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**Secretary,
Department of Education, Employment
and Workplace Relations**

**“Closing the virtuous circle
in school education reform”**

**Melbourne Institute /
The Australian 2012 Economic and Social
Outlook Conference**

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Traditional owner acknowledgement

I acknowledge the traditional owners of the land on which we meet today and in a spirit of reconciliation pay my respect to elders past and present.

I also acknowledge other Aboriginal and Torres Strait Islander people, present today.

And also:

- **Adjunct Professor Alison McClelland**

Commissioner, Productivity Commission

- **Mr Richard Bolt**

Secretary, Department of Education and Early Childhood
Development, Victoria

- **Associate Professor Chris Ryan**

Director, Economics of Education and Child Development,
Melbourne Institute

Introduction

It's a pleasure to be here.

Richard and I are working together on a range of reform programs for schools in this state.

My department has also funded the Melbourne Institute to provide research since 2005, receiving around 50 excellent reports on a range of matters including school education.¹

The Minister for School Education, the Honourable Peter Garrett, talked in a recent speech about the idea of a 'virtuous circle' and how a compounding investment in education can boost productivity over time.

For example, the better prepared our school teachers are, the better-educated will be the next generation of school students.

Those more capable students will include potential school teachers, who because of their increased capabilities, will be better at teaching the next generation, and so on.

So by targeting the key area of initial teacher education as the Government is doing, we will see a compounding benefit, as each generation of school teachers and students is more capable than the last.

This notion of a virtuous circle also works across the lifecycle.

For example: My department is responsible for early childhood education, school education, employment and workplace relations.

¹ DEEWR has a Social Policy Research Services Agreement with the Melbourne Institute of Applied Economic and Social Research. The Agreement commenced in 2005 and will conclude at the end of December 2014 after a contract extension. The estimated cost over the 10 year period is \$6.2 million.

A child might benefit from access to preschool, so they then do better at school.

Then they might take advantage of a Trade Training Centre in their school so their employment opportunities are increased.

They will also stay at school longer, improving their life chances and further reducing the possibility of them being unemployed.

It's another virtuous circle, this time for the individual, who can get lifelong and compounding benefits from government investment at each life stage.

School education reform

There's also a virtuous circle at work in the Government's comprehensive suite of school education reforms underway, including the MySchool website, the national curriculum, national teacher standards and a national teacher performance and assessment framework.

The Government has also invested heavily in school infrastructure as part of the response to the global financial crisis.

National Partnerships with the states and territories have shown strong returns in raising standards in literacy and numeracy and supporting disadvantaged students.

For example, schools participating in the Literacy and Numeracy National Partnership have shown greater improvements in moving kids above the national minimum standard than non-participating schools.

Between 2008 and 2011, around 70 per cent of participating schools increased the proportion of their students above the national minimum

standard for Year 3 reading, compared to an increase of only 58 per cent in all schools.

Over the same period, 80 per cent of participating schools increased the proportion of students above the national minimum standard for Year 5 numeracy, compared to an increase of only 70 per cent in all schools.

Successful school reform can boost productivity and participation.

We commissioned some research from KPMG Econtech a few years ago on the potential impact of the Council of Australian Governments target to increase Year 12 completion rates to 90 per cent by 2015.

It showed meeting the target could increase GDP by \$11.3 billion on average every year to 2040, with employment rising by 0.4 per cent on average every year over the same period.²

And the Grattan Institute has estimated that:

“a 10 per cent improvement in teacher effectiveness would improve student performance and productivity, increasing Australia’s GDP by \$90 billion by 2050”.³

However, in 2012, the statistics continue to tell us that for too many children, their education opportunities and outcomes are too closely linked to their background or location.

For example, by Year 9, a student from the poorest quarter of Australian families is, on average, up to two years behind a student from the wealthiest quarter in reading and maths.

² Measuring the impact of the productivity agenda, KPMG Econtech, February 2010

³ http://grattan.edu.au/static/files/assets/95ad6a23/20101115_media_release_education_report.pdf
http://www.grattan.edu.au/pub_page/057_report_investing_teachers.html

Beyond the inequity in this situation for the children concerned, when we look across Australia's workforce and potential workforce, it's clear that we can get a valuable productivity boost by realising the untapped potential of kids who are not getting the most out of the current school system.

And Australia as a whole is doing worse compared to other countries. In 2009, we were seventh in reading seventh in science and thirteenth in numeracy; lower than in previous years.

That's why last month the Prime Minister announced a plan for the next wave of education reform – the National Plan for School Improvement.

National Plan for School Improvement

Let's go back a few steps.

In April 2010, the PM was Education Minister and in her address to the Sydney Institute said demography is not destiny as far as school education is concerned.⁴

She emphasised the importance of transparency on school funding and also posed a series of questions about the fundamental entitlement needed to provide a child with a high quality education and how best to support students with disability, Indigenous students and students at risk.

She commissioned David Gonski and a panel of eminent Australians to undertake the most rigorous examination of school funding in almost 40 years.

David, of course, will be well known to many of you as a businessman and philanthropist who is also the Chancellor of the University of NSW.

⁴ <http://ministers.deewr.gov.au/gillard/future-fair-all-school-funding-australia-address-sydney-institute>

His panel - including Ken Boston, Kathryn Greiner, Carmen Lawrence, Bill Scales and Peter Tannock - spent much of 2010 visiting schools and talking to educationists, parents and kids. They received more than 7000 submissions.

Their report was released in February this year with the core recommendation that schools be funded based on student need.

Minister Garrett and my department then led wide-ranging discussions with the states and territories and education partners. On 3 September, the PM announced the National Plan for School Improvement.

The Plan contains a national aim for Australia to be ranked as a top five country in the world for educational performance in reading, science and mathematics by 2025.

Discussions are already underway with the states and territories and the Catholic and Independent school sectors to commit to new improvements under the Plan including:

- fairer and more effective funding for our schools on the basis of the particular needs of the students they enrol
- lifting teacher quality, including more classroom experience before graduation and higher entry requirements for the teaching profession
- more power for principals and
- more information for parents through the My School website.

Teaching quality is a key pillar of the National Plan for School Improvement and it includes:

- higher entry standards to the profession for new teachers
- a higher quality practicum experience in teaching degrees

- more support for beginning teachers – including a reduced teaching load and the opportunity to have an experienced mentor
- an annual performance review and feedback for all teachers.

I have referred to the concept of the virtuous circle of education. It is writ large in efforts to improve initial teacher education.

If we improve the quality of initial teacher education so that our best and brightest school leavers are better prepared for their profession, this clearly has a compounding positive effect.

When we demand excellence in initial teacher education, students wanting to become a teacher must first aim high to get into the course.

- If quality undergraduates arrive with high expectations and then work their way through a high quality course that gives them the intellectual rigor;
- if in their first years of teaching they receive the support needed to become great teachers;
- this then further drives the excellence culture within schools to produce more high quality school leavers that in turn want to take on the challenge of becoming a teacher in the 21st century, and so on.

This then is a virtuous circle that then provides compounding boosts to the school system and to national productivity.

The Plan contains many of the elements for success used by countries doing better than Australia.

While the Plan covers many areas critical to future education success, funding reform is a central element and the Government has adopted the

Gonski Review's core recommendation that every child's education should be supported with a benchmark amount of funding.

This new Schooling Resource Standard will be based on what it costs to educate a student at the schools we know already get strong results.

Extra needs will be met through a system of "needs loadings" – extra funding, per student, to help students from low SES backgrounds, indigenous students, students with disability and students with limited English skills, as well as to help with extra costs for small and remote schools.

The Government has also pledged that every school would see their funding continue to rise.

Australia in the Asian Century White Paper

Augmenting these reforms is the Prime Minister's announcement last weekend of the Australia in the Asian Century White Paper.

While school education provides just three of the 25 high-level policy objectives proposed by the Prime Minister, they are nevertheless essential to achieving the vision she set out.

Success in the Asian century will certainly be accelerated if all Australian students to have a better understanding of the culture, history and languages of our Asian neighbours.

The Government has committed to every Australian student having significant exposure to studies of Asia across the curriculum to increase their cultural knowledge.

All students will have the opportunity to study an Asian language from their first day of school through to Year 12, with priority Asian languages to include Mandarin, Hindi, Indonesian and Japanese.⁵

The plan includes the goal of having all schools engage with at least one school in Asia, including through increased use of the National Broadband Network.

Conclusion

The theme of this conference is “Securing the Future” and I can think of no better way to do that than to give future generations the flexible capability to participate fully in the future economy.

School education reform is surely a compounding investment in the nation’s future.

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⁵ The third objective carries over from the NPSI of Australia’s school system being in the top five schooling systems in the world.