

New research shows \$72 billion benefit of educating disadvantaged students



New economic research demonstrates the links between disadvantage and poor performance at school, and the value of properly educating all students, the AEU said today.

The *Australian Schooling – The Price of Failure and Reward for Success* report by education economist Adam Rorris shows that Australia would save \$60 billion in unemployment benefits by 2070 and collect an extra \$12.2 billion in tax revenues – if all students left school with the basic skills needed for work.

AEU Federal President Correna Haythorpe said the research, commissioned by the AEU, was more evidence of the long-term value of investing in education through needs-based Gonski funding.

“Malcolm Turnbull is about to hand down a Budget which will determine the future of the Gonski reforms. He needs to understand that investing in schools delivers economic benefits in the long-term,” Ms Haythorpe said.

“A good education lasts a lifetime and so do the economic benefits to Australia of making sure all our students leave school with the skills they need.

“At the moment too many students from disadvantaged backgrounds are not getting the support they need to succeed at school. That is why we need the full six years of Gonski funding, targeted at the schools which educate those students.

“Gonski funding is already delivering improved results through smaller classes, one-to-one support and targeted literacy and numeracy programs.

“Why does Malcolm Turnbull want to stop Gonski funding when the success is evident and the need for it is so urgent?”

“We know that 1-in-7 15 year-olds struggles to read properly, and 1-in-5 struggles with basic maths. These are the students who risk leaving school without the skills they need for work and life.

“The research found that a difference equivalent to around two-and-a-half years of schooling separates the results of students from the most advantaged backgrounds and those from the most disadvantaged.

“This is not inevitable. Our levels of inequity are high compared with the OECD average and a demographically similar country like Canada.

The analysis showed for the first time the strong links between parental occupation and success at school, as measured by Year 9 NAPLAN results.

- The children of the unemployed are ten times more likely to not meet the minimum standards for numeracy and reading than the children of senior managers and professionals.
- Of the children of the unemployed, 13% do not meet minimum standards in Year 9 numeracy and 15% do not meet minimum standards in literacy.
- Ten percent of all children of ‘tradespeople, clerks, skilled office, sales and service staff’ do not meet minimum standards for reading in Year 9.

The research also found that gaps in achievement worsen between Years Three and Nine, with children from disadvantaged backgrounds the most likely to slip behind.

The research found that if every student acquired the basic skills specified for 15-year-olds, this would deliver an average of \$27.5 billion in economic benefits each year until 2095.

It also found that educating all students would deliver:

- An aggregated saving of \$60 billion in unemployment benefits by 2070 (2016 constant prices).
- An aggregated increase in income tax revenues in excess of \$12.2 billion by 2070 as a result of a greater number of people being employed and paying income tax.
- A future economic benefit of AUD 2.2 trillion (discounted for inflation) until 2095.
- This economic benefit is 130% of current GDP.
- A GDP level in the year 2095 that will be 11% higher in 2095.

“This research has clearly demonstrated the economic benefits of investing in education,” Ms Haythorpe said.

“Ensuring that all students leave school with the skills they need for work and life means that we have fewer people on long-term welfare and more taxpayers.

“We also know that higher levels of achievement at school are linked to better health and lower crime rates.”

“The starting point for properly educating our students and investing in their future must be the full six years of needs-based Gonski funding.

“Our international test results have fallen since 2000, a period where schools were not funded on the basis of need and some of the biggest increases in government funding went to already advantaged schools.

“Gonski funding is beginning to close the gaps in resources between schools, but we need the full six years so that every school can have the resources it needs to give all of its students the support they need.

“Malcolm Turnbull needs to recognise that everyone benefits from increased investment in disadvantaged schools.”

The full report can be found at:

<http://www.aeufederal.org.au/application/files/3814/6172/5096/Rorris2016.pdf>

Authorised by Mary Franklyn, General Secretary, The State School Teachers' Union of W.A.

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