

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2005-2006 BUDGET ESTIMATES HEARING

Outcome: 3

Output Group: 3.3 – Support for the Australian education and training export industry and international relationships.

DEST Question No. E266_06

Senator Carr asked on 2 June 2005, EWRE Hansard page 91.

Refers to DEST Question No E679_05

Question:

- a) By what factor do you think your earlier estimates in the answer you gave me to E679_05 are an undercount?
- b) If you could update E679 in light of the revisions I would appreciate it. I would also like a breakdown of how that aggregate figure of \$7.5 billion was reached.
- c) Regarding that \$7.5 billion in income, can we say fees in one category and the nature of the income itself rather than the sector in which it is earned?

Answer:

- a) Factor of the undercount for earlier estimates in E679_05.

The estimate for each of the years 1994 to 2001 provided in Table 1 of E679_05 is likely to be undercounted by a factor of around 6% on the year earlier.

The nominal growth between 2001 and 2002 is 17.3%. Assuming long term annual growth for the decade is 10.9%, the growth attributable to the improved counting method is therefore around 6%. However, the size of the undercount is likely to have fluctuated from year to year because of the variety of factors that impact on export income each year.

- b) Update E679_05 in light of the revisions and a detailed breakdown of the \$7.5 billion in export earnings for 2004.

It is not possible to revise all the export income data from 2001 back to 1994 with any degree of certainty. As noted in a), the actual size of the undercount factor is likely to have varied from year to year. A nominal estimate at the aggregate level for each of these years can be derived by increasing the amounts shown in Table 1 of E679_05 by 6%. This is necessarily however, only a rough estimate.

A more precise analysis can be made for 2002 to 2004. As noted in E679_05, a new methodology for estimating export income was introduced in 2002. This methodology, which uses the *International Student Enrolments Database* from PRISMS, provides more accurate and detailed estimates of education export income. A detailed breakdown of the estimated export earnings for 2002 to 2004 is shown in the table below:

Estimates of National Income from international education activities

	2002	2003	2004
	\$m	\$m	\$m
<i>Onshore</i>			
Visaed student fees—			
Higher education ¹	1,586	1,853	2,206
VET	368	388	400
Schools	231	269	300
ELICOS	238	255	248
Other	175	190	213
<i>All sectors</i>	2,598	2,955	3,367
Other goods and services ²	2,598	2,955	3,367
Students from NZ	46	46	46
ELICOS on short stay visas	131	147	165
<i>Sub-total (Education-related travel³)</i>	5,374	6,103	6,945
<i>Offshore</i>			
Lecturers/consultants offshore	191	197	203
Business to business transactions	54	55	56
Offshore student fees	297	333	374
Total⁴	5,916	6,688	7,578

¹ Includes all higher education enrolments, not only enrolments in universities.

² The basis for estimating international student spending on goods & services other than fees by students on a student visa in the national accounts is a benchmark from survey data. This data shows that on average, for each dollar spent on fees, another dollar is spent on other goods and services.

³ The National Accounts is yet to be updated to include the improved DEST data on fees. The current estimates for education related travel in the National Accounts for 2004 is \$5.715 b.

⁴ Note that the totals for 2004 are only provisional estimates at this stage.

- c) Fees and the nature of the income itself rather than the sector in which it is earned.

This question has been addressed in part in the response to b) above where fee estimates are shown separately from those for other goods and services.

At the time of the last survey of student spending, the composition of expenditure on goods and services other than fees is shown in the table below:

Average Weekly Expenditure of International Students, 1997

Type of expenditure	\$
Course fees	311
Housing	85
Food and groceries	53
Telephone costs	22
Recreation/Entertainment	20
Course related expenses	20
Other major expenses	19
Overseas travel	17
Clothing and footwear	13
Daily transport	10
Household goods	9
Alcohol and cigarettes	8
Car costs	7
Health costs	6
Other weekly expenses	5
Utility costs	4
Children's course fees	0
Total	600

The data in the table above is the basis for estimating international student spending on goods & services other than fees. This data when extrapolated to an annual estimate shows that on average, for each dollar spent on fees, another dollar is spent on other goods and services.

To assist with updating the benchmarks for national accounts estimates by the ABS, DEST is in the process of finalising data from a similar survey which collected information on international student spending in the year 2004. This data is likely to result in further revisions of the estimates of student spending on other goods and services, and therefore overall export income for the sector.