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Three charts on: how uncapped university funding actually boosted Indigenous student numbers

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In recent days, the Productivity Commission released its evaluation of the [demand-driven funding system](#) for universities. From around 2009, until the funding model was suspended in 2017, universities were free to enrol unlimited numbers of students in most undergraduate courses.

The Commission described the policy as a “[mixed report card](#)”. It argued the demand-driven system led to increased participation from students from low socio-economic backgrounds, but that it didn’t improve access for regional or Indigenous Australians.

In reality though, Indigenous student enrolments rose dramatically under the demand-driven system.

Indigenous university starters are older

The Commission’s report draws almost exclusively on data from the Longitudinal Study of Australian Youth ([LSAY](#)), which covers people aged between 15 and 25. But student data from the Higher Education Information Management System ([HEIMS](#)) shows undergraduate Indigenous students are considerably older when they start university than their non-Indigenous counterparts.

The below chart shows only 42.3% of Indigenous students started university aged 19 or younger, compared with 57.5% of non-Indigenous students.

Our analysis also shows 36% of Indigenous students started university aged older than 25, which makes them outside the cutoff for the LSAY dataset. This is compared with only 21%

of non-Indigenous students. This means the Commission's analysis under-reports Indigenous participation.

Rise in Indigenous student enrolments

The federal government's [data on student enrolments](#) show a dramatic increase in Indigenous students starting university between 2009 and 2017, the years the demand-driven system was active.

Over this period, the number of Indigenous students starting university more than doubled, while the total number of domestic undergraduates starting university increased by only around 50%.

The below chart shows 2,786 undergraduate Indigenous students started university in 2008. This increased to 5,867 by 2017.

During the period of the demand-driven system, the Indigenous university participation rate increased from 1.5% to 2%, although this remains well below population parity of [3.3%](#).

There are also early signs that the expansion of Indigenous students starting university [slowed in 2018](#), which was the first year the demand-driven system was suspended.

Student achievement remained the same

The rapid increase in Indigenous students starting university also came without an obvious decline in student achievement. [Department of Education data](#), which outlines the completion rate for Indigenous and non-Indigenous students six years after they started their degree, shows the completion rate for Indigenous students remained relatively similar over the duration of the demand-driven years.

This contrasts with the slight decline in the achievement of the non-Indigenous cohort over the same period. However, as the below chart shows, there remains a substantial gap in the completion rates of Indigenous and non-Indigenous students.

Both the success and retention performance indicators for Indigenous students show a similar trend. There is a [large gap in achievement](#) between Indigenous and non-Indigenous students, but there has been consistent improvement in these indicators over the past nine years.

Again, this suggests the rapid increase in Indigenous enrolments did not come at the cost of academic standards or performance.

The above chart also highlights Indigenous students typically progress through their courses at a slower pace than non-Indigenous students. Six years after starting their qualification,

16.5% of Indigenous students were still studying, compared to only 11.9% of non-Indigenous students.

Gaps in access and achievement remain unacceptable, as does the ongoing [racism and discrimination](#) faced by many Indigenous staff and students. Universities Australia has acknowledged many of these issues in its [Indigenous Strategy](#) but deeper institutional and government reform is required.

However, the demand-driven system itself certainly improved Indigenous participation in higher education. Restoring the system should be a high policy priority.