
2006-07	0.00	46.36	1.93	9.03	25.53	18.68	24.62	124.14	16.80
	%	%	%	%	%	%	%	%	%
Change between 2000-01 and 2005-06	0.00	21.30	-74.67	26.84	103.46	341.02	128.75	28.88	21.55
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
<b>Assessed expenses</b>									
2001-02	13.82	13.82	13.82	13.82	13.82	13.82	13.82	13.82	13.82
2006-07	16.80	16.80	16.80	16.80	16.80	16.80	16.80	16.80	16.80
	%	%	%	%	%	%	%	%	%
<b>Assessed cost of providing services ratio</b>									
2001-02	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
2006-07	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

This chapter was prepared by the Expense — Education section of the Commonwealth Grants Commission. If you have any questions about its content please contact Nick Reddan on (02) 6229 8869 or [nick.reddan@cgc.gov.au](mailto:nick.reddan@cgc.gov.au).

A handwritten signature in black ink that reads "Nick Reddan". The signature is written in a cursive, flowing style.

Date: 29/2/08

**Table 5 Assessment of expenses, Higher Education**

	2002-03		2003-04		2004-05		2005-06		2006-07	
	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita
	\$m	\$	\$m	\$	\$m	\$	\$m	\$	\$m	\$
<b>Average Expenses</b>		15.73		17.26		21.63		17.63		16.80
New South Wales										
Assessed difference	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Expenses - Assessed	104.674	15.73	115.513	17.26	145.614	21.63	119.723	17.63	115.204	16.80
Actual	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Victoria										
Assessed difference	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Expenses - Assessed	77.022	15.73	85.542	17.26	108.559	21.63	89.779	17.63	86.834	16.80
Actual	194.705	39.77	204.339	41.23	210.042	41.85	218.641	42.95	239.559	46.36
Queensland										
Assessed difference	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Expenses - Assessed	59.275	15.73	66.670	17.26	85.569	21.63	71.401	17.63	69.494	16.80
Actual	3.753	1.00	6.657	1.72	4.719	1.19	7.433	1.84	8.000	1.93
Western Australia										
Assessed difference	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Expenses - Assessed	30.500	15.73	33.971	17.26	43.256	21.63	35.950	17.63	34.986	16.80
Actual <sup>(a)</sup>	47.356	24.43	51.394	26.11	114.939	57.47	52.202	25.61	18.803	9.03
South Australia										
Assessed difference	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Expenses - Assessed	24.015	15.73	26.516	17.26	33.451	21.63	27.519	17.63	26.494	16.80
Actual	25.925	16.99	27.086	17.63	29.080	18.80	30.067	19.27	40.257	25.53
Tasmania										
Assessed difference	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Expenses - Assessed	7.474	15.73	8.297	17.26	10.485	21.63	8.614	17.63	8.262	16.80
Actual	1.000	2.11	8.000	16.64	13.000	26.81	9.000	18.42	9.182	18.68
Australian Capital Territory										
Assessed difference	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Expenses - Assessed	5.100	15.73	5.630	17.26	7.106	21.63	5.859	17.63	5.658	16.80
Actual	12.338	38.06	22.000	67.44	36.000	109.58	19.000	57.19	8.290	24.62
Northern Territory										
Assessed difference	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Expenses - Assessed	3.138	15.73	3.468	17.26	4.418	21.63	3.681	17.63	3.576	16.80
Actual	26.120	130.97	26.131	130.07	30.677	150.18	26.183	125.44	26.417	124.14

Note: Refer to Attachment A of the 2008 Update, *Relative Fiscal Capacity of States* for how these figures are compiled.