

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Budget Estimates 2011-2012**

Outcome 3 - Higher Education

DEEWR Question No.EW0433_12

Senator Mason asked on 1/06/2011, Hansard page 76.

Question

Tertiary Education

Senator MASON: The export earnings from tertiary education. Have all those things been looked at?

Ms Paul: We did have external consultants look at what the potential return to GDP would be—or to the economy, I forget how it went—for meeting this target. And I do not have it with me, but I am happy to take it on notice and spell it out. It was a considerable return on investment.

Answer

Export earnings from the tertiary sector in 2010 were \$15.2 billion comprising of \$10.4 billion from the higher education sector and \$4.8 billion from the vocational education and training sector.

In 2009, KPMG Econtech was commissioned by DEEWR to estimate the potential gain to economic prosperity from boosting human capital.

The report modelled the benefits of the national reform agenda targets being achieved against a baseline level that would have been expected to occur in the absence of achieving the reform targets. It estimated that the Australian Government's reform goals in vocational education and training could contribute to a gain of \$29.3 billion to Gross Domestic Product (GDP) annually, on average, from 2010 to 2040 compared to the baseline GDP level for that period. It also estimated that successfully implementing higher education reform by increasing the proportion of 25 to 34 year olds with a degree to 40 per cent by 2025 could add \$21 billion annually, on average, to GDP from 2010 to 2040, compared to the baseline level.

Taken together, KPMG Econtech estimates that reaching the higher education and training targets could generate, on average, a 2.9 per cent gain in GDP annually above the baseline over the period 2010 to 2040. This represents an additional average annual gain to the economy of around \$50.3 billion, beginning modestly in the earlier years and growing in the later years.