

FactCheck: is Australia below the international average when it comes to school funding?

Written by Peter Goss, School Education Program Director, Grattan Institute

Australia is slightly below average when it comes to international funding for our schools. – **Tanya Plibersek, shadow minister for education, [speaking to journalists](#), January 29, 2017.**

Current school funding arrangements [run out at the end of this year](#), and schools need to know what will replace them. So this year we can expect to hear arguments over how much funding different parts of government should provide, how funding should grow over time, and how it should be allocated.

Before entering those challenging discussions, it helps to agree on some baseline facts. Tanya Plibersek, shadow minister for education, told reporters recently that Australia is slightly below average when it comes to international funding for our schools.

Is that right?

Checking the source

When asked for sources to support her statement, a spokesman for Tanya Plibersek referred The Conversation to OECD data showing that Australia's per student spending as a percentage of per capita GDP is 18% for primary compared to the OECD average of 22%, and 23% for secondary compared to the OECD average of 25%.

These figures come directly from [Table B1.4](#) of the OECD's [Education at a Glance 2016](#) report. This report is used as the source of most figures in this FactCheck.

The metric that Plibersek uses clearly supports her claim, and comes from a reliable source. But there are other ways to measure school funding and compare Australia's spend with other developed countries.

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This FactCheck will focus on recurrent funding from federal and state/territory governments, the crux of Australian school funding debates [since at least the 1970s](#) . Capital investment – such as on new buildings or new schools – is excluded. Private funding is an important source of income for many schools, but by its nature is beyond the control of education ministers.

How should we compare funding levels?

Australia should be compared to other developed countries. This most often means the [35 countries](#) that make up the Organisation for Economic Co-operation and Development (OECD).

Countries have vastly different numbers of students, and students in some countries stay in school longer than in others. Wage rates also vary greatly across countries.

To account for these differences, there are different ways to compare education funding.

There is no ideal metric, but comparing education funding to GDP probably gives the most accurate picture: it is more stable over time because it does not rely on exchange rate conversions; and it reflects, at least in part, differences in wages.

Slightly below OECD average when expressed as a share of GDP

As a share of GDP, Australia's allocation of government money to schools is slightly below the OECD average. Australia spent [3.2% of GDP](#) on school education in 2013, slightly below the OECD average of 3.4%.

So, measured this way, the data support Plibersek's assertion.

Looking at the population mix provides further support, because Australia has relatively more [y](#)

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[young people than the OECD average](#)

, and a

[booming school-age population](#)

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For example, only 143 Koreans out of every thousand are under the age of 15, compared to 188 Australians. So while Korea spends marginally less on school education as a percentage of GDP than Australia (3.1% vs 3.2%) the reality is that Korea spends a much higher proportion of GDP per student than Australia.

The metric cited by Plibersek takes differences in population mix into account, but is harder to interpret than a simple comparison of funding to GDP.

And measuring funding in different ways may give a different picture.

For example, if private spending (meaning school fees) is included in the same metric, Australian spending on schooling is just above the OECD average (3.9% versus 3.7%). This reflects the relatively high proportion of fee-paying non-government schools in Australia compared to most OECD countries.

Direct per student funding gives a mixed picture

Per student funding metrics can be used to directly compare the amount of money being provided in support of the average student. But they are fraught, because some countries are richer than others and because exchange rates fluctuate over time. That's partly why I think comparing education funding to GDP (as in the chart above) is a more accurate reflection.

The most recent [OECD data](#) give a mixed picture for per student spending, showing (when rounded) that:

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Australia spent slightly less in 2013 than the average OECD country on primary school

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students: US\$8,300 versus US\$8,500

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Australia spent about 10% more than the average OECD country on secondary school students: US\$10,900 versus US\$9,800

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Over the expected duration of schooling, the cumulative spend per student was about 16% higher in Australia than the OECD average. This is because Australian students stay in school longer than in many other countries.

A higher proportion of total government spending

Comparing education funding to total government expenditure, makes Australia's relative spend on education look artificially high, since [Australian government expenditure as a percentage of GDP is among the lowest in the OECD](#) even if superannuation is included ([see page 14 of this report](#))

The data show 9.7% of government spending in Australia goes on schooling. This is higher than the OECD average of 8.0%.

Indeed, it ranks us equal sixth out of 33 OECD countries for which this data is available, and may well be the source of education minister Simon Birmingham's claim that Australia's spend on schools is ["among the top of the pack in terms of investment"](#).

Verdict

Was Tanya Plibersek right to say "Australia is slightly below average when it comes to international funding for our schools"?

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It all depends on how you measure it – but, yes, she is basically correct.

OECD data show that Australia's per student spending as a percentage of per capita GDP is below the OECD average.

And as a share of GDP, Australia spent [3.2% of GDP](#) on school education in 2013, slightly below the OECD average of 3.4%. Measuring funding this way gives the clearest picture, in my view.

Measuring funding in different ways gives a different picture, as explained above, and some approaches show Australia ahead of other developed countries. But measuring Australian government spending on schools as a share of GDP gives an easy, accurate and stable metric for international comparison, and supports Plibersek's claim. – **Peter Goss**

Review

This article accurately depicts relevant OECD data. Using this data, it shows Tanya Plibersek's comment to be accurate.

As an aside, however, it is important to keep in mind that Plibersek's comments and related OECD data focus only on nation-to-nation comparisons. Yet in Australia's federal system of governance there are significant differences between levels of school funding when comparing states and territories, and also schooling sectors. Plibersek's focus on Australia as a whole is certainly useful for understanding where Australia "sits" in comparison to other OECD nations. But to engage fully with a debate about Australian school funding arrangements, close attention is needed to how federal funding interacts with sub-national systems and sectors. – **Glenn C. Savage**

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possible.

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