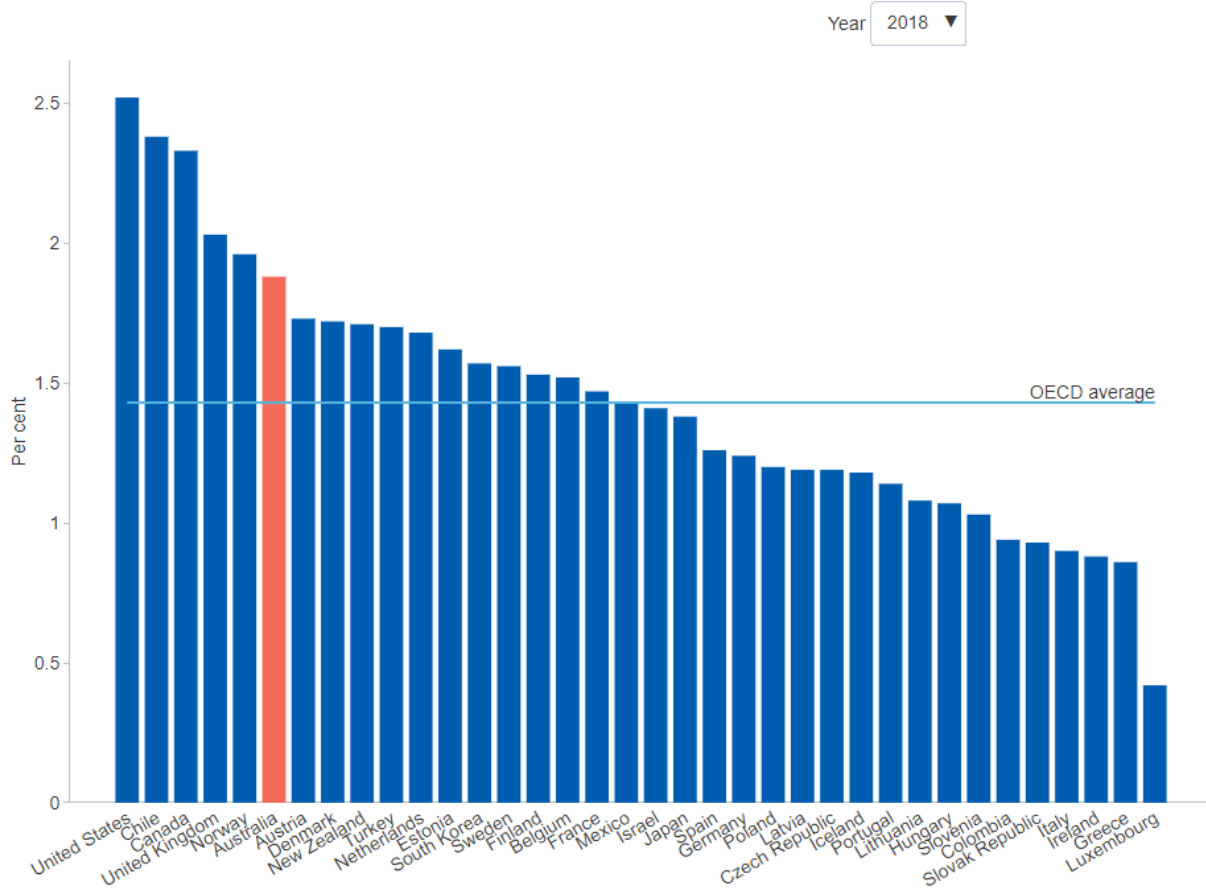


5.4.2 Expenditure on tertiary education institutions as a share of GDP

Higher education provides substantial economic and social benefits. *Australia's* expenditure on tertiary education institutions relative to GDP is the 6th highest in the OECD, having increased from 1.5 per cent in 2005–06 to 1.9 per cent in 2018–19. R&D activities, which are primarily performed by tertiary education institutions account for 0.7 per cent of GDP in Australia.¹ According to a recent study, education related exports made up 5.7 per cent of Australia's total exports in 2014–15, representing the largest service export and the third largest export category overall with higher education representing roughly two thirds of this. The study estimated the value that university education adds to Australia's productive capacity at \$140 billion in GDP in 2014, lifting GDP by around 8.5 per cent. Beyond the economic benefits to labour force outcomes, higher education has been found in other studies to be positively associated with improved health outcomes, quality of life and a range of other social wellbeing measures.²

Figure: Expenditure on tertiary education institutions, share of GDP, OECD countries, per cent, latest 2018



¹ OECD (2021) *Education at a Glance 2021: OECD Indicators*, OECD Publishing (<http://www.oecd.org/education/education-at-a-glance/>)

² Deloitte Access Economics (2016) *Estimating the public and private benefits of higher education*, Report for the Department of Education, Skills and Employment (<https://www.dese.gov.au/higher-education-reviews-and-consultations/resources/estimating-public-and-private-benefits-higher-education>)