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MORE GOVERNMENT SPENDING DOES NOT PRODUCE BETTER EDUCATIONAL OUTCOMES

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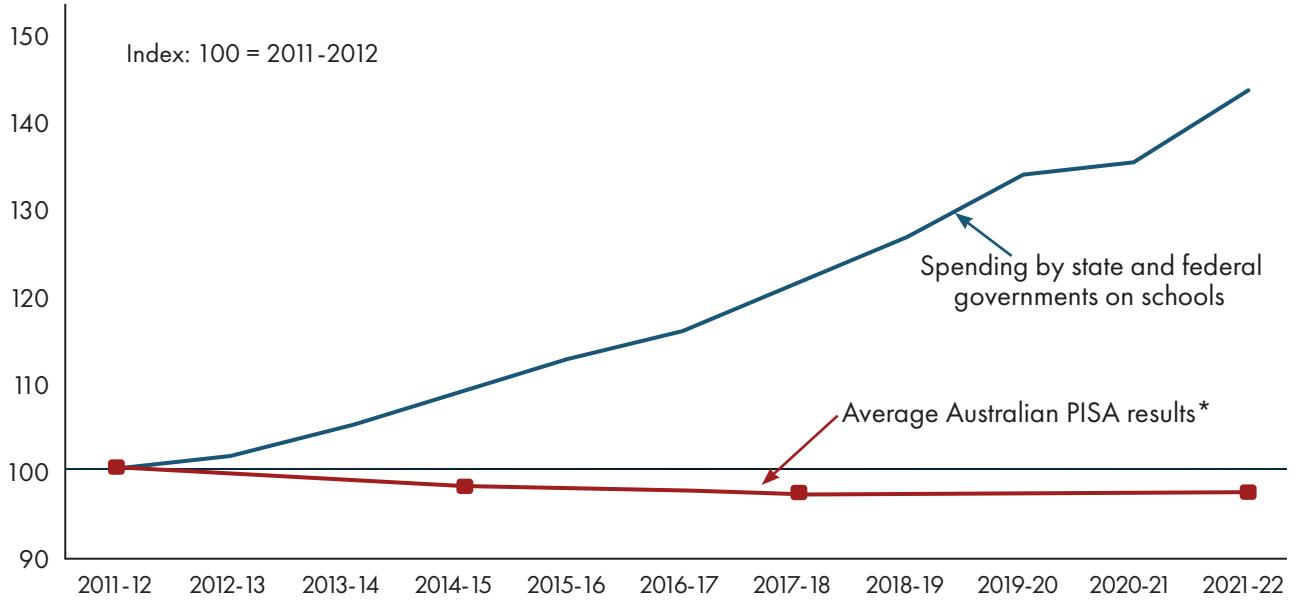
Key findings

On 31 January 2024, the federal government announced a new education funding agreement with the State of Western Australia to 'build a better and fairer education system'. The agreement would mean an additional billion dollars in state and federal government funding to WA schools over a five-year period, and if replicated in all states, could mean an additional $3 billion each year in federal spending on schools.

More government spending on schools will not build a better education system. This research note reveals government funding to Australian schools almost doubled between 2012 and 2022, while student learning outcomes continued to decline.

- Between 2012 and 2022, the federal and state governments have spent a cumulative total of over $716 billion on the schools sector.
- Between 2012 and 2022, federal government funding to the education sector increased from $14.4 billion to $25.1 billion (+75 per cent) while state government funding increased from $40.6 billion to $55 billion (+32 per cent).
- Government funding to education has increased by 43 per cent since, while education results have declined by 3 per cent, according to the OECD's Programme for International Student Assessment of 15-year-olds in mathematics, reading, and science.
- This 3 per cent decline indicates an average 15-year-old in 2022 is more than half a year behind in learning compared to an average 15-year-old in 2012.

Figure 1: State and federal government funding for schools vs student scores



Note: Average of Australian PISA test results in mathematics, reading, and science

Methodology

This research note compares government spending on education and education outcomes in the period from 2012 to 2022. This time period is selected because 2022 is the latest period for which comprehensive measures of student learning outcomes are available.

Funding for the schools sector is a responsibility which is shared between the federal government and state and territory governments. This analysis relies on data recently published by the Productivity Commission as part of its annual Report on Government Services.[1] The Productivity Commission records total government spending on schools, and separates it into federal spending and state and territory spending. All figures in this analysis are adjusted to 2022 dollars.

Student outcome statistics are derived from the Programme for International Student Assessment (PISA). PISA is a diagnostic tool developed by the Organisation for Economic Co-operation and Development (OECD) to evaluate educational systems by measuring 15-year-old school pupils' scholastic performance on mathematics, science, and reading. PISA testing first began in 2000, and is repeated every three years, with the 2022 results being released in 2023. PISA uses a single method of data analysis to measure problem solving and cognition. Given that students work on different test booklets, raw scores must be 'scaled' to allow meaningful comparisons. Scores are scaled so that the OECD average in each domain (mathematics, reading and science) is 500 and the standard deviation is 100. 25 points equates approximately to a year of learning.[2]

Analysis

According to PISA, Over the last 24 years, standards in reading, science and mathematics across every socio-economic quartile—and in government, Catholic and independent schools—have been falling across Australia. Australian students are overall now more than a year behind those Australian students who took the test in 2000.

Between 2000 and 2022,

- Scores in mathematics declined from 524 points in 2000 to 487 points in 2022, equivalent to students being approximately 16 months in learning behind where they were in 2000.
- Scores in reading declined from 528 points in 2000 to 498 points in 2022, equivalent to students being over a year behind in learning where they were in 2000.
- Scores in science declined from 527 points in 2006 to 507 points in 2022, equivalent to students being ten months behind where they were since Australia first participated in that test in 2006.

The PISA results are consistent with a 2022 report by the Australian Education Research Organisation, which assessed NAPLAN (National Assessment Program-Literacy and Numeracy) writing results from 2011 to 2018, and found that the majority of Australia's Year 9 students use punctuation at a Year 3 level. According to the report, 85 per cent of Year 9 students are constructing sentences at or below the level expected of students two years below them. This means that they are unable to satisfactorily convey complex ideas.[3]

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1 Productivity Commission, *Report on Government Services* (2024) Part B4: https://www.pc.gov.au/ongoing/report-on-government-services.

2 See L Woessman, 'The importance of school systems: Evidence from international differences in student achievement' (2016) 30(3) *Journal of Economic Perspectives* 3-32, 6: 'As a rule of thumb, learning gains on most national and international tests during one year are equal to between one-quarter and one-third of a standard deviation, which is 25-30 points on the PISA scale.'

3 Christine Jackson, Lucy Lu, Peter Knapp, Wai Yin Wan, and Olivia Groves, *Writing development: What does a decade of NAPLAN data reveal?* (Australian Education Research Organisation, October 2022).

Despite these results, a disproportionate amount of attention by policymakers is given solely to the issue of government funding. However, as the evidence over the most recent decade of available evidence demonstrates, increasing government funding has not arrested declining academic performances. The Productivity Commission has noted that:

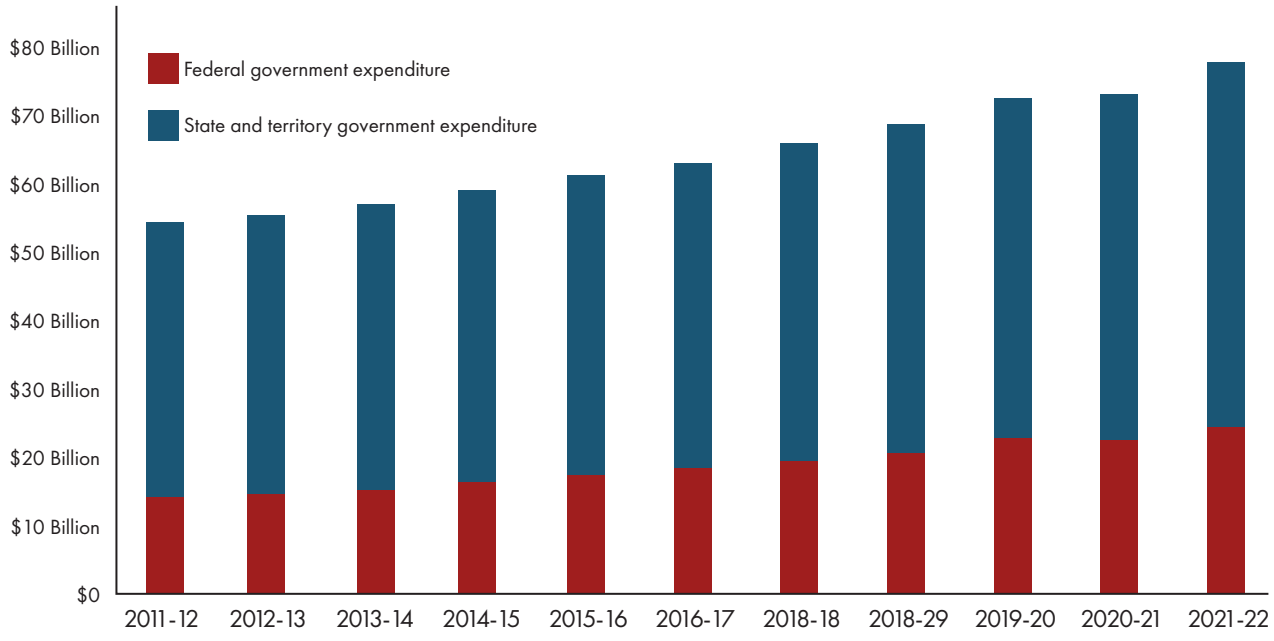
> [The] lack of improvement in academic results has been accompanied by a concurrent increase in the amount of money spent on schools. Overall, gross school income per student has increased by nearly 20 per cent in real terms since 2011, with little discernible improvement in test scores.[4]

Between 2012 and 2022, the federal and state governments have spent a cumulative total of over $716 billion on the schools sector.

The majority of direct government funding to the education sector is from state governments, which in real terms has increased by 32 per cent between 2012 and 2022, from $40.6 billion to $53.6 billion.[5] However, the federal government has been responsible for most of the growth in spending: between 2012 and 2022, financial assistance from the federal government increased in real terms by 75 per cent, from $14.4 billion to $25.1 billion.[6]

Although federal assistance to the schools sector is currently at an all-time high, the Australian government has committed to spending $119 billion over the next four years. Spending was budgeted to rise from $26.74 billion in 2023 to $31.24 billion by 2027.[7] However, this can be expected to rise even further: following the publication of research by the Australian Education Union in 2023 alleging public schools were underfunded, the federal government has announced a plan to increase federal government funding by up to $3 billion per year, with states to increase funding as well.[8]

Figure 2: Combined state and federal government funding for schools, 2012 to 2022



Source: Productivity Commission (2024)

4 Productivity Commission, *5-year Productivity Inquiry: From learning to growth* (Inquiry Report no.100, 7 February 2023) 12.

5 Australian Bureau of Statistics, 'Government Finance Statistics, Education' in *Government Finance Statistics, Annual, 2021-22 financial year* (26 April 2023).

6 Department of Education, Reports on financial assistance for schools sector (Australian Government Schools Funding Report 2022). Previous reports available at https://www.education.gov.au/other-commonwealth-funding-schools/reports-financial-assistance-schools.

7 Department of Education, *Portfolio Budget Statements 2023–24: Education Portfolio* (Budget Related Paper No 1.5, 2023) 28.

8 This $3 billion estimate is subject to the outcome of the federal government's funding agreements with each of the states, that will be negotiated throughout 2024.

Conclusion

The Australian education system is in crisis, yet policymakers continue to ignore standards and outcomes and focus on government funding.

The primary objective of our education system must be to ensure students learn the core skills of reading, writing, and mathematics but Australia's education system is failing to meet this most basic goal.

At the heart of this failure lies the National Curriculum. IPA research has shown that the current version of the National Curriculum is indoctrinating children with identity politics, radical race theory, and radical green ideology rather than teaching them how to read and write.[9]

Furthermore, IPA research has identified that teaching as a discipline as taught at Australian universities is now dominated by the study of 'critical social justice' ideas, also known as wokeness. The 2023 report Who Teachers the Teachers? An Audit of Teaching Degrees at Australian Universities found that:

- The equivalent of just 10 weeks of classes across a four-year Bachelor of Education degree—less than one semester—is dedicated to the teaching of core literacy and numeracy skills.
- Fewer than one-in-ten teaching subjects focus on literacy and numeracy education.
- The teaching of woke ideology accounts for 31 per cent of all teaching subjects on offer at Australian universities, which is equivalent to one-and-a-quarter years of a four-year Bachelor of Education degree.

Under the 'back-to-basics' plan endorsed by the federal education minister,[10] there will be a new accreditation regime for teaching degrees. This means that it will be mandatory for universities to instruct trainee teachers in evidence-based reading, writing, arithmetic, and classroom management practices, based on the proven educational science about what works best to promote student learning.

While the 'back-to-basics' concept is a step in the right direction, it is not clear how or when this will be implemented. Policymakers are currently prioritising funding agreements rather than the causes of declining student outcomes. The focus on school funding will fail to improve student outcomes as it fails to address what the critical issues of student teacher training and teaching degrees at universities, and the ideological fixations embedded in the National Curriculum.

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9 Bella d'Abrera and Colleen Harkin, *De-educating Australia. How the National Curriculum is Failing Australian Children* (Institute of Public Affairs Research Report, March 2023).

10 'Courageous Clare's plan to stop Australia's great school rot', *The Australian Financial Review* (9 July 2023): https://www.afr.com/policy/health-and-education/courageous-clare-s-plan-to-stop-australia-s-great-schooling-rot-20230704-p5dloc.