



# Education Expenditure in Australia

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# I. Introduction

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Australia invested \$111.8 billion in education in 2015. The sources of this funding and the pathways it follows through various systems are complex. Rarely are all the components of this system captured in the one place. This report offers a detailed insight into investment in Australian education, capturing data from all levels – from early childhood to higher education – and all funding sources – the federal government, state governments, private contributions and the transfers that take place between these.

The complex picture shown in this report offers an important reference point for policy-makers, educators, researchers and economists. It draws on recently released data from the OECD, presented here in a way that offers relevance to the Australian context.

The report examines three key questions:

- How much is spent on education – in total and per student?
- What proportion of national income is spent on education?
- What proportion of government spending is devoted to education?

For each of these questions, statistics are presented by level of education, sector and funding source. In addition, trends in funding over time are explored. The main body of the report offers overall highlights and graphical representations of the data. Appendix A contains detailed tables with the underlying statistics, while Appendices B and C offer technical information used in making calculations.

The key source for this data is the Australian Government Department of Education and Training submission for the annual joint UNESCO Institute for Statistics, OECD and Eurostat (UOE) data collection on education statistics (UOE, 2017, 2018). The statistics examined here were compiled for the OECD's annual *Education at a Glance* publication (OECD, 2017, 2018a). Statistical tables relevant to this work are at OECD (2018b), under the theme *Education and Training*. The figures and tables developed for this report reorganise the UOE/OECD data in ways that more appropriately fit the Australian educational context.

The data here are rich and complex. The text in this report offers basic descriptions of the 'big picture' identified across the data. The purpose of this report is to provide this information in a format that will enable others to extract elements of relevance to them in order to make informed commentary relating to education investment in Australia.

## 2. How much is spent on education in total and per student?

More than \$100 billion is spent in Australia on education annually (\$111.8 billion in 2015). Education funding comes through three key sources – the Australian Government, state governments and through private investment. Overall, the Australian Government contributed \$47.2 billion of this funding in 2015, state, territory and local governments \$39.1 billion and a further \$25.5 billion came from private sources.

The flow of funding follows a range of paths through the system in the form of transfers between and across these three sources. At different points in the funding cycle, the contributions by government sources are transferred to other funding sources (Figure 2.1 illustrates this movement of funding). For example, the Australian Government transferred \$17.7 billion of its funding in 2015 to state, territory and local governments who then fund schools and other education expenditure. As a result of these transfers, the final sources of funding for education in Australia differ from the initial contributions outlined in the paragraph above. It should be noted that while transfers can affect the balance of expenditure between levels of government and between government and private sources, they do not affect the total amount of expenditure funded by government and private sources combined.

This chapter explores the way in which this funding is spread across the system, examining:

- *Total* expenditure by level of education, sector and funding source.
- Expenditure *per student* by level of education, sector and funding source.
- *Trends* in education expenditure since the year 2000.

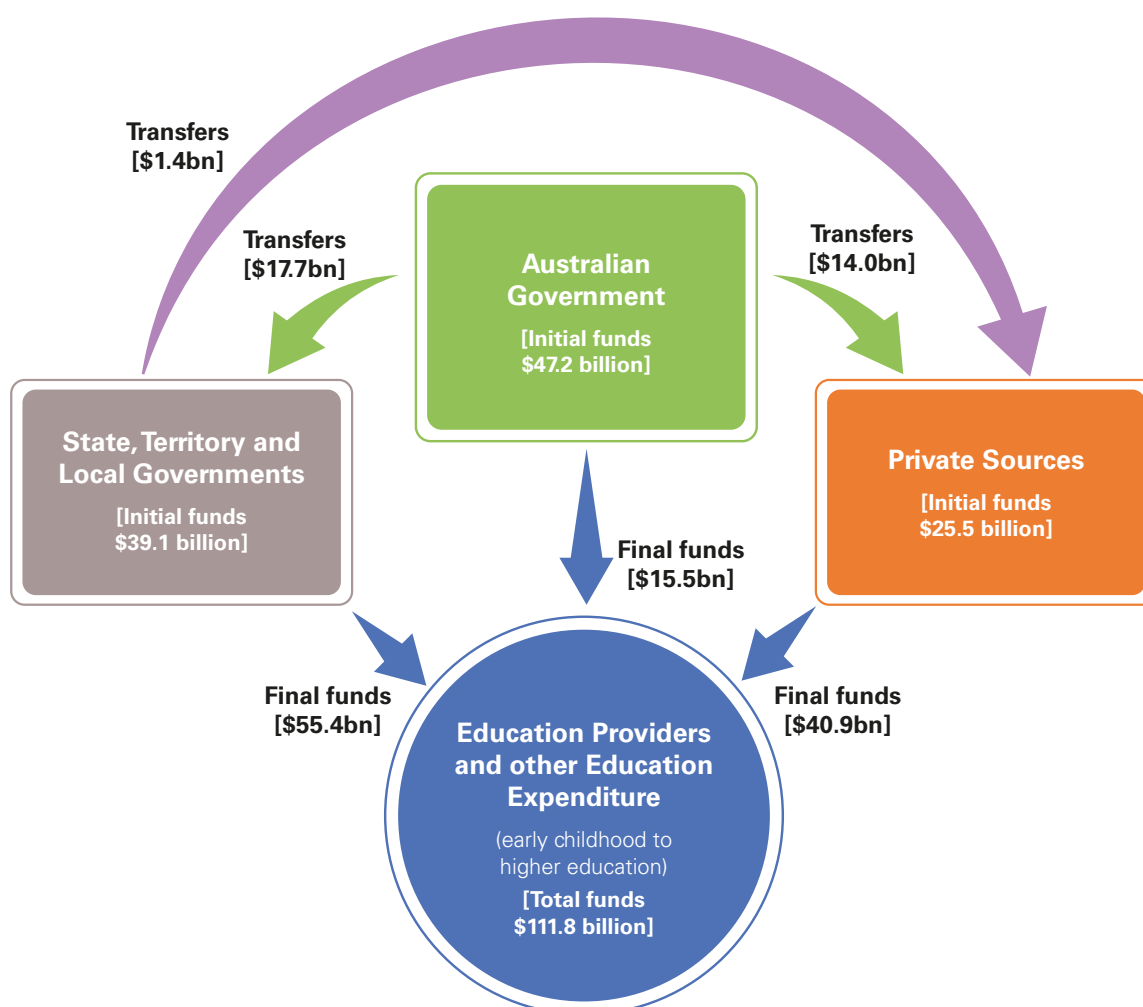


Figure 2.1: Annual expenditure on education by source of funds before and after transfers, 2015

Source: Table 6.1



## 2.1 Education expenditure in total

The Australian education system is built around three pillars that consume the bulk of expenditure on education: primary schools (27 per cent of all expenditure), secondary schools (28 per cent) and higher education (26 per cent for Bachelor and above education level). The remaining 19 per cent of education expenditure is spread between early childhood education, preschool, vocational education and training (VET) Certificates, Diplomas and Advanced Diplomas (Figure 2.2).

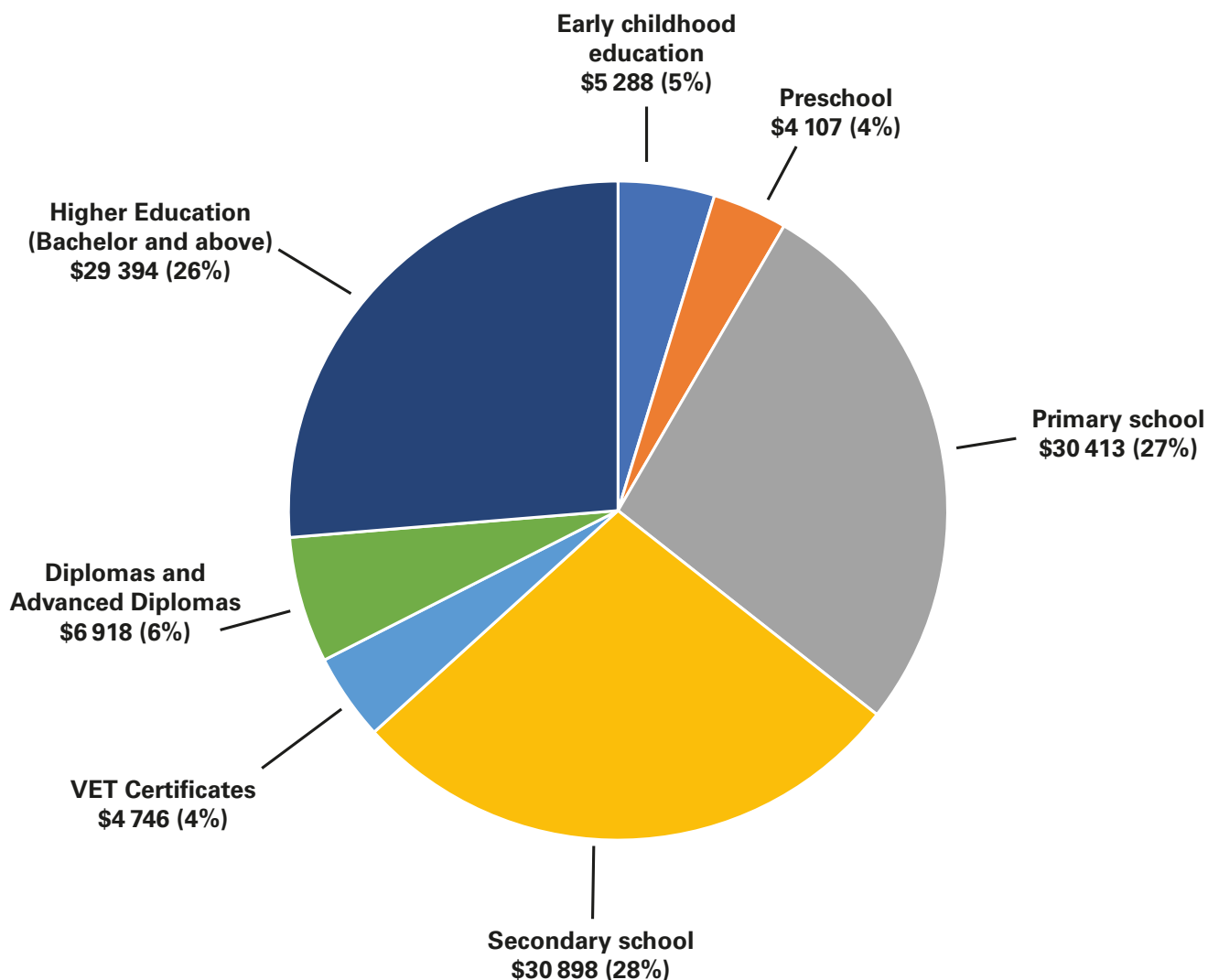


Figure 2.2 Annual expenditure on education by level of education, 2015 (\$millions)

Source: Table 6.1

In each area of education, government funding is the dominant source of expended funds based on initial allocation of resources. This is shown clearly in Figure 2.3, which details the annual funding of various levels of education by government and private sources before transfers.

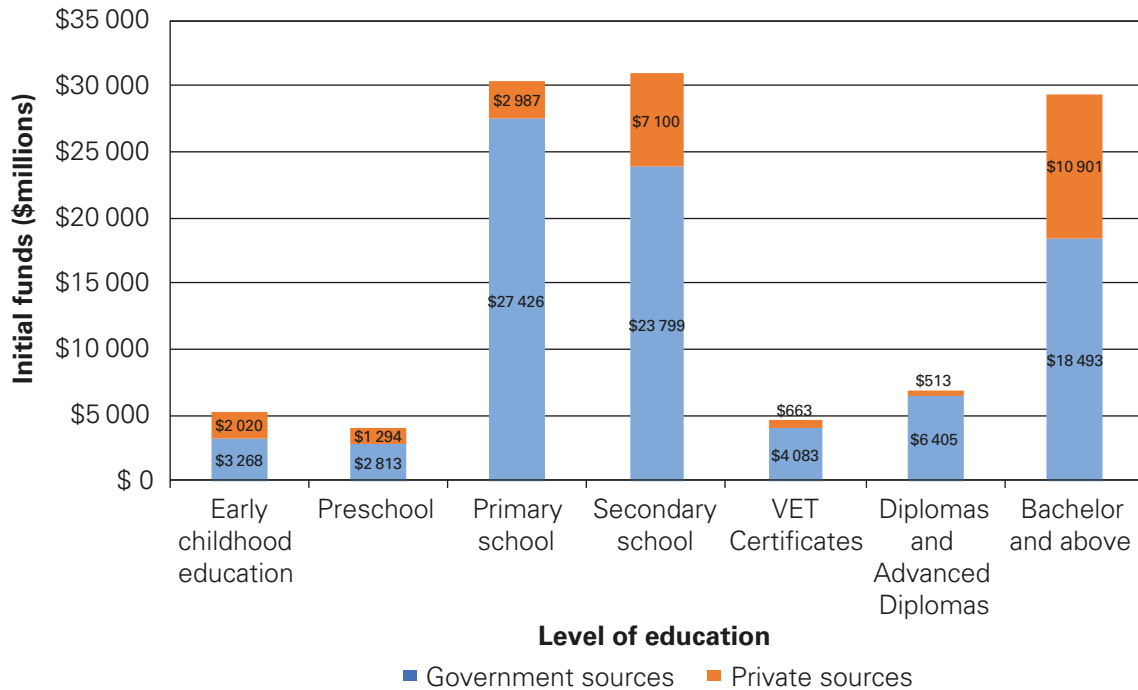


Figure 2.3 Annual expenditure on education before transfers (initial funds) by source of funds and level of education, 2015 (\$millions)

Source: Table 6.1

Given the fact that some government funding is transferred to the private sector following initial allocation – for example, in the form of income contingent loans to students in higher education or income support – the *final funding* sources for education are different to the *initial funding* sources of expenditure.

In the distribution of final funds for education, private sources become a more significant component of allocations for Diplomas and Advanced Diplomas, and for study at Bachelor or above (Figure 2.4).

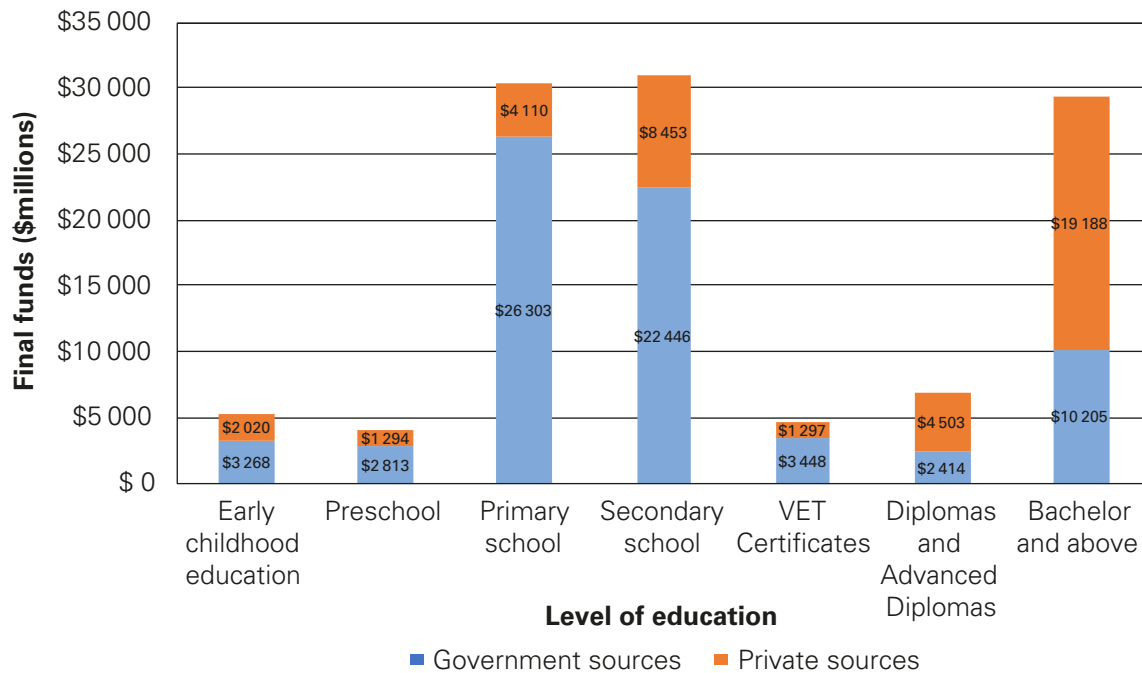


Figure 2.4: Annual expenditure on education after transfers (final funds) by source of funds and level of education, 2015 (\$millions)

Source: Table 6.1

Funding of primary and secondary school sectors after transfers is shown in Figure 2.5, which explores the interplay between funding sources and school sectors. The figure highlights that while non-government schools do rely on expenditure from private sources, in the non-government sector government contributions account for just over half of expenditure at the secondary school level and more than two thirds of expenditure in the primary years.

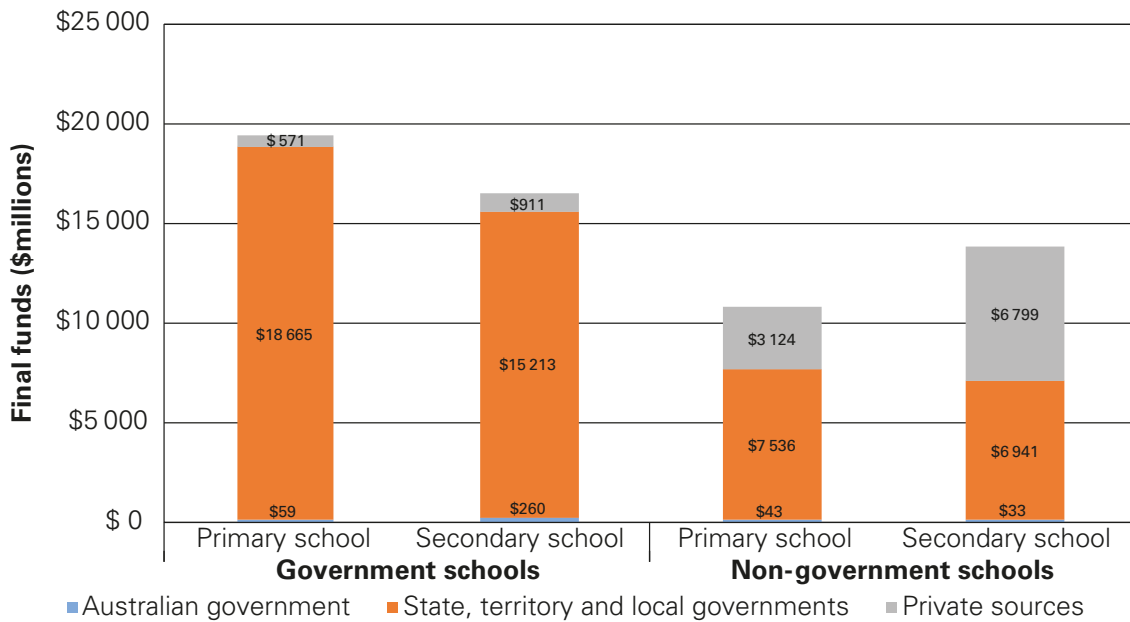


Figure 2.5: Annual expenditure on primary and secondary schools by sector and source of funds after transfers (final funds), 2015 (\$millions)

Source: Table 6.4

Figure 2.6 details the distribution of funding after transfers for post-school education and training by public and private providers. Final funding of VET Certificates is primarily through state and territory governments. Final funding of Diplomas and Advanced Diplomas is primarily through private sources. While the data in this report provide funding figures for the VET sector, there is little aggregated information about expenditure by private VET providers and as such the data in this regard is less reliable. In some parts of this report, figures for VET Certificates, Diplomas and Advanced Diplomas are omitted for this reason. For higher education (Bachelor and above), government funding is primarily delivered through the Australian government, while private sources (primarily through income contingent student loans and international student fees) covers 65 per cent of expenditure.

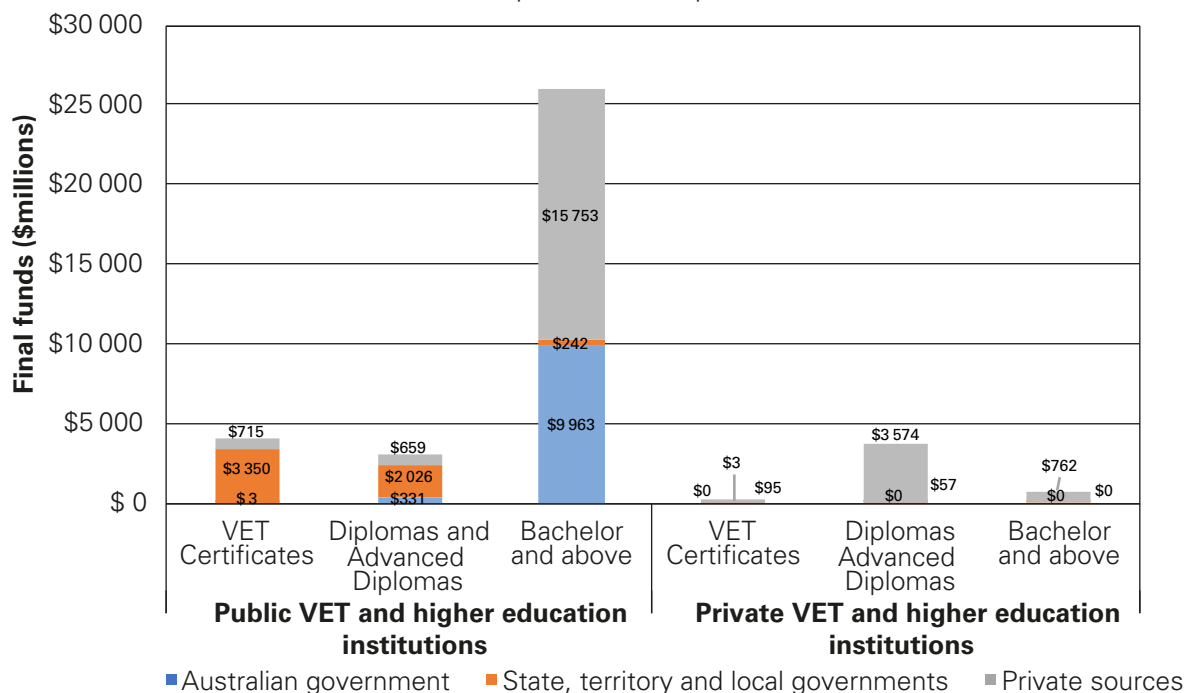


Figure 2.6: Annual expenditure on VET Certificates, Diplomas, Advanced Diplomas, Bachelor and above by sector and source of funds after transfers (final funds), 2015 (\$millions)

Source: Table 6.4

Most expenditure on education is used to fund core educational activities, such as teaching. The only major exception to this is government expenditure on R & D at the level of Bachelor and above. Government expenditure on R & D at the level of Bachelor and above constitutes the vast bulk of government expenditure at this level, as well as 35 per cent of total (government and private) expenditure at this level (see Table 6.5 in Appendix A).

## 2.2 Education expenditure per student

Expenditure per student varies by level of education and, within the levels, by source of funding. While overall per student expenditure is high for Diplomas, Advanced Diplomas, Bachelor and above, the private investment portion of this investment is relatively high compared with the school sector (Figure 2.7). For example, private sources contribute 65 per cent of the expenditure invested per student at Bachelor level and above, which is substantially higher than the proportional contribution of private sources to the expenditure invested per student in the school sector (14 per cent at primary school level and 27 per cent at secondary school level).

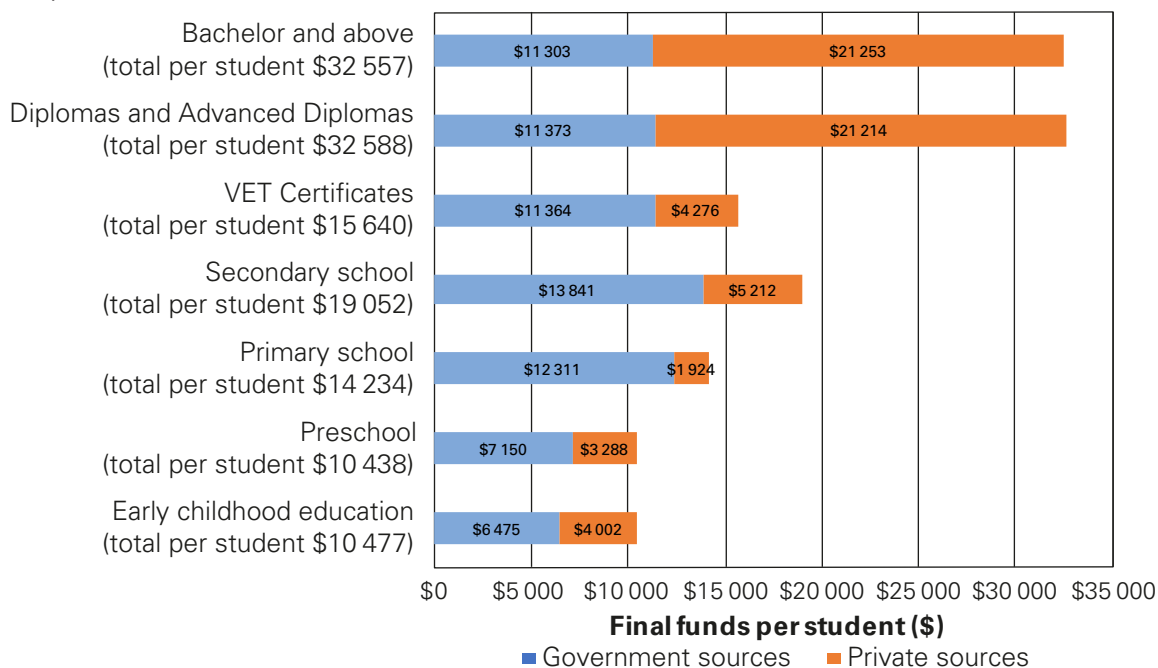


Figure 2.7: Annual expenditure on education per student by source of funds and level of education after transfers (final funds), 2015 (\$)

Source: Table 6.6

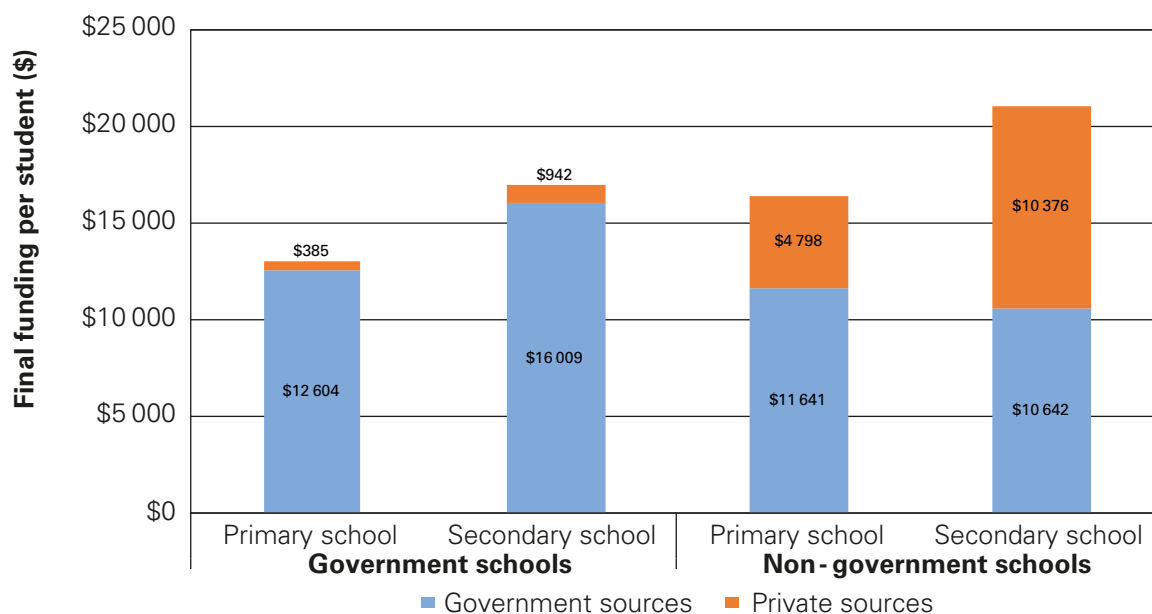


Figure 2.8: Annual expenditure on primary and secondary schools per student by sector and source of funds after transfers (final funds), 2015 (\$)

Source: Table 6.9

Within schools, the amount of funding spent per student is on average higher in non-government schools than in the government sector (Figure 2.8). Importantly, government expenditure per student is higher than private expenditure irrespective of whether the student is in a public or private school.

At the primary school level, there are roughly similar levels of government expenditure on government schools and private schools, but higher levels of private expenditure on private schools than on government schools. Overall, 97 per cent of expenditure on government primary schools is from government sources, compared with 71 per cent of expenditure on private primary schools.

At the secondary school level, the level of government expenditure on government schools is higher than on private schools, while the level of private expenditure on private schools is higher than on government schools. Overall, 94 per cent of expenditure on government secondary schools is from government sources, compared with 51 per cent of expenditure on private secondary schools.

For students studying for VET Certificates, Diplomas and Advanced Diplomas in public institutions<sup>1</sup>, government expenditure per student is higher than private expenditure. For Bachelor and above, private expenditure per student is higher than public expenditure, irrespective of whether the student is in a public or private institution (Figure 2.9).

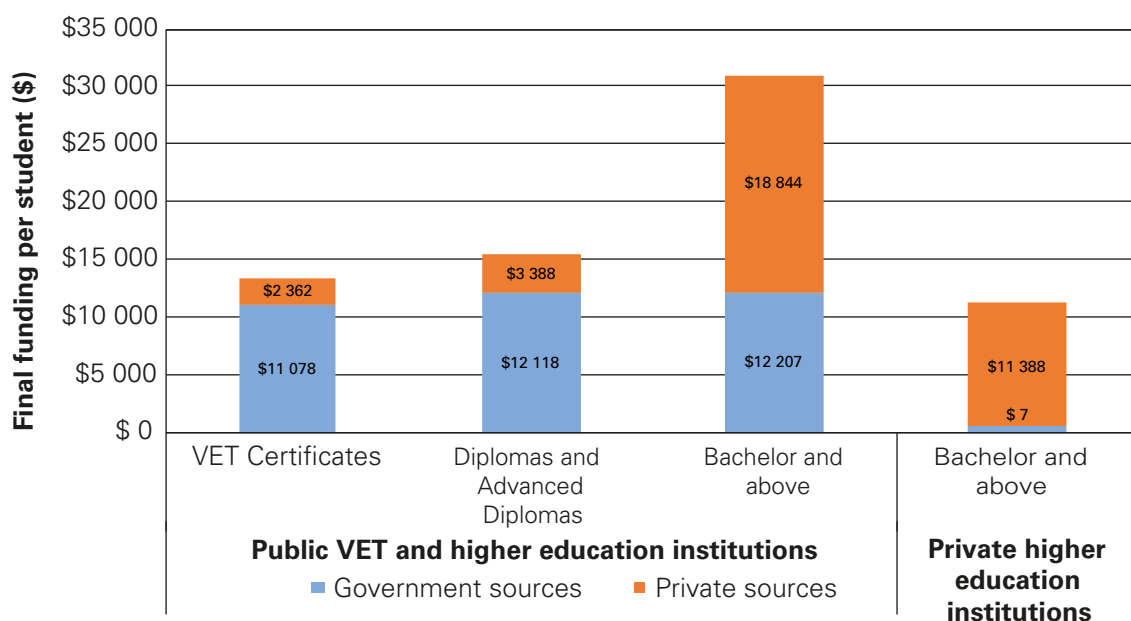


Figure 2.9: Annual expenditure on VET Certificates, Diplomas, Advanced Diplomas, Bachelor and above per student by sector and source of funds after transfers (final funds), 2015 (\$)

Source: Table 6.9

## 2.3 Trends in education expenditure

Education expenditure has grown substantially since the beginning of the century, with funding in 2015 being 79 per cent more than the level in 2000, after adjusting for inflation. Figure 2.10 shows the change in total annual expenditure on education between 2000 and 2015 by level of education.

Figure 2.11 displays the trend in expenditure per student between 2000 and 2015 for each level of the Australian education system from primary school to higher education (Bachelor and above). This figure shows a number of interesting trends:

- Primary school: Total expenditure per student increased between 2000 and 2010. Since 2010, which was the peak year of expenditure under the Australian Government's *Building the Education Revolution* capital works program, there has been a fall and a subsequent recovery. These trends have been driven by changes in government expenditure. Private expenditure has been increasing steadily (see Table 6.15 in Appendix A).
- Secondary school: Total expenditure per student has increased between 2000 and 2015. Between 2000 and 2010 both government and private expenditure were increasing. Since 2010, private expenditure has continued to increase, while government expenditure has stabilised (see Table 6.15 in Appendix A).
- VET Certificates: Between 2000 and 2015 total expenditure per student has been volatile, although total expenditure is similar at the start and the end of this time period. These trends have largely

<sup>1</sup> Note that the private VET institutions are not displayed in this graph due to uncertainty relating to the expenditure data within this category of providers. Detail can be found in the Appendix tables.

been driven by volatility in government expenditure, with private expenditure being relatively stable in comparison (see Table 6.15 in Appendix A).<sup>2</sup>

- Bachelor and above: Total expenditure per student was stable between 2000 and 2012, before increasing between 2012 and 2015, largely driven by increases in private expenditure per student. Government expenditure per student was relatively stable (see Table 6.15 in Appendix A).

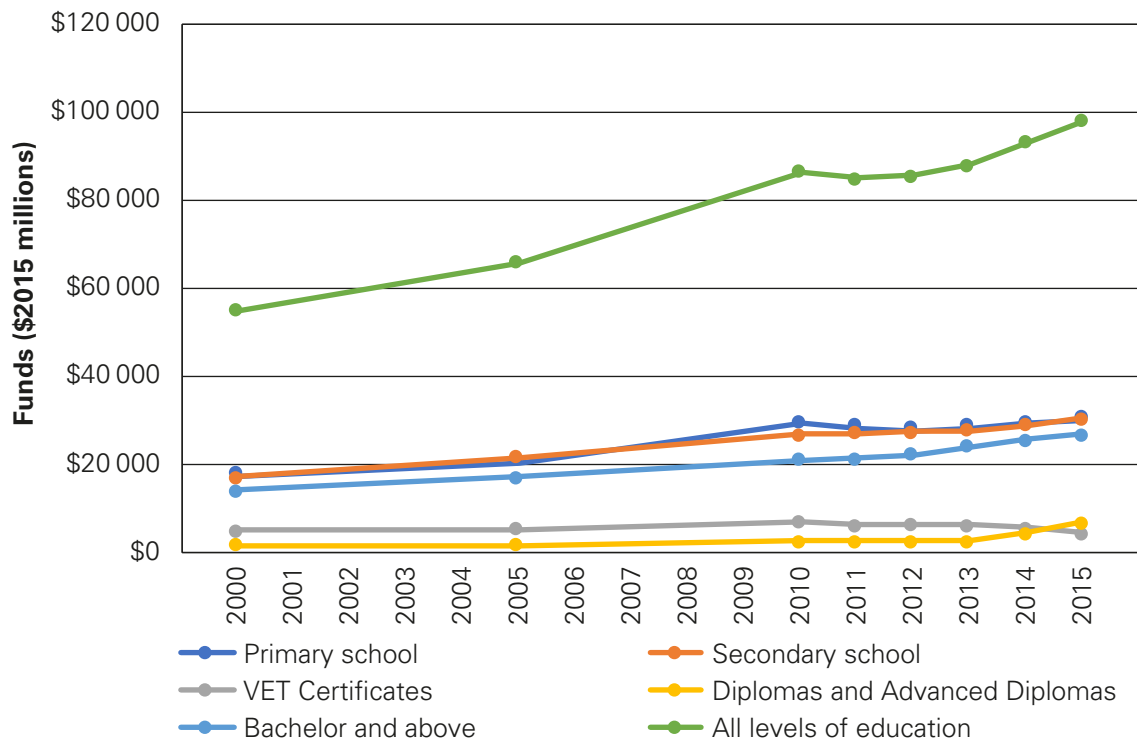


Figure 2.10: Annual expenditure on education (primary school and above) within institutions by level of education, 2000 to 2015 (\$2015 millions, constant prices)

Source: Table 6.12

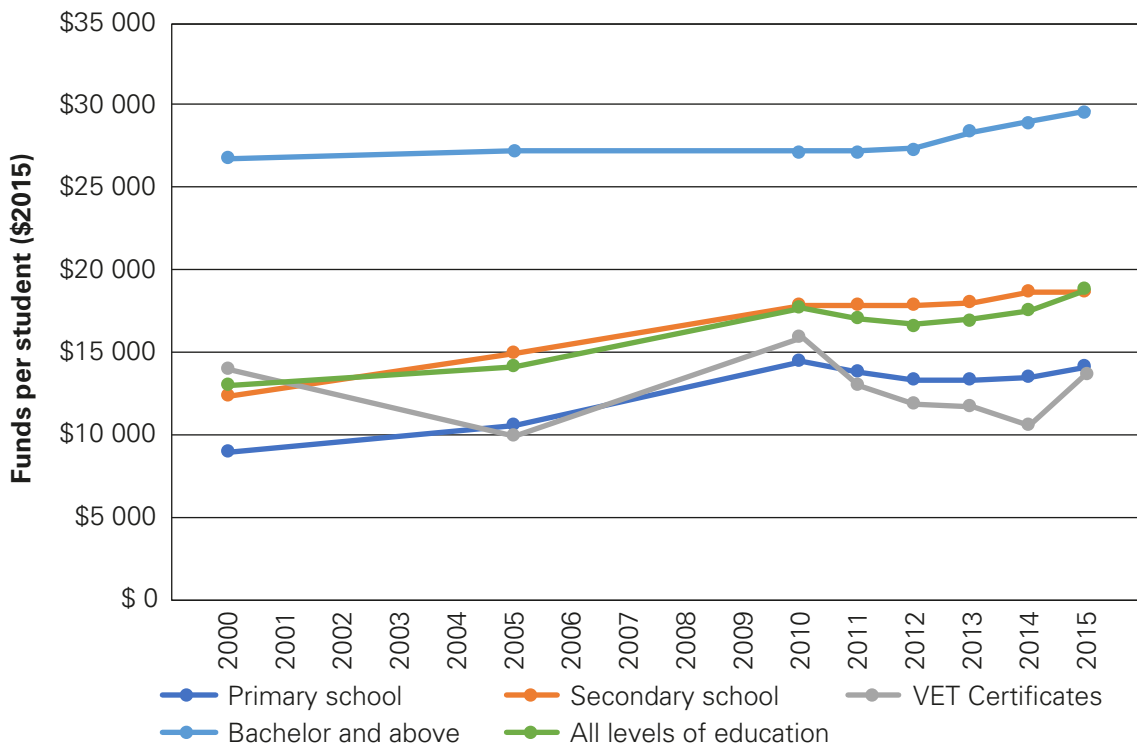


Figure 2.11: Annual expenditure on education (primary school and above) within institutions per student by level of education, 2000 to 2015 (\$2015, constant prices)

Source: Table 6.15

<sup>2</sup> Figures for Diplomas and Advanced Diplomas have been omitted from this analysis due to issues with reliability of data.

In real terms, total expenditure on education has grown substantially since the beginning of the century. Since 2010, this growth has largely been driven by increases in private expenditure, with government expenditure having stabilized in real terms during this time period (Figure 2.12). The share of government expenditure (after transfers) in total expenditure has fallen from 74 per cent in 2010 to 66 per cent in 2015 (see Table 6.13 in Appendix A).

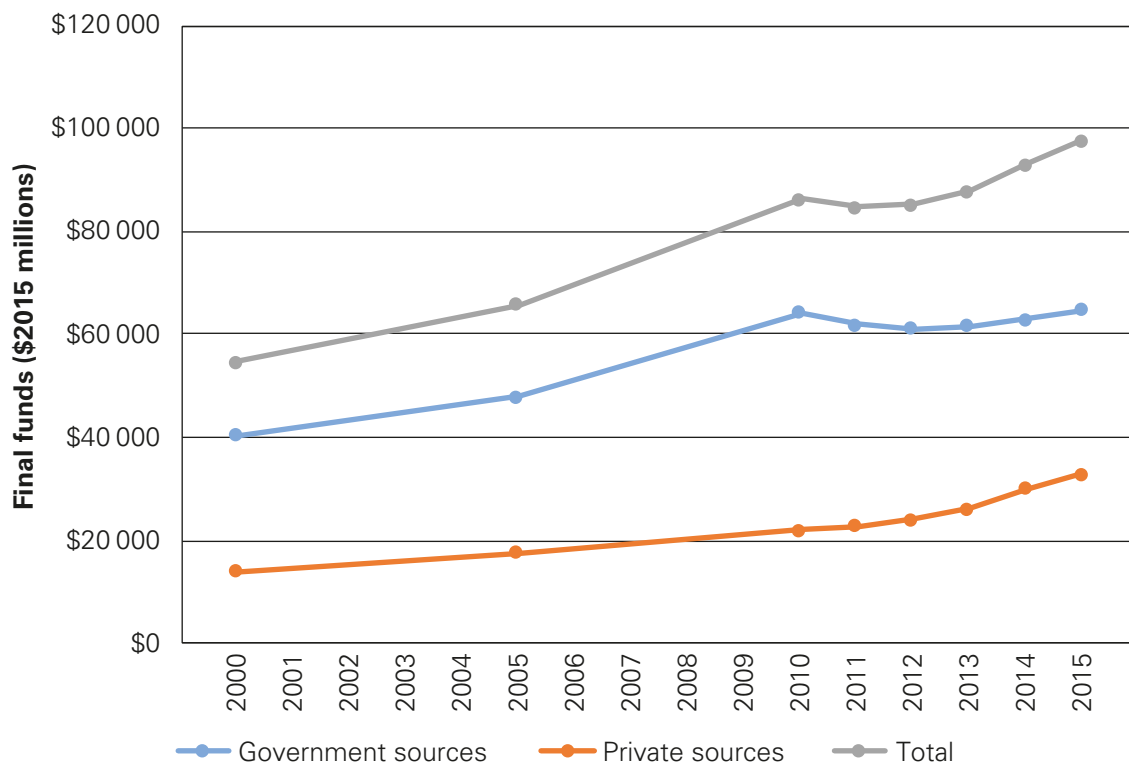


Figure 2.12 Annual expenditure on education (primary school and above) within institutions by source of funds after transfers (final funds), 2000 to 2015 (\$2015 millions, constant prices)

Source: Table 6.12

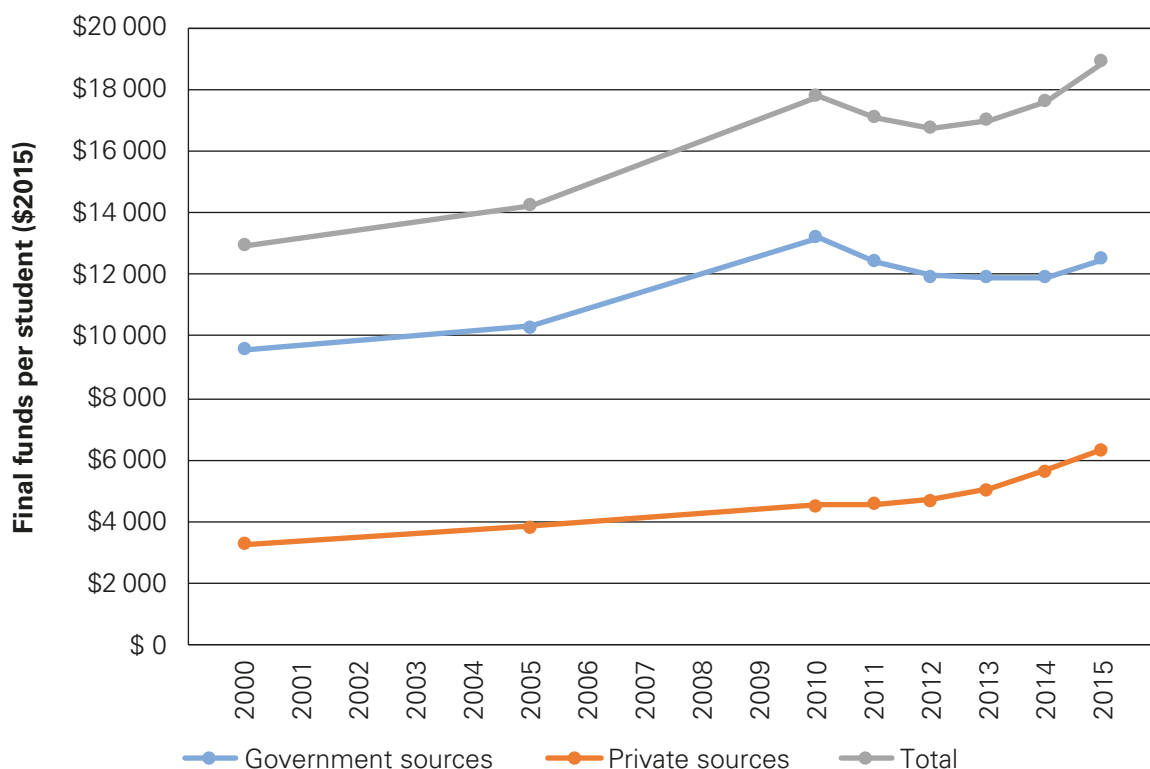


Figure 2.13 Annual expenditure on education (primary school and above) within institutions per student by source of funds after transfers (final funds), 2000 to 2015 (\$2015, constant prices)

Source: Table 6.15

Although education expenditure has grown (in real terms) since 2010, education expenditure per student has largely plateaued. Between 2010 and 2014, government expenditure per student decreased, with this decrease only being reversed in 2015. Decreases in government expenditure per student, however, have been offset by increases in private expenditure per student (Figure 2.13).

While expenditure on education increased by 79 per cent between 2000 and 2015 (in real terms), the number of students in the Australian education system only increased by 22 per cent over this time period. As a result, expenditure on education per student increased by 46 per cent over this time period (Figure 2.14).

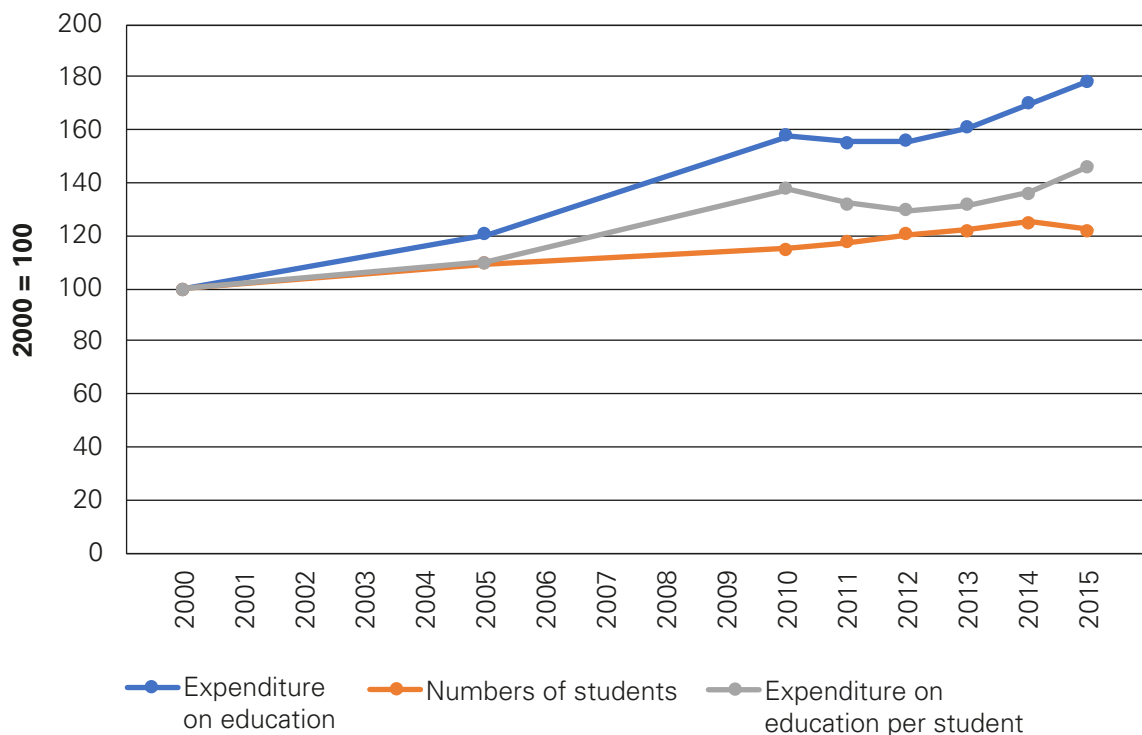


Figure 2.14 Annual expenditure on education (\$2015, constant prices) within institutions, and numbers of students (primary school and above), 2000 to 2015 (values rescaled so that 2000 = 100)

Source: Authors' calculations from Tables 6.12, 6.15 and 7.2



### 3. What proportion of national income is spent on education?

In 2015, overall expenditure on education across all levels (early childhood education and above) was 6.8 per cent of Gross Domestic Product (GDP) (Table 6.16 in Appendix A). Expenditure on primary schools and above was 5.9 per cent of GDP. This is a rise of 0.8 percentage points since the beginning of the century (Figure 3.1).

Expenditure on education as a percentage of GDP rose between 2000 and 2010 and has been (more or less) stable since 2010. Since 2010, declines in government expenditure on education have been matched by rises in private expenditure (Figure 3.1).

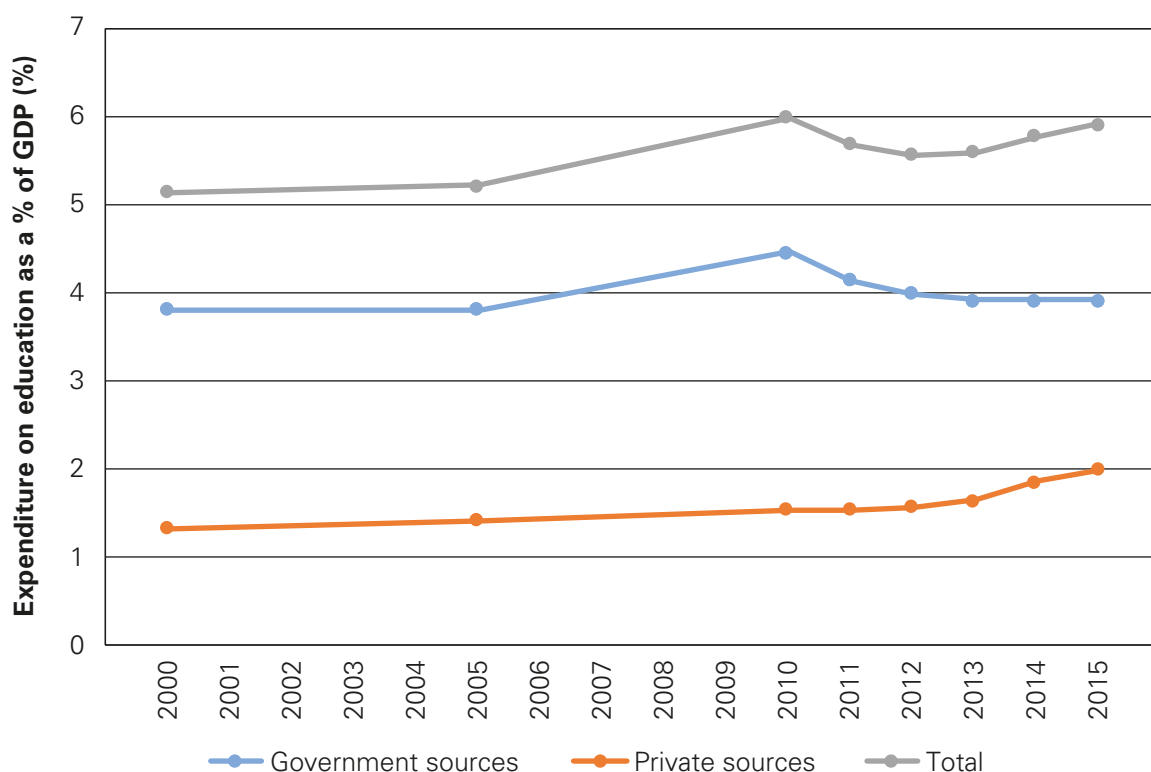


Figure 3.1 Annual expenditure on education (primary school and above) after transfers (final funds) within institutions as a percentage of GDP by source of funds, 2000 to 2015 (%)

Source: Table 6.21

As mentioned earlier, expenditure on education increased by 79 per cent between 2000 and 2015 (in real terms). Over this time period, GDP rose by 56 per cent (in real terms). As a result, expenditure on education as a percentage of GDP increased by 15 per cent between 2000 and 2015 (Figure 3.2).

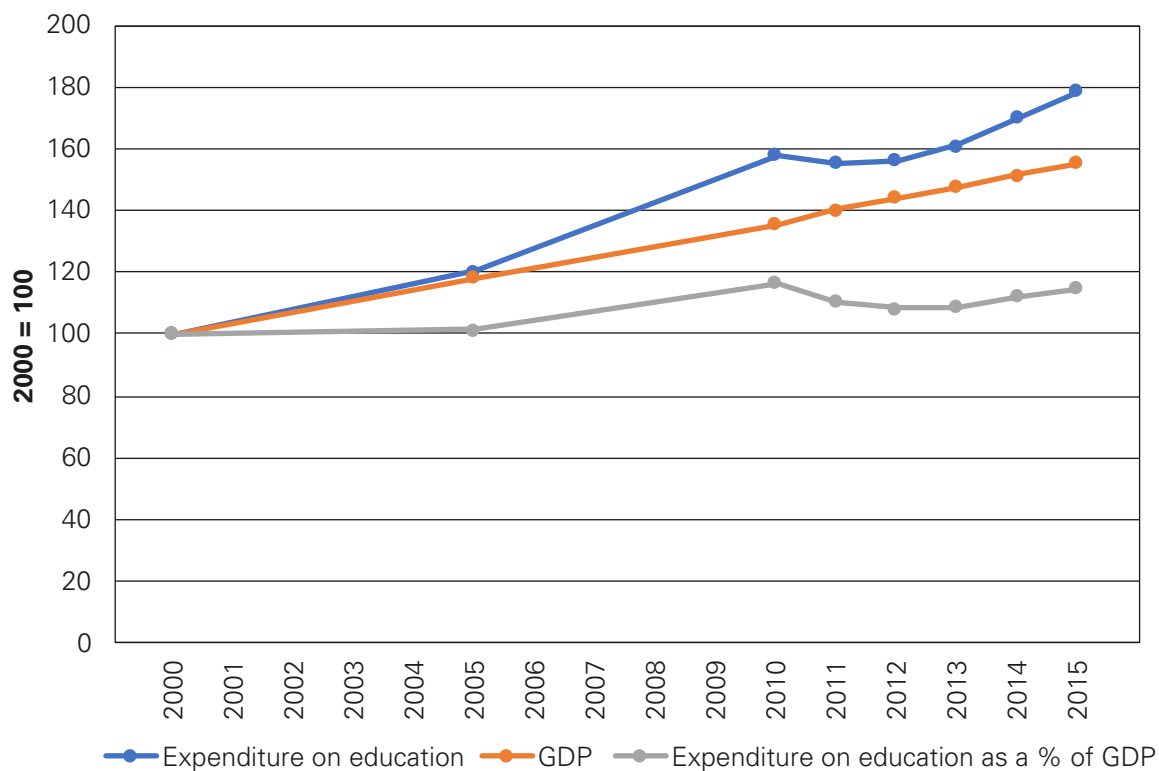


Figure 3.2 Annual expenditure on education (primary school and above) within institutions and GDP (\$2015, constant prices), 2000 to 2015 (values rescaled so that 2000 = 100)

Source: Authors' calculations from Tables 6.12, 6.21 and 7.3

## 4. What proportion of government spending is devoted to education?

In 2015, government expenditure on education before transfers constituted 14.6 per cent of total government expenditure. Government expenditure on education after transfers constituted 12.0 per cent of total government expenditure (Table 6.22 in Appendix A).

Government expenditure before transfers on primary schools and above as a percentage of total government expenditure rose between 2000 and 2010, before falling between 2010 and 2012. It has been relatively stable since then. These changes have largely been driven by rises and falls in government expenditure before transfers on primary schools, secondary schools and VET Certificates as a percentage of total government expenditure. Between 2000 and 2015, there has been remarkable stability in government expenditure before transfers on Bachelors and above as a percentage of total government expenditure, while government expenditure on Diplomas and Advanced Diplomas has risen, especially since 2013 (Figure 4.1). Similar patterns are found in relation to government expenditure after transfers on primary schools and above as a percentage to total government expenditure (Figure 4.2).

As context to these figures, compared to other OECD countries Australia has relatively low total government expenditure for all services, but within that expenditure education is a high priority with a relatively large proportion of government expenditure spent on education (OECD, 2018a).<sup>3</sup>

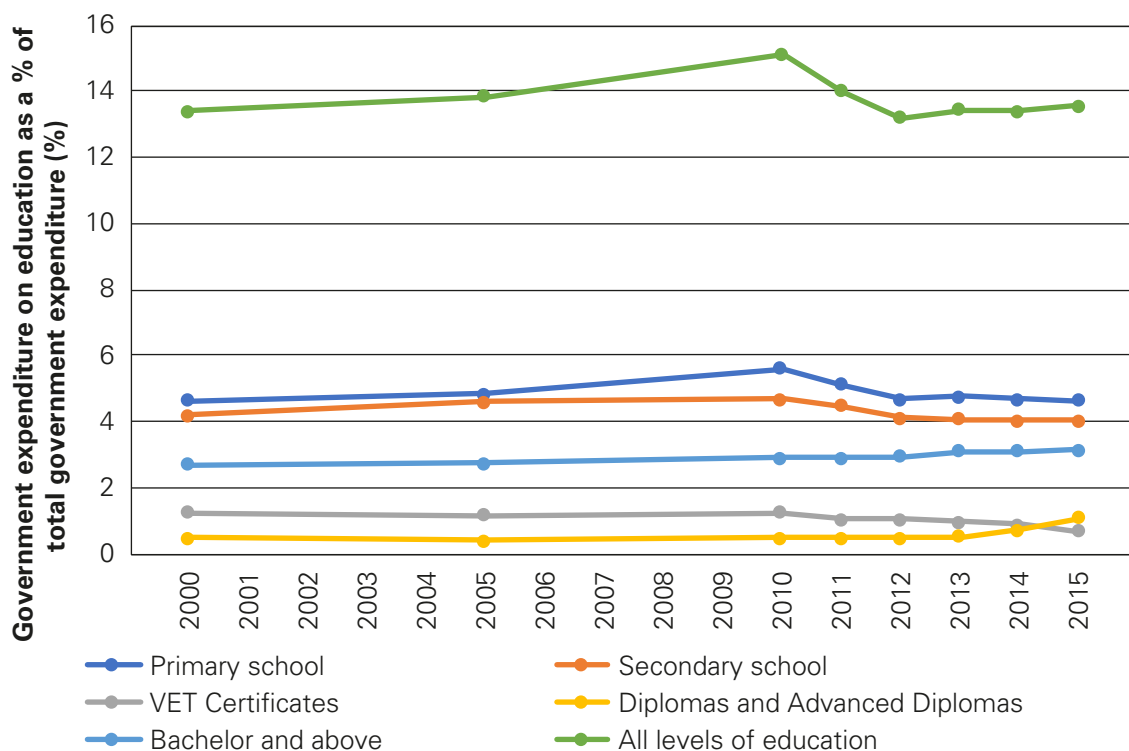


Figure 4.1 Annual government expenditure on education (primary school and above) before transfers (initial funds) within institutions as a percentage of total annual government expenditure by level of education, 2000 to 2015 (%)

Source: Table 6.27

Between 2000 and 2015, government expenditure on education before transfers rose by 67 per cent (in real terms). At the same time, total government expenditure rose by 65 per cent (in real terms). As a result, government expenditure on education before transfers as a percentage of total government expenditure was 1 per cent higher in 2015 than it was in 2000 (having risen and fallen in the interim) (Figure 4.3). In contrast, government expenditure on education after transfers only rose by 60 per cent and, as a result, government expenditure on education after transfers as a percentage of total government expenditure was 3 per cent lower in 2015 than it was in 2000 (Figure 4.4).

<sup>3</sup> In particular, see OECD 2018a, Figure C4.2 on page 282 and Table X2.1 on page 432.

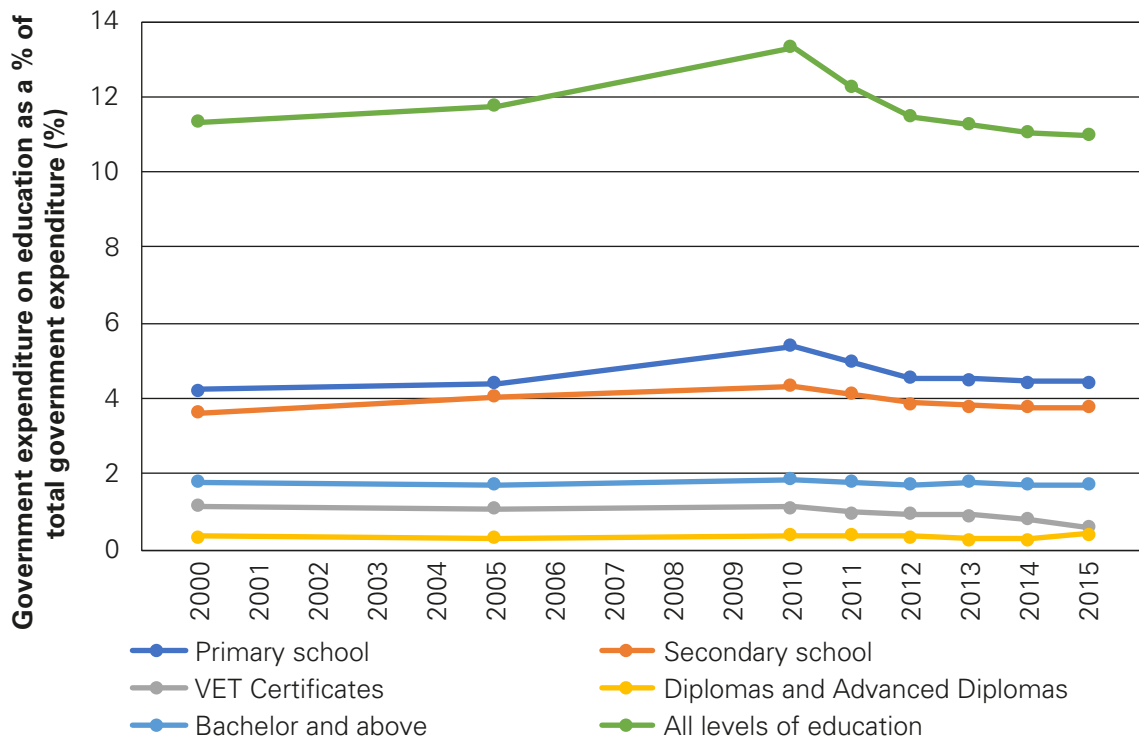


Figure 4.2 Annual government expenditure on education (primary school and above) after transfers (final funds) within institutions as a percentage of total annual government expenditure by level of education, 2000 to 2015 (%)

Source: Table 6.27

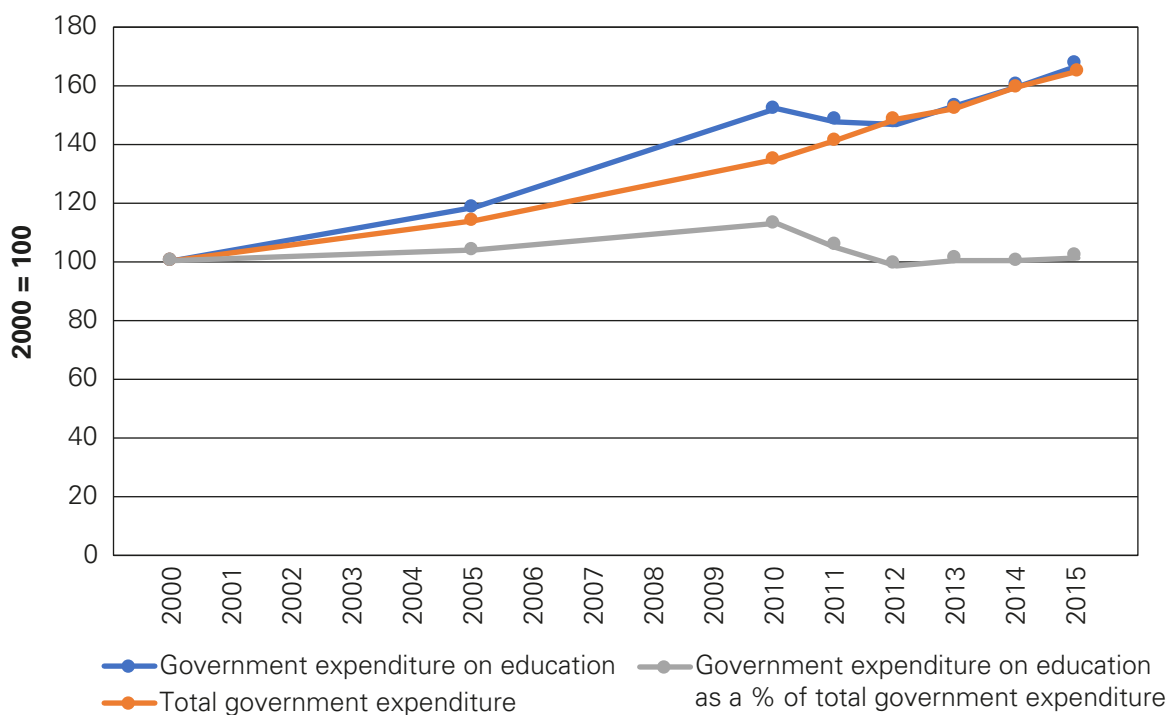


Figure 4.3 Annual government expenditure on education (primary school and above) before transfers (initial funds) within institutions and total annual government expenditure (\$2015, constant prices), 2000 to 2015 (values rescaled so that 2000 = 100)

Source: Authors' calculations from Tables 6.12, 6.27 and 7.3

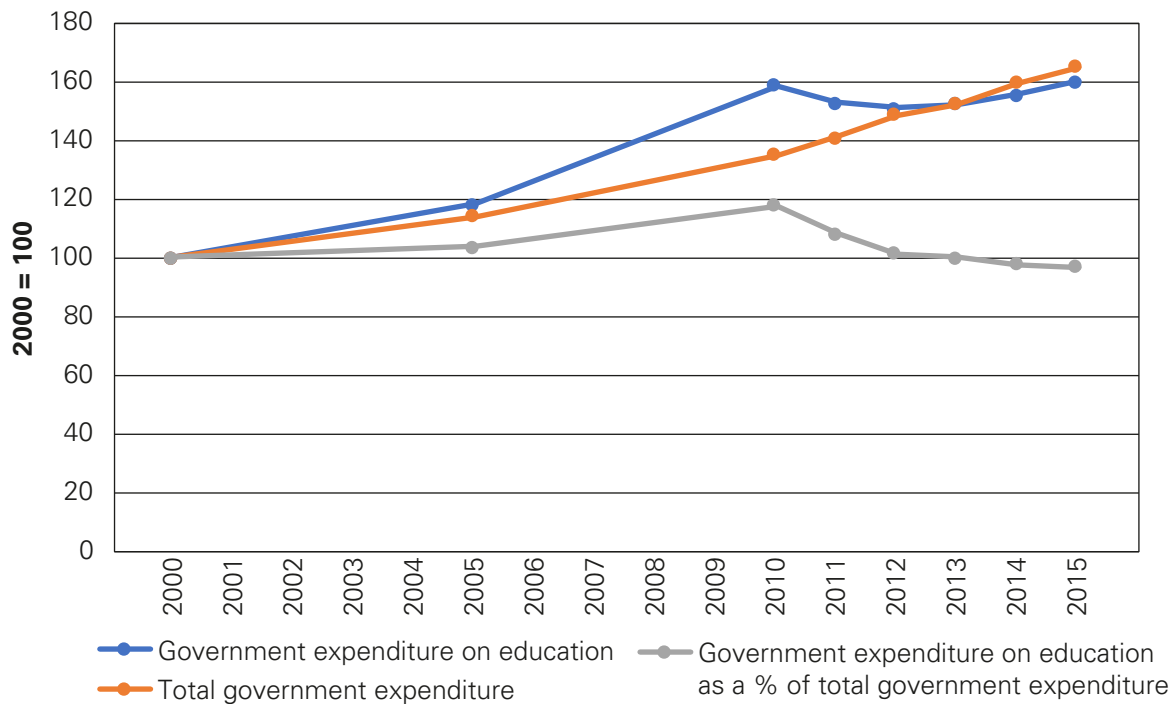


Figure 4.4 Annual government expenditure on education (primary school and above) after transfers (final funds) within institutions and total annual government expenditure (\$2015, constant prices), 2000 to 2015 (values rescaled so that 2000 = 100)

Source: Authors' calculations from Tables 6.12, 6.27 and 7.3

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# 6. Appendix A – Detailed tables on education expenditure

## 6.1 Education expenditure in total and per student

### 6.1.1 Detail - Education expenditure in total

Table 6.1 Annual expenditure on education by source of funds before and after transfers, 2015 (\$millions)

	Initial funds			Transfers			Final funds						
	Government sources		Private sources	Intergovernmental (from Australian to state, territory and local governments)	Government to private sector		Government sources		Private sources				
	Australian government	State, territory and local governments			Total	Australian government	State, territory and local governments	Total					
Early childhood education	3 268	0	3 268	2 020	0	0	0	0	3 268	0	3 268	2 020	5 288
Preschool	1 896	917	2 813	1 294	382	0	0	0	1 514	1 299	2 813	1 294	4 107
Primary school	9 298	18 128	27 426	2 987	8 781	415	708	1 123	102	26 201	26 303	4 110	30 413
Secondary school	7 661	16 138	23 799	7 100	6 585	783	569	1 352	292	22 154	22 446	8 453	30 898
VET Certificates	1 776	2 308	4 083	663	1 189	583	51	635	3	3 446	3 448	1 297	4 746
Diplomas and Advanced Diplomas	5 004	1 401	6 405	513	716	3 958	33	3 991	331	2 084	2 414	4 503	6 918
Bachelor and above	18 249	244	18 493	10 901	6	8 280	8	8 288	9 963	242	10 205	19 188	29 394
All levels of education	47 151	39 136	86 287	25 477	17 658	14 019	1 370	15 389	15 473	55 425	70 898	40 865	111 763

Source: UOE (2018)

*Table 6.2 Annual transfers from the Australian government to the private sector, 2015 (\$millions)*

	Student loans	Other	Total
Early childhood education	0	0	0
Preschool	0	0	0
Primary school	0	415	415
Secondary school	6	777	783
VET Certificates	131	453	583
Diplomas and Advanced Diplomas	3 687	271	3 958
Bachelor and above	5 603	2 677	8 280
All levels of education	9 427	4 592	14 019

Source: UOE (2018)

**Table 6.3 Annual expenditure on education by source of funds within institutions and outside institutions, 2015 (\$millions)**

	Within institutions			Outside institutions			
	Government sources		Private sources	Government sources		Private sources	
	Australian government	State, territory and local governments		Australian government	State, territory and local governments		
			Total	Total	Total	Total	
Early childhood education	3 268	0	3 268	2 020	5 288	na	na
Preschool	1 514	1 299	2 813	1 294	4 107	na	na
Primary school	102	26 201	26 303	3 695	29 998	415	415
Secondary school	292	22 154	22 446	7 710	30 156	742	742
VET Certificates	3	3 446	3 448	717	4 166	580	580
Diplomas and Advanced Diplomas	331	2 084	2 414	4 233	6 647	270	270
Bachelor and above	9 963	242	10 205	16 515	26 720	2 674	2 674
All levels of education	15 473	55 425	70 898	36 184	107 082	4 681	4 681

Note: The statistics in this table refer to final funds.

Note: na = Data are not available.

Source: UOE (2018)

**Table 6.4 Annual expenditure on education by sector and source of funds, 2015 (\$millions)**

	Public institutions			Private institutions			
	Government sources		Private sources	Government sources		Private sources	
	Australian government	State, territory and local governments		Australian government	State, territory and local governments		
			Total	Total	Total	Total	
Early childhood education	na	na	na	na	na	na	na
Preschool	na	na	na	na	na	na	na
Primary school	59	18 665	18 724	571	19 295	43	7 536
Secondary school	260	15 213	15 473	911	16 384	33	6 941
VET Certificates	3	3 350	3 353	715	4 068	0	95
Diplomas and Advanced Diplomas	331	2 026	2 357	659	3 016	0	57
Bachelor and above	9 963	242	10 205	15 753	25 958	0	0
All levels of education	10 615	39 497	50 112	18 609	68 721	76	14 630

Note: The statistics in this table refer to final funds within institutions.

Note: na = Data are not available.

Note: Private institutions, private sources, VET Certificates: This statistic refers to expenditure on post-secondary non-tertiary education (vocational) only. Data on expenditure on lower secondary education (vocational) and upper secondary education (vocational) are not available.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: UOE (2018)



**Table 6.5 Annual expenditure on education for core educational services, ancillary services, and R & D by source of funds, 2015 (\$millions)**

	Government sources				Private sources				Total			
	Core educational services	Ancillary services	R & D	Total	Core educational services	Ancillary services	R & D	Total	Core educational services	Ancillary services	R & D	Total
Early childhood education	3 268	0	0	3 268	na	na	0	2 020	na	na	0	5 288
Preschool	2 813	0	0	2 813	na	na	0	1 294	na	na	0	4 107
Primary school	26 052	251	0	26 303	3 692	3	0	3 695	29 744	254	0	29 998
Secondary school	22 257	189	0	22 446	7 283	427	0	7 710	29 540	616	0	30 156
VET Certificates	3 448	0	0	3 448	242	476	0	717	3 690	476	0	4 166
Diplomas and Advanced Diplomas	2 414	0	0	2 414	3 930	302	0	4 233	6 345	302	0	6 647
Bachelor and above	919	0	9 286	10 205	14 665	990	859	16 515	15 585	990	10 145	26 720
All levels of education	61 173	440	9 286	70 898	33 125	2 199	859	36 184	94 298	2 639	10 145	107 082

Note: The statistics in this table refer to final funds within institutions.

Note: na = Data are not available.

Note: Private sources, R & D, Bachelor and above: includes international sources.

Source: UOE (2018)

## 6.1.2 Detail - Education expenditure per student

Table 6.6 Annual expenditure on education per student by source of funds before and after transfers, 2015 (\$)

	Initial funds				Transfers				Final funds				
	Government sources		Private sources	Total	Intergovernmental (from Australian to state, territory and local governments)	Government to private sector		Government sources		Private sources	Total		
	Australian government	State, territory and local governments				Australian government	State, territory and local governments	Australian government	State, territory and local governments				
Early childhood education	6 475	0	6 475	4 002	0	0	0	0	6 475	0	6 475	4 002	10 477
Preschool	4 819	2 331	7 150	3 288	971	0	0	0	3 848	3 302	7 150	3 288	10 438
Primary school	4 352	8 485	12 836	1 398	4 110	194	331	525	48	12 263	12 311	1 924	14 234
Secondary school	4 724	9 951	14 675	4 378	4 060	483	351	834	180	13 660	13 841	5 212	19 052
VET Certificates	5 851	7 605	13 456	2 184	3 920	1 922	170	2 092	10	11 355	11 364	4 276	15 640
Diplomas and Advanced Diplomas	23 573	6 600	30 173	2 415	3 371	18 645	155	18 800	1 557	9 816	11 373	21 214	32 588
Bachelor and above	20 213	271	20 483	12 073	6	9 171	9	9 180	11 035	268	11 303	21 253	32 557
All levels of education	7 761	6 442	14 203	4 194	2 907	2 308	225	2 533	2 547	9 123	11 670	6 727	18 397

Note: The statistics in this table are based on full-time equivalents. All enrolments in early childhood education and preschool are counted as full-time.

Source: Authors' calculations from Table 6.1 and Table 7.1

*Table 6.7 Annual transfers from the Australian government to the private sector per student, 2015 (\$)*

	Student loans	Other	Total
Early childhood education	0	0	0
Preschool	0	0	0
Primary school	0	194	194
Secondary school	4	479	483
VET Certificates	431	1 491	1 922
Diplomas and Advanced Diplomas	17 370	1 275	18 645
Bachelor and above	6 206	2 965	9 171
All levels of education	1 552	756	2 308

Note: The statistics in this table are based on full-time equivalents.

Source: Authors' calculations from Table 6.2 and Table 7.1

**Table 6.8 Annual expenditure on education per student by source of funds within institutions and outside institutions, 2015 (\$)**

	Within institutions				Outside institutions			
	Government sources			Private sources	Government sources			Private sources
	Australian government	State, territory and local governments	Total		Australian government	State, territory and local governments	Total	
Early childhood education	6 475	0	6 475	4 002	0	0	0	na
Preschool	3 848	3 302	7 150	3 288	0	0	0	na
Primary school	48	12 263	12 311	1 730	0	0	0	194
Secondary school	180	13 660	13 841	4 754	0	0	0	457
VET Certificates	10	11 355	11 364	2 364	0	0	0	1 912
Diplomas and Advanced Diplomas	1 557	9 816	11 373	19 940	0	0	0	1 274
Bachelor and above	11 035	268	11 303	18 292	0	0	0	2 961
All levels of education	2 547	9 123	11 670	5 956	0	0	0	770

Note: The statistics in this table are based on full-time equivalents and final funds. All enrolments in early childhood education and preschool are counted as full-time.

Note: na = Data are not available.

Source: Authors' calculations from Table 6.3 and Table 7.1

**Table 6.9 Annual expenditure on education per student by sector and source of funds, 2015 (\$)**

	Public institutions				Private institutions			
	Government sources			Private sources	Government sources			Private sources
	Australian government	State, territory and local governments	Total		Australian government	State, territory and local governments	Total	
Early childhood education	na	na	na	na	na	na	na	na
Preschool	na	na	na	na	na	na	na	na
Primary school	40	12 565	12 604	385	67	11 574	11 641	4 798
Secondary school	269	15 740	16 009	942	50	10 592	10 642	10 376
VET Certificates	10	11 068	11 078	2 362	26	125 171	125 197	3 305
Diplomas and Advanced Diplomas	1 699	10 419	12 118	3 388	1	3 226	3 226	200 961
Bachelor and above	11 918	289	12 207	18 844	0	7	7	11 388
All levels of education	2 804	10 435	13 239	4 916	55	10 512	10 566	10 247

Note: The statistics in this table are based on full-time equivalents and final funds within institutions.

Note: na = Data are not available.

Note: Private institutions, private sources, VET Certificates: This statistic refers to expenditure on post-secondary non-tertiary education (vocational) only. Data on expenditure on lower secondary education (vocational) and upper secondary education (vocational) are not available.

Note: Private institutions, VET Certificates, Diplomas and Advanced Diplomas: These statistics are unreliable as a result of difficulties involved in matching the coverage of enrolments with the coverage of expenditure.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: Authors' calculations from Table 6.4 and Table 7.1

**Table 6.10 Annual expenditure on education per student for core educational services, ancillary services, and R & D by source of funds, 2015 (\$)**

	Government sources				Private sources				Total			
	Core educational services	Ancillary services	R & D	Total	Core educational services	Ancillary services	R & D	Total	Core educational services	Ancillary services	R & D	Total
Early childhood education	6 475	0	0	6 475	na	na	0	4 002	na	na	0	10 477
Preschool	7 150	0	0	7 150	na	na	0	3 288	na	na	0	10 438
Primary school	12 193	118	0	12 311	1 728	1	0	1 730	13 921	119	0	14 040
Secondary school	13 724	116	0	13 841	4 490	264	0	4 754	18 215	380	0	18 595
VET Certificates	11 364	0	0	11 364	796	1 568	0	2 364	12 160	1 568	0	13 728
Diplomas and Advanced Diplomas	11 373	0	0	11 373	18 515	1 425	0	19 940	29 889	1 425	0	31 313
Bachelor and above	1 018	0	10 285	11 303	16 243	1 097	952	18 292	17 262	1 097	11 237	29 595
All levels of education	10 069	72	1 529	11 670	5 453	362	141	5 956	15 522	434	1 670	17 626

Note: The statistics in this table are based on full-time equivalents and final funds within institutions. All enrolments in early childhood education and preschool are counted as full-time.

Note: na = Data are not available.

Note: Private sources, R & D, Bachelor and above: includes international sources.

Source: Authors' calculations from Table 6.5 and Table 7.1

### 6.1.3 Detail - Trends in education expenditure

Table 6.11 Trends in annual expenditure on education by source of funds before and after transfers, 2000 to 2015 (\$millions, current prices)

	2000	2005	2010	2011	2012	2013	2014	2015
<b>Primary school</b>								
Government, before transfers	11 018	15 682	26 581	25 859	24 925	26 368	26 936	27 426
Government, after transfers	10 065	14 344	25 651	25 074	24 258	24 951	25 491	26 303
Private, after transfers within institutions	1 304	1 761	2 724	2 962	3 250	3 454	3 617	3 695
Total, within institutions	11 368	16 105	28 374	28 036	27 508	28 405	29 108	29 998
<b>Secondary school</b>								
Government, before transfers	10 003	14 954	22 145	22 518	21 829	22 600	23 033	23 799
Government, after transfers	8 685	13 189	20 571	20 867	20 641	21 078	21 602	22 446
Private, after transfers within institutions	2 457	3 774	5 500	6 014	6 425	6 758	7 255	7 710
Total, within institutions	11 142	16 963	26 070	26 881	27 066	27 836	28 857	30 156
<b>VET Certificates</b>								
Government, before transfers	2 983	3 809	5 804	5 276	5 459	5 410	5 037	4 083
Government, after transfers	2 761	3 494	5 349	4 985	5 138	5 040	4 570	3 448
Private, after transfers within institutions	432	596	1 097	1 016	1 009	1 075	986	717
Total, within institutions	3 193	4 090	6 446	6 001	6 147	6 116	5 556	4 166
<b>Diplomas and Advanced Diplomas</b>								
Government, before transfers	1 107	1 269	2 324	2 505	2 566	2 794	4 047	6 405
Government, after transfers	867	1 024	1 877	1 939	1 832	1 610	1 593	2 414
Private, after transfers within institutions	195	250	589	582	565	699	2 640	4 233
Total, within institutions	1 062	1 274	2 466	2 521	2 397	2 310	4 234	6 647
<b>Bachelor and above</b>								
Government, before transfers	6 447	8 859	13 792	14 631	15 490	17 067	17 863	18 493
Government, after transfers	4 229	5 608	8 720	8 910	9 088	9 657	9 962	10 205
Private, after transfers within institutions	4 928	7 721	11 617	12 346	12 814	14 551	15 617	16 515
Total, within institutions	9 158	13 329	20 337	21 256	21 902	24 209	25 579	26 720
<b>Not allocated by level</b>								
Government, before transfers	364	328	765	0	0	0	0	0
Government, after transfers	335	326	673	0	0	0	0	0
Private, after transfers within institutions	6	13	47	0	0	0	0	0
Total, within institutions	341	340	720	0	0	0	0	0
<b>All levels of education</b>								
Government, before transfers	31 920	44 899	71 411	70 789	70 270	74 239	76 917	80 206
Government, after transfers	26 942	37 984	62 839	61 774	60 957	62 338	63 217	64 817
Private, after transfers within institutions	9 322	14 116	21 573	22 920	24 062	26 538	30 116	32 870
Total, within institutions	36 264	52 100	84 412	84 694	85 020	88 875	93 333	97 688

Note: All government expenditure on education after transfers is within institutions.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: UOE (2018)

*Table 6.12 Trends in annual expenditure on education by source of funds before and after transfers, 2000 to 2015 (\$2015 millions, constant prices)*

	2000	2005	2010	2011	2012	2013	2014	2015
<b>Primary school</b>								
Government, before transfers	16 599	19 793	27 166	25 896	25 003	26 075	26 824	27 426
Government, after transfers	15 164	18 105	26 215	25 110	24 334	24 674	25 385	26 303
Private, after transfers within institutions	1 964	2 222	2 783	2 967	3 260	3 415	3 603	3 695
Total, within institutions	17 127	20 327	28 999	28 076	27 593	28 089	28 988	29 998
<b>Secondary school</b>								
Government, before transfers	15 070	18 874	22 632	22 550	21 897	22 349	22 938	23 799
Government, after transfers	13 085	16 646	21 023	20 896	20 705	20 844	21 512	22 446
Private, after transfers within institutions	3 702	4 764	5 621	6 023	6 445	6 683	7 225	7 710
Total, within institutions	16 787	21 410	26 644	26 919	27 150	27 527	28 737	30 156
<b>VET Certificates</b>								
Government, before transfers	4 493	4 807	5 932	5 283	5 476	5 350	5 016	4 083
Government, after transfers	4 159	4 410	5 467	4 992	5 154	4 984	4 551	3 448
Private, after transfers within institutions	651	753	1 121	1 017	1 012	1 063	982	717
Total, within institutions	4 810	5 162	6 587	6 009	6 166	6 048	5 533	4 166
<b>Diplomas and Advanced Diplomas</b>								
Government, before transfers	1 667	1 601	2 375	2 508	2 574	2 762	4 030	6 405
Government, after transfers	1 307	1 292	1 918	1 941	1 838	1 592	1 587	2 414
Private, after transfers within institutions	293	316	602	583	567	692	2 629	4 233
Total, within institutions	1 600	1 608	2 520	2 524	2 404	2 284	4 216	6 647
<b>Bachelor and above</b>								
Government, before transfers	9 713	11 182	14 095	14 652	15 538	16 877	17 790	18 493
Government, after transfers	6 371	7 078	8 912	8 923	9 116	9 550	9 921	10 205
Private, after transfers within institutions	7 425	9 745	11 872	12 364	12 854	14 389	15 552	16 515
Total, within institutions	13 797	16 823	20 784	21 287	21 970	23 939	25 473	26 720
<b>Not allocated by level</b>								
Government, before transfers	548	413	781	0	0	0	0	0
Government, after transfers	504	412	688	0	0	0	0	0
Private, after transfers within institutions	9	17	48	0	0	0	0	0
Total, within institutions	514	429	735	0	0	0	0	0
<b>All levels of education</b>								
Government, before transfers	48 090	56 670	72 983	70 890	70 488	73 413	76 598	80 206
Government, after transfers	40 590	47 942	64 223	61 862	61 146	61 644	62 956	64 817
Private, after transfers within institutions	14 045	17 816	22 048	22 953	24 137	26 243	29 991	32 870
Total, within institutions	54 635	65 759	86 270	84 816	85 283	87 887	92 947	97 688

Note: All government expenditure on education after transfers is within institutions.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: Authors' calculations from Table 6.11 and Table 7.3



*Table 6.13 Trends in the percentages of annual expenditure on education from government and private sources of funds, 2000 to 2015 (%)*

	2000	2005	2010	2011	2012	2013	2014	2015
<b>Primary school</b>								
Government	88.53	89.07	90.40	89.43	88.19	87.84	87.57	87.68
Private	11.47	10.93	9.60	10.57	11.81	12.16	12.43	12.32
<b>Secondary school</b>								
Government	77.95	77.75	78.90	77.63	76.26	75.72	74.86	74.43
Private	22.05	22.25	21.10	22.37	23.74	24.28	25.14	25.57
<b>VET Certificates</b>								
Government	86.46	85.42	82.98	83.07	83.59	82.42	82.25	82.78
Private	13.54	14.58	17.02	16.93	16.41	17.58	17.75	17.22
<b>Diplomas and Advanced Diplomas</b>								
Government	81.68	80.34	76.10	76.92	76.43	69.72	37.64	36.32
Private	18.32	19.66	23.90	23.08	23.57	30.28	62.36	63.68
<b>Bachelor and above</b>								
Government	46.18	42.07	42.88	41.92	41.49	39.89	38.95	38.19
Private	53.82	57.93	57.12	58.08	58.51	60.11	61.05	61.81
<b>Not allocated by level</b>								
Government	98.18	96.05	93.48	ne	ne	ne	ne	ne
Private	1.82	3.95	6.52	ne	ne	ne	ne	ne
<b>All levels of education</b>								
Government	74.29	72.91	74.44	72.94	71.70	70.14	67.73	66.35
Private	25.71	27.09	25.56	27.06	28.30	29.86	32.27	33.65

Note: The statistics in this table refer to final funds within institutions.

Note: ne = No expenditure.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: Authors' calculations from Table 6.11

**Table 6.14 Trends in annual expenditure on education per student by source of funds before and after transfers, 2000 to 2015 (\$, current prices)**

	2000	2005	2010	2011	2012	2013	2014	2015
<b>Primary school</b>								
Government, before transfers	5 784	8 116	13 210	12 682	11 989	12 415	12 444	12 836
Government, after transfers	5 284	7 424	12 748	12 297	11 668	11 748	11 776	12 311
Private, after transfers within institutions	684	911	1 353	1 453	1 563	1 626	1 671	1 730
Total, within institutions	5 968	8 335	14 101	13 750	13 232	13 374	13 447	14 040
<b>Secondary school</b>								
Government, before transfers	7 358	10 439	14 754	14 876	14 333	14 731	14 895	14 675
Government, after transfers	6 389	9 207	13 705	13 785	13 553	13 739	13 969	13 841
Private, after transfers within institutions	1 808	2 635	3 664	3 973	4 219	4 405	4 692	4 754
Total, within institutions	8 196	11 841	17 369	17 758	17 772	18 144	18 661	18 595
<b>VET Certificates</b>								
Government, before transfers	8 645	7 335	13 989	11 332	10 458	10 444	9 558	13 456
Government, after transfers	8 001	6 729	12 891	10 708	9 844	9 730	8 671	11 364
Private, after transfers within institutions	1 253	1 148	2 643	2 182	1 932	2 076	1 871	2 364
Total, within institutions	9 254	7 877	15 535	12 889	11 776	11 806	10 543	13 728
<b>Diplomas and Advanced Diplomas</b>								
Government, before transfers	10 242	10 156	14 099	14 053	14 149	17 460	23 203	30 173
Government, after transfers	8 029	8 194	11 384	10 876	10 103	10 065	9 136	11 373
Private, after transfers within institutions	1 801	2 005	3 576	3 264	3 115	4 371	15 137	19 940
Total, within institutions	9 830	10 199	14 960	14 141	13 218	14 436	24 273	31 313
<b>Bachelor and above</b>								
Government, before transfers	12 517	14 352	18 017	18 704	19 253	20 223	20 334	20 483
Government, after transfers	8 211	9 085	11 392	11 390	11 295	11 443	11 340	11 303
Private, after transfers within institutions	9 569	12 508	15 176	15 783	15 927	17 242	17 777	18 292
Total, within institutions	17 780	21 593	26 567	27 173	27 222	28 685	29 116	29 595
<b>Not allocated by level</b>								
Government, before transfers	73 142	32 295	117 243	ns	ns	ns	ns	ns
Government, after transfers	67 356	32 166	103 145	ns	ns	ns	ns	ns
Private, after transfers within institutions	1 249	1 321	7 193	ns	ns	ns	ns	ns
Total, within institutions	68 606	33 488	110 337	ns	ns	ns	ns	ns
<b>All levels of education</b>								
Government, before transfers	7 533	9 685	14 679	14 218	13 752	14 332	14 537	15 493
Government, after transfers	6 358	8 193	12 917	12 407	11 929	12 034	11 948	12 520
Private, after transfers within institutions	2 200	3 045	4 434	4 604	4 709	5 123	5 692	6 349
Total, within institutions	8 558	11 238	17 351	17 011	16 638	17 157	17 640	18 870

Note: The statistics in this table are based on full-time equivalents.

Note: ns = No students.

Note: All government expenditure on education after transfers is within institutions.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: Authors' calculations from Table 6.11 and Table 7.2

*Table 6.15 Trends in annual expenditure on education per student by source of funds before and after transfers, 2000 to 2015 (\$2015, constant prices)*

	2000	2005	2010	2011	2012	2013	2014	2015
<b>Primary school</b>								
Government, before transfers	8 714	10 244	13 501	12 700	12 027	12 277	12 392	12 836
Government, after transfers	7 960	9 370	13 028	12 315	11 705	11 617	11 727	12 311
Private, after transfers within institutions	1 031	1 150	1 383	1 455	1 568	1 608	1 664	1 730
Total, within institutions	8 991	10 520	14 412	13 769	13 273	13 226	13 392	14 040
<b>Secondary school</b>								
Government, before transfers	11 086	13 176	15 078	14 897	14 378	14 567	14 833	14 675
Government, after transfers	9 625	11 620	14 006	13 804	13 595	13 586	13 911	13 841
Private, after transfers within institutions	2 723	3 325	3 745	3 979	4 232	4 356	4 672	4 754
Total, within institutions	12 348	14 946	17 751	17 783	17 827	17 942	18 584	18 595
<b>VET Certificates</b>								
Government, before transfers	13 024	9 258	14 297	11 348	10 491	10 328	9 519	13 456
Government, after transfers	12 055	8 493	13 175	10 723	9 874	9 622	8 636	11 364
Private, after transfers within institutions	1 887	1 449	2 701	2 185	1 938	2 053	1 863	2 364
Total, within institutions	13 942	9 942	15 877	12 908	11 812	11 674	10 499	13 728
<b>Diplomas and Advanced Diplomas</b>								
Government, before transfers	15 431	12 819	14 409	14 073	14 193	17 266	23 107	30 173
Government, after transfers	12 097	10 342	11 635	10 892	10 134	9 953	9 098	11 373
Private, after transfers within institutions	2 714	2 530	3 655	3 269	3 125	4 323	15 075	19 940
Total, within institutions	14 810	12 873	15 290	14 161	13 259	14 275	24 173	31 313
<b>Bachelor and above</b>								
Government, before transfers	18 858	18 114	18 413	18 731	19 313	19 998	20 250	20 483
Government, after transfers	12 370	11 466	11 642	11 406	11 330	11 316	11 293	11 303
Private, after transfers within institutions	14 416	15 787	15 510	15 806	15 976	17 050	17 703	18 292
Total, within institutions	26 786	27 254	27 152	27 212	27 306	28 366	28 996	29 595
<b>Not allocated by level</b>								
Government, before transfers	110 193	40 761	119 824	ns	ns	ns	ns	ns
Government, after transfers	101 477	40 599	105 415	ns	ns	ns	ns	ns
Private, after transfers within institutions	1 882	1 668	7 351	ns	ns	ns	ns	ns
Total, within institutions	103 359	42 267	112 766	ns	ns	ns	ns	ns
<b>All levels of education</b>								
Government, before transfers	11 349	12 224	15 002	14 238	13 795	14 172	14 477	15 493
Government, after transfers	9 579	10 341	13 201	12 425	11 966	11 900	11 899	12 520
Private, after transfers within institutions	3 314	3 843	4 532	4 610	4 724	5 066	5 668	6 349
Total, within institutions	12 893	14 184	17 733	17 035	16 690	16 966	17 567	18 870

Note: The statistics in this table are based on full-time equivalents.

Note: ns = No students.

Note: All government expenditure on education after transfers is within institutions.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: Authors' calculations from Table 6.11 and Table 7.2

## 6.2 Education expenditure relative to GDP

Table 6.16 Annual expenditure on education as a percentage of GDP by source of funds before and after transfers, 2015 (%)

	Initial funds				Transfers				Final funds			
	Government sources			Private sources	Intergovernmental (from Australian to state, territory and local governments)	Government to private sector		Government sources		Private sources	Total	
	Australian government	State, territory and local governments	Total			Australian government	State, territory and local governments	Total	Australian government			State, territory and local governments
Early childhood education	0.20	0.00	0.20	0.12	0.00	0.00	0.00	0.20	0.00	0.20	0.12	0.32
Preschool	0.11	0.06	0.17	0.08	0.02	0.00	0.00	0.09	0.08	0.17	0.08	0.25
Primary school	0.56	1.10	1.66	0.18	0.53	0.03	0.04	0.01	1.58	1.59	0.25	1.84
Secondary school	0.46	0.98	1.44	0.43	0.40	0.05	0.03	0.02	1.34	1.36	0.51	1.87
VET Certificates	0.11	0.14	0.25	0.04	0.07	0.04	0.00	0.00	0.21	0.21	0.08	0.29
Diplomas and Advanced Diplomas	0.30	0.08	0.39	0.03	0.04	0.24	0.00	0.02	0.13	0.15	0.27	0.42
Bachelor and above	1.10	0.01	1.12	0.66	0.00	0.50	0.00	0.60	0.01	0.62	1.16	1.78
All levels of education	2.85	2.36	5.21	1.54	1.07	0.85	0.08	0.94	3.35	4.28	2.47	6.75

Source: Authors' calculations from Table 6.2 and Table 7.3

**Table 6.17 Annual transfers from the Australian government to the private sector as a percentage of GDP, 2015 (%)**

	Student loans	Other	Total
Early childhood education	0.00	0.00	0.00
Preschool	0.00	0.00	0.00
Primary school	0.00	0.03	0.03
Secondary school	0.00	0.05	0.05
VET Certificates	0.01	0.03	0.04
Diplomas and Advanced Diplomas	0.22	0.02	0.24
Bachelor and above	0.34	0.16	0.50
All levels of education	0.57	0.28	0.85

Source: Authors' calculations Table 6.2 and Table 7.3

**Table 6.18 Annual expenditure on education as a percentage of GDP by source of funds within institutions and outside institutions, 2015 (%)**

	Within institutions				Outside institutions			
	Government sources			Private sources	Government sources			Total
	Australian government	State, territory and local governments	Total		Australian government	State, territory and local governments	Total	
Early childhood education	0.20	0.00	0.20	0.12	0.00	0.00	0.00	na
Preschool	0.09	0.08	0.17	0.08	0.00	0.00	0.00	na
Primary school	0.01	1.58	1.59	0.22	0.00	0.00	0.00	0.03
Secondary school	0.02	1.34	1.36	0.47	0.00	0.00	0.00	0.04
VET Certificates	0.00	0.21	0.21	0.04	0.00	0.00	0.00	0.04
Diplomas and Advanced Diplomas	0.02	0.13	0.15	0.26	0.00	0.00	0.00	0.02
Bachelor and above	0.60	0.01	0.62	1.00	0.00	0.00	0.00	0.16
All levels of education	0.94	3.35	4.28	2.19	0.00	0.00	0.00	0.28

Note: The statistics in this table refer to final funds.

Note: na = Data are not available.

Source: Authors' calculations from Table 6.3 and Table 7.3

Table 6.19 Annual expenditure on education as a percentage of GDP by sector and source of funds, 2015 (%)

	Public institutions					Private institutions				
	Government sources			Private sources	Total	Government sources			Private sources	Total
	Australian government	State, territory and local governments	Total			Australian government	State, territory and local governments	Total		
Early childhood education	na	na	na	na	na	na	na	na	na	na
Preschool	na	na	na	na	na	na	na	na	na	na
Primary school	0.00	1.13	1.13	0.03	1.17	0.00	0.46	0.46	0.19	0.65
Secondary school	0.02	0.92	0.94	0.06	0.99	0.00	0.42	0.42	0.41	0.83
VET Certificates	0.00	0.20	0.20	0.04	0.25	0.00	0.01	0.01	0.00	0.01
Diplomas and Advanced Diplomas	0.02	0.12	0.14	0.04	0.18	0.00	0.00	0.00	0.22	0.22
Bachelor and above	0.60	0.01	0.62	0.95	1.57	0.00	0.00	0.00	0.05	0.05
All levels of education	0.64	2.39	3.03	1.12	4.15	0.00	0.88	0.89	0.86	1.75

Note: The statistics in this table refer to final funds within institutions.

Note: na = Data are not available.

Note: Private institutions, private sources, VET Certificates: This statistic refers to expenditure on post-secondary non-tertiary education (vocational) only. Data on expenditure on lower secondary education (vocational) and upper secondary education (vocational) are not available.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: Authors' calculations from Table 6.4 and Table 7.3

Table 6.20 Annual expenditure on education as a percentage of GDP for core educational services, ancillary services, and R & D by source of funds, 2015 (%)

	Government sources				Private sources				Total			
	Core educational services	Ancillary services	R & D	Total	Core educational services	Ancillary services	R & D	Total	Core educational services	Ancillary services	R & D	Total
Early childhood education	0.20	0.00	0.00	0.20	na	na	0.00	0.12	na	na	0.00	0.32
Preschool	0.17	0.00	0.00	0.17	na	na	0.00	0.08	na	na	0.00	0.25
Primary school	1.57	0.02	0.00	1.59	0.22	0.00	0.00	0.22	1.80	0.02	0.00	1.81
Secondary school	1.34	0.01	0.00	1.36	0.44	0.03	0.00	0.47	1.79	0.04	0.00	1.82
VET Certificates	0.21	0.00	0.00	0.21	0.01	0.03	0.00	0.04	0.22	0.03	0.00	0.25
Diplomas and Advanced Diplomas	0.15	0.00	0.00	0.15	0.24	0.02	0.00	0.26	0.38	0.02	0.00	0.40
Bachelor and above	0.06	0.00	0.56	0.62	0.89	0.06	0.05	1.00	0.94	0.06	0.61	1.61
All levels of education	3.70	0.03	0.56	4.28	2.00	0.13	0.05	2.19	5.70	0.16	0.61	6.47

Note: The statistics in this table refer to final funds within institutions.

Note: na = Data are not available.

Note: Private sources, R & D, Bachelor and above: includes international sources.

Source: Authors' calculations from Table 6.5 and Table 7.3

*Table 6.21 Trends in annual expenditure on education as a percentage of GDP by source of funds before and after transfers, 2000 to 2015 (%)*

	2000	2005	2010	2011	2012	2013	2014	2015
<b>Primary school</b>								
Government, before transfers	1.56	1.57	1.88	1.73	1.63	1.66	1.67	1.66
Government, after transfers	1.43	1.44	1.82	1.68	1.59	1.57	1.58	1.59
Private, after transfers within institutions	0.18	0.18	0.19	0.20	0.21	0.22	0.22	0.22
Total, within institutions	1.61	1.61	2.01	1.88	1.80	1.79	1.80	1.81
<b>Secondary school</b>								
Government, before transfers	1.42	1.50	1.57	1.51	1.43	1.42	1.42	1.44
Government, after transfers	1.23	1.32	1.46	1.40	1.35	1.33	1.34	1.36
Private, after transfers within institutions	0.35	0.38	0.39	0.40	0.42	0.43	0.45	0.47
Total, within institutions	1.58	1.70	1.85	1.80	1.77	1.75	1.78	1.82
<b>VET Certificates</b>								
Government, before transfers	0.42	0.38	0.41	0.35	0.36	0.34	0.31	0.25
Government, after transfers	0.39	0.35	0.38	0.33	0.34	0.32	0.28	0.21
Private, after transfers within institutions	0.06	0.06	0.08	0.07	0.07	0.07	0.06	0.04
Total, within institutions	0.45	0.41	0.46	0.40	0.40	0.38	0.34	0.25
<b>Diplomas and Advanced Diplomas</b>								
Government, before transfers	0.16	0.13	0.16	0.17	0.17	0.18	0.25	0.39
Government, after transfers	0.12	0.10	0.13	0.13	0.12	0.10	0.10	0.15
Private, after transfers within institutions	0.03	0.03	0.04	0.04	0.04	0.04	0.16	0.26
Total, within institutions	0.15	0.13	0.17	0.17	0.16	0.15	0.26	0.40
<b>Bachelor and above</b>								
Government, before transfers	0.91	0.89	0.98	0.98	1.01	1.07	1.10	1.12
Government, after transfers	0.60	0.56	0.62	0.60	0.59	0.61	0.62	0.62
Private, after transfers within institutions	0.70	0.77	0.82	0.83	0.84	0.92	0.97	1.00
Total, within institutions	1.30	1.33	1.44	1.42	1.43	1.52	1.58	1.61
<b>Not allocated by level</b>								
Government, before transfers	0.05	0.03	0.05	0.00	0.00	0.00	0.00	0.00
Government, after transfers	0.05	0.03	0.05	0.00	0.00	0.00	0.00	0.00
Private, after transfers within institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total, within institutions	0.05	0.03	0.05	0.00	0.00	0.00	0.00	0.00
<b>All levels of education</b>								
Government, before transfers	4.52	4.50	5.06	4.75	4.60	4.67	4.76	4.85
Government, after transfers	3.82	3.80	4.46	4.14	3.99	3.92	3.91	3.92
Private, after transfers within institutions	1.32	1.41	1.53	1.54	1.58	1.67	1.86	1.99
Total, within institutions	5.14	5.22	5.98	5.68	5.57	5.59	5.77	5.90

Note: All government expenditure on education after transfers is within institutions.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: Authors' calculations from Table 6.11 and Table 7.3



### 6.3 Government education expenditure relative to total government expenditure

Table 6.22 Annual government expenditure on education as a percentage of total annual government expenditure by level of government before and after transfers, 2015 (%)

	Initial funds			Transfers			Final funds		
	Australian government	State, territory and local governments	Total	Intergovernmental (from Australian to state, territory and local governments)	Government to private sector		Australian government	State, territory and local governments	Total
					Australian government	State, territory and local governments			
<b>Government expenditure on education as a percentage of total government expenditure</b>									
Early childhood education	0.55	0.00	0.55	0.00	0.00	0.00	0.00	0.00	0.55
Preschool	0.32	0.15	0.48	0.06	0.00	0.00	0.00	0.22	0.48
Primary school	1.57	3.06	4.63	1.48	0.07	0.12	0.19	4.42	4.44
Secondary school	1.29	2.73	4.02	1.11	0.13	0.10	0.23	3.74	3.79
VET Certificates	0.30	0.39	0.69	0.20	0.10	0.01	0.11	0.58	0.58
Diplomas and Advanced Diplomas	0.85	0.24	1.08	0.12	0.67	0.01	0.67	0.35	0.41
Bachelor and above	3.08	0.04	3.12	0.00	1.40	0.00	1.40	0.04	1.72
All levels of education	7.96	6.61	14.57	2.98	2.37	0.23	2.60	9.36	11.97
<b>Total government expenditure as a percentage of GDP</b>									35.78

Source: Authors' calculations from Table 6.1 and Table 7.3

**Table 6.23 Annual transfers from the Australian government to the private sector as a percentage of total annual government expenditure, 2015 (%)**

	Student loans	Other	Total
Early childhood education	0.00	0.00	0.00
Preschool	0.00	0.00	0.00
Primary school	0.00	0.07	0.07
Secondary school	0.00	0.13	0.13
VET Certificates	0.02	0.08	0.10
Diplomas and Advanced Diplomas	0.62	0.05	0.67
Bachelor and above	0.95	0.45	1.40
All levels of education	1.59	0.78	2.37

Source: Authors' calculations Table 6.2 and Table 7.3

**Table 6.24 Annual government expenditure on education as a percentage of total annual government expenditure by level of government within institutions and outside institutions, 2015 (%)**

	Within institutions			Outside institutions		
	Australian government	State, territory and local governments	Total	Australian government	State, territory and local governments	Total
Early childhood education	0.55	0.00	0.55	0.00	0.00	0.00
Preschool	0.26	0.22	0.48	0.00	0.00	0.00
Primary school	0.02	4.42	4.44	0.00	0.00	0.00
Secondary school	0.05	3.74	3.79	0.00	0.00	0.00
VET Certificates	0.00	0.58	0.58	0.00	0.00	0.00
Diplomas and Advanced Diplomas	0.06	0.35	0.41	0.00	0.00	0.00
Bachelor and above	1.68	0.04	1.72	0.00	0.00	0.00
All levels of education	2.61	9.36	11.97	0.00	0.00	0.00

Note: The statistics in this table refer to final funds.

Source: Authors' calculations from Table 6.3 and Table 7.3

**Table 6.25 Annual government expenditure on education as a percentage of total annual government expenditure by sector and level of government, 2015 (%)**

	Public institutions			Private institutions		
	Australian government	State, territory and local governments	Total	Australian government	State, territory and local governments	Total
Early childhood education	na	na	na	na	na	na
Preschool	na	na	na	na	na	na
Primary school	0.01	3.15	3.16	0.01	1.27	1.28
Secondary school	0.04	2.57	2.61	0.01	1.17	1.18
VET Certificates	0.00	0.57	0.57	0.00	0.02	0.02
Diplomas and Advanced Diplomas	0.06	0.34	0.40	0.00	0.01	0.01
Bachelor and above	1.68	0.04	1.72	0.00	0.00	0.00
All levels of education	1.79	6.67	8.46	0.01	2.47	2.48

Note: The statistics in this table refer to final funds within institutions.

Note: na = Data are not available.

Note: Private institutions, private sources. VET Certificates: This statistic refers to expenditure on post-secondary non-tertiary education (vocational) only. Data on expenditure on lower secondary education (vocational) and upper secondary education (vocational) are not available.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: Authors' calculations from Table 6.4 and Table 7.3

**Table 6.26 Annual government expenditure on education as a percentage of total annual government expenditure for core educational services, ancillary services, and R & D, 2015 (%)**

	Core educational services	Ancillary services	R & D	Total
Early childhood education	0.55	0.00	0.00	0.55
Preschool	0.48	0.00	0.00	0.48
Primary school	4.40	0.04	0.00	4.44
Secondary school	3.76	0.03	0.00	3.79
VET Certificates	0.58	0.00	0.00	0.58
Diplomas and Advanced Diplomas	0.41	0.00	0.00	0.41
Bachelor and above	0.16	0.00	1.57	1.72
All levels of education	10.33	0.07	1.57	11.97

Note: The statistics in this table refer to final funds within institutions.

Source: Authors' calculations from Table 6.5 and Table 7.3

**Table 6.27 Trends in annual government expenditure on education as a percentage of total annual government expenditure before and after transfers, 2000 to 2015 (%)**

	2000	2005	2010	2011	2012	2013	2014	2015
<b>Government expenditure on education as a percentage of total government expenditure</b>								
<b>Primary school</b>								
Government, before transfers	4.62	4.84	5.61	5.12	4.69	4.77	4.69	4.63
Government, after transfers	4.22	4.42	5.42	4.96	4.56	4.51	4.44	4.44
<b>Secondary school</b>								
Government, before transfers	4.20	4.61	4.68	4.46	4.10	4.09	4.01	4.02
Government, after transfers	3.64	4.07	4.34	4.13	3.88	3.81	3.76	3.79
<b>VET Certificates</b>								
Government, before transfers	1.25	1.17	1.23	1.04	1.03	0.98	0.88	0.69
Government, after transfers	1.16	1.08	1.13	0.99	0.97	0.91	0.80	0.58
<b>Diplomas and Advanced Diplomas</b>								
Government, before transfers	0.46	0.39	0.49	0.50	0.48	0.51	0.71	1.08
Government, after transfers	0.36	0.32	0.40	0.38	0.34	0.29	0.28	0.41
<b>Bachelor and above</b>								
Government, before transfers	2.71	2.73	2.91	2.90	2.91	3.09	3.11	3.12
Government, after transfers	1.77	1.73	1.84	1.76	1.71	1.75	1.74	1.72
<b>Not allocated by level</b>								
Government, before transfers	0.15	0.10	0.16	0.00	0.00	0.00	0.00	0.00
Government, after transfers	0.14	0.10	0.14	0.00	0.00	0.00	0.00	0.00
<b>All levels of education</b>								
Government, before transfers	13.40	13.85	15.08	14.02	13.21	13.43	13.40	13.54
Government, after transfers	11.31	11.72	13.27	12.23	11.46	11.28	11.01	10.95
<b>Total government expenditure as a percentage of GDP</b>								
	33.75	32.47	33.58	33.86	34.83	34.76	35.50	35.78

Note: All government expenditure on education after transfers is within institutions.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: Authors' calculations from Table 6.11 and Table 7.3

# 7. Appendix B – Reference statistics

**Table 7.1 Numbers of students by sector, 2015**

	Public institutions	Private institutions	Total
Early childhood education	na	na	504 720
Preschool	na	na	393 403
Primary school	1 485 532	651 079	2 136 611
Secondary school	966 495	655 273	1 621 768
VET Certificates	302 685	762	303 447
Diplomas and Advanced Diplomas	194 497	17 785	212 282
Bachelor and above	835 964	66 883	902 847
All levels of education excluding early childhood education and preschool	3 785 173	1 391 782	5 176 955
All levels of education including early childhood education and preschool	na	na	6 075 078

Note: The statistics in this table are based on full-time equivalents, with coverage adjusted to match that of the statistics on educational finance. All enrolments in early childhood education and preschool are counted as full-time.

Note: na = Data are not available.

Source: UOE (2018)

**Table 7.2 Trends in numbers of students, 2000 to 2015**

	Primary school	Secondary school	VET Certificates	Diplomas and Advanced Diplomas	Bachelor and above	Not allocated by level	All levels of education
2000	1 904 946	1 359 435	345 013	108 039	515 065	4 971	4 237 469
2005	1 932 169	1 432 484	519 202	124 907	617 282	10 141	4 636 185
2010	2 012 198	1 500 988	414 913	164 841	765 481	6 522	4 864 943
2011	2 039 031	1 513 751	465 570	178 245	782 250	0	4 978 848
2012	2 078 963	1 522 991	522 017	181 349	804 563	0	5 109 883
2013	2 123 855	1 534 209	518 018	159 994	843 959	0	5 180 035
2014	2 164 627	1 546 375	527 011	174 413	878 507	0	5 290 933
2015	2 136 611	1 621 768	303 447	212 282	902 847	0	5 176 955

Note: The statistics in this table are based on full-time equivalents, with coverage adjusted to match that of the statistics on educational finance.

Note: VET Certificates, Diplomas and Advanced Diplomas, 2015: These statistics changed as a result of a review of the definitions for government-dependent and independent private institutions.

Note: In this table 'all levels of education' excludes early childhood education and preschool.

Source: UOE (2018)

**Table 7.3 Trends in total government expenditure, GDP and the GDP deflator, 2000 to 2015**

	Total government expenditure (\$millions, current prices)	GDP (\$millions, current prices)	GDP deflator (2015 = 100)
2000	238 291	706 042	66.38
2005	324 216	998 458	79.23
2010	473 572	1 410 442	97.85
2011	505 042	1 491 741	99.86
2012	531 994	1 527 529	99.69
2013	552 731	1 589 940	101.12
2014	574 014	1 617 016	100.42
2015	592 151	1 654 864	100.00

Note: The statistics in this table refer to calendar years.

Note: GDP: These statistics are calculated from statistics originally reported for June-July financial years. Estimates for calendar years were derived by averaging statistics for the two adjacent financial years.

Source: UOE (2018)

# 8. Appendix C – Data source, methods and technical notes

## 8.1 Data source

The key data source used for this report is the Australian Government Department of Education and Training submission for the annual joint UNESCO Institute for Statistics, OECD and Eurostat (UOE) data collection on education statistics (UOE, 2017, 2018). The statistics examined here were compiled for the OECD’s annual *Education at a Glance* publication (OECD, 2017, 2018a). Statistical tables relevant to this work are at OECD (2018b), under the theme Education and Training. The figures and tables developed for this report reorganise the UOE/OECD data in ways that more appropriately fit the Australian educational context. They may differ from figures and tables in other Australian publications because of differences in data sources, scope and methodology.

## 8.2 Education expenditure

A schematic outline of education expenditure in Australia is offered in Figure 8.1. The statistics examined in this report are presented in a manner that aligns with this schematic outline.

Government sources	Australian government	Intergovernmental transfers (from Australian to state, territory and local governments)			
		Transfers to private sector	Student loans		
			Other		
		Within institutions	Public institutions	Core educational services	
				Ancillary services	
				R & D	
	Private institutions		Core educational services		
			Ancillary services		
			R & D		
	State, territory and local governments	Transfers to private sector			
Within institutions		Public institutions	Core educational services		
			Ancillary services		
			R & D		
		Private institutions	Core educational services		
			Ancillary services		
	R & D				
Private sources	Within institutions	Public institutions	Core educational services		
			Ancillary services		
			R & D		
		Private institutions	Core educational services		
			Ancillary services		
			R & D		
	Outside institutions				

Figure 8.1 Schematic outline of education expenditure in Australia

As indicated by Figure 8.1, expenditure on education can originate from, or be generated by, two types of sources of funds: government sources and private sources. **Government sources** can be classified into those associated with the **Australian government** and those associated with **state, territory and local governments**. **Private sources** consist of students (domestic and international), their families and their households, as well as other non-educational private entities such as private businesses and non-profit organisations (religious organisations, charitable organisations, business and labour associations, and so on).

The flow of funds from government and private sources to expenditure on education is complicated by the fact that funds are transferred between government and private sources prior to being spent on education. Australian government expenditure includes intergovernmental transfers from the Australian to state, territory and local governments and transfers to the private sector, as well as expenditure within institutions. State, territory and local government expenditure includes transfers to the private sector as well as expenditure within institutions. Private expenditure includes expenditure within institutions as well as expenditure outside institutions.

**Intergovernmental transfers** from the Australian to state, territory and local governments consist of (net) transfers for education between these levels of government. **Transfers to the private sector from the Australian government** include **student loans** (for example, HECS-HELP loans, the cost of which is mostly borne by students in the fullness of time) and **other transfers to private sources**, which consist of scholarships and other grants to students, their families and their households, including income support payments for students (for example, Austudy and Youth Allowance, the cost of which is borne by the Australian government). **Transfers to the private sector from state, territory and local governments** consist mostly of scholarships and other grants to students and households, but also include transfers and payments for education to other non-educational private entities.

**Expenditure within institutions** consists of direct (net) expenditure and payments that occur within educational institutions, including teaching institutions such as schools and universities as well as non-teaching institutions such as education ministries and other agencies directly involved in the provision and support of education.

Expenditure within institutions can be further classified on the basis of sector, that is, whether this expenditure occurs within **public institutions** or **private institutions**. Private institutions include government-dependent private institutions, as well as independent private institutions.

Expenditure within public and private institutions can be further classified on the basis of the type of service purchased: core educational services, ancillary services or research and development (R & D). **Core educational services** cover all services directly related to instruction in educational institutions. Expenditure on core educational services includes expenditure on teachers' salaries, teaching materials, books, construction and maintenance of school buildings and administration of schools. **Ancillary services** are services provided by educational institutions to support the welfare of students, their families and their households, but which are peripheral to educational institutions' main educational mission. Ancillary services can include the provision of meals, health care, transportation, housing, and so on. **R & D** includes research conducted at higher education institutions, irrespective of whether the research is funded from general institutional funds or through separate grants or contracts from public or private funders (see OECD, 2018a).

In addition to expenditure within institutions, private sources fund **expenditure outside institutions**. This expenditure includes payments for educational goods and services purchased outside educational institutions, such as books and computers. This expenditure also deals with student living costs and costs of transportation for students not provided by educational institutions. However, all of this expenditure is only included in expenditure outside institutions if it is subsidised by governments. (Government subsidies for expenditure outside institutions are considered to be first transferred from government sources to private sources and then used by private sources to fund expenditure outside institutions.)

The fact that funds are transferred between government and private sources prior to being spent on education leads to the distinction between initial funds and final funds. **Initial funds** relate to expenditure that originates from, or is generated by, sources of funds before the flow of transfers. **Final funds** relate to expenditure spent directly by sources of funds after the flow of transfers.

Intergovernmental transfers from the Australian to state, territory and local governments are included

in the initial funds of the Australian government and excluded from the initial funds of state, territory and local governments. These transfers, however, are excluded from the final funds of the Australian government and included in the final funds of state, territory and local governments. Transfers to the private sector from governments are included in the initial funds of governments and excluded from the initial funds of private sources. These transfers, however, are excluded from the final funds of governments and included in the final funds of private sources. Transfers can affect the balance of expenditure between levels of government and between government and private sources, but they do not affect the total amount of expenditure funded by government and private sources combined.

### 8.3 Numbers of students, GDP and total government expenditure

In this report education expenditure is presented relative to numbers of students (per student), relative to Gross Domestic Product (GDP) and relative to total government expenditure.

The statistics on **numbers of students** presented in this report are based on full-time equivalents, with the coverage of these statistics being adjusted to match that of the statistics on educational finance. All enrolments in early childhood education and preschool, however, are counted as full-time.

The statistics for **GDP** presented in this report refer to calendar years, although they are calculated from statistics originally reported for June-July financial years. Estimates for calendar years were derived by averaging statistics for the two adjacent financial years.

**Total government expenditure** consists of non-repayable current and capital expenditure on all functions of government (including education) spent by all levels of government (Australian, state, territory and local) as well as non-market institutions controlled by government units. Expenditure by public corporations, however, is excluded.

### 8.4 Levels of education

In this report statistics are presented by level of education. Table 8.1 describes the levels of education used in this report and how these levels relate to the 2011 version of the International Standard Classification of Education (ISCED 2011) (UNESCO Institute for Statistics, 2012) and the Australian Standard Classification of Education (ASCED) (ABS, 2001).

*Table 8.1 Levels of education*

Levels of education used in this report	ISCED 2011 level	ISCED 2011 description	ASCED level	ASCED description
Early childhood education	01	Early childhood educational development	ne	ne
Preschool	02	Pre-primary education	8	Pre-primary education
Primary school	1	Primary education	7	Primary education
Secondary school	24, 34	Lower secondary education (general), upper secondary education (general)	6	Secondary education
VET Certificates	25, 35, 45	Lower secondary education (vocational), upper secondary education (vocational), post-secondary non-tertiary education (vocational)	5	Certificate level
Diplomas and Advanced Diplomas	5	Short-cycle tertiary education	4	Advanced Diploma and Diploma level
Bachelor and above	6, 7, 8	Bachelor's or equivalent level, Master's or equivalent level, doctoral or equivalent level	1, 2, 3	Bachelor degree level, Graduate Diploma and Graduate Certificate level, postgraduate degree level

Note: ne = No equivalent.



Time series data for early childhood education and preschool are limited and, as a result, statistics for early childhood education and preschool are not included in the trend analyses presented in this report.

The statistics for VET Certificates, Diplomas and Advanced Diplomas presented in this report are affected by the following issues:

- As part of the 2016 UOE data collection, the definitions for government-dependent and independent private institutions were reviewed. This resulted in changes in the 2015 estimates of the numbers of students in private institutions studying for VET Certificates, Diplomas and Advanced Diplomas.
- There is little information available on expenditure on VET Certificates, Diplomas and Advanced Diplomas within independent private institutions. As a result, expenditure on VET Certificates, Diplomas and Advanced Diplomas is underestimated.
- There are difficulties involved in matching the coverage of VET Certificate, Diploma and Advanced Diploma enrolments at private institutions with the coverage of expenditure on VET Certificates, Diplomas and Advanced Diplomas within private institutions. The unfortunate result of this is that the statistics presented in this report for expenditure on VET Certificates, Diplomas and Advanced Diplomas per student at private institutions are unreliable.

## 8.5 Adjusting for inflation

Expenditure and GDP statistics for years prior to 2015 are presented either in nominal terms at current prices or, in order to adjust for inflation, in real terms at constant 2015 prices. The GDP deflator is used to convert statistics from current to constant prices.

