

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates 2012

15 – 17 February 2012

**Question: AET 138 - 141**

**Topic: Spending on Education**

**Hansard Page: Written**

**Senator BROWN asked:**

138. How does Australia's spending on education compare to similar countries?
139. How does educational achievement relate to economic growth, inequality and quality of life?
140. Are there some types of educational spending that are more beneficial than others?
  - a. For example, should the priority be primary, secondary or tertiary?
141. How important is it for spending to be targeted at disadvantaged areas?

**Answers:**

138. The OECD publishes an annual report, *Education at a Glance*, which includes indicators of the amount governments spend on education. Data on expenditure on educational institutions as a percentage of GDP is in table B2.2 in the most recent report (*Education at a Glance 2011: OECD Indicators*), which can be accessed online at [www.oecd.org](http://www.oecd.org).
139. There is an extensive body of literature on the relationship between educational achievement and economic growth, inequality and quality of life.

For example, the Report by the Commission on the Measurement of Economic Performance and Social Progress (driven by Professor Joseph Stiglitz (President), Professor Amartya Sen (Advisor) and Jean-Paul Fitoussi (Coordinator)) notes (at paragraph 82) that:

*'A long tradition of economic research has stressed the importance of education in providing the skills and competencies that underpin economic production. But education matters for quality of life independently of its effects on people's earnings and productivity. Education is strongly associated with people's life-evaluations, even after controlling for the higher income it brings. Further, better-educated people typically have better health status, lower unemployment, more social connections, and greater engagement in civic and political life. ... [E]ducation brings a range of returns (monetary and non-monetary) that benefit both the person investing in the education and the community in which they live.'*

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140. Decisions in relation to the relative merits of targeting spending towards different levels of education are decisions for Government.
141. Decisions in relation to the relative importance of targeting spending towards disadvantaged areas are decisions for Government.

However, it is noted that there are a number of measures in place with the objective of targeting students in disadvantaged areas.

In relation to schools, Australian Government recurrent funding for non-Government schools includes a regional and remote loading.

In the higher education sector, an additional \$109.9 million over four years was provided in the 2011-12 Budget through an increase in regional loading payments, increasing total funding to \$249.4 million over four years.

To date, \$690 million has been committed to regional higher education, training and research infrastructure through the Education Investment Fund (EIF). A further \$500 million has been budgeted for the regional priorities round of the EIF to support capital investment projects in regional higher education and vocational education and training institutions.