

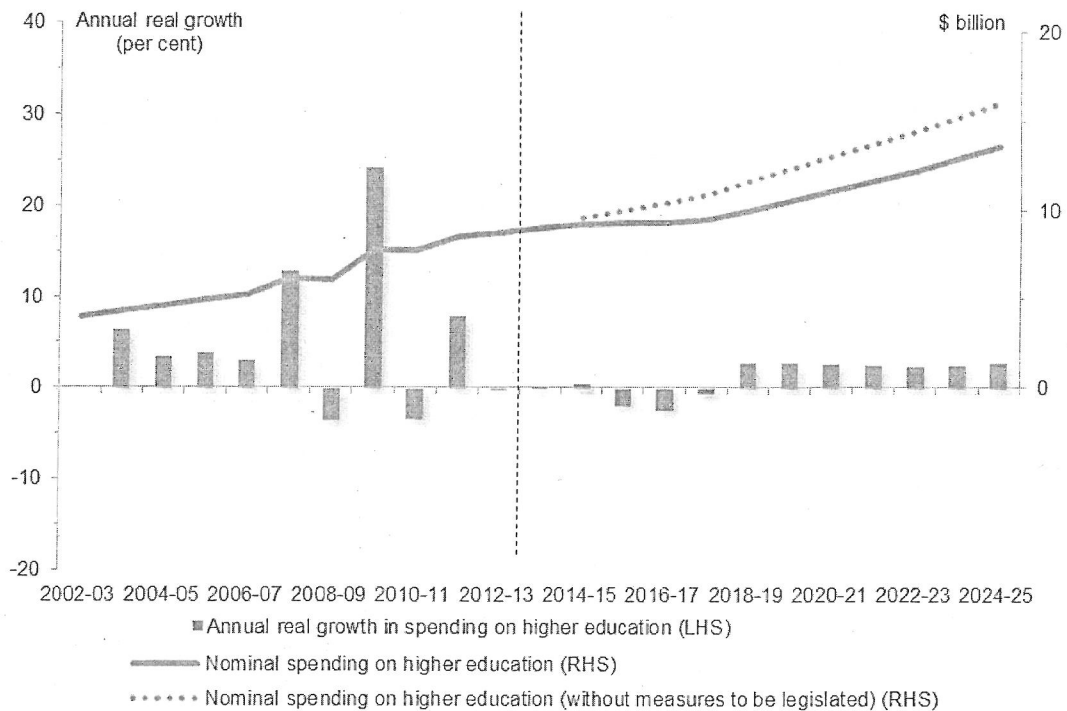
## 2.17 Higher education

Growth in spending on higher education is projected to slow significantly from its historical real growth of 5.2 per cent annually to 1.2 per cent annually over the medium term. Higher education is projected to account for 1 per cent of the growth in total spending over the medium term and 2 per cent of total spending in 2024-25.

Growth over the beginning of the medium term is projected to slow significantly largely due to 2014-15 Budget measures to reduce subsidies under the Commonwealth Grants Scheme, cease reward funding for universities, change participation funding for students from low socio-economic backgrounds, and index funding for higher education providers to movements in the CPI rather than the Higher Education Grants Index.

The return to stronger growth over the latter part of the medium term is largely driven by projected increases in enrolments in the move to a demand driven enrolment model.

**Figure 2.17.1: Nominal spending on higher education and annual real growth**



Source: Australian Government Budgets and PBO Analysis

Figure 2.17.1 shows projected spending on higher education, with and without the impact of the 2014-15 Budget measures which are yet to be legislated. In 2024-25 savings measures relating to the higher education are projected to reduce spending by \$2.5 billion.

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