Total public expenditure on education

In 2015/2016, government spending on education amounted to 5.2% of GDP.

Indicator Description

Total government investment in education.

Why This Is Important

The level of the public expenditure in education provides a measure of the government's commitment to education. Evaluating how governments in different countries invest in education provides important context for examining how education participation and outcomes vary between these countries. Investment in education is greatly influenced by supply and demand factors such as demographic structure, enrolment rates, income per capita, and prices for educational resources.

How We Are Going

New Zealand

The data are sourced from The Treasury and include expenditure on programmes outside Vote Education such as student loans and student allowances. Government expenditure on education as a percentage of GDP (gross domestic product) remained
relatively stable between 1998/99 and 2004/05 at around 5% of GDP. In 2015/16, government spending on education had risen to 5.2% of GDP and 17.8% of total government spending.

*Figure 1: Expenditure on educational institutions as a percentage of GDP and total government expenses (1996/97 to 2015/16)*
International Comparison

The source of data for international comparisons of public expenditure on education is the annual OECD data collection. The definition of the public expenditure on education differs from that used by The Treasury.

In 2013, New Zealand's public expenditure on education as a proportion of GDP (5.7%) was above the OECD average (4.8%) and was also higher than Australia (4.7%), Ireland (5.2%), the United Kingdom (5.5%), and the United States (4.8%).

Figure 2: Total public expenditure on education as a percentage of GDP, by level of education (2013)

Notes
1. Source: OECD Education at a Glance 2016 (Table B4.1)

Broken down by level of education, New Zealand's public expenditure on primary, secondary, and post secondary, non-tertiary education institutions as a proportion of the GDP was above the OECD average (3.4%), at 4.1% in 2013. This was also higher than in Australia (3.4%) and United States (3.2%) and on par with United Kingdom and Ireland (4.1%).
New Zealand's public expenditure on tertiary education as a percentage of GDP (1.6%) is on par with the United States and above the OECD average of 1.3%. It is also higher than in Australia (1.3%), Ireland (1.1%) and the United Kingdom (1.4%).

Student loans in New Zealand play an important part of the public expenditure on tertiary education. When we exclude the public subsidies to households, which include student loans, scholarships and grants, New Zealand's public expenditure on tertiary education as a percentage of GDP (0.9%) was below OECD average (1.1%). The percentage was lower than that of the United States (1.0%), United Kingdom (1.1%), and Ireland (1.1%) and higher than Australia (0.7%).

**Figure 3: Total public expenditure on tertiary education as a percentage of GDP (2013)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Public Subsidies</th>
<th>Public Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>0.5</td>
<td>0.4</td>
</tr>
<tr>
<td>Ireland</td>
<td>1.0</td>
<td>0.5</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1.5</td>
<td>0.5</td>
</tr>
<tr>
<td>United Kingdom</td>
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<td>1.0</td>
</tr>
<tr>
<td>United States</td>
<td>1.5</td>
<td>0.5</td>
</tr>
<tr>
<td>OECD average</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Notes
1. Source: OECD Education at a Glance 2016 (Table B4.1)
Where to Find Out More

The following indicators, relating to student numbers and expenditure on education, should also be considered:

- Annual expenditure per student

References