

## SUBMISSION 47

### Background notes

Education exports for 2005-06 were \$10.1 billion. The international education industry is Australia's second largest service export industry and fourth largest export industry (2005 figures) behind coal (\$21.8 billion), iron ore (\$11.0 billion) and tourism (\$10.9 billion) but ahead of crude petroleum (\$6.3 billion).

International education contributed \$10,143 million to the Australian economy in 2005-06 (that is, education exports were \$10,143 million in 2005-06). Of this:

- international students in Australia contributed \$9,813 million; and
- other education exports contributed \$330 million.

Other education exports cover:

- fees for correspondence courses from overseas students (\$32 million);
- payments to Australians for overseas lectureships and consultancies (\$74 million); and
- various business to business transactions related to the offshore businesses of Australian educational institutions (\$224 million).

These figures incorporate the latest revisions made by the Australian Bureau of Statistics (ABS) to its education export series:

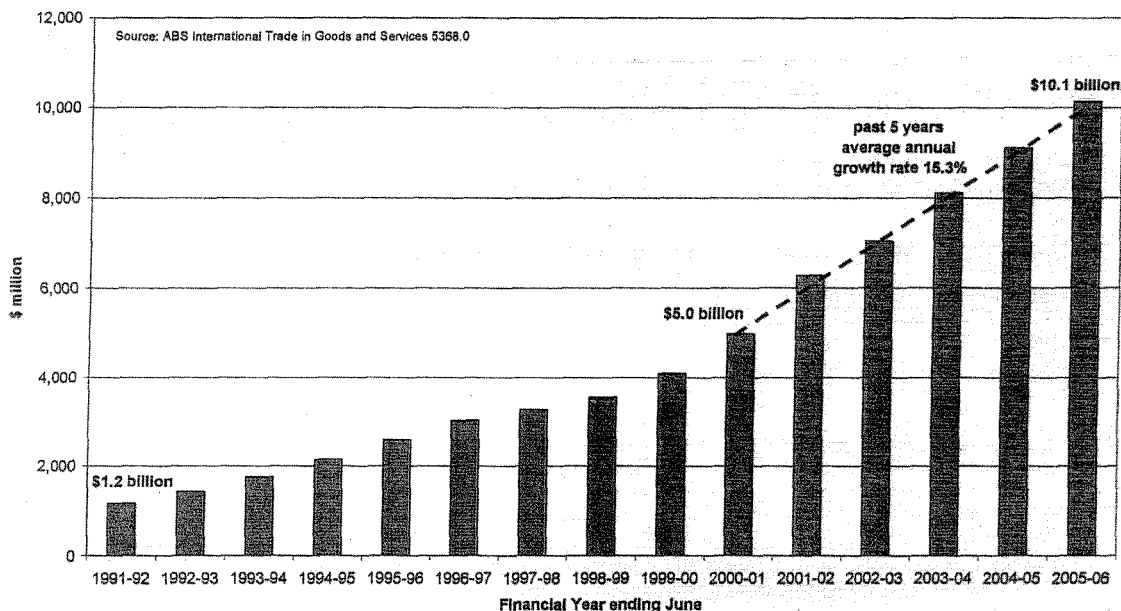
- the revisions relates to the contribution made by international students in Australia; and
- the revisions have been substantial - up about \$2 billion on the previously released figure.

The revisions follow new information on international student expenditure on goods and services. This information was obtained by DEST through two surveys of international student spending, conducted in 2004 and 2006 in close consultation with ABS.

### Trends in education exports

Education exports have grown rapidly over the past 15 or so years. In particular, education exports have doubled over the past five years, from \$5.0 billion in 2000-01 to \$10.1 billion in 2005-06. This is equivalent to an average growth rate of just over 15 per cent a year.

Figure 1: Education exports 1991-02 to 2005-06.



### Expenditure of international students in Australia

International students in Australia spent an estimated \$3.8 billion on tuition fees in 2005-06 and a further \$6.0 billion on goods and services in 2005-06 (DEST estimate based on expenditure surveys).

Table 1 shows that tuition fees account for about 39 per cent of international student expenditure. Food, groceries, rent and travel within Australia account for over half of non-tuition fees expenditure.

**Table 1: Expenditure of international students in Australia 2005-06**

Category	\$ million	Per cent
<b>Tuition fees</b>	<b>3,806</b>	<b>39</b>
Food & Groceries	1,477	15
Rental Housing only	1,371	14
Travel within Australia, conference fees, etc.	649	7
Telephone Costs	396	4
Course Related Expenses	383	4
Entertainment & Recreation	382	4
Car Costs	284	3
Transport	197	2
Clothing	193	2
Houshold Goods	162	2
Alcohol & Cigarettes	156	2
Health Costs	149	2
Utility Costs	115	1
Children's Course Fees	6	0
Other Expenses	86	1
<b>Total expenditure on goods and services</b>	<b>6,007</b>	<b>61</b>
<b>Total expenditure</b>	<b>9,813</b>	<b>100</b>

Sources: ABS International Trade in Goods and Services 5368.0, AEI estimates.

Table 2 shows that international students enrolled in higher education account for about 65 per cent of international student expenditure. International students enrolled in vocational and technical education account for about 15 per cent of expenditure. International students enrolled in other educational sectors (secondary schools, English language intensive courses and foundation studies) account for about 20 per cent of expenditure.

**Table 2: Expenditure of international students in Australia 2005-06 by education sector**

Education sector	\$ million	Per cent
Higher Education	6,392	65
VET	1,448	15
Schools	715	7
ELICOS	717	7
Foundation and other courses	541	6
<b>Total</b>	<b>9,813</b>	<b>100</b>

Sources: ABS International Trade in Goods and Services 5368.0, AEI estimates.