

London Economic Report for Group of Eight - Q&A

Q: Why did the Go8 undertake this analysis?

A:

- To set out our story more clearly. We have not always done this well.
- The Go8 needed evidence-based material to illustrate this. The total is an economic impact of \$66.43 billion.
- That figure touches *everyone* in Australia, through every day of their lives; by our research outcomes and by our teaching of the next generation of professionals who can be shown to contribute so much to society.

Q. Why did the Go8 choose London Economics?

A:

- The info-sheet on London Economics sets out that they are one of the most respected independent economics consultants in Europe.
- London Economics has no vested interests in Australia.
- They had recently completed a similar body of work for the UK's Russell Group – the UK's Go8 equivalent university group. This analysis is now utilised by the UK Government Exchequer (Treasury) to assist with higher education policy.

Q: There have been a number of reports on the economic impact of universities. Why is this one different?

A:

- This is the first time a rigorous one-year forensic analysis of a group of universities has been undertaken in Australia. It analyses 2016, the most recent year of available data.
- It takes an evidence-based conservative economic impact approach.
- It is a report that shows not only where the Go8 is doing well, but where we may be able to improve.
- It is designed not only to tell our story more clearly to the community, but to ensure we are best-positioned internally to deliver the future needs of our students and the economy.

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Q: What does the Go8 see as the main take-outs from the report?

A:

- This report proves that Go8 universities are worthy of government investment.
- In return for the taxpayers' \$6.7 billion contribution in 2016, \$66.4 billion was generated in the Australian community.
- For every \$1 spent on research, \$10 comes back in benefits to the private sector.
- For every 1000 people employed within Go8 university, more than 2400 jobs are created in the broader economy.
- For every three international students enrolled at a Go8 university, \$1 million is generated elsewhere in the economy.
- This is the first time we have been able to clearly articulate what we have always known: that universities are economic powerhouses and a valuable investment for taxpayers.

Q: What is the main message for policy makers from this report?

A:

- Funding for the university sector is an investment.
- For every \$100 million spent on Go8 research there is an economic impact of \$1 billion while a funding cut of \$100 million means an economic impact reduction of \$1 billion.
- Changes to other policy areas – such as visa settings, export controls, even foreign influence legislation - are likely to have economic impact implications for the university sector.

Q: The report shows the economic impact of Go8 teaching and learning at \$4.9 billion. This is much lower than the impact of research, university expenditure and international education. Why?

A:

- The report takes an extremely conservative approach to estimating this impact, primarily linked to graduate future earnings, and tax revenue from these earnings.
- There is no rigorous Australian method for calculating the benefit to Australian *employers* of a university-trained workforce. Using a UK method, that benefit from Go8 graduates could be as much as \$11.24 billion.
- The report takes the government standard, albeit widely questioned, approach to converting the value of career earnings into 2016 dollars for comparison. Using the International standard approach raises the value of Go8 teaching and learning to as much as \$17.48 billion.

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Q: The report reveals substantial economic benefits from international students. Are these above what was known?

A:

- The report provides an exacting and detailed analysis of the extent of the impact *not* captured in the standard ABS analysis of the value of the international education sector.
- The report drills down into the expenditure of international students through fees, accommodation and other services both on and off campus.
- The report calculates the significant spillover benefits of this expenditure in additional economic activity including job creation and increased tourism.

Q: The private sector benefit of \$10 from every \$1 of Go8 research income appears high. How was figure arrived at?

A:

- This is a measure of Go8 research enabling business to work smarter and deliver better products and services, leading to a more sophisticated economy.

Q: The report indicates that the annual value to States and the ACT of having a Go8 university is \$19 billion?

A:

- This is the impact of Go8 universities as employers and as consumers of products and services in their local economies.
- This impact includes not only the direct impact of jobs created, but also the broader economic activity needed to support the universities i.e. to the many small businesses who supply services.

Q: The Go8 delivers 50 per cent of Australia's PhD graduates. However, there does not appear to be a strong economic return from their investment in doctoral study. Why?

- This is a disappointing but not unexpected finding.

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- It appears to be connected to Australia's PhDs (unlike those in most other first world economics) having few career paths outside academia, particularly in industry where in Australia there are too few jobs.
- Preliminary Go8 figures show that as many as 50 per cent of Australian PhD graduates work in academia.
- Note: the Go8 is working with business and industry to create pathways into the private sector that didn't previously exist. PhD graduates are a significant national resource. We need to work hard to redress this situation.
- In commissioning the London Economics report the Go8 was not afraid to face the findings, *and importantly to use all of them* to better position the Go8 and Australia into the future.

Q: The economic benefits for female university graduates are lower than for male graduates. Why?

A:

- The gender pay gap is one of the most insidious and enduring phenomena of the modern world.
- Women earn less than men in the same profession just four months following graduation and that gap continues to increase over time.
- Women tend to earn less than men even in female dominated professions.